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**The Need for Greater Integration of Philanthropy in Multiparty  
Social Change Efforts: A Case Study of Portland's  
Collective Impact Initiative**

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**A Research Project  
Presented to the Faculty of  
The George L. Graziadio  
School of Business and Management  
Pepperdine University**

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**In Partial Fulfillment  
of the Requirements for the Degree  
Masters of Science  
in  
Organization Development**

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**by  
Helen Marie Scalise**

**July 2014**

This research project, completed by

HELEN MARIE SCALISE

under the guidance of the Faculty Committee and approved by its members, has been submitted to and accepted by the faculty of The George L. Graziadio School of Business and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE  
IN ORGANIZATION DEVELOPMENT

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## **Abstract**

Many social change groups employ formalized multiparty collaborative efforts to create sustainable social change around today's complex public issues. This study investigates the role and perspective of foundations in these interorganizational collaboratives, specifically collective impact initiatives. It highlights a disconnect between the traditional culture of philanthropy that provides only short-term funding and the long-term nature of systems change. This paradox hinders the impact that foundations and nonprofits alike can make toward addressing complex issues. The study recommends that nonprofits and foundations take active roles in changing the narrative of separatism between philanthropy and nonprofits and begin seeing themselves as part of one interconnected system. This will require foundations to become more active participants and make longer term investments in interorganizational change efforts. Social change groups in turn must consider foundations as more than a funding stream and include them in the cocreation of the collective impact effort and evaluation.

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## Chapter 1

### Introduction

More and more organizations and social change groups are turning to the concept of collaboration as the path to increased sustainability and greater impact (Prins, 2010). It stems from the realization that many of today's public issues, such as climate change, child poverty, and homelessness transcend the expertise and abilities of an individual organization and cannot be solved working in isolation. Rather they must be approached through formalized multiorganizational efforts and cross-sector collaboration. These have the potential to impact systems change that is sustainable and long lasting (Bryson, Crosby, & Stone, 2006; Mandell & Keast, 2008; Sandfort & Milward, 2008; Worley & Parker, 2011). Heifetz, Kania, and Kramer (2004) argued that most of today's complex social issues are considered adaptive problems. Adaptive problems by definition are complex, without a clear answer or technical solution, and no single entity has the necessary resources or authority to solve such challenges. To tackle this complexity all stakeholders must become part of the solution by learning from each other and changing their behavior (Heifetz et al., 2004). In order for collaboration to succeed in solving these adaptive problems and create real public value, organizations must become focused on integrating numerous other stakeholders in their problem-solving efforts and create formalized multiparty solutions (Bryson et al., 2006; Crosby & Bryson, 2010; Worley & Parker, 2011). Bryson et al. (2006) defined *cross-sector collaboration* for tackling large and complex social issues to mean partnerships that involve government, businesses, nonprofits, funders, and the public community as a whole. The field of



interorganizational studies uses many different labels for what Bryson et al. (2006) defined as cross-sector collaboration, including interorganizational collaboration, transorganizational collaboration, multiparty collaboration, and others (Cropper, Ebers, Huxham, & Smith Ring, 2008). This thesis will use these terms interchangeably.

In Portland, Oregon, a group of stakeholders have formed a cross-sector collaborative over the past several years that aims to improve student outcomes in the greater Portland area from kindergarten to high school graduation and postsecondary education. The collaborative identifies itself as a *collective impact initiative* and is associated with the national Strive Network. Kania and Kramer (2011) defined *collective impact initiatives* to be “long-term commitments by a group of important actors from different sectors to a common agenda for solving a specific social problem” (p. 39). The Strive Network operates as an umbrella organization to collective impact efforts in many cities in America, such as Portland, to provide support and guidance to the local actors involved in cross-sector collaboration.

The concept for what later became the Strive Network was first established in 2006 by leaders in Cincinnati and northern Kentucky to address the challenges of a program rich, but system poor pattern in the educational system (Strive Network, 2014). In 2011, the Strive Network was launched to connect communities who are using the Strive Framework to create cradle-to-career collective impact infrastructures. The Network has since gained presence in 34 states.<sup>1</sup> Strive is seen as one of the most successful efforts for creating nationwide systems change in education (Kania & Kramer,

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<sup>1</sup> More information at <http://Strivenetwork.org/vision-roadmap/Strive-story>.

2011). Strive uses the cradle-to-career concept of improving educational outcomes of American children by bringing all stakeholders to the table and addressing multidisciplinary challenges simultaneously and in partnership. The various stakeholders, such as school teachers, superintendents, childcare providers, and healthcare organizations work together to address educational disparities through a collective impact model that is data-driven and results focused (Kania & Kramer, 2011; Strive Network 2014).

A fundamental part of collective impact initiatives is the successful establishment of a backbone organization. The presence of a backbone organization is what differentiates collective impact from other forms of collaboration seen in the field of social change (Hanleybrown, Kania, & Kramer, 2012; Kania & Kramer, 2011). A backbone organization in collective impact efforts is a centralized infrastructure, most commonly an organization with dedicated staff, that oversees the evolution of the effort through a structured process of measurement, shared learning, and effective communication, which guides the various stakeholders toward the common goal (Kania & Kramer, 2011; Turner, Merchant, Kania, & Martin, 2012). Backbone organizations tend to establish themselves during the early stages of collaborative formation and range widely in sector background and experience (Turner et al., 2012). In Portland, the backbone organization is called All Hands Raised (AHR) and the overall collective impact initiative is known as the AHR Partnership.

The mobilization of funds is one of the key challenges that collective impact collaboratives face, especially securing funds for multiple years. Kania and Kramer

(2011) argued that funders often “overlook the potential for collective impact because they are used to focusing on independent action as the primary vehicle for social change” (p. 38). Traditionally, philanthropy is about deciding which independent nonprofits to support based on grant applications and subsequently providing them with funds and often only for a limited time. In this way, the funder is leaving the responsibility of solving often highly complex social issues to the nonprofits they support, which are typically incredibly small in size and operate in isolation (Kramer, 2009; Porter & Kramer, 1999; Seldon, Tierney, & Fernando, 2013). Foundations and philanthropists have a key role to play in collective impact initiatives, and cross-sector collaborative efforts in general. In contrast to this traditional, isolated paradigm, cross-sector collaborative efforts embrace partnership and collaboration that consists of government, businesses, nonprofits, community leaders, and funders (Bryson et al., 2006). However, many foundations continue to see themselves and act under the traditional model as separate from the direct implementation of social change. This study further investigates the role and perspective of foundations in cross-sector collaboratives, especially collective impact initiatives, in order to begin solving this disconnect between the cross-sector collaboratives and the funding community.

Cross-sector social change efforts and interorganizational collaboration are considered to be full of complex political and interpersonal relations and dynamics due to the range of stakeholders and their degree of investment, resources, and power. Many authors agree that due to these complexities cross-sector social change efforts often fail (e.g., Bryson et al., 2006; Cropper et al., 2008; Crosby & Bryson, 2010; Gray, 1989;

Huxham & Vangen, 2005; Prins, 2010; Shruijer, 2008). While these dynamics exist, this study considers an alternative perspective that challenges our current understanding of the success factors of interorganizational social change efforts. Currently, the focus remains on the competence and commitment of the parties that form the collaborative partnerships and ignores how the culture of philanthropic organizations and foundations can shape the impact of collective impact efforts. Investigating the role and perspective of foundations in these cross-sector collaboratives is an important addition to the study of interorganizational collaboration for social change and has the potential to help the field become more effective at supporting solutions to today's public issues.

### **Research Question and Setting**

This research project investigates the role and perspective of private and corporate foundations engaged in interorganizational social change efforts, especially collective impact initiatives. The research question guiding the interview process is: what organizational values and beliefs influence private and corporate funders decisions to fund the backbone organizations of collective impact efforts? This question was investigated through an action research study of Portland's local collective impact initiative, led by the backbone organization AHR.

This study began as a response to an inquiry by the Portland nonprofit organization AHR to support their local collective impact partnership through investigating current practices and solicit community feedback. The research scope and eventual confirmation of a research question was driven by several meetings completed with staff of AHR to determine what questions and concerns would be most useful to the

partnership for investigation. After several meetings with AHR, the researcher and staff of AHR decided that this study would investigate what organizational values and beliefs led private and corporate foundations to fund or not fund collective impact initiatives. It also investigates the role and dynamics of the funding community in collective impact initiatives through this case study. Better understanding these values and beliefs would inform the partnership's future capacity to mobilize funding.

The population of this study consisted of key staff members of several foundations that have recently funded or denied funding to the backbone organization AHR of Portland's local collective impact initiative. It included five foundations that had recently funded the partnership and one foundation that did not. Seven foundation staff members were interviewed.

### **Thesis Outline**

Chapter 1 introduces the concept of tackling today's public issues in the form of formalized multiorganizational collaborative social change efforts. It focuses specifically on one form of such collaboration, called *collective impact* initiatives. It briefly describes the history and current understanding of collective impact initiatives and the significance of the Strive Network. It concludes by discussing the role of philanthropy in multiorganizational social change and describes the research question and design of this study.

Chapter 2 reviews the broad characteristics of interorganizational collaboration according to the literature. It reviews the core characteristics of interorganizational dynamics and collaboration as discussed by several key authors and highlights the

complexity and difficulty of such collaboration. It then discusses the impact of transorganizational collaboration in the realm of social change and demonstrates that although interorganizational collaboration presents many challenges, the literature argues that such collaboration in the realm of social change is worth the greatly increased impact. The chapter focuses on *collective impact* as one particular form of interorganizational collaboration and then reviews the literature around the role and traditional behavior of philanthropy in transorganizational change efforts. The literature argues for the need for philanthropy to become more adaptive and collaborative in their funding approach to increase their impact on today's public issues.

Chapter 3 provides an overview of the research methodology. It discusses the implications of action research and describes the research design and the data sample. It provides a description of the data collection process and the data analysis and codes. It also discusses any ethical implications of the study.

Chapter 4 summarizes the four action cycles of the action research project and illustrates several key findings around the relationship between Portland's collective impact initiative and the local funding community. Action Cycles 1 and 2 reflect 8 months of interaction between the researcher and key leaders of AHR and the chapter will demonstrate three overall findings from the cycles. Action Cycle 3 reflects seven interviews completed with members of the Portland funding community and the chapter will discuss three major themes found in the data. Action Cycle 4 summarizes the feedback meeting, where the researcher shared the key findings of the study with AHR staff members and made two recommendations for the AHR partnership.

Chapter 5 presents three key conclusions from the summary of findings and literature reviewed in this study. It discusses the implications of these conclusions for the field of interorganizational social change and makes several concrete recommendations for foundations like those involved in this study and collective impact initiatives like the AHR partnership. It concludes by summarizing the limitations of the study and recommending future areas of research.

## **Chapter 2**

### **Review of the Literature**

#### **Introduction**

The following chapter discusses the broad characteristics of transorganizational collaboration according to the literature. It begins by reviewing the core characteristics of transorganizational dynamics and collaboration as discussed by several key authors and then proceeds to discuss the impact of transorganizational collaboration in the realm of social change. It will provide a more in-depth review of the literature around one form of transorganizational collaboration known as *collective impact*, a term coined by the nonprofit consulting firm FSG. The chapter will conclude by discussing the key literature around the changes that philanthropy is currently undergoing and what forces are likely to shape the role of philanthropic transorganizational efforts surrounding social change as the 21<sup>st</sup> century progresses.

#### **Transorganizational Development and Dynamics**

More and more organizations and social change groups are turning to the concept of collaboration as the path to increased sustainability and greater impact and success (Prins, 2010.) Prominent authors in the study of collaboration and interorganizational relations agree that multiparty collaboration is often an effective tool for addressing environmental and societal issues which transcend the individual organization, and can enable the creation of cross-sector solutions and systems change that are sustainable and impactful (Gray, 1989; Huxham & Vangen, 2005; Kania & Kramer, 2011, 2013).



