

Cracking the Network Code

Four Principles for Grantmakers

By Jane Wei-Skillern, Nora Silver and Eric Heitz

Scaling What Works
A LEARNING INITIATIVE OF





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Grantmakers for Effective Organizations is a community of more than 410 grantmakers who are challenging the status quo in their field to help grantees achieve more. Understanding that grantmakers are successful only to the extent that their grantees achieve meaningful results, GEO promotes strategies and practices that contribute to grantee success. More information about GEO and resources for grantmakers are available at www.geofunders.org.

Launched in 2010, *Scaling What Works* is a multiyear learning initiative of GEO to expand the number of grantmakers and public sector funders that are working together to broaden the impact of high-performing nonprofits. Through the initiative, GEO offers trainings, networking opportunities and a host of tools and resources to better equip grantmakers to help the nonprofit organizations they support to plan, adapt and grow their impact in creating sustainable benefits for people, their communities and our planet.

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Introduction

Over the past four decades, the nonprofit sector has matured into a major social force with a well-developed professional class, often delivering excellent results. We know much more about the practices of effective nonprofit organizations. The list of successes is long, and it's a safe bet that today's nonprofit and philanthropic organizations are, on average, better managed than ever. Yet many social and environmental problems have seen only limited improvements, or in some cases they have worsened.

We know that we need a different mindset to tackle complex, systemic challenges. The sector has been experimenting with new ways to solve intractable problems; coalition and community building, collaboration, collective impact and networks have risen as waves of experimentation that are gradually yielding success. The leaders in these actions — actually, *groups* of leaders — are figuring it out. They are working together so that hard-won gains take root. These leaders succeed by adopting a “*network mindset*” that enables profound change. This publication sets out to crack the code behind that mindset, empowering grantmakers and other leaders to succeed at building networks for social change.

Typically, the leaders who get involved in networks did not set out to create a network. They set out to solve a problem that other attempts had failed to solve. In the words of one grantmaker, “Even though every year our spending was increasing, we became convinced that grantmaking organization by organization was not making real change.” This particular foundation was driven toward transformative change, and it set about to make that happen by fostering several state wide networks to tackle a range of issues. Others interviewed described the alchemy that occurs when passion for change mixes with total frustration with the status quo. The network mindset ensues as a sort of chemical reaction. Frustration and vision push leaders toward an approach that is more likely to deliver results at the massive scale they seek.

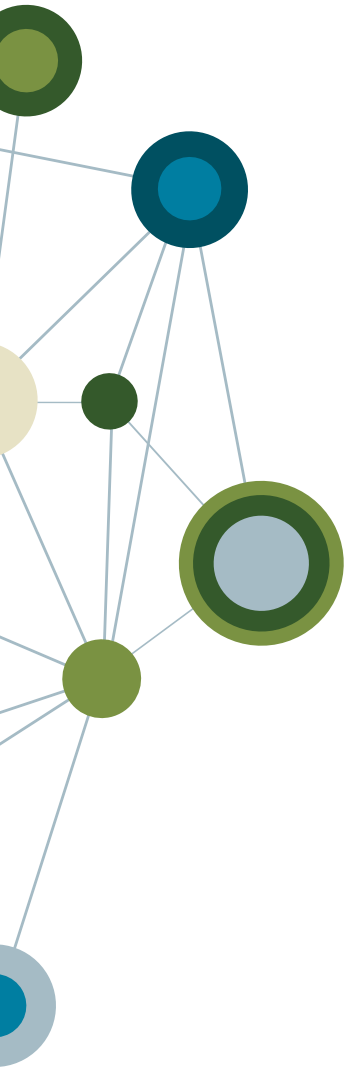
Catalyzing Networks for Social Change, published by GEO and the Monitor Institute in 2011, provided an orientation for grantmakers to understand networks for social change and the potential impact of embracing networked ways of working. In February 2013, GEO and four partners published *Pathways to Grow Impact*, which noted that grantmaker support for networks is useful no matter what strategy organizations are using to grow their impact. In this publication, we will dig deeper into the mindset shifts necessary to be an effective network participant and offer practical recommendations for how grantmakers can support networks.

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The four principles that constitute the network code run counter to many management principles taken for granted among social sector professionals. They include:¹

- 1. MISSION, NOT ORGANIZATION.** The network mindset is about advancing the mission even before advancing the organization. Leaders adopt strategies and tactics to achieve the mission, not necessarily to stimulate organizational growth.
- 2. TRUST, NOT CONTROL.** In the network mindset, trust and shared values are far more important than formal control mechanisms such as contracts or accountability systems.
- 3. HUMILITY, NOT BRAND.** Conventional wisdom has organizations promoting their program models, building their brands and striving to be the leaders in their field. In the network mindset, organizations work alongside their peers as equals and willingly take a backseat when their partners are in a better position to lead.
- 4. NODE, NOT HUB.** Those who embrace the network mindset see their organizations as one part of a larger web of activity directed toward a cause, not as the hub of the action.

To be sure, networks include many organizations that have excellent management, good accountability systems, strong brands and market positions, and hub-like statuses. While leaders of such organizations recognize the necessity of these practices, they also remain mindful that embracing collective action (and its accompanying fluid, dynamic processes) is the best way to achieve results.

The principles identified in this publication enable such organizations to band together to accomplish far more than an equal number of top-notch organizations could by working in isolation. We also explore the implications of these principles for funders — whether they are supporting or working in networks themselves. Understanding the principles can enable grantmakers to achieve the benefits and avoid common pitfalls of working through networks.

The first part of this publication, **Inside Networks**, details several successful networks that are accomplishing goals far in excess of their size and recaps some of the important benefits of networks. The second part, **Inside the Network Code**, describes the counterintuitive principles that constitute the network mindset. Following each principle, readers will find recommendations and examples for grantmakers.

¹The core principles that serve as the basis of this publication were identified in four bedrock case studies on networks from Harvard Business School; author Jane Wei-Skillern was a lead author on each of those papers. They are “Guide Dogs for the Blind Association” (2003), “Habitat for Humanity — Egypt” (2006), “The Energy Foundation” (2008) and “World Wildlife Fund U.S.” (2008).



Inside Networks

The Energy Foundation has been fighting for a sustainable energy future for America since the early 1990s. While it operates with a substantial budget of \$100 million annually, its resources are dwarfed by the scale of the challenge of global warming.