There is rich research on the dynamics of collaboration among multiparty groups of organizations, all of which fall under the wider umbrella of studying *interorganizational relations* (Cropper et al., 2008). The literature also uses a range of terms to refer to these multiparty groups, including partnerships, joint ventures, strategic alliances, networks, etc. (Cropper et al., 2008; Huxham & Vangen, 2005). Organizational development author Thomas Cummings (1984) first introduced the term *transorganizational systems* to refer to a group of organizations joining together for a common purpose. While many different terms and concepts fill the study of interorganizational relations, the field is unified by its focus “on the properties and overall pattern of relations between and among organizations that are pursuing a mutual interest while also remaining independent and autonomous, thus retaining separate interests” (Cropper et al., 2008, p. 9). The study of transorganizational systems and interorganizational groups hence focuses on the relations and patterns between multiple organizations and parties pursuing a common purpose, while retaining independence and autonomy.

*Transorganizational change* is a form of organizational development intervention to help organizations effectively create and manage such multiparty collaborations, so that each organization can transcend their own interests to work toward the common purpose (Cummings & Worley, 2008). Often organizations need support to develop an effective network. Frequently, a dedicated party can spur the development of a multiparty group from an unorganized, loose system to a more effective, cohesive system of interorganizational relations that enable the various stakeholders to work toward the

common purpose, while importantly retaining their status of independent organizations (Cummings, 1984; Cummings & Worley, 2008; Worley & Parker, 2011).

Cummings (1984) called this *transorganization development* and developed a planned change approach for creating effective networks that follows four stages of development: identification stage, convention stage, organization stage, and evaluation stage. The identification and convention stage determine who should belong to the network and whether a formalized network should really be created. When the decision to form a more formal network has been made it is vital that these early stages create buy-in from the various organizations. The organization stage addresses how the system organizes itself for optimal task performance and the evaluation phase assesses the performance of the network (Cummings, 1984).

There are many different ways to organize a transorganizational system. Worley and Parker (2011) argued that part of successful organization is intentionally formalizing structures for fostering clear communication and interaction among stakeholders, and that most commonly there is a need for an organization or infrastructure that serves in a regulatory and oversight function to oversee progress, while member organizations complete operations and individual implementation. They referred to these organizations as *referent organizations*, a term first used by Trist (1983), which can be independent third party actors or members of the partnership (Worley & Parker, 2011).

Transorganizational systems always require varying levels of collaboration and their success can often depend on their ability to conceptualize their joint purpose and build a framework of collaboration around it. Organizations that are aware of their

common purpose and have established some expectations and organizational structures around this shared goal, have also begun constructing their *negotiated order*, a term commonly used by collaboration researchers (Nathan & Mitroff, 1991; Worley & Parker, 2011). *Negotiated order* exists when the members of the transorganizational system have negotiated the terms of their future interactions and expectations of each other. As such, any form of agreed-upon collaboration among transorganizational groups is a form of negotiated order (Nathan & Mitroff, 1991).

### **Characteristics of Transorganizational Collaboration**

This research study uses the definition of collaboration by authors Huxham and Vangen (2005) as “any situation in which people are *working across organizational boundaries* toward some positive end” (p. 4, italics in original). When those multiparty collaborative efforts succeed in addressing social issues or impacting systems, Huxham and Vangen (2005) called this success the experience of *collaborative advantage*. However, more often than experiencing collaborative advantage, multiparty collaborative efforts are characterized by high levels of frustration, slow or no progress, and often disintegrate without accomplishing any tangible results. They referred to this lack of progress or result as *collaborative inertia* (2005). Huxham and Vangen listed a number of bases for achieving *collaborative advantage*, including the ability to pool resources, having shared risks, being efficient, effectively coordination, joint learning, and also the moral commitment of organizations to the metaproblems they are striving to solve. Gray (1989) argued that *collaborative inertia* is often the result of not constructively managing differences within the multiparty effort. Huxham and Vangen agreed that

mismanagement could be at the heart of collaborative inertia, because the stakeholders failed to base the collaboration on the foundational pieces mentioned above.

Stakeholders come to the table with a range of investment in the cause, differing levels of power, resources, and perspective. All of which lead to a range of intergroup characteristics, dynamics and conflicts that are prevalent in collaborative efforts throughout. These often create negative experiences for those participating and contribute to the narrative distrust, stereotyping, negativity, and poor communication. These effects can unfortunately be characterized as cornerstones of early attempts of interorganizational relations (Cropper et al., 2008; Prins, 2010; Shruijer, 2008). Among other aspects, many authors see building and maintaining trust as one of the key success factors of collaboration in interorganizational relations, as well as for intraorganizational relations (e.g., Bachmann, 2001; Bachman & Zaheer, 2008; Bryson et al., 2006; Huxham & Vangen, 2003; Kramer, 1999; Shruijer, 2008; Solomon & Flores, 2001). For example, Huxham and Vangen (2005) argued that while the common wisdom among multiparty collaborative efforts is that trust must be a prerequisite for successful collaboration, the reality is that suspicion and distrust are much more prevalent. To combat this pattern, Huxham and Vangen (2005) argued for building trust incrementally by using trust-building cycles, which encompass a pattern of forming expectations followed by taking small but tangible risks in collaboration.

While there has been significant attention paid to the concept of building and maintaining trust in the fields of economics, psychology, sociology and organizational development (Huxham & Vangen, 2003), Shruijer (2008) argued that further research is

necessary specifically from the field of social psychology concerning interorganizational collaboration to understand and build interventions to further improve collaborative dynamics.

### **Transorganizational Collaboration in Social Change Efforts**

Transorganizational collaboration is becoming more and more prominent in the field of social change. For example, as funding resources become more restricted some organizations are creating joint funding models to increase their capacity for sustainability (Goldkind, Pardasani, & Marmo, 2013). Other research has found that nonprofit organizations are more likely to participate in formalized transorganizational collaboration when they are larger, more established, and receive some government funding (Guo & Acar, 2005). However, overwhelmingly it stems from the realization that many of today's public issues, such as climate change, child poverty and homelessness transcend the expertise and abilities of an individual organization and cannot be solved working in isolation. Rather they must be approached through formalized multiorganizational efforts and cross-sector collaboration (Bryson et al., 2006; Mandell & Keast, 2008; Sandfort & Milward, 2008; Worley & Parker, 2011).

Bryson and Crosby (2005, 2010) argued that in order to produce systems change, which is needed to address complex social issues, effective leaders must understand that there are shared-power structures and a multitude of key stakeholders and players. In order for cross-sector collaboration to succeed and create real public value, leaders must become focused on integrating numerous other stakeholders in their problem-solving efforts (Bryson et al., 2006; Crosby & Bryson, 2010). Bryson et al. (2006) defined *cross-*

*sector collaboration* for tackling large and complex social issues to mean partnerships that involve government, businesses, nonprofits, funders, and the public community as a whole. Just as Huxham and Vangen (2005) argued that all too often collaborations experience collaborative inertia, many of these cross-sector collaboratives can fail due to numerous issues associated with the complexity and interconnectedness of the participating organizations and groups (Bryson et al., 2006).

One form of transorganizational collaboration that this research study focuses on is the concept of *collective impact*, specifically the Strive Network Cradle to Career model. The Strive Network was started in Cincinnati and aims to dramatically improve educational outcomes for American children through multiparty systems change. Kania and Kramer (2011) argued that the field of educational equality and change is comprised of isolated pockets of programmatic excellence, where organizations are working in silos toward the same outcome but are ultimately ineffective in their isolation. The Strive model brings various stakeholders of the educational realm to the table to address multidisciplinary challenges simultaneously and in partnership. The various stakeholders, such as school teachers, superintendents, childcare providers, and healthcare organizations work together to address educational disparities through a collective impact model that is data-driven and results focused (Strive Network, 2014).<sup>2</sup> In this way, the Strive model is an inter-organizational or transorganizational system.

The non-profit consulting firm FSG was the pioneer in using the term collective impact, and consultants and authors Kania and Kramer (2011) defined *collective impact*

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<sup>2</sup> The history of the Strive Network is explained in greater depth in Chapter 1, and more information is also available at <http://Strivenetwork.org/vision-roadmap/Strive-story>.

to be “the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem” (p. 36). Kania and Kramer explained that collective impact initiatives have five key components that distinguish them from other collaborative efforts in the field: “a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication, and the presence of a backbone organization” (p. 39). Collective impact embraces the complexity and emergent nature of today’s social change environment. The process and results are understood to be emergent rather than predetermined, because the necessary recourses, stakeholders, and innovations typically already exist but have not yet been joined or adopted. Collective impact embraces continuous learning and developing among the varying partners, and hence embraces complexity and emergence (Kania & Kramer, 2013).

Another crucial part of collective impact is the commitment to *continuous improvement*. Park, Hironaka, Carver, and Nordstrum (2013) defined continuous improvement to be “the act of integrating quality improvement into the daily work of individuals in the system. It is a characteristic . . . of an organization that is both designed and managed to improve over time vis-à-vis desired outcomes in light of a specific system aim” (p. 5). Continuous improvement is the act of using data and frequent measurement of indicators to continuously improve the processes and actions of the partnership, striving toward the best action and process at all times. The Strive Network defines a continuous improvement process to be “the on-going effort to use local data to improve efficiencies and effectiveness of processes and action” (Strive Network, 2014, para. 4). They also referred to this concept as “failing forward,” because it embraces the

idea of using data and transparency to continuously improve processes, even if it means that it highlights areas of failure (Strive Network, 2014).

The firm FSG also argues that while multisector collaboration is becoming more and more common in the field of social change, collective impact is distinct because it necessitates a *backbone organization* (Hanleybrown et al., 2012; Kania & Kramer, 2011). A backbone organization in collective impact efforts is a centralized infrastructure, most commonly an organization with dedicated staff, that oversees the evolution of the effort through a structured process of measurement, shared learning, and effective communication, that guides the various stakeholders toward the common goal (Kania & Kramer, 2011; Turner et al., 2012). After extensive research on backbone organizations in collective impact initiatives, Turner et al. (2012) found that backbone organizations usually complete six common activities that support the effort: “guide vision and strategy, support aligned activities, establish shared measurement practices, build public will, advance policy, and mobilize funding” (p. 1). The organization AHR, the subject of this thesis’ case study, is the backbone organization of Portland’s local cradle-to-career collective impact initiative.

Historically, the way Kania and Kramer (2011) described backbone organizations and their purpose resonates with the concept of referent organizations as proposed by Trist (1983). Referent organizations are either members of the partnership or third party entities, that serve as an established infrastructure to oversee, support, and sometimes measure the progress of the transorganizational system, while the member organizations complete the individual implementation (Trist, 1983; Worley & Parker 2011). Backbone



organizations in collective impact initiatives are almost always a member of the partnership and not a third party and additionally complete the functions of a referent organization as described by Trist (1983).

### **Transorganizational Collaboration and Philanthropy**

The mobilization of funding is one of the key challenges that collective impact efforts face, especially securing funds over multiple-year periods. Kania and Kramer (2011) argued that funders often “overlook the potential for collective impact because they are used to focusing on independent action as the primary vehicle for social change” (p. 38). Porter and Kramer (1999) asserted that foundations commonly spend their money too broadly on a wide range of independent and isolated efforts, and rarely measure their own impact, past and present. Thus, the funding provided by foundations is scattered and often deployed without strategic clarity (Porter & Kramer, 1999).

Traditionally, philanthropy is about deciding which nonprofits to support based on grant applications and subsequently providing them with funds and usually only for a limited time (Kramer, 2009; Porter & Kramer 1999). In this way, the funder is leaving the responsibility of solving often highly complex social issues to the nonprofits they support, which are typically incredibly small in size. In 2009, 90% of America’s 1.3 million nonprofits have an operating budget of under \$500,000. Despite their most dedicated and often very effective efforts, these nonprofits face severe limitations in their ability to affect large-scale social change (Kramer, 2009). However, there are foundations that have embraced a more long-term and collaborative funding approach and their impact on large-scale social issues is telling. For example, the Corporation for Supportive

Housing (CSH) is an organization founded in 1991 that aims to reduce homelessness among youth with mental illnesses. One of the key reasons for its sustaining success was the partnership with the Conrad N. Hilton Foundation (CNHF). CNHF has partnered with CSH since 1992 and by 2009 had invested more than \$20 million in four grants and a loan to the CSH, who in turn continued to use this dollars in creative and effective ways (Brousseau, 2009). The partnership between CNHF and CSH is an example of how a foundation's long-term commitment to address a complex social issue can have powerful impact.

Unfortunately, it is more common for foundations to pick and choose isolated efforts across the nation and provide funding only for limited time frames. Furthermore, they often do so without collaboration among themselves, which is considered a great loss of potential impact (Seldon et al., 2013). Collaboration among funders is not the only collaboration that is lacking in the field. As Kramer (2009) explained, collaboration in the nonprofit sector is nearly impossible, "as each nonprofit competes for funding by trying to persuade donors that its approach is better than that of any other organization addressing the same issue" (p. 32). This reality of competition and fight for resources is why the key concept of continuous improvement, joint learning, and transparency in collective impact is so revolutionary for the field of nonprofit driven social change.

Foundations have a more powerful impact when they create joint funding efforts and collaborate on their funding decisions because they are able to create a more vast and strategic network of social change efforts (Greenberg, 2006; Seldon et al., 2013). However, the great majority of philanthropic actors do not collaborate in their fund

distribution. As long as funders continue to make isolated funding choices and pit organizations against each other in grant applications, their impact will remain severely restricted (Kramer, 2009; Seldon et al., 2013).

Heifitz, Kania and Kramer (2004) also argued that foundation leaders must begin leading more boldly and take active stands on social issues and their potential solutions. They argue that traditional philanthropy uses technical, predetermined approaches to solving social issues, even when those are of much more emergent and complex nature. The technical approach will never be successful because complex social issues require foundations to take an adaptive leadership style instead, which embraces emergence and complexity (Heifitz et al., 2004). While many foundations have begun this new journey, far too many are still operating in the traditional mindset of supporting isolated efforts. This research study investigates what compels funders to take a step back from supporting isolated efforts and fund transorganizational social change work like collective impact.

## **Summary**

This chapter reviewed the literature around transorganizational collaboration and the way it plays out in social change efforts. It began by reviewing the key characteristics of transorganizational dynamics and collaboration and highlighted the complexity and difficulty of such collaboration. Although it presents many challenges, the literature argues that transorganizational collaboration in the realm of social change is well worth the greatly increased impact. It focused on one particular form of transorganizational collaboration, the concept of *collective impact* that has been implemented by initiatives

all around the country. The chapter concluded by discussing the need for philanthropy to become more adaptive and collaborative in their funding approach, in order to move from the traditional approach of funding isolated pockets of excellence to funding more comprehensive social change efforts to greatly increase their impact. This research study will investigate how funders decide to move from supporting isolated efforts to funding transorganizational social change work like collective impact.

## **Chapter 3**

### **Methodology**

This research project investigated the organizational values and beliefs that influence private foundations to fund or not fund backbone organizations of collective impact initiatives. This topic was investigated through an action research study of Portland's local collective impact initiative, led by the backbone organization AHR. This chapter gives an overview of the research design, describes the research sample, explains the methodology for data collection and subsequent data analysis, and discusses ethical considerations.

#### **Research Design**

This study began as a response to an inquiry by the Portland nonprofit organization AHR to support their local collective impact partnership through investigating current practices and solicit community feedback. The research scope and eventual confirmation of a research question was driven by several meetings completed with staff of AHR to determine what questions and concerns would be most useful to be investigated. In this way, the study falls clearly into the category of 'action research' as social research methodologist Keith Punch (2005) defined it: "action research aims to design inquiry and build knowledge for use in the service of action to solve practical problems . . . in action research the inquiry deliberately starts from a specific practical or applied problem or question" (p. 160). After several discussions, the researcher and staff members at AHR determined that this research study would investigate the organizational beliefs and values that contributed to the staff and trustees of private foundation's

decision to fund and not fund the local collective impact partnership. Better understanding these values and beliefs would inform the partnership's future capacity to mobilize funding. Turner et al. (2012) highlighted the importance of backbone organizations in collective impact models and the critical role that funders play in supporting the success of collective impact partnerships through funding of the backbone organization. This study investigates what organizational values and beliefs led private and corporate foundations to fund or not fund AHR, the backbone organization of Portland's collective impact partnership. It also investigates the role and dynamics of the funding community in collective impact initiatives through this case study.

### **Data Sample**

The population of this study consisted of key staff members of several foundations that have recently funded or denied funding to the backbone organization AHR of Portland's local collective impact initiative. It included five foundations that had recently funded the partnership and one foundation that did not. At each foundation that recently funded the partnership, the researcher interviewed one staff member. Two staff members were interviewed at the foundation that had recently denied funding. A total of seven foundation staff members were interviewed. The research sample was contacted through a staff member at AHR who introduced the researcher to staff members at the foundations.

### **Data Collection**

Punch (2005) highlighted that action research is unique for being cyclical in nature and any given action research project will go through several self-reflective cycles

until findings are discussed. For this study the researcher met 5 times with AHR staff to discover and develop the most effective and significant research question. These meetings are categorized as small-scale action research cycles and are included in the data analysis. They make up Action Cycles 1 and 2 in this study. Additionally, the researcher used a more formalized interview process to collect the data asked for by the nonprofit. These interviews are considered Action Cycle 3. This study uses qualitative data that was collected during the three inquiry meetings and during seven formalized interviews.

The interviews were completed in person and over the phone and were guided by open-ended questions that asked participants to reflect on the organizational values and beliefs of their foundations and the key factors and possible concerns that contributed to the decision whether to fund the AHR partnership. The researcher also asked participants to share their conceptual understanding of collective impact and asked them to reflect on the future possibility of funding the AHR partnership (see Appendix B for the full interview questionnaire). The interviews took approximately 45 minutes to 1 hour to complete. The questionnaire was co-designed with the AHR staff and went through several iterations alongside the development of the research question (see Appendix C for the an intermediate version of the interview questionnaire). Once the research question was finalized, the researcher made final adjustments to the questionnaire and received approval from AHR staff.

The interview questions investigated the interviewee's current understanding of collective impact initiatives and how it relates to the mission and organizational beliefs of

their foundation, the key factors that contributed to the funding or denial of funding of AHR and the partnership, possible barriers or incentives for future opportunities for funding, and a general belief on key advantages and challenges that backbone organizations face in mobilizing funds for collective impact partnerships. These interviews were digitally recorded and all participants signed a consent form before the interview began (see Appendix A), allowing the researcher to record the interview and informing the interviewee that pseudonyms would be used and all the precautions would be taken to ensure confidentiality. This study followed human subject guidelines and was supervised by the researcher's thesis adviser.

### **Data Analysis**

This action research study used a qualitative approach to both data collection and data analysis. The researcher made note of differing and recurring themes and ideas during the initial inquiry meetings and subsequently discussed the evolving data with her thesis advisor to analyze early trends in the data.

The more formalized interviews were considered Action Cycle 3. The interviews were transcribed in their entirety; only inaudible words, mumbling, or filler words were indicated with ellipses (...). Using the transcription the researcher noted reoccurring trends and themes, as well as relevant quotations, and organized this data along with the data from the first two action cycles into three general code themes. The interrater reliability was about 90% and determined by comparing the overlap of data coding completed by two individuals, the researcher and another student. Table 1 illustrates the codes used in the data analysis.



Once the data were collected and analyzed for key findings, the researcher conducted a feedback meeting with the AHR staff to report the key findings and discuss possibilities for action or next steps (see Appendix D for the powerpoint presentation given to AHR during the meeting). The researcher structured the meeting on the feedback meeting design proposed by Block (2011) and received guidance and advice from her thesis advisor. The researcher presented the study’s three key findings and provided quotes to demonstrate key ideas. The feedback meeting is considered Action Cycle 4 and described in detail in Chapter 4.

**Table 1**

*Codes Used in Data Analysis*

Codes that demonstrate the viewpoint and belief systems of the individual funders	Codes related to positive parts of the partnership	Codes related to negative parts of the partnership (i.e. things that funder see as potential roadblocks, concerns)
Philosophy of collective impact	Importance of Community players & commitment	Excessive complexity (i.e. the degree of complexity delaying impact, too many people involved in the partnership, too many interpersonal dynamics, etc.)
Reason for Investment and impact of dollar	Commitment to data & evaluation – continuous improvements – shared learning	Longevity of effort & delay in outcomes
Own organizational Values & Beliefs		Government role and involvement
Comments related to funder role and responsibility in collective impact		Dollar request
		Missing links

## **Summary**

This chapter provided an overview of the research methodology and specifically noted the implications of action research. It described the research design, the research sample, and the data collection and analysis. Chapter 4 will provide an in-depth data analysis and Chapter 5 will provide a discussion of findings.

## **Chapter 4**

### **Findings**

#### **Introduction and Terminology**

This research thesis initially began by connecting to the local cradle to career Strive effort in Portland, Oregon, based on the researcher's interest in collaborative social change efforts. Before delving into the action cycles, a brief summary of the structure and terms used by the local cradle to career effort is important. AHR is the backbone organization of the overall local partnership that is focused on changing outcomes for students in Portland metro area using the cradle to career model created by the Strive Network, out of Cincinnati. This cradle to career model brings together all stakeholders in a community to address systemic systems change to address the devastating educational outcomes for students in the United States.

The local Portland partners refer to the overall effort as the “partnership.” It is headed by AHR as a backbone organization, who is the primary convener of the total collective impact effort in Portland. The partnership has four distinctive efforts, called collaboratives, that bring together various community partners to move the needle on specific educational outcomes and that roll up to one big effort towards successful systems change in education. The four collaboratives focus on different stages and aspects of the student's life: the Ready for Kindergarten Collaborative, the Communities Supporting Youth (CSY) Collaborative, the Ninth Grade Counts Collaborative, and the Eliminating Disparities in Child & Youth Success Collaborative. Thus, when interviewees referred to “the collaboratives” they meant one of these four subgroup

efforts that all build up to the overall Cradle to Career effort in Portland. AHR is comprised of the following parts, the Board of Directors, a Council, a Steering Committee, a Data Team, the four Collaboratives, and the AHR partnership staff. The first three divisions focus primarily on overall strategic vision, while the latter three focus on the tangible implementation of the collective social change effort.

### **Action Cycle 1**

The first meeting took place on March 6<sup>th</sup>, 2013 and participants included the CEO of AHR, and the Vice President of Partnerships. During this meeting the AHR leadership indicated that they were interested in being part of an action research study that focused on what made collaboration in social change movements successful. During this initial meeting, the researcher expressed interest in investigating the leadership qualities necessary to make backbone organizations successful in collective impact, however, the CEO and VP were not as interested in this topic. The conversation turned into a mixture of a contracting and discovery meeting, terms coined by Block (2011), where the researcher tried to both understand what may be some of the challenges AHR currently faces and what may be a tangible contribution to the effort if investigated. The latter was particularly important to the researcher, as she had a strong desire to contribute meaningfully to the Portland social change landscape. At this time, the CEO and VP expressed strong interest in a process evaluation of either the overall partnership or a specific collaborative. In sum, this meeting resulted in establishing contact, some beginning contracting around possibility and scope, and some early discovery that

process evaluation was of interest and would lead to a tangible contribution. After this meeting another meeting was set for beginning of April.

On April 4th, the researcher and the VP of Partnerships met again to discuss what area of the partnership would most benefit from a process evaluation and the CSY Collaborative was articulated as the most mature and ready for an evaluation as they were launching their strategies in several pilot schools. One possibility would have been to focus on a specific subgroup, called the school teams, and evaluate their process and make recommendations. It was reiterated that process evaluation is a key part of collective impact, even if the outcomes are negative or show mistakes, because supports one of the main components of the Strive Collective Impact model: the concept of continuous improvement. Strive defines a continuous improvement process to be “the ongoing effort to use local data to improve efficiencies and effectiveness of processes and action” (Strive Network, 2014, para. 4). Collecting data on effectiveness of current processes is a critical part of the philosophy of failing forward, which Portland’s local cradle to career effort embraces deeply. The next step from this discussion was to connect with one of the members from the data team to assess how this process evaluation of the CSY collaborative would fit into the efforts on the ground.

In the following two weeks, the VP of Partnerships spoke with the data team and ultimately they decided that the timelines of the researcher’s deliverable to her master’s program and the CSY collaborative implementation did not align well. The data team decided at the end of April that conducting a process evaluation of the CSY collaborative was officially not going to work, which brought the VP of Partnerships and the researcher

back to the drawing board. Throughout the rest of April and May the researcher continued to solicit ideas from the VP of Partnerships, and without receiving any further feedback, decided to draft a very general research question: This thesis investigates the key challenges that backbone organizations face in the formal and informal process dimensions of implementing a collective impact model. This research question is examined through a case study of the backbone organization AHR of the local Strive effort in Portland, Oregon. She emailed this research question to The VP of Partnerships and another meeting was set up for June 6th.