Yet the impacts of the Energy Foundation's grantee networks are truly global. Among them are:

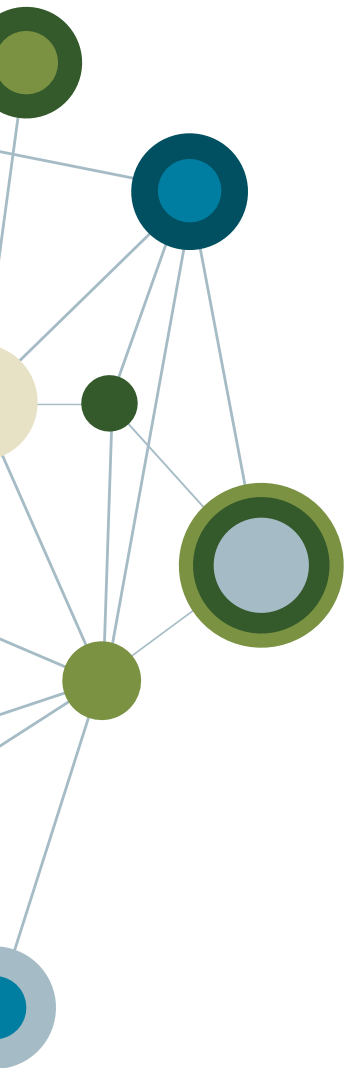
- ***Stimulating a Renewable Energy Economy.*** Twenty-eight states have adopted renewable energy standards requiring that a specific percentage of electricity come from renewable sources. These policy changes will stimulate an \$80 billion renewable energy market over the next 15 years.²
- ***Spurring Dramatic Fuel Savings.*** Despite major political and industry resistance, the Energy Foundation's grantee network's long-term advocacy helped secure the new federal fuel-economy standards that will eliminate more than 680 million tons of carbon dioxide by 2030. The fuel savings of nearly 4 million barrels a day is equivalent to a year's worth of Persian Gulf oil imports.³
- ***Creating a Model for Global Change.*** The Energy Foundation has helped to support the development of allied organizations in Europe, Latin America and India. In China, Energy Foundation grants to think tanks, international nongovernmental organizations and researchers helped Chinese leaders adopt new fuel economy standards and new efficiency standards for air conditioners and refrigerators. These two policies are projected to save nearly 150 million metric tons of carbon dioxide.⁴

The Energy Foundation has not achieved these outcomes on its own. In fact, it has been a behind-the-scenes player in most of these efforts, investing in networks to deliver on its mission rather than attempting to go it alone. It regrants its funds to a number of organizations in climate change and clean energy networks, and it seeks to leverage its own resources by mobilizing additional philanthropic dollars that do not flow through its organization. With the goal of creating large impact rather than large infrastructure, the Energy Foundation supports and aligns with other funders and grantee organizations at local, regional and national levels.

²The Energy Foundation, "Annual Report," 2010.

³Ibid.

⁴Jane Wei-Skillern and Alison Berkley Wagonfeld, "The Energy Foundation," Harvard Business School Case Study 9-308-078, 2008.



Despite being a leading funder in the sector, the Energy Foundation may be the largest foundation that most people have never heard of. That is entirely by design. To advance its networks, the organization routinely engages in activities that build the *field* of energy philanthropy, not just the Energy Foundation as an institution. Its behind-the-scenes status is intentional.

The network approach adopted by the Energy Foundation is shared by many other grantmakers and nonprofits who have come to realize that the scale of their visions — relative to their own resources — makes going it alone a futile proposition.

Dauids Versus Goliaths

The Energy Foundation and the grantees with which it networks are like the biblical figure David challenging the giant Goliath; like David, they use unconventional means. Despite their own strengths, they acknowledge their position of weakness in the face of monumental challenges. Some combination of vision, imagination and dissatisfaction with a future of small-scale improvements compels these organizations to actively engage others in pursuit of their missions.

The David-versus-Goliath, resources-versus-vision problem is a reality for many social sector organizations. This is because the scale of our problems, as in the case of global warming, is vast when compared with our individual resources. These long odds push organizations like the Energy Foundation to bet on networks.

Half a world away from the Energy Foundation, another David is facing down a Goliath housing crisis. Habitat for Humanity Egypt (HFHE) innovated upon the tradition of Habitat for Humanity International by pursuing a creative network approach. Typically, Habitat for Humanity International establishes programs by building new affiliates from the ground up. This slow, arduous process often generates only 30 or 40 houses per year over several years before more significant progress is made. HFHE's National Director, Yousry Makar, was determined to directly serve 10 percent of the 20 million Egyptians living in poverty in the next 25 years and to do so in such a way that *local capacity* could eventually serve the remaining 90 percent in need. His organization had capital and housing program expertise but lacked a number of resources that its peers, indigenous community development organizations, had, such as legal registration to operate independently, staff capacity and deep community relationships. Makar began to weave a network of local community organizations with complementary resources to deliver housing.

Functioning much like an operating foundation, HFHE invested in the local organizations' capacity to deliver housing programs. This support developed into a loose network of nearly 30 local community development organizations. Within a few years, HFHE went from building 30 houses per year to more than 2,000 annually. Other notable accomplishments include:

- It became a top five performer by cumulative house numbers among Habitat for Humanity International’s nearly 100 country programs.
- It achieved the highest loan repayment rates, averaging more than 99 percent, as compared with an average 75 percent rate for comparable Habitat settings.⁵
- It achieved a 700 percent production increase with a mere tripling of its annual budget (from \$250,000 to \$800,000).

Even more remarkably, HFHE’s grants to its network partners enabled some to build sufficient capacity to attract their own funding and run their programs without support from HFHE. This enabled these partners to exit the partnership, allowing HFHE to reallocate its resources to unserved communities.

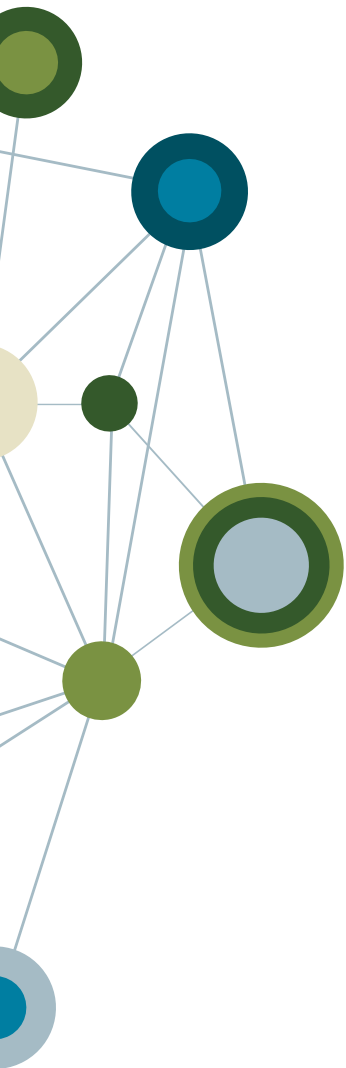
As former regional director for Habitat for Humanity International in the Middle East and East Africa, David Haskell oversaw HFHE’s meteoric rise in impact. In that role and his current role as Executive Director of Dreams InDeed International, he has observed many networks functioning in distressed communities. Haskell noted that networking to accomplish goals is the norm among people in poverty. “You have to make ends meet, so you are always finding solutions in suboptimal conditions. But beauty comes out of this. Imagine that you were tiling a floor. You could use uniform tiles that all fit together nicely but are rather expensive. Or, if you cannot afford those tiles, you can make a mosaic of discarded tile shards. It winds up far more beautiful and functional than the fine tiles. That’s the picture of how you do this networked approach,” he said. “You look around, take stock of the broken and missing pieces, figure out how you can support each other, develop trusting relationships so everyone will work together and hang in there, and you finally create a multiparty collaborative effort that produces better results than a simple grantor-grantee relationship will ever achieve.” Since any given situation will present a different collection of tile pieces, every network is unique.

The mosaics built by the Energy Foundation, Habitat for Humanity Egypt and other networked organizations are all complex, unique creations, and they arrive at their solutions by very different means. However, networks have a shared approach, captured in the following definition:

Networking is the pursuit of mission impact through mobilizing, engaging and supporting trusted, values-aligned peers.

From an operational perspective, networks can enable participants to deliver greater mission impact more *efficiently* and *effectively* without a dramatic expansion of internal organizational capacity and resources.

⁵Karan Kennedy, “Poor Repayment Woes,” *International Affiliate Update* Volume 12 No. 4 (2005): 1–2. Available at http://www.habitat.org/lc/theforum/english/pdf/Volume_12_4.pdf.



Efficiency

Most nonprofits are small, local organizations without access to economies of scale. The network approach opens up some of the benefits of scale without necessarily increasing an organization's size. Habitat for Humanity Egypt is an excellent example, having increased output by 700 percent while growing its budget and staff at a smaller scale.

A second type of efficiency occurs as network members reduce program redundancies. Most social sector players put client service at the center of their work. This reality of nonprofit life can be lost on management professionals from other sectors: Programs exist to help clients, so program cuts, even when strategic, are viewed as a loss to clients, a reduction in mission impact and something to undertake only in the most dire circumstances. In networks, participants work alongside their peers and support one another as needed to jointly shoulder the burdens of addressing multiple facets of a problem. Each organization can focus on its core strengths, secure that the cumulative efforts of the full network are meeting clients' needs.

Guide Dogs for the Blind Association (GDBA) provides a prime example of strategically streamlining an organization's own offerings while at the same time building the capacity of partner organizations to deliver needed programs. The organization is a large service provider for visually impaired people in the United Kingdom. Established initially to provide guide dogs, GDBA had expanded into a range of ancillary programs, including a travel agency and hotels for the visually impaired. The services benefited clients, but the programs were outside of GDBA's core mission to provide mobility services. Moreover, GDBA was not particularly good at running them, and they operated at a continual loss. GDBA realized that peer nonprofits, and former competitors in this program area, were better equipped to provide these services and also more committed to them. GDBA gave operating control and all potential profits of its travel and hotel programs to organizations that held a shared vision and core programmatic focus in these areas. Furthermore, GDBA invested more than \$15 million of its own funds in its partners' operations to improve program quality and ensure sustainability. It set stipulations regarding program quality to ensure that clients would continue to receive excellent service, but otherwise it shifted full program control without any expectation of return (except, of course, that the losses were stopped and these services complemented its own mobility services). GDBA and its network partners focused on their respective core competencies while ensuring superior mission delivery on behalf of clients. Collectively, they reduced redundancies and unproductive competition in the system while increasing service quantity, quality and sustainability.⁶

⁶ Allen Grossman, Jane Wei-Skillern and Kristin Lieb, "Guide Dogs for the Blind Association," Harvard Business School Case Study 9-303-006, 2003.

Effectiveness

In a network, control is dispersed throughout, and mutual accountability can replace costly bureaucratic enforcement systems typical of large organizations. Habitat for Humanity Egypt achieved its industry-leading loan repayment rate by relying on network members with deep local knowledge and connections. Local community organizations select trustworthy, eligible homeowners, engage them, and adapt training and support to their needs. Community members hold each other accountable for repayment to a far greater degree than HFHE ever could. In one case, a prospective homeowner was denied a loan because his neighbors had not made their payments on time, locking up the loan pool. At Friday prayers, he publicly announced the names of those who had not paid. The loans were repaid the next day. Imagine the delays if HFHE had relied on contracts and slow-moving legal methods to enforce accountability on its own. HFHE achieved phenomenal loan repayment rates by yielding control of program operations to community partners throughout the network.

Another feature of network effectiveness is the rapid development and dissemination of innovations, accomplished because the small-scale participants are close to their clients, which often encourages innovation. At the same time, network members communicate with each other frequently about what's working in their programs. The result is that innovations emerge and spread rapidly. With their focus on impact rather than compliance with a top-down strategy, networks that from the outside appear chaotic achieve surprisingly powerful results.

Women's World Banking, the world's largest global network of microfinance institutions and banks in terms of number of clients, provides an excellent example of innovation dissemination in a network. The network advocates for better microfinance policies and teaches affiliates best practices. Much of the network's strength lies in the support that its members give to each other. WWB network members share product and process innovations, provide technical services, evaluate each other and hold each other accountable for results. For example, in 1997, WWB hosted regional meetings to establish minimum and annual incremental performance standards that would be required of all network members by 2000. Through a consensus-building process, the network members themselves agreed to such high standards — even higher than WWB itself would have dared recommend — that one-third of its own members would struggle to meet them. According to former President Nancy Barry, "To create real networks, you have to believe that the center of an operation does not have a monopoly on truth. You need to trust the people, trust the process."⁷

"To create real networks, you have to believe that the center of an operation does not have a monopoly on truth. You need to trust the people, trust the process."

- Nancy Barry, former president of Women's World Banking

⁷ James Austin and Susan Harmeling, "Women's World Banking: Catalytic Change Through Networks," Harvard Business School Case Study 9-300-050, 1999.

Inside the Network Code

Four Principles of the Network Mindset

Based on decades of collective experience and research, we have identified four principles that are essential to operating within successful networks. Surprisingly, these principles run contrary to common practice in the philanthropic sector. Conventional wisdom tells us that building strong, well-managed organizations is the most direct path to achieving greater mission impact, and of course effective organizations are necessary. However, larger scale does not always translate directly into comparable gains in impact. Networked organizations focus much more on building relationships among organizations to achieve network-level impacts, rather than on increasing the size of their organizations. Careful consideration of these principles can help grantmakers better support grantees that are involved in networks and engage in networks more effectively themselves.

How do these principles differ from common practice?