### **Action Cycle 2**

The meeting in beginning of June consisted of the VP of Partnerships, the CEO, the researcher, and the Vice President of Strategic Planning. The question posed by the researcher to the group was as follows: What are some of the key concerns that you have around the AHR partnership and what, if investigated, would contribute meaningfully to your process and action steps? The team reflected on this question and the theme of mobilization and distribution of funds arose. The VP of Partnerships and the VP of Strategic Planning described how lately foundations had asked them to structure their funding requests for the effort such that only the backbone organization was managing the funds and the backbone organization would distribute money to the individual partners. This created some concerns and conflict among the partners. At the same time, the VP of Partnerships and the VP of Strategic Planning also explained that often it was difficult to mobilize funds for the backbone, because funders could not easily understand the purpose of the backbone infrastructure. AHR was thus faced with mixed messages

regarding the best way to solicit funds from the local funding community. On the one hand, the funding community did not clearly understand why the backbone was necessary and at the same time funders wanted the backbone organization to solicit and then distribute the funds to all the partners, rather than funding the collaboratives separately. The question then arose, how can collective impact initiatives best ensure sustained funding, given how complex and confusing collective impact models can seem to funders? The meeting was concluded with these concerns and the researcher agreed to further edit the research question to include these more specific ideas and propose a data collection process.

At this time, the researcher also received several background materials on the current funding context of the partnership and briefly reviewed them to better understand the various components. The researcher further revised the research question based upon the latest conversation: What are the organizational challenges and advantages that backbone organizations face when mobilizing funds within the unique structure of collective impact initiatives? Another meeting was set for September 6th with the objective of receiving final feedback on the research question and decide potential interviews and draft an outreach plan. In preparation for this meeting, the researcher had a call with her thesis advisor during which she received coaching on how best to move the research project forward during the next meeting. Her thesis advisor especially encouraged her to think about framing questions around what a productive outcome would look like and facilitate some contracting around whom the researcher would be able to speak with in the partnership. Additionally, she encouraged her advisee to get a

better understanding of the local terrain and discover what were some of the key funders, and key successes and challenges AHR have had. With these goals in mind the researcher prepared for the September 6th meeting.

In September, the researcher met again with the VP of Partnerships and the VP of Strategic Planning to discuss the research question as it stood and draft a data collection process and outreach plan. The two VPs voiced appreciation for the current research question that still focused generally on the success and concerns around the backbone organization soliciting the funds. They began voicing concerns similar to those in the June meeting around how difficult it was to solicit funding for the infrastructure of the partnership, because often funders did not understand the importance of the backbone. To them one of the key challenges with collective impact is that there is a more abstract connection to outcomes and so funders do not see the immediate impact of their investments, compared to funding a direct services program. For this reason, financial support of the infrastructure, which refers to the AHR staff and organizational operations, is considered less attractive to funders, because the connections between their grants and immediate outcomes are more abstract. The VP of Strategic Planning mentioned that sometimes “it is difficult to explain [to funders] how our infrastructure works and why it’s crucial to our success.” The researcher heard pronounced frustration around the soliciting of funds for the infrastructure and how the follow-up meetings with funders often created tension and difficulty. Both VPs repeatedly described the internal complexity of the partnership and the pressure they experienced to fund the infrastructure to be able to continue convening the local collective impact initiative. This pressure was



very real for AHR, because without buy-in from the funders this collective impact would not work and would not yield results. They mentioned that the City of Portland was a primary funder and that success would be that private and public funders agree to jointly support the collaborative infrastructure.

During the final part of the meeting, the CEO joined the conversation and reiterated how interested he was in continuous improvement. He also wondered how the AHR partnership had influenced flow of investments and dollars in the community, however, the team and researcher agreed to keep the investigation focused on the partnership. At the conclusion of the meeting, it was agreed upon that the research question should focus more concretely on the funding of the infrastructure and that the researcher would draft an interview questionnaire and propose community partners to be interviewed. Upon reflection, the researcher jotted down some emotions she sensed in the room during the meeting, which were some tensions and power dynamics between the leadership team, some stress and fear, and also excitement and hopefulness. Based on this meeting, the researcher rewrote the research question: This thesis investigates the organizational dynamics of establishing and funding an infrastructure of collective impact partnerships, through a case study of the Portland collective impact partnership led by All Hands Raised. She also developed a draft of an interview questionnaire with some proposed community partners to be interviewed. She did not suggest specific people, but rather types of partners. The next meeting was arranged for October 2nd, with the objective of receiving final approval of the research questions and the data collection method.

The final meeting with the AHR staff was conducted in the beginning of October and the main objective was to finalize the research question and interview questionnaire, as well as begin the outreach to interviewees (see Appendix C for the first version of the interview questionnaire). The meeting included the VP of Partnerships, the VP of Strategic Planning, the CEO, and the researcher. Initially the VP of Partnerships gave the researcher some small edits regarding the language around the partnership and collaboratives, so that the topic was clear. At this time the questionnaire proposed to interview some local funders as well as members of the partnership, and possibly some members of specific collaboratives. At this time, the CEO explained that he would prefer not to interview other members of the partnership, because the question of funding the infrastructure had resolved and this would only stir up trouble and possibly cause more friction. The researcher was reminded of Ed Schein's concept that everything is an intervention, and agreed with the CEO that sending a researcher from AHR into the partnership to investigate something that had resolved might indeed stir up unwanted conflict. The team began to wonder out loud if it might be best to investigate something outside the partnership, since it may be too political to solicit ideas and feedback from within the partnership at this time. The researcher then suggested that maybe it would be worthwhile to investigate the funder's perspective on collective impact initiatives and what compels them to fund partnerships like AHR. The AHR team was excited about this proposition and after further discussion the group agreed that they wanted to learn more about the question of what are the organizational norms/values that influence funders interest in funding complex collaboratives? Why do they fund the partnership and what's

their role in the collective impact model? The group then began to brainstorm funders that could be interviewed, paying attention to include a variety of perspectives, including private and corporate funders, as well as funders that decided not to fund the partnership. The meeting was concluded with the decision to investigate the funders' perspective on collective impact model, using AHR as a case study, and the researcher agreed to further revise the research question and finalize the questionnaire.

While happy that some conclusion had been reached, the researcher initially felt frustrated and overwhelmed by how much the topic had changed in the last 6 months and how often it felt like she and the AHR staff "were just talking in circles." Today, several months later, it is easier to understand the big picture and see how the research question actually stayed fairly stable and within the same general topic areas. The major changes were from Action Cycle 1 to 2, when it was decided that the researcher would not do a process evaluation, and then at the conclusion of Action Cycle 2 when it was concluded that the interviews would only be completed with people outside the partnership, namely funders. Action Cycles 1 and 2 illustrates the high complexity of collaboration as the group (researcher and AHR staff) moved from discussing the complexity and uniqueness of the partnership to the stress and conflicts in mobilizing funding, back to the complexity and politics of being the backbone organization, to ultimately land on the safest approach: focusing on something outside the partnership and thus learning more about the funder's point of view.

Overall, the researcher met with the AHR staff 5 times. Action Cycles 1 and 2 demonstrated a few key themes: (1) collective impact is very unique, it is often very

difficult to manage on the inside due to its high complexity and political structure; (2) the challenge for backbone organizations in collective impact models is that their connection to the actual outcomes is often nebulous and abstract to funders, because funders are interested in direct impact of their investments, and meanwhile the backbone organization can be faced with the political tensions of having to mobilize and subsequently distribute the funds to other partners; and lastly (3) collective impact can only work with the support from the funding community. Action Cycle 3 describes the data collection process with the funders and further demonstrates the researcher's arc of learning in the role of funders in collective impact initiatives.

### **Action Cycle 3**

The researcher interviewed seven private and corporate foundations in the Portland metro area, six of which had recently funded the AHR partnership. See Table 1 for the codes used in the data analysis.

**What makes collective impact unique?** As a starting point, the researcher investigated the interviewees' current understanding of collective impact initiatives and how they work. Almost all participants mentioned three key components to what makes a social change effort a collective impact initiative. First, collective impact efforts should consist of a range of diverse and needed stakeholders coming together to work toward a specified outcome that requires systems level change. In the case of the AHR partnership this outcome goal is changing the educational system to improve educational outcomes for students from their cradle to their career. As one participant explained,

[It's an] initiative [that] tries to bring together these broad players to address a goal . . . or solve that problem. So, unlike one single organization that's trying to

solve that problem, you're really looking at how do you change the entire system. So, it might be small changes from all the players but it ends up in macro change of the system as a whole. (Participant 003)

The participant described a variety of stakeholders working collaboratively toward one agreed-upon outcome. Most of the participants mentioned that because collective impact involves many different players from different organizations and agencies it is usually a very complex project with many moving parts. For several participants the level of complexity of the effort was both attractive and concerning. One participant explained that the “level of engagement among all of the partners [. . . moving] forward towards the same goals” is very promising, however, she also vocalized “whenever you’ve got a lot of people working on a project it’s going to be more complicated. It has the potential for great success, [but] the risks are there precisely because you have so many people involved” (Participant 001). According to the participants, collaboration at the level of systems change is highly complex and involves many different stakeholders and players. This makes it both a promising effort, because important stakeholders are at the table trying to achieve impact collectively, however, transorganizational collaboration at this level also carries greater risks and high levels of complexity.

Secondly, almost all participants described the embracing of continuous improvement, data sharing and shared learning as the second component of accomplishing collective impact. As described before, continuous improvement is the concept of using data and evidence to continuously evaluate the effectiveness and efficiency of actions and choices, and make modifications as suggested by the data. The

concept of data sharing among the partners refers to the demonstration of collective impact partners having formed memorandums of understanding regarding data sharing, i.e. between the district and direct service providers. Shared learning means that the diverse stakeholders are open and transparent about their successes and failures, indicating a mature mindset among stakeholders regarding collaboration and allows for them to jointly learn from accomplishments as well as mistakes. As another participant described:

That's what makes it collective. Everybody working towards the same goal and everybody informed about what the others are doing. They're sharing data. They're sharing research. They continue to fine-tune their work, together, as a group moving forward. And really important that it involves systems and that it involves multiple stakeholders that are engaged in those systems so private sector, public sector, and then components within both of those that all have some impact on the work that's going on towards the end goal. (Participant 001)

Here the participant tied together the concept of continuous improvement “they continue to fine-tune their work . . . together” with the concept of having multiple stakeholders involved who are essential to making the impact that the group is striving toward and “that all have some impact on the work that's going on toward the end goal.” Collective impact, as described by the participants in this study, thus requires both the involvement of a diverse set of stakeholders and their ability and willingness to continuously fine-tune their work by using and sharing data and experiences.

Lastly, most participants agreed that the key to making a successful collective impact effort is the presence of a backbone organization, in this case AHR. Nonprofit consulting firm FSG defined the backbone organization to be “a separate organization with staff and a specific set of skills to serve as the backbone for the entire initiative and

coordinate participating organizations and agencies” (Turner et al., 2012, p. 2).

Participants in this study agreed that a backbone organization is the key component of collective impact and most argued that without one, the effort would not survive. One participant explained that the backbone organization is like

the gatekeeper, . . . there are so many different players and so many different processes, ideas, programs [. . . the backbone is] an overarching group that’s well respected [to] see the big picture because sometimes when you’re working on one particular issue, you may not see how it is interrelated with the next group or the end result. It’s [the] umbrella organization [to] keep everyone going in the same direction. (Participant 006)

The presence of a backbone organization was thus identified by almost all participants as the third component of collective impact initiatives and was frequently described as the umbrella organization that manages many complex relationships and stakeholders and is able to see the big picture when others may not.