- 1. MISSION, NOT ORGANIZATION.** Nonprofit leaders often focus on their own organizations as the primary vehicles for achieving mission impact. In contrast, network-focused leaders primarily pursue leveraged impact via other organizations rather than through their own organizations' growth. They routinely invest in others without expectation of direct institutional gain.
- 2. TRUST, NOT CONTROL.** Trust is the currency of networks. Network members recognize mutual dependence, foster emergent solutions as the network learns, invest their respective resources to achieve the shared vision and hold each other mutually accountable for results.
- 3. HUMILITY, NOT BRAND.** The pursuit of impact and recognition often leads to a strong focus on an organization's brand. To be sure, a strong brand expresses marketplace position, facilitates fundraising and attracts allies. However, in a network, leaders are open to learning, defer to peers when appropriate and focus less on promoting their particular approach and building their own organizations' brands. When network goals are achieved, participants share credit generously. They intentionally push attention to points in the network that derive the most benefit from the recognition. They focus more on contribution than attribution.
- 4. NODE, NOT HUB.** Network members think of themselves as nodes in an interconnected network rather than as hubs surrounded by spokes. While each member brings significant resources, all are cognizant of the fact that the contributions of their peers are essential to their own success, and so their choices focus on connecting, aligning and partnering with other actors to contribute to a cause.



PRINCIPLE 1

Mission, Not Organization

Our culture rewards leaders at the helms of growing organizations. Understandably, increases in funding, staff size, volunteers, programs and other organizational metrics have become a proxy for mission success. Boards, often populated with leaders from the corporate sector, where growth is the key indicator of business success, naturally apply this perspective in their work in the nonprofit sector. Social sector leaders respond to these cultural expectations by focusing on internal, organization-level activities such as program expansion, revenue growth and replication.

As one leader of a prominent nonprofit stated, “Mastering collaboration is the most important opportunity to close the gap between achieving pretty good performance and full potential.” While organizational growth certainly can and does contribute to mission impact, significant, sustained impact cannot be achieved through growth alone. Furthermore, growth strains organizational capacity, and funding for sustained growth is notoriously difficult to obtain. Even if significant growth is achieved, managing multisite organizations challenges the capacity to coordinate headquarters with branch sites, the dissemination of knowledge and innovation, and collaboration among affiliates.

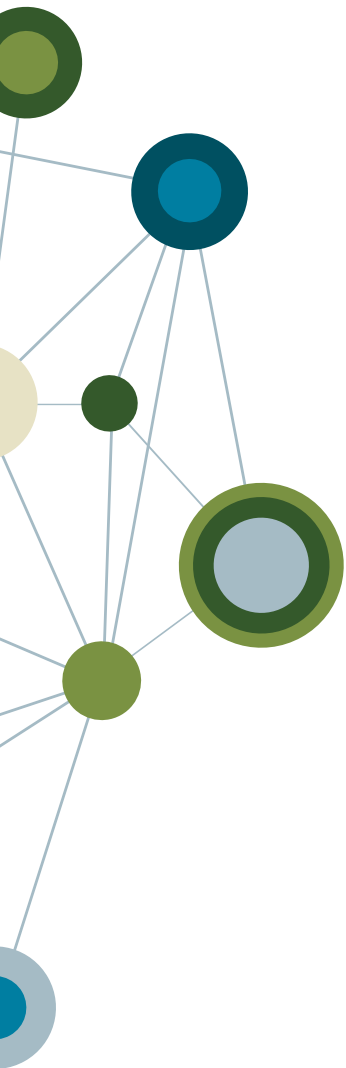
In contrast, the culture of networks rewards organizations that focus outward, favoring network wide mission results over organization development. It’s not an either-or proposition. “Recognition, resources, and control matter, just not more than impact,” said Mark Burget, executive vice president of The Nature Conservancy. “Impact is more meaningful. Working with others is the right thing to deliver greater impact. Money tends to flow when you are collaborative. My experience is that being gracious, respectful and understanding has resulted in more funding. But, as organizations try to differentiate themselves in the marketplace, that differentiation runs counter to the sense of ‘we’re all in this together.’ This is a tension that gets in the way of leaders being fully collaborative.”

RECOMMENDATIONS FOR GRANTMAKERS

Most informants for this publication did not start by overtly trying to use a network approach. Rather, they were passionate about a vision and mission that called for profound change, and their passion opened their eyes to networks as the best option. “Our job is not to perpetuate ourselves but to get the things done,” said Steve McCormick, president of the Gordon and Betty Moore Foundation. “Philanthropists must be willing to find, or be found by, the right partners to make meaningful progress on big issues. This may mean working with a range of actors across multiple sectors. In some cases, this may even require funders to follow, rather than lead.” The following recommendations will help grantmakers embrace the principle of mission, not organization.

“Mastering collaboration is the most important opportunity to close the gap between achieving pretty good performance and full potential.”

- A nonprofit leader



Give the Network Your Unwavering Commitment

Network relationships require significant investment and time to develop, and though the potential impacts are significant, achieving them may take a long time. As a result, grantmakers need to make long-term commitments to the network. This may mean years of investment and behind-the-scenes support. For example, the William Caspar Graustein Memorial Fund has put 14 years of investment into networks to advance early childhood education in Connecticut, developing deep roots in the community. A decade after the foundation began seeding networks among families, schools and communities throughout the state, it achieved a major policy milestone — an executive order in 2011 from the governor that requires the creation of a coordinated system of early care, education and child development.

Ensure That Boards and Grantmaking Staff Embrace the Network Mindset

A commitment to mission over organization may require retraining staff, or recruiting staff who understand and apply the four network principles. One informant mentioned common refrains from potential funders who are interested in networks, but reluctant to take the plunge: *“I just don’t think I could sell this to our board. Why does the network have to be so complex? Why do there have to be so many people involved?”* The network approach is a fundamentally different way of working, and it may take grantmakers out of their comfort zones. Key decision makers must be equally committed to the vision, the relationships and the operating values of a networked approach.

Funders can train current staff and hire new staff members who have deep experience in networks or whose work history reflects the four principles, and then give them latitude to pursue the vision. For example, at the Robert Wood Johnson Foundation, staff members are selected in part on their ability to network effectively, not just on their philanthropic credentials. Steve Downs, chief technology and information officer, said, *“Professional philanthropic credentials are not weighted the most heavily in hiring program staff. Increasingly, we’re looking at the ability to develop and work within networks as an important skill.”* When staff members have experience working in networks, they are skilled at selecting and empowering grantees. These staff members trust that their counterparts in the field are often in a better position to make key decisions that advance the shared vision.

Victoria Hale, CEO of Medicines360, a nonprofit pharmaceutical company that uses network processes, advised, *“Find people who are frustrated with the status quo, so you can steer their passion to the right direction. Build a *community* of nonprofit, foundation, government, business and academic leaders, and release the players to do what they do.”*

Fund Network-Level Costs

One network funder explained that it pays many of the administrative costs of collaboration and its management, as well as other costs associated with the network's infrastructure — such as facilitation, meetings and evaluation. The funder is investing in the strategic interests of the network rather than funding to implement its own agenda. Helping a network succeed can mean investing in activities that are essential but decidedly low profile. This foundation (which asked to remain anonymous) has been a steadfast supporter of these types of costs even when other funders of the network weren't willing to support them. Because this foundation has been a consistent source of funding, the program officer reports that “many local organizations will run long distances with us.” Participants themselves are willing to invest their own resources to advance the network's impact when they see that they can achieve leverage on their efforts through network members' mutual commitments to support the network.