**Alignment of priorities and potential impact.** The key research question focused on the organizational values and beliefs of the funders and how they contributed to the decision to fund or not fund the AHR partnership. As anticipated, almost all participants articulated that the decision to fund the AHR partnership was driven by the assessment of whether the priorities of the funder aligned with those of the partnership. Several of the participants whose foundations funded the partnership mentioned their priorities around youth development, improving educational outcomes, creating vibrant and supportive communities, and supporting positive community efforts. In these cases, the funding priorities of the foundations were in alignment with the goals and focus of the Portland cradle to career effort, and this alignment of priorities was stated as a key reason for the trustees’ decision to fund the partnership. As one participant described, “the issue

of education and disparities in educational outcomes is something that we're very interested in and have funded . . . other strategies around that. So that was . . . a fit with something that's important to us" (Participant 002). Similarly, another participant noted, "for us, given that we are a foundation which makes lots of grants to community groups, supporting a larger effort that would help everyone be more effective in achieving the outcomes they are working to achieve seemed like an important thing to do" (Participant 001). Both examples demonstrate how the alignment of priorities between the funder and the AHR partnership led to the funders' decision to provide funding.

The question of alignment of priorities also contributed to funders hesitating and/or ultimately deciding not to fund the partnership. For example, one participant whose foundation has only recently begun funding the partnership explained, "none of [their priorities] intersected early on with our values and the things we thought were important, so we were not an early funder" (Participant 005). She went on to explain that once "they were closer to our values and what we think are key factors in demonstrating success in public education" the foundation decided to make a grant. However, this foundation did not fund the partnership at the whole requested amount. She described, "we didn't give them what they asked for because a very small percentage of what they were doing was in our sweet spot" (Participant 005). This participant described the importance of alignment of priorities and how the degree of alignment can affect not only the decision to fund the partnership, but also the amount of the grant.

Similarly, the participants from the foundation that chose not to fund the partnership explained this decision to be based on a misalignment of strategy and funding



priorities. As the interviewee described, the trustee “is not inclined toward collective impact. His approach is often the opposite, he wants to impact one kid profoundly” (Participant 003). She explained further that the trustee is not interested in paying for operating support and that the proposal to fund the backbone of the partnership, AHR, did not fulfill his desire for direct impact. Candidly, she says,

He doesn't want to pay for staff time and all of this [proposal] is staff time. . . .  
He's process adverse, and that makes him often adverse to paying for people. . . .  
I think the inherent challenge is that they are trying to fund their jobs. (Participant 003)

The participants described the tension between the desire to have a direct impact on “one kid” and funding the infrastructure of the partnership, which can be experienced as funding “their jobs.” Similarly, another participant from a corporate foundation highlighted this tension of direct impact when she described how her trustees wondered whether

we [should] be putting money into system change rather than direct services?  
That's always a pull when you're a funder 'cause we get so many requests for the hungry kid, the homeless teenager, all that stuff. So it took some convincing with some of the trustees. (Participant 007)

This quotation provides another example of the tension between funding direct services versus a systems change effort like the AHR partnership, and it also highlights how these tensions can exist within one organization and one board of trustees. It may be that some trustees require more convincing than others. The fact that participants articulated a tension between direct services and systems change demonstrates that they may not currently think of these as elements that could be integrated, but rather as separate approaches.

In the debate around the impact of their investments, foundations both articulated the tension between direct impact and systems level change, and operational support, as well as, the concerns around whether the investment would be of catalytic nature. For example, the participants from the foundation that did not fund the partnership added that his concerns are primarily around the impact of his dollar contribution. He wondered, “if [I] were to, say, invest \$50,000, it gets thrown into a pot of \$5 million and who knows where it actually went and what happened with it” (Participant 004)? The interviewee expressed that his concerns lie in the fact that it is unclear how a specific dollar contribution would be used in the cradle to career effort and whether his investment would be catalytic. Another point raised by this participant was that the presence of government funding for AHR partnership influenced his decision not to fund the organization. He explained, “if the government is funding it at [a high level], then government’s already selected this program as something that the taxpayers should be paying for. . . . I don’t necessarily just want to throw my money on top of the taxpayer money” (Participant 004). The participant articulated concern around the impact of his investment, both from the standpoint of wanting to better understand how his dollar investment will make a difference, as well as, highlighting that if an effort like the AHR partnership is identified as a priority by the state government, then his investment will not be as powerful as if he was the primary funder. It is also important to note that for most of the foundations in this research study the amount requested by AHR was a greater dollar figure than what organizations usually request of the participating foundations. For

example, two interviewees commented directly, and repeatedly, on the large amount of money that was being requested by AHR.

While some foundations believed the AHR partnership to be a very important community effort to support, precisely because of the impact they believed their investment would have. Others felt that their investment would disappear in the breath of the project, like the participant of the foundation that chose not to fund the partnership who wondered what the impact of his \$50,000 would be. He further explained that he has a strong desire to be a catalyst for small organizations that would not be able to do their specific work without this foundation's support. He described,

It just feels different when there's an actual program out there and it's already been laid out, and they know what they're going to do, but it just needs the money and it needs somebody to come in and save the day. (Participant 004)

This participant clearly stated throughout his interview that supporting the AHR did not fulfill his foundation's interest to make an immediate impact. Meanwhile, one of the corporate funders had the opposite perception and it highlights the importance of timing. Being an early funder, he was faced with the opportunity to fund the partnership at the early stages and felt like his investment was of catalytic nature, because of the breath and size of the partnership and their goals and the fact that his investment could make a powerful impact. He described, "They were in need of capital, and I felt that this investment would be this one-time shot that could be catalytic . . . for them" (Participant 006). Because of the timing of the grant request, being in the beginning stages of the development of the cradle to career partnership, this corporate funder was able to fulfill the very desire the previous participant described as the reason for denying funding.

In the question of aligning of priorities, a few participants also articulated a desire to see an alignment between their own investments or those of the larger corporation, in the case of one of the corporate donors. For example, one of the foundations is making significant monetary investments in a program that enhances teacher effectiveness and they are concerned by the fact that the AHR partnership is not working in the same school in which their other program investments take place. The AHR partnerships intervention sites are not in line with their other investments. She explained, the question of whether they should fund the AHR partnership “would be a lot easier for us to wrap our heads around if [their efforts] were in tandem with these classroom based investments that we’re making” (Participant 005). She underscored that this lack of “alignment is going to continue to be a challenge” (Participant 005). For this foundation, the fact that their classroom based investments are not aligned with the proposed interventions of the AHR partnership poses a serious concern and likely contributed to their decision to fund the AHR partnership at a reduced rate. Meanwhile, for one of the corporate funders, the fact that funding the AHR partnership was in alignment with the larger corporation’s funding priorities was an essential decision point. He explained that the decision to fund the AHR partnership “leverages our other investments” and was in conjunction with the larger corporation making the decision to fund “these kinds of Cradle to Career frameworks” around the country (Participant 006). Both these examples describe how the absence or presence of alignment with other investments that were being made by the foundation or the larger corporation, could determine if a foundation decided to fund the AHR partnership and with how much money.

These passages and quotations highlight the give-and-take between assessing how a proposal connects to the foundation's priorities and their funding strategies, and how this alignment can affect the overall decision to fund or not fund the partnership and subsequently the amount. Participants described both how their funding priorities were the reason for funding as well as denying funding, or funding at the full amount. The concern of whether their investment would have the desired impact was brought up frequently and what constituted the right amount of impact varied between the foundations as well, with some having a strong desire to have their investment be of catalytic nature or in alignment with their other funding investments, others desiring to fund direct services, and yet others believing in the impact of funding systems change and large community efforts.

**The role of community players and their level of commitment.** While the alignment of priorities was one of the first key reasons listed by participants for choosing to fund the partnership, most of the participants also mentioned the importance of the involvement and level of commitment from community players as one of the several key factors in their decision to fund the initiative. This was described both in the context of who from the community was involved and how involved they were. Several participants mentioned specifically that the presence of the "right people" sparked their interest and ultimately encouraged them to become a funder of the partnership. For example, one participant explained,

I think this group of people [in the partnership], the leadership and the staff that they have, are extremely intelligent and are figuring out the ways to make this thing a success. They've got all the right people involved. They've got the support. (Participant 006)

He highlighted how having all the right and smart people involved gives him confidence in the project. Other participants echoed the sentiment that who was involved was very important, but also to what degree they were involved and how long they had been at the table. A participant from one of the larger foundations elaborated:

A lot of very key and visible players in Portland are involved in the effort, some of the folks on the board, the business community, certainly the school districts and nonprofits, and collation of Communities of Color. There's a lot of really smart, really dedicated, and really experienced people around the table who feel that this has enough potential and promise that they have stayed with it for a while. Some of them have invested money in it, so I think that is certainly a strength coming in that we pay attention to. (Participant 002)

She explained that her foundation is interested in seeing that “key and visible” individuals are involved in the partnership and that people who the foundation trusts to be smart and experienced are committed to the initiative. As she described above, when considering whether to fund the partnership the foundation looked to see if other community partners have committed their money and resources for a significant amount of time. She was thus interested both in who specifically is involved in the partnership, their standing or importance in the community, and the degree of their commitment. These factors influenced her and her trustees’ decision to fund the partnership.

Another participant described this concept more in terms of momentum. When asked what might be factors to considering future funding for the partnership, she said, “I think [it would be] important to see . . . that the momentum was still there, [that] as a region, not just [our foundation] but all of the supporters and potential supporters, . . . we would all [see] the value and importance of supporting it” (Participant 001). Here she drew attention to the fact that she was interested in seeing that other funders and potential

fundors are also still at the table, supporting the partnership, and thus her comments highlighted the impact that the action or inaction of other fundors can have on individual foundations. One of the corporate fundors also agreed that the funding decisions of other supporters could impact their choices. He described that an important factor in his decision to fund the AHR partnership was the influence of other fundors and their funding choices. He says, “[I] look at what other fundors are doing. [I] look at leveraging dollars. [I] look at what’s hot in the market” (Participant 006). His funding decision was shaped and deeply influenced by the momentum in the local landscape and the funding decision of other fundors.

In sum, almost all participants mentioned the importance of other important and visible community members’ involvement in the partnership and their level of commitment and dedication to the partnership, both in terms of money and resources, and length of time at the table. Several participants mentioned specifically that the degree of competence and intelligence of those community players was also very important and influenced their decision to fund the partnership. It was thus both important who was at the table and how committed they were in terms of money, resources, and time.

**In it for the long haul?** While almost all participants mentioned the importance of community players as a main positive factor in the decision to fund a backbone organization nearly the same number mentioned concerns around the longevity of collective impact projects and the inability to demonstrate immediate results and outcomes.

All participants agreed that the AHR partnership and collective impact initiative is a long-term project that is setting up to be present for many years in the local community. However, most funders in this study did not consider themselves long-term operational funders and the longevity of the project was alarming to them and their trustees. One participant recounted the concerns that were discussed among the trustees:

When we made the decision [to fund the partnership] the question did come up about whether the collaborative would need this level of support moving forward. And so there was a conversation and a question about that. Like, are we signing up for 2 years or 10 years? (Participant 001)

Because of the proposed longevity of the systems change that the AHR partnership is working toward, it can seem like foundations are “signing up for 10 years” (Participant 001) of funding when they agree to fund the partnership. Given this reality, several participants addressed the need for responsible exit strategies for their organization. For example, one participant from a larger foundation explained:

There are few instances where [our foundation] made ongoing, long-term commitments. . . . So, I think whenever we see a model that feels to us like really if we’re in it, there’s an expectation that we’re in it for a really long haul. . . . Then that’s just a question or concern for us . . . because then we’re a brick. If we’re not necessarily feeling like we’re going to continue to invest in it, what happens if we pull that brick? . . . it doesn’t give [us] a responsible exit strategy if [we’re] a significant piece [of the funding]. (Participant 002)

The participants described the tension that her foundation experiences when it appeared that they were providing funding for a significant portion of the overall budget, because then if they decided to reduce or cancel the funding after the initial funding period was over, the partnership would be left with a significant hole to fill in their funding. Hence the participant described their involvement as becoming “a brick” that would be irresponsible to pull out. The participant’s concerns around a responsible exit strategy



also demonstrated the mindset of this foundation, and many others, of not wanting to be a long-term funder.

In many ways, the mindset of not wanting to be a long-term funder is at odds with the way that systems change operates. In the landscape of collective impact it is well understood that systems level collective impact change work most commonly takes several years to demonstrate tangible and significant outcomes (Huxham & Vangen, 2005; Kania & Kramer, 2011; Turner et al., 2012). For example, as one participant speculated, “If you’re going to change graduation rates . . . you really may not see the results for 24 years” (Participants 006). However, this can be very difficult for funders who want to see the impact of their investments. One participant articulated,

[Collective impact] takes a lot of time, it takes a lot of effort and the results aren’t going to be from 6 months out, it’s going to be years out. . . . It’s like a 3 or 5 year goal, so that’s a hard sell. . . at the end of the day people do want to see progress. They want to know that their investments are making a difference. (Participant 003)

Here the participant demonstrated an understanding of the longevity collective impact, but also articulated the need for funders to see results on their investment without having to commit to several years of funding.

Most participants commented on this reality and pointed toward the tension between wanting to see returns on their investments and understanding that systems level change can take many years to yield significant changes in outcomes. One participant explained, “especially if it’s a big systems change, [it takes a lot of time to] see movement on those outcomes. And so it’s almost, to me, like you have to be a ways into it before anyone can say whether or not you’re really having collective impact”

(Participant 001). Another participant agreed that it is going to take some time until the AHR partnership can demonstrate visible outcomes and she wonders,

What are benchmark indicators along the way that things are going down the right track? . . . We were looking for a little stronger answers in some of those areas to feel super confident that we would all know together if things were working or if things needed to be adjusted. (Participant 002)

In order to continue funding the AHR partnership this foundation was interested in seeing stronger benchmark indicators of success that could demonstrate that the partnership was on the track for demonstrating tangible outcomes in the future. Another foundation member agreed that future requests for funding would rely on the need to see progress in the direction of the outcomes the partnership was striving toward. She explained, “I think if we start to see progress and some successes that’s what will keep [us engaged]. . . . That the statistics and the data make it clear they are having success [. . . is] going to be really critical” (Participant 001). Again the participant highlighted how much her foundation valued progress and even though it was a long-term project, small successes and progress would be critical. If success were not demonstrable, then it may carry an expectation of a long-term commitment from funders, which is not how many of the funders in this study described themselves.

Several participants commented that they would like to see the partnership demonstrate progress toward results, such as benchmark indicators and checkpoints along the way; however, other participants speculated that this might be an unrealistic expectations on the side of the funding community. One participant stated,

[The funding community] has really unrealistic expectations for how long these changes will take. If we’re going to do this, we’re going to be in it for 10 years.

. . . That's not the attitude of foundations. Foundations are like 'we'll give you a grant for 2 years, maybe 3 years. Fix it'" (Participant 005)

She explained that most foundations want to give grants only for a few years and desire immediate results that demonstrate the return on their investment; however, she believes this is an unrealistic expectation. She goes on to argue that, "I don't believe we have embraced as a funding community a commitment to long-term, to making long-term change and the kind of investment that takes" (Participant 005). A few participants honed in on this tension and one participant described:

I think a barrier is that this is a long process and people need to stay at the table and fund this for a long time, and funders lots of times don't like to do that. They like to get in, get out or do 3 years and then stop. . . . And I think that's going to be a challenge, to keep the funding coming for 10 years or however long it takes to make a difference, maybe longer than that. (Participant 007)

Another participant agreed: "It's going to be a struggle for . . . organizations that are trying to effect long-term change with short-term money, in essence" (Participant 006).

This tension between the longevity of systems change and the desire of funders to limit their funding and to see immediate impact was mentioned in most of the interviews.

In sum, most of the participants articulated a complex tension between wanting to support this initiative, but knowing that collective impact around changing systems to improve educational outcomes will require years of investment before significant outcomes changes can be demonstrated. Almost all funders in this study described themselves not as long-term funders preferring shorter projects with easily measurable outcomes and in many ways this is at odds with the way that collective impact operates. A few funders voiced that if the partnership could demonstrate small successes toward improving outcomes, such as meeting a series of benchmark indicators, this would enable

them to put some of their concerns to rest. Other participants articulated the tension that the funding community has not yet embraced the concept of long-term funding and that this dynamic will likely be a barrier to future funding requests for the partnership.

#### **Action Cycle 4**

The data feedback meeting took place on May 2<sup>nd</sup> and it included the VP of Partnerships, the VP of Strategic Planning, the Development Coordinator, and the researcher. The meeting was designed to report key findings and discuss possibilities for action or next steps. The researcher presented the study's three major findings as found in Action Cycle 3 and provided quotes to demonstrate and support the key ideas (see Appendix D for the powerpoint presentation provided). The two VPs and the Development Coordinator appeared very engaged with the material and asked several follow up questions. They noted being happy to know that the funders' understanding of the concept of collective impact matched that of their partnership. They mentioned several times that the findings were very helpful and the VP of Strategic Planning explained that this feedback came at a great time since she was developing grant reports for key funders the following week and this feedback would support her in creating the most effective reports.

After the data were presented, the group had a fruitful discussion around the implications of the findings and the researcher shared two recommendations for the organization: 1) AHR should share specific data on benchmark indicators in upcoming grant reports or feedback opportunities with funders, as this will demonstrate to funders how well the partnership is progressing toward the long-term goals, and 2) AHR should

consider inviting funders to the table at partnership meetings to nurture collaboration between the funding community and the collective impact initiative. These recommendations are further discussed in Chapter 5. Based on these recommendations the group of staff members determined two key next steps: (a) provide data on community-level indicators alongside benchmark indicators in their upcoming grant reports, and (b) invite trustees of funding foundations to upcoming strategy meetings.

### **Summary**

This chapter summarized the four action cycles of the action research project and illustrated several key findings around the relationship between Portland's collective impact initiative and the local funding community.

Action Cycles 1 and 2 reflect 8 months of interaction between the researcher and key leader of AHR and demonstrated three overall findings: (a) the key leaders of the local collective impact initiative describe the partnership and desired systems change as highly complex and unique, and often difficult to manage; (b) mobilizing funds for the AHR partnership is stressful and difficult, as the demands of the local funding community do not easily align with the structure and concept of collective impact; and (c) buy-in and support from the local funding community is fundamental to the success of the collective impact effort.

Action Cycle 3 reflect seven interviews completed with members from the Portland funding community, consisting of both private and corporate funders, and demonstrated three major themes: (a) the organizational beliefs of the funders as expressed in their funding strategies and priorities played a key role in the funders'

decisions to fund or not fund the AHR partnership such that an alignment of priorities and investment strategies led to funding the partnership, while a misalignment of priorities and social change approaches led to declining the proposal or reducing the amount of funding; (b) the involvement of key community players, their level of competence and importance, and the degree to which they were invested in the partnership in terms of money and length of involvement were crucial factors in the funders' decisions to fund the AHR partnership; and (c) there is a complex tension between collective impact initiatives requiring years of operation to meaningfully impact systems change and demonstrate significant changes in student outcomes and the funding community's norm of providing funds for only a few and limited years, demanding powerful change to come to fruition in short periods of time.

Action Cycle 4 summarized the feedback meeting, where the researcher shared the key findings of the study with AHR staff members. The researcher made two recommendations for the AHR partnership and the staff members decided on two specific actions they would take based on the feedback provided.

## **Chapter 5: Conclusions and Recommendations**

This research project investigated the role and perspective of private and corporate foundations in interorganizational social change efforts, especially collective impact initiatives. The specific research question was: What organizational values and beliefs influence private and corporate funders to fund or not fund backbone organizations of collective impact efforts? This question was investigated through an action research study of Portland's local collective impact initiative, led by the backbone organization AHR.

This chapter begins by discussing the conclusions drawn from the study's findings and answers the research question. It then discusses the implications for the field of interorganizational social change. Based on the results it makes key recommendations for the AHR partnership and for foundations funding collective impact initiatives. The chapter concludes by discussing the limitations of the study and recommendations for future studies.

### **Research Question and Conclusions**

The review of the research data and literature and an examination of the study's key findings led to three main conclusions. The first conclusion of this study is that the factors that influence funders to fund or not fund interorganizational social change efforts are not necessarily stated in their mission or vision statements, but rather come from their organizational values and beliefs. The data demonstrated that the organizational beliefs of funders express themselves in their funding strategies, approaches, and priorities, and determine the funders' decisions to fund or not fund collective impact partnerships.

When the trustees of the foundations decided that their funding priorities and other investments aligned with the focus and strategies of the AHR partnership, then the foundation would fund the partnership. On the other hand, when the priorities and other investments of the trustees did not align with the partnership, then the foundations declined the proposal or reduced the amount of approved funding. Furthermore, the funding approach of the funders mattered. For example, one organization considered itself an organization that funds community-based efforts, while another organization prefers to fund smaller nonprofits where the foundation could be a key investor. The data demonstrated that if a funder traditionally funded community-based or systems level change efforts, then they were more inclined to fund the partnership. When a funder was more interested in funding direct services or smaller organizations, then they were less inclined to fund the partnership.

Another crucial factor that influenced the funders was the involvement of other key and visible community players in the partnership. Most of the participants mentioned the importance of the involvement and level of commitment from community players as a key factor in their decision to fund the initiative. This was described both in the context of who from the community was involved and their degree of involvement. The level of competence and perceived importance of those involved, and the degree to which they were invested in the partnership in terms of money and length of involvement were crucial factors in the funders' decisions to fund the AHR partnership.

These findings were in alignment with the researcher's assumptions about how the organizational beliefs of funders affected their decision to fund or not fund collective



impact initiatives. The literature supports that in traditional philanthropy funders choose which nonprofits to support based on grant applications and the alignment between the nonprofits focus and strategies and the funder's own investment strategies and approaches (Kramer, 2009; Porter & Kramer 1999; Seldon et al., 2013). The finding also demonstrates that the all-encompassing mission and vision statements of the foundations are much less influential in the funding decisions than the values expressed by the foundations' decision makers. A foundation may state their commitment to improving the lives of all Oregonians, however, when making funding decisions foundations are equally affected by their organizational culture around funding strategies and approaches and by the actions of other funders and community players. This is important information for nonprofits to consider who often judge their potential of receiving funding from a foundation based on their stated mission and vision.

The second conclusion of this study is that partners and funders believe that collective impact initiatives are highly complex and often difficult to manage due to the wide range of stakeholders at the table with varying degrees of resources, commitment and power relations. This is demonstrated by the data collected from the AHR staff and the interviews with funders. The literature also supports this assertion. Huxham and Vangen (2005) described that *collaborative inertia* is quite common among interorganizational collaborative efforts. Such collaborative efforts are characterized by a range of stakeholders coming to the table that have different levels of investment in the cause and a range of resources, power, and perspective. These lead to a range of intergroup characteristics, dynamics and conflicts that can be challenging to manage

(Gray, 1989; Huxham & Vangen, 2005). These often create negative experiences for those participating and contribute to the narrative of overwhelming complexity, distrust and hardship prevalent in interorganizational collaboration, such as collective impact efforts (Cropper et al., 2008; Prins, 2010; Shrujier, 2008). According to the literature reviewed in this study, many of these cross-sector collaboratives fail due to numerous issues associated with the complexity and interconnectedness of the participating organizations and groups and the lack of leadership ability (Bryson et al., 2006; Crosby & Bryson, 2010).

This finding of a perception of increased complexity aligns with the literature and adds weight to the narrative that interorganizational collaboration is full of complex political and interpersonal relations due to the range of stakeholders and can fail because of it. However, it also demonstrates a blind spot in our current understanding of collective impact efforts. Currently, the focus remains on the competence and commitment of the parties that form the collaborative partnership and ignores how the norms of philanthropic organizations and foundations shape the impact of collective impact efforts.

The third conclusion is that there is a profound disconnect between collective impact initiatives requiring years of operation to meaningfully impact systems change and the funding community's traditional norm of providing funds for only a few and limited years, demanding demonstrable change to come to fruition in short periods of time. The foundations in this study explained that they did not consider themselves long-term funders and only entered funding agreements when they also saw responsible exit strategies. This finding is in alignment with literature reviewed for this study that agrees

that funders typically fund for short periods of time (Kramer, 2009; Letts, Ryan, & Grossman, 1997; Porter & Kramer, 1999). The foundations had a strong interest in seeing their investment demonstrate results quickly and one of their key concerns with funding the AHR partnership was the longevity of the project and the delay in outcomes. Meanwhile, both the funders interviewed in this study and the literature reviewed agree that multiparty driven systems-level change most commonly takes multiple years to show tangible results and it is not easy to establish meaningful benchmark indicators along the way (e.g., Bryson et al., 2006; Mandell & Keast, 2008; Sandfort & Milward, 2008; Worley & Parker, 2011). These two realities make the securing of multiyear funding challenging for collective impact efforts and hinder the breath and speed of impact of a partnership like AHR. As one of the study's participants said, collective impact initiatives are essentially "trying to affect long-term change with short-term money" (Participant 006).