Build On Existing Networks and Relationships

When grantmakers have determined that their mission can be served by a network approach, it pays to seek and nurture existing networks. When the Henry P. Kendall Foundation decided to launch a new grantmaking program to focus on the issue of creating a resilient food system in New England, Senior Program Officer Courtney Bourns started by learning what was already happening and what was most needed to advance progress in the field. During this process, she came across a regional group of academics and practitioners at the University of New Hampshire who were already imagining how they would build a network to advance an ambitious vision and collaboration toward a healthy, regional food system. Recognizing the importance of such a network, the Kendall Foundation made a grant to the university to kick-start the developing network, rather than building something new. The foundation also pointed the network leaders to other resources they sought, such as facilitation, process design and potential network contacts. In addition, the Kendall Foundation helped to mobilize more funding for the network by inviting other foundation peers to join the network design team and provide funding for needed elements of the new network, such as evaluation. Bourns observed, “A network is more spacious; it allows for unexpected things to happen. Some of the outcomes you get might not be intended, and it's good to leave room for that.”

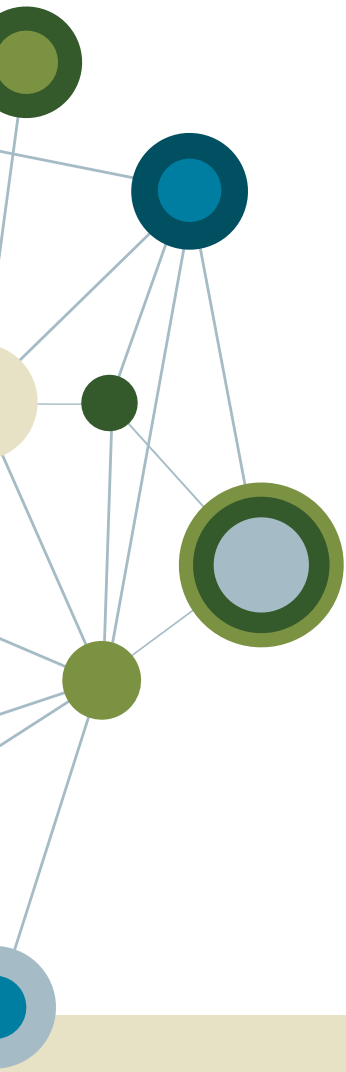
Adapt Evaluation Approaches to Network Processes

With mission impact as the overarching goal, grantmakers need ways to assess just what impact their support is delivering.⁸ Network funders we interviewed offered two important cautions regarding the measurement of impacts in a network. First, network impacts are realized over the long term and are rarely, if ever, attributable to one organization. Second, the measurement of outcomes creates incentives and disincentives for the organizations being measured, and funders should therefore be cautious that evaluation doesn't thwart network building. Measurements of impact often need to include qualitative approaches. For example, asked how network funders can gauge whether a grantee is on the right track, Medicines360's Victoria

“A network is more spacious; it allows for unexpected things to happen. Some of the outcomes you get might not be intended, and it's good to leave room for that.”

- Courtney Bourns,
Henry P. Kendall
Foundation

⁸ GEO's publication *Catalyzing Networks for Social Change* (2011, 22–25), co-published with Monitor Institute, includes a set of recommendations for assessing impact and learning across a network. It is available at www.geofunders.org.



Hale suggested that funders seek answers directly from members of the network. “Look for signs of learning in the grantee. Grantees normally would not tell you that their plans have changed, because they are worried you might not fund them. You want grantees that are not afraid to say, ‘If I had to do it again, this is what I’d do.’ New learning comes from making mistakes without fear of consequences.”

When funders require direct attribution of grant impacts, network members are rewarded for claiming outcomes and credit rather than sharing them, which undermines trust in the network.

An alternative approach is to measure impacts across a community or system, such as reducing rates of poverty or raising high school graduation rates in a particular community. For example, the Robert Wood Johnson Foundation tracks macro-level indicators to evaluate its own performance rather than requiring each grantee to report on individual impacts. The foundation uses relatively long, seven- to 10-year timelines to track goals such as a decrease in the prevalence of childhood obesity.

For short-term measures of progress, funders can survey members of the network to learn how well grantees are collectively exhibiting attributes of the four network principles. Those closest to the work are often in a better position to gauge the degree to which members are building bridges and making investments toward the shared vision. Peer review may be less costly and more informative than traditional performance measurement systems. Every situation will be unique and complex, so assessments need to be flexible. Funders should watch for signs of relationship building, organic partnerships and learning among their grantees as indicators of network health. David Nee of the William Caspar Graustein Memorial Fund noted his own concern that “the field has gotten so focused on rigor that it is not paying enough attention to relationships.”

QUESTIONS FOR GRANTMAKERS

Principle 1: Mission, Not Organization

Give the network your unwavering commitment.

- Are we prepared to invest for the long haul and continue our support?

Ensure that boards and grantmaking staff embrace the network mindset.

- Who on our current staff already displays the network mindset?
- What training can we provide to support staff?
- What should we look for in new staff?

Fund network-level costs.

- What types of facilitation, information infrastructure, administration or other needs does the network have, and how can we support them?
- What do the network members themselves say they need?

Build on existing networks and relationships.

- Are there existing or emerging networks that our assistance might help?
- Who else is working in the field?
- What additional resources can we mobilize to support the network?

Adapt evaluation approaches to network processes.

- What short-term indicators will reveal network development?
- What measures will we use at the network or systems level?
- What steps can we take to ensure that measurement doesn’t disrupt the network?



PRINCIPLE 2

Trust, Not Control

Strong relationships, not process, form the foundation for high-functioning networks. Habitat for Humanity Egypt's staff invests a lot of time in building relationships with community members and community partners. The staff is trained to listen carefully to community members to understand their needs, problems and complaints. While HFHE and its partners have negotiated formal contracts, as required by Habitat for Humanity International in the U.S., mutual trust between parties holds far greater sway than even the most rigorous of contracts.

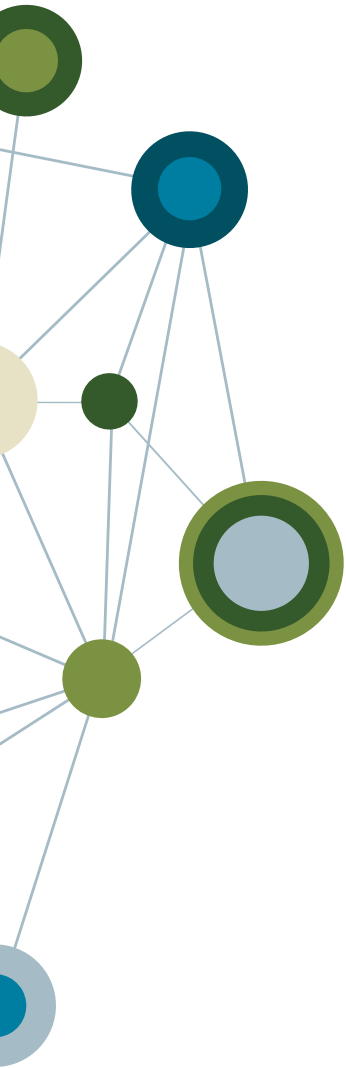
Though contracts and memoranda of understanding can be quite useful in networks, interpersonal and interorganizational relationships are the strands from which a network is woven. The fundamental driver is a basis of shared values and mutual trust. Even before committing to working together, potential partners explore whether there is a fit in values (as demonstrated by current and past behavior) and then work to develop trust over time. As the parties in a network see that their peers are acting according to shared values and delivering on their commitments, the trust that binds the relationship strengthens, superseding formal control mechanisms.

Funders often struggle when they try to orchestrate networks and collaborations among grantees. These funder-driven relationships may lack the trust and goodwill among partners that helps collaborations succeed. Many well-intentioned joint initiatives have failed because partners have been selected by others (rather than coalescing via self-selection) and because a key motivation to come to the table is the potential for funding. Partner selection is of the utmost importance in successful networks, and trustworthiness is a key selection variable.

Chris van Bergeijk, vice president and chief operating officer of the Hawai'i Community Foundation, described the challenges of fostering more collaboration among grantees. To identify potential network participants, Hawai'i Community Foundation's process involves many informal conversations with leaders in the field. Since many of them know each other well, they are able to identify those with a reputation for working well with others. "You have to make sure you have the right people in the room — not by virtue of who they represent or their formal titles, but people who are good thinkers, who have comfort with collaborative processes and who pay attention to building relationships with others. You have to invest time into building relationships. As much as the nonprofit sector loves to use the term *collaboration*, there's an element of competing for resources. It's hard to expect nonprofits to set aside their loyalty to looking out for what's best for their organizations." Funders can play a role in supporting strong relationships by allowing time for them to develop and making sure that the funders' own policies and practices do not heighten feelings of comparison or competitiveness among potential partners.

"You have to invest time into building relationships. As much as the nonprofit sector loves to use the term *collaboration*, there's an element of competing for resources."

- Chris van Bergeijk,
Hawai'i Community
Foundation



Successful nonprofit networks have invested heavily in the initial due diligence process to select partners with whom they can build long-term partnerships. They select partners who share values about approaches used and impact sought. As the network develops, these shared values guide partners' decisions and build in accountability to the shared vision. Participants are thus freed from trying to micromanage for every contingency and enjoy greater flexibility to respond to changing circumstances and strategic imperatives. Ongoing investment in the relationships by all parties, such as providing resources and support, relinquishing control or sharing recognition generously, further engenders trust among network participants.

In networks, no single participant drives the agenda, desired impacts are mutually determined, strategy is continually refined based on learning throughout the network, and accountability and attribution are dispersed. Grantmakers wishing to engage in networks will need to view the development of mutual trust as part of the "work" of the network, and fund accordingly. As the network develops, standard contracts and other control methods will need to be modified or replaced with network-specific approaches congruent with the network culture.

The Energy Foundation's management relies on a "positive reinforcing cycle of proof" as the mechanism that replaces standard controls. The foundation has learned that in its initial investments, network members may not believe that the foundation is truly investing in the network. The Energy Foundation starts the cycle of proof by bringing in other donors or galvanizing other groups, which builds trust that the grantmaker is fully committed to the needs of the network. The Energy Foundation demonstrates its commitment to the cause by playing a supporting role to grantees. It also works to attract more donors and resources to the field to benefit grantees, even if there is no direct institutional benefit to the foundation itself, though one can hardly discount the value of leveraged impact. The network members (in this case, grantees) reciprocate with results.

Network trust is strengthened as members share resources to get things done. Darell Hammond, CEO and founder of KaBOOM!, is well known as a network builder. He described a few examples of resource sharing among organizations allied in the mission to give all children the active play they need to become healthy and successful adults. In one, KaBOOM! worked behind the scenes to redirect donors to fund a different organization perceived by others in the field as a direct competitor to KaBOOM!. In another, his organization provided a grant to keep an organization afloat after it had lost a major donor. The decision to share resources this way is not purely altruistic; network members understand that all the nodes within the network contribute to the impact of the whole, and so it is in everyone's interest to see others succeed. The loss of an ally would have meant a loss to the whole. KaBOOM! gained value as a reliable ally within the network, even though it did not realize immediate material benefits. Meanwhile, its partners accomplished goals, and the network as a whole increased its output.

James Siegal, executive vice president and chief operating officer at KaBOOM!, added, “Trust is a personal thing, even when you are representing institutional interests. In grantmaking, you can get bogged down in a process that breeds distrust. If you [as a nonprofit] have built a relationship with a funder, and then they put you through the wringer on the minutiae of your budget, it calls into question the trust that has been built. Funders need to look at the things they do to oversee their grant portfolios and how those are perceived by grantees.”

RECOMMENDATIONS FOR GRANTMAKERS

Building trust within a network means identifying grantees aligned with your goals and values, infusing support and pushing power out to the actors in the field. Barr Foundation’s Pat Brandes noted, “Part of working with a network is giving up centrality and control, and being clear about what you are creating, what the mission is. Most funder initiatives have a life dependent on funding, but networks should be able to go on organically.” The recommendations that follow will support efforts to build trust and support accountability without controlling the network.