The traditional culture of philanthropy is at odds with the long-term nature of systems change and curtails the impact that interorganizational social change efforts can make on today's public issues. This in turn hinders the ultimate impact funders can make on the social issues they have strong desires to change. However, there are foundations that have embraced a more long-term funding approach and their impact on large-scale social issues is telling. For example, the CSH is an organization founded in 1991 that aims to reduce homelessness among youth with mental illnesses. One of the key reasons for its sustaining success was the partnership with the CNHF. CNHF has partnered with CSH since 1992 and by 2009 had invested more than \$20 million in four grants and a

loan to the CSH, who in turn continued to use this dollars in creative and effective ways (Brousseau, 2009). The partnership between CNHF and CSH is an example of how a foundation's long-term commitment to address a complex social issue can have powerful impact.

Foundations vocalize their desires and visions for making lasting and system-wide impact on social issues such as poverty, educational equity, homelessness, climate change, and other intractable issues. Yet they are traditionally unwilling to invest in organizations or partnerships for the long term. There are not enough foundations willing to become long-term investors, like the CNHF (Brousseau, 2009; Kramer, 2009; Letts et al., 1997). The literature and social actors in the field have created a dominant narrative of interorganizational collaboration failing to achieve meaningful social change because of exceedingly complex relations or failed leadership. Not yet does the narrative provide enough emphasis on the fact that multiparty social change efforts would have greater impact if foundations began to change their culture of funding only in the short term and became more invested collaborative members of these efforts.

### **Recommendations and Implications**

This study recommends that social change actors further develop the notion of seeing themselves as one interconnected system that includes nonprofits, governments, and particularly foundations, which will be able to solve the world's most complex issues in the needed multiparty collaboration (Bryson et al., 2006; Mandell & Keast, 2008; Sandfort & Milward, 2008; Worley & Parker, 2011). While the nonprofit organizations and the public sector have begun to effectively collaborate (Sandfort & Milward, 2008),

philanthropy often remains in isolation from each other and the nonprofits they support (Kramer, 2009; Porter & Kramer 1999; Seldon et al., 2013). However, this norm is beginning to change. One of the largest funder associations, Grantmakers for Effective Organizations (GEO), is pushing for this level of collaboration and states that nearly 90 percent of their members have formed collaborative relationships with important stakeholders, such as other funders, businesses, and government (GEO, 2014a). This study encourages foundations and nonprofits to further break down the silos that keep them separate so that they can impact system-wide change in collaboration, not in competition or isolation. To do this, the study makes recommendations for foundations and for collective impact partnerships, such as AHR.

The primary recommendation for foundations is to further develop the notion of seeing themselves as active participant in the field of interorganizational social change. GEO (2014b) encourages its members to use their convening power to bring grantees together and support and facilitate collaboration. This is an important step in the right direction, yet this study argues that foundation members could do more. The foundations could see themselves as actual members of the collaborative efforts they support, rather than outside supporters or conveners. Almost all foundations in this study did not consider themselves as part of the AHR partnership. One of the study participants explained,

I think there is a little bit of a disconnect between major funders in Portland and [what's] going on in the [partnership.] It's a lot of organizations [in the collaboratives] but not a lot of funders that are bringing it back to their foundations to say hey this is what's going on. (Participant 003)

Few of the foundations in this study attend collaborative or partnership meetings, which creates a dynamic of being an outside investor and not an integral part of the partnership. Remaining on the outside hinders foundations from committing to a more long-term investment, which is ultimately needed to create systems change. It also hinders them from becoming a truly collaborative member of the partnership and reinforces the silos in which nonprofits and foundations operate.

A secondary recommendation is for foundations to continue coordinating funding efforts among themselves. The literature reviewed in this study argued that foundations could have a more powerful impact if they created joint funding efforts and collaborated on their funding decisions, thus creating a larger and more strategic network of social change efforts (Greenberg, 2006; Kramer, 2009; Seldon et al., 2013). A handful of the foundations in this study mentioned having participated in funder coordination or collaboration and described the process as exciting and rewarding, albeit more laborious. Funder collaboration in the United States has increased in the last decade and more and more foundations are beginning to see the benefits, while also recognizing the complexity and learning from previous failures (Hopkins, 2005). For example, the East Bay Funders initiative is a well-known collaborative effort that is considered a failure in the sector, but has informed many subsequent collaborative efforts (Brown & Fiester, 2007; Hopkins, 2005). One of the most successful funder collaboratives is Social Venture Partners (SVP). SVP is the world's largest network of engaged donors with over 3000 members, ranging from individual donors to well established foundations. Their key mission is to coordinate funding for greater social impact (SVP, 2014).

In Portland, SVP has about 140 members and represents the most established coordination of funding in Oregon (SVP, 2014). Overall, Oregon does not have a prevalent culture of funder collaboration. The local grantmaker association Grantmakers for Oregon and Southwest Washington (GOSW) provides its members with opportunity to connect and exchange ideas around funding priorities, but it does not yet actively push for funder collaboration (GOSW, 2014). The national organization GEO on the other hand is actively encouraging its members to collaborate on funding strategies as it “allows grantmakers to leverage the contributions of multiple players to make more progress toward shared goals” (GEO, 2014a, para.1). Philanthropy is moving in the direction of more powerful impact through funder collaboration, but the sample of Oregon foundations demonstrates that the collaboration is still limited in practice.

This study’s primary recommendation for foundations that fund collective impact efforts, is to become more actively involved in the partnership so that they can lend their expertise and knowledge to the collaborative and begin to break down the silos that keep funders separate from their grantees. A secondary recommendation is for foundations to continue and grow their efforts of coordinating funding among themselves, as recommended by national organizations such as GEO (2014a).

This study also makes recommendations for collective impact partnerships, like AHR. It recommends that collective impact initiatives take an active role in building greater trust and transparency between the funding community and nonprofits. This will foster greater cross-sector collaboration and enable foundations to become more integrated into the collective impact efforts they support. The researcher thus encouraged

AHR to consider inviting funders to the table at partnership meetings. This recommendation was met with some hesitation, since it is at odds with the common narrative of power dynamics in the field of nonprofits and philanthropy. Inviting the funder to the table when weaknesses and vulnerability may be exposed seems precarious. The traditional relationship between philanthropy and nonprofits sets up a power dynamic where foundations hold the power over funds, making nonprofits fear for their existence and sustainability, and produce anxiety and competition among already isolated organizations (Kramer, 2009; Porter & Kramer 1999; Seldon et al., 2013).

Other studies show that collaborative members often intuitively consider access and control over money to be the greatest power at the table. For example, Huxham and Vangen (2005) found in their years of study that common wisdom among interorganizational collaboratives is that whoever has control over the financial resources has the greatest power and all others are deprived of power. However, they argued that in practice, power dynamics are much more fluid and all members of the collaborative have “power at one time or another and may frequently have the option to empower themselves” (Huxham & Vangen, 2005, p. 66). Similarly, this study argues that a collective impact initiative like the AHR partnership may have more power than they think because ultimately they are implementing actions toward the social change that the funding community desires.

If the AHR partnership invited funders to partnership meetings it would build greater trust between the groups. The data demonstrated that in this case trust was not strong between the partnership and the funding community. The foundations repeatedly



mentioned the need for proof in form of benchmark indicator data that their investment was paying off. Meanwhile, the partnership is not yet inviting funders to be an integral part of the collaboration, but only asking for their funds. Both these actions are contributing to a relationship that is suspicious, not collaborative.

Many authors see building and maintaining trust as one of the key factors for success of collaboration in interorganizational relations, as well as for intraorganizational relations (e.g., Bachmann, 2001; Bachman & Zaheer, 2008; Huxham & Vangen, 2003; Kramer, 1999; Shrujijer, 2008; Solomon & Flores, 2001). Although common wisdom among multiparty collaborative efforts is that trust must be a prerequisite for successful collaboration, the reality is that suspicion and distrust are much more prevalent (Huxham & Vangen, 2005). To combat this pattern, Huxham and Vangen (2005) argued for building trust incrementally by using trust-building cycles, which encompass a pattern of forming expectations followed by taking small but tangible risks in collaboration. Inviting funders to partnership meetings runs the risk of exposing vulnerability or difficult conversations, but it is a risk that the AHR partnership can take to begin a trust-building cycle. It would also demonstrate that they value foundations beyond their provision of funds and see them as a cocreator.

Another way to build trust between the partnership and the funders is to build greater collaboration and transparency around assessing progress. The foundations in this study commented several times on the importance of being able to measure the impact of their investment through data and wanting to see benchmark indicators that demonstrate that the partnership was on track. However, due to the complexity and emergent nature of

systems change it can often be difficult to establish meaningful benchmark indicators. Hillgren, Seravalli, and Emilson (2011) argued that using a system of prototyping is often a better alternative to benchmarking because it enables collaborative efforts to move forward faster and learn quickly from mistakes. They consider prototyping in social change efforts a powerful way to test solutions quickly and gather data, and also allow space for the coexistence of differences (Hillgren et al., 2011). Collective impact initiatives do this type of prototyping through the *continuous improvement*, which goes through cycles of using real-time feedback and data to evaluate current processes and change them as needed (Strive, 2014). AHR embraces this type of prototyping, yet waits for final data on benchmark indicators to share with foundations. These benchmark indicators often do not communicate the whole picture to foundations and may not be the best way to communicate all the successes of the partnership and build trust. This study recommends that collective impact initiatives such as the AHR partnership regularly share updates on their prototyping process with funders to build trust and transparency. The partnership should also consider inviting funders to cocreate the prototyping process and collaborate to create meaningful benchmark indicators, which builds further trust as authors Hillgren et al. (2011) argued. These recommendations aim to shift the dynamic of funders being outside investors to becoming integrated as cocreators in the collective impact effort.

In sum, this study recommends that nonprofits and foundations both take an active role in changing the narrative of separatism between philanthropy and nonprofits and begin seeing themselves as part of one interconnected system that works toward

impacting the world's most complex social issues. This will require foundations to become more active participants and make longer term investments in interorganizational change efforts. Collective impact groups, such as the AHR partnership, in turn must consider foundations as more than mere money sources, but rather include them in the cocreation of the collective impact effort and evaluation.

### **Limitations and Future Research Opportunities**

This study has two main limitations. The first limitation is due to it being a case study of a specific collective impact partnership, the data is shaped by the local context and dynamics specific to Portland's funding community. For example, Portland has a fairly small funding community in terms of the number of foundations present and their funding capacity. The AHR partnership also has fairly diverse funding streams, whereas other collective impact initiatives in the country often have one or two key funders. Consequently, the findings and conclusions may differ slightly for other collective impact initiatives.

Secondly, a larger sample size may have improved this study. It would have been interesting to including a few more participants who represented foundations that did not fund the partnership. It would also have added more nuance to have included the perspectives of national foundations that make grants across the United States and from foundations that are not yet convinced of funding collective impact initiatives in any city. These strategies are beyond the scope of this research paper.

Based on these, the study makes three recommendations for future research. First, future research should consider including the perspective of additional foundations. It

would enrich the data to include foundations that are not currently funding any interorganizational social change efforts and foundations that have a greater scope of giving. Secondly, it could be of great interest to compare and contrast the role of foundations in different collective impact initiatives across the country to further understand the generalizability of the findings and conclusions in this study. Lastly, it would be of great interest to present the conclusion and recommendations demonstrated in this study to foundations, large and small, and collect additional data on their reactions and feedback. This would enable the research to delve even deeper into the norms and organizational cultures of philanthropy and draw further conclusion and implications for the future successes of interorganizational social change efforts.