Vet Potential Partners

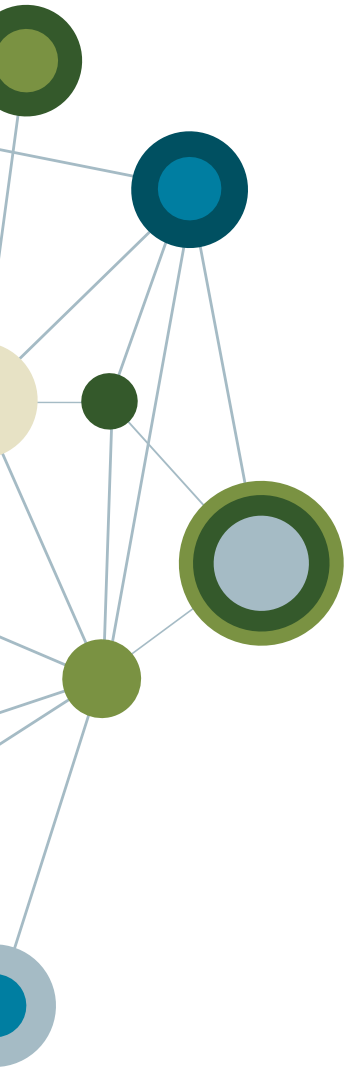
Informants advised that funders seek and build relationships with grantees that are already in networks or that display the leadership capabilities to work effectively through networks (that is, grantees whose actions are congruent with the four principles of the network mindset). One foundation executive said, “We want a broader cross section of people [nonprofits, government], but we also know we have to make sure it’s the *right* people, not the ones who will say no to change.” Another funder did not select network participants on its own but rather allowed current network participants to decide whom to include. In conducting due diligence on a new potential grantee, the funder sent the grantee out to meet with established practitioners, academics and opinion leaders in the field who were already working through an established network. The funder relied on feedback from leaders in the field who had already been working successfully through networks to determine whether this new leader would be a good team player and a valuable contributor to the network’s ongoing work.

Test Relationships With a Pilot Project

Some funders might opt to start with a few pilot projects with potential network partners before committing to them for the long term, or they may choose to fund in phases as a stronger basis of trust develops among participants. Starting small and allowing space for the network to develop and change organically helps to plant the seeds for long-term success.

“Part of working with a network is giving up centrality and control, and being clear about what you are creating, what the mission is.”

- Pat Brandes, Barr Foundation



Expect Networks to Grow Organically

Networks need not be fully mapped out at the outset and do not necessarily require large up-front commitments of resources. They often emerge through a series of bilateral or multilateral partnerships that gradually multiply as funders and participants develop trust and begin to see the benefits and impacts of their collective action. For example, Guide Dogs for the Blind Association started with a series of bilateral partnerships. After witnessing the impact of the networks seeded by GDBA, the British government established a £125 million fund in 2002 to invest in similar types of nonprofit networks.⁹

Demonstrate Your Trustworthiness by Being Flexible and Transparent

The William Caspar Graustein Memorial Fund demonstrates its trustworthiness as a partner by absorbing administrative costs, funding a collaboration support team and by being flexible in its own funding to enable grantees to satisfy state procurement requirements. David Nee stated only half-jokingly that the foundation might be “one of the easiest places in the world to get a funding extension.” To illustrate, if a key leadership change occurs in a community network, such as turnover of a school superintendent, the grantee may need a hiatus to fill the void and develop new relationships. The fund would encourage the grantee to first use state funds that have a set expiration date, offering a funding extension to fill in when needed. It also looks carefully at policies and practices that may interfere with the creation of trust in the network. For example, when making grants, fund staff members examine how the grant will affect dynamics in the community. According to Angela Frusciante, knowledge development officer, the fund makes a conscious effort to avoid creating competitive situations and comparing grantees. If grantees and others in the network are treated as equal partners, they are more likely to be eager to contribute wholeheartedly to advance the network.

Let the Network Make Decisions for Itself, but Offer Support When Needed

Networks need financial resources, but funders must keep in mind that money can skew behavior; organizations may participate in return for the promise of funding rather than out of a genuine commitment to network impact. Funders succeed with networks by providing sufficient resources to support the network without overpowering it. Some funders deliberately stay behind the scenes after investing in the network so that they don’t interfere with the trust building and relationship dynamics in the network. They let go of control by allowing the network members latitude to make decisions and manage operations for themselves. For example, the Energy Foundation funded an independent consultant to help with its Western Power Campaign, a project that connected and funded groups across the American West that were fighting coal plants and advocating for clean energy. The consultant helped network members refine their scope of work, see how they fit into the broad strategy, make connections, communicate and coordinate messages to policy makers. The consultant noted, “Because I was aware of the full breadth of activities

⁹ Allen Grossman, Jane Wei-Skillern and Kristin Lieb, “Guide Dogs for the Blind Association,” Harvard Business School Case Study 9-303-006, 2003.

in the region, I could help the groups coordinate their messages to policy makers. One grantee might be trying to stop a new conventional coal plant while another grantee was helping stimulate development of new markets for wind power. I helped the groups integrate their messages to combine coal plant opposition with a clean energy solution. Without the support of a coordinator, the grantees would likely have continued with one-to-one communications. Coordination enabled multiparty discussions, a coordinated voice and a more effective campaign.”¹⁰

¹⁰ Jane Wei-Skillern and Alison Berkely Wagonfeld, “The Energy Foundation,” Harvard Business School Case Study 9-308-078, 2008.

QUESTIONS FOR GRANTMAKERS

Principle 2: Trust, Not Control

Vet potential partners.

- What kinds of information will help us determine that our values and mission align with those of potential network participants?
- Do partners that look good on paper have a track record that demonstrates their commitment to working alongside others?

Test relationships with a pilot project.

- What kinds of small-scale projects can we collaborate on while testing a new relationship?
- What terms will enable a mutually satisfactory decision to deepen the relationship as part of a network — or will enable us both to withdraw amicably?

Expect networks to grow organically.

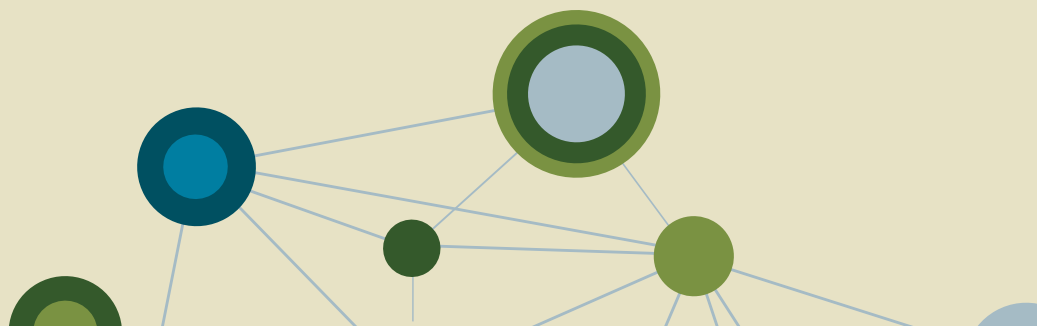
- Which of our grantee, funder or other relationships are already flourishing and show readiness to adopt a network mindset?
- From the perspective of participants, what actions and resources might facilitate the development of a network?

Demonstrate your trustworthiness by being flexible and transparent.

- In what ways do we demonstrate that our foundation is a trustworthy partner?
- Do any of our practices send a message that we don’t fully trust our partners and grantees?
- Are any of our accountability measures disincentives for network development?
- How will our processes affect the dynamics of the network?

Let the network make decisions for itself, but offer support when needed.

- How can we push power and control out?
- How can we lend support without overpowering the network?
- How do we balance our goals and accountability requirements with the fluidity of the network process?