### **Summary**

The history of philanthropy and typical funder–grantee relationships is at odds with the needs and the realities of multiparty collaborative efforts. The narrative held by the literature and many practitioners is that collective impact is challenging and often fails because of the partners’ and leaders’ inability to effectively manage interorganizational collaboration. This study concludes that another challenge is the norm of the funding community to provide funds for only a few and limited years, demanding powerful change to come to fruition in short periods of time. In this context it becomes increasingly hard for complex long-term social change efforts to secure sufficient funding for the work required and it ultimately hinders the impact that foundations can make toward addressing complex issues with their investments. In order to ensure greatest impact on social issues that all parties involved desire to change, the field of social

change must begin viewing itself as one interconnected system comprised of foundations, nonprofits, and government entities, that addresses social issues in collaboration.

This chapter presented three key conclusions from the summary of findings and literature reviewed. It discussed the implications of these conclusions for the field of interorganizational social change and made several concrete recommendations for foundations like those involved in this study and collective impact initiatives like the AHR partnership. It concluded by summarizing the limitations of the study and recommending future areas of research.

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## Appendix A

### Consent Form

Helen Scalise, MSOD, Pepperdine University

I would like to thank you for agreeing to participate in this interview. Your voice will be crucial in this study on the funding of backbone organizations in collective impact initiatives.

During the interview, you will be asked questions about your experience with funding or not funding the local backbone organization *All Hands Raised*.

In order to effectively listen to your responses I will be digitally recording our conversation. Be assured that any information that is obtained in connection with this study and that could identify you will remain confidential. I will assign an identification number and a pseudonym (a false name) to your set of responses, so that any future reference will not in any way identify you individually. Any results that we present will most likely be at an aggregate level; that is, your responses will be combined with other interviews, and occasionally I will insert relevant quotations that do not in any way identify you.

I do not expect any risks to you in participating in this research. I also do not expect any part of the interview or surveys to delve into subjects that will make you uncomfortable. If, at any time, you do feel uncomfortable or have a problem with a certain question, you have the right to refuse to answer. You also have the right to withdraw consent and discontinue participation from this study without prejudice. If you have any questions or concerns regarding the research process anytime after your interview is completed, you may contact Helen Scalise at [helen@brambrinkconsulting.com](mailto:helen@brambrinkconsulting.com) or the research advisor, Professor Terri Egan at [terri.egan@pepperdine.edu](mailto:terri.egan@pepperdine.edu).

Your signature indicates that you have read (or have had read to you) and understand the information presented and that you consent to the interview/survey procedures.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
DATE

## Appendix B

### Interview Questionnaire

#### **A) Proposed Interview Questions for current funders (Meyer; Miller; Collins; PGE?):**

1. What is your current understanding of the concept of collective impact initiatives?
2. How does your Foundation's mission and core organizational beliefs relate to this concept?
3. Your organization has recently funded the local cradle-to-career partnership, with the designated backbone organization *All Hands Raised*.
  - a. What was your role or level of influence in the decision to fund *AHR* and the partnership?
  - b. What were the key factors contributing to you and your trustees' decision to fund *AHR* and the partnership?
  - c. What, if any, were your and your trustees' key concerns with funding *AHR* and the partnership?
  - d. Based on what you know about *AHR* and the partnership today, what would you consider to be possible barriers or incentives to future funding opportunities?
4. In your point of view, what do you think are the key advantages and challenges that backbone organizations face in mobilizing funds for collective impact partnerships?
5. Is there anything else you would like to share?

#### **B) Proposed Interview Questions for funders who denied funding (Vibrant Village Foundation):**

1. What is your current understanding of the concept of collective impact initiatives?
2. How does your Foundation's mission and core organizational beliefs relate to this concept?
3. Your organization has recently denied funding to the local cradle-to-career partnership, with the designated backbone organization *All Hands Raised*.
  - a. What was your role and level of influence in the funding decision for *AHR* and the partnership?
  - b. What were some of the concepts and ideas that made you and your trustees' consider funding *AHR* and the partnership?
  - c. What were the key factors contributing to you and your trustees' decision not to fund *AHR* and the partnership?
  - d. Based on what you know about *AHR* and the partnership today, what would you consider to be possible barriers or incentives to future funding opportunities?

4. In your point of view, what do you think are the key advantages and challenges that backbone organizations face in mobilizing funds for collective impact partnerships?
5. Is there anything else you would like to share?

## Appendix C

### Intermediate Version of Interview Questionnaire

#### Updated Research Question

This thesis investigates the organizational dynamics of establishing and funding an infrastructure of collective impact partnerships, through a case study of the Portland collective impact partnership led by *All Hands Raised*.

#### Questionnaire

Draft for Discussion Oct 2, 2013.

#### **A) Proposed Interview Questions for members (Proposed: Kellie and Dan) of backbone organization *All Hands Raised*:**

(Note: organized the questions slightly differently to reflect updated research question that focuses on both the establishment and the funding of the infrastructure)

1. Describe your overall experience with the infrastructure of the partnership.
  - a. What are some of the challenges you have encountered?
  - b. What are some of your successes?
  - c. Is there anything about the infrastructure that you would like to change?
2. Describe your experience with mobilizing and distributing funds for the *infrastructure* of this partnership.
  - a. What is your role in the securement and distribution of funds?
  - b. What were some of the challenges you encountered?
  - c. What were some of your successes?
  - d. Do you your current methods for securing and distributing funds work well? Why or why not?

#### **B) Proposed Interview Questions for members (Proposed: SVP, SUN, other?) of the local collective impact partnership:**

(Note: same here)

1. Describe your overall experience with the infrastructure of the partnership.
  - a. What are some of the challenges you have encountered?
  - b. What are some of your successes?
  - c. Is there anything about the infrastructure that you would like to change?
2. Describe your experience with mobilizing and distributing funds for the *infrastructure* of this partnership.
  - a. What is your role in the securement and distribution of funds?
  - b. What were some of the challenges you encountered?
  - c. What were some of your successes?
  - d. Do you your current methods for securing and distributing funds work well? Why or why not?

**C) Proposed Interview Questions for a current funder (Proposed: Meyer):**

(Note: Should we also interview a funder that turned down funding the infrastructure?)

6. What is your current understanding of the concept of collective impact initiatives?
7. Your organization has recently funded the local Strive effort, with the designated backbone organization *All Hands Raised*.
  - a. What was your role in the decision to fund *AHR* and the partnership?
  - b. What were the key factors contributing to you and your trustees' decision to fund the *infrastructure* of the partnership?
  - c. What, if any, were your and your trustees' key concerns with funding the *infrastructure* of the partnership?
  - d. Would you fund this partnership again?
8. In your point of view, what do you think are the key advantages and challenges that backbone organizations face in mobilizing funds for the infrastructure of the partnership?

## Appendix D

### PowerPoint Presentation Given to AHR

#### The Role of Funders in Collective Impact: A Case Study of Portland's *All Hands Raised* Partnership

Helen Scalise  
Feedback Meeting  
May 2, 2014

#### Research Intent

*Investigate the role and perspective of  
private and corporate foundations in  
collective impact initiatives*

- *Research Question*: What organizational values and beliefs influence private and corporate funders to fund or not fund backbone organizations of collective impact efforts?
- *Case Study*: This topic was investigated through an action research study of Portland's local collective impact initiative, led by the backbone organization *All Hands Raised*.

#### Funder's understanding of Collective Impact

1. *Collective Impact* consist of a range of diverse and needed stakeholders coming together to work toward a specified outcome that requires systems level change
2. *Collective impact* must embrace the concepts of continuous improvement, data sharing and shared learning
3. The key to successful *collective impact* is the presence of a backbone organization (in this case AHR)

## KEY FINDINGS

### #1: Alignment of Priorities

- The organizational beliefs of the funders *as expressed in their funding strategies and priorities* played a key role in the funders' decisions to fund or not fund the AHR partnership.
- alignment of priorities and investment strategies → led to funding the partnership
- misalignment of priorities and investment strategies → led to declining the proposal or reducing the amount of funding

### Funding Priorities

- **Alignment of funding priorities:**  
"the issue of education and disparities in educational outcomes is something that we're very interested in and have funded [...] other strategies around that. So that was [...] a fit with something that's important to us" (Participant 002)
- **Misalignment of funding priorities:**  
"none of [their priorities] intersected early on with our values and the things we thought were important, so we were not an early funder. [...] we didn't give them what they asked for because a very small percentage of what they were doing was in our sweet spot" (Participant 005).



## Other Investments

- **Alignment with other investments:**

For one participant: the decision to fund the AHR partnership “leverages our other investments” and was in conjunction with the larger corporation making the decision to fund “these kinds of Cradle to Career frameworks” around the country (Participant 006)

- **Misalignment with other investments :**

“it would be a lot easier for us to wrap our heads around if [their efforts] were in tandem with these classroom based investments that we’re making” (Participant 005)

## Funding Strategies or Approaches

- **Alignment with funding strategies or approaches:**

“we are a foundation which makes lots of grants to community groups, supporting a larger effort that would help everyone be more effective in achieving the outcomes they are working to achieve seemed like an important thing to do” (Participant 001)

- **Misalignment with funding strategies or approaches:**

““if the government is funding it at [a high level...], [then..] I don’t necessarily just want to throw my money on top of the taxpayer money... it just feels different when there’s an actual program out there and it’s already been laid out, [...] it just needs the money and it needs somebody to come in and save the day” (Participant 004)

## #2: Community Involvement

- The involvement of key community players, their level of competence and importance, and the degree to which they were invested in the partnership in terms of money and length of involvement were crucial factors in the funders’ decisions to fund the AHR partnership

- **Most influential factors:**

- Who are they?
- How important and competent are they?
- How long have they been at the table?
- How much money have they and continue to invest?

## Key quotes

- “I think this group of people [in the partnership], the leadership and the staff that they have, are extremely intelligent and are figuring out the ways to make this thing a success. They’ve got all the right people involved. They’ve got the support” (Participant 006).
- “A lot of very key and visible players in Portland are involved in the effort, some of the folks on the board, the business community, certainly the school districts and non-profits, and collation of Communities of Color. There’s a lot of really smart, really dedicated, and really experienced people around the table who feel that this has enough potential and promise that they have stayed with it for a while. Some of them have invested money in it, so I think that is certainly a strength coming in that we pay attention to” (Participant 002).

## #3: Complex Challenge

Complex tension between:

1. collective impact initiatives requiring years of operation to meaningfully impact systems change and demonstrate significant changes in student outcomes and...
2. the funding community’s norm of providing funds for only a few and limited years, demanding powerful change to come to fruition in short periods of time

## The Nature of Systems Change

- “If you’re going to change graduation rates [...] you really may not see the results for 24 years” (Participants 006)
- “[collective impact] takes a lot of time, it takes a lot of effort and the results aren’t going to be from six months out, it’s going to be years out. [...] It’s like a 3 or 5 year goal, so that’s a hard sell[...] at the end of the day people do want to see progress. They want to know that their investments are making a difference” (Participant 003)

## “Responsible Exit Strategies”

- “when we made the decision [to fund the partnership] the question did come up about whether the collaborative would need this level of support moving forward. And so there was a conversation and a question about that. Like, are we signing up for two years or ten years?” (Participant 001)
- “There are few instances where [our foundation] made ongoing, long-term commitments [...] So, I think whenever we see a model that feels to us like really if we’re in it, there’s an expectation that we’re in it for a really long haul. [...] Then that’s just a question or concern for us [...] because then we’re a brick. If we’re not necessarily feeling like we’re going to continue to invest in it, what happens if we pull that brick? [...] it doesn’t give [us] a responsible exit strategy if [we’re] a significant piece [of the funding]” (Participant 002).

## Unrealistic expectations...

- “But we have really unrealistic expectations for how long these changes will take. If we’re going to do this, we’re going to be in it for ten years. [...] That’s not the attitude of foundations. Foundations are like, “We’ll give you a grant for two years, maybe three years. Fix it.”” (Participant 005)
- “I think a barrier is that this is a long process and people need to stay at the table and fund this for a long time, and funders lots of times don’t like to do that. They like to get in, get out or do three years and then stop. [...] And I think that’s going to be a challenge, to keep the funding coming for ten years or however long it takes to make a difference, maybe longer than” (Participant 007)
- “It’s going to be a struggle for [...] organizations that are trying to effect long-term change with short-term money, in essence” (Participant 006).

## DISCUSSION