PRINCIPLE 3

Humility, Not Brand

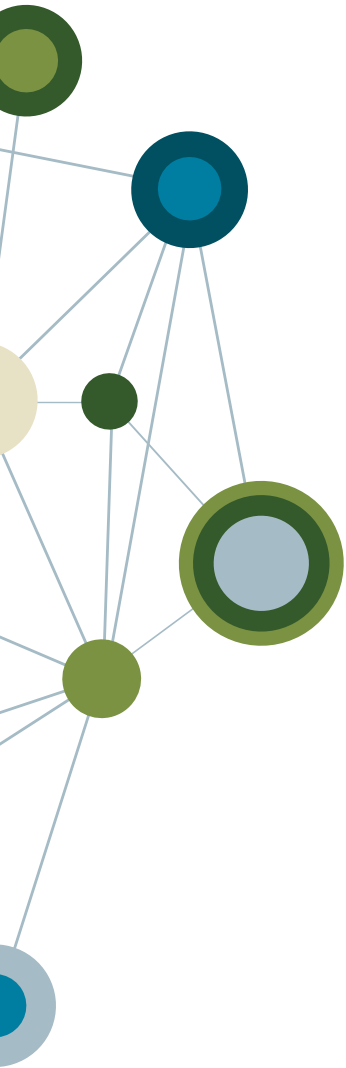
The David-versus-Goliath situation that most social sector organizations face naturally inspires humility. In networks, humility is expressed through offering patience, expertise, connections or other resources without expectation of recognition or payback. It is expressed through mutual understanding that there is no hierarchy in the resources that various participants bring to the network. Network members treat each other as equal peers, regardless of organization size, status or funding capacity. Humility is oxygen to a network.

Humility prepares leaders and organizations to work with and learn from others whom they may not have considered as partners. For example, nonprofits in environmental conservation increasingly look to engage members of the business sector as partners in finding solutions, rather than as enemies. In describing choices The Nature Conservancy has made, Burget said, "Some of the best learning comes from working with people you don't share goals with." This humility has led the organization to explore ways it can work with others whom its peers might see as poor allies. "This takes us into uncomfortable terrain, but it opens up new opportunities. Maybe there is room to collaborate with people who we once thought of as 'doing bad.'" Of course, potential partners must still be values-aligned and able to demonstrate their commitment to the network's vision through action, not just words.

The practice of sharing (or even redirecting) credit is an aspect of humility and is commonplace in successful networks. Dreams InDeed's Haskell warned, "Ego is toxic in networks. If people pick up that you are in it for yourself rather than the common good, the network will marginalize you. The network unravels when people start scrambling for credit." Since most networks are working on systemic problems in which public policy plays a role, media and political attention are often important to the mission. In this context, network actors, including funders, learn that highlighting a peer organization's success can be the best way to get the network's overarching goals established. For example, the Energy Foundation's grantees make headway in influencing policy by being in the press and public forums. The foundation's role does not require a high public profile, so it directs those opportunities to network peers that can most benefit from the recognition and potential resources that flow from them.

RECOMMENDATIONS FOR GRANTMAKERS

Our deeds give truth or lie to our words. For us as organizations, it can be difficult to know whether our professed openness to other approaches, new ideas, sharing, collaboration, community wisdom and so forth actually matches our behaviors. Fortunately, networks provide an excellent (if unforgiving) mirror. Networks empower those organizations that exhibit true humility while marginalizing those that seek



power for themselves. However, because the significant financial resources held by grantmakers often can create a power imbalance, it's especially important for funders to practice humility in networks. The recommendations that follow can help guide grantmakers to lead with humility.

Cultivate Empathy, Curiosity and Commitment

The Nature Conservancy's Burget described three characteristics that help funders become better network participants: "First, they have *empathy* — they understand the perspective of the other grantees or funders. Second, they have *curiosity* — they are committed to learning. If you have that, you are automatically reaching out to others. Third, they show *perseverance and commitment* to the relationship way of working. If you try to see things from someone else's perspective and learn and grow, and if you are not going to give up when it gets difficult, then you will gain the knowledge and commitment of other funders and grantees." Burget compared an organization that has these characteristics with its opposite, "someone who says, 'I know what's right; I don't care about your perspective. I know what needs to be done. I'm going to do my own thing.'"

Direct Recognition to the Parts of the Network That Can Best Benefit

By virtue of scale of impact and community reputation, grantmakers are often highlighted in the media. When operating as part of a network, grantmakers can send media opportunities toward those who can best apply them. As noted, when appropriate, the Energy Foundation directs news opportunities to other network members who can better use them to attract attention to campaigns. Similarly, when Yousry Makar, director of Habitat for Humanity Egypt, was invited to speak onstage in front of government officials, nongovernmental organization leaders and other potential donors at a celebration for building 6,000 houses through HFHE, he simply stated, "It's not Habitat. The community is doing it. We're only providing support." He then proceeded to invite his network partners onstage to join him.¹¹

Be Open With Your Resources and Expertise

A powerful way to increase impact is to let go of control and let others run with your ideas. Humility enables network leaders to acknowledge that their approach is not necessarily the only way nor the best way to achieve impact. Sharing resources and expertise openly with network peers can speed dissemination, improve mutual learning and strengthen ties among network members. For example, KaBOOM! shares its core program expertise by giving away its playground building kit, technical assistance and a support community to local neighborhood leaders interested in building a playground without direct partnership with KaBOOM!. Additionally, it provides a range of resources and tools to enable community members to achieve their goal. Rather than trying to

"Ego is toxic in networks. If people pick up that you are in it for yourself rather than the common good, the network will marginalize you."

- David Haskell, Dreams InDeed International

¹¹ Jane Wei-Skillern and Kerry Herman, "Habitat for Humanity — Egypt," Harvard Business School Case Study 9-308-035, 2006, 14.

serve the tremendous need for playgrounds on its own, KaBOOM! is building community capacity to serve the mission. While the phenomenon of sharing knowledge and expertise freely with the field is not new in philanthropy, what is different is that this dissemination approach and community-building strategy is core to the work of KaBOOM!. KaBOOM! has calculated that a dollar spent by the organization on online tools in 2009 helped to improve 10 times as many neighborhoods as a dollar spent more directly on playground equipment.¹² Although it doesn't gain the media recognition or the potential funding that typically comes with direct playground builds, KaBOOM! plays a support role to these community leaders because these network participants are fundamental to meeting its own mission.

¹² Heather McLeod Grant, "Breaking New Ground," Monitor Institute, 2010.
Available at http://kaboom.org/sites/default/files/Monitor_Institute_KaBOOM_Study_SM.pdf.

QUESTIONS FOR GRANTMAKERS

Principle 3: Humility, Not Brand

Cultivate empathy, curiosity and commitment.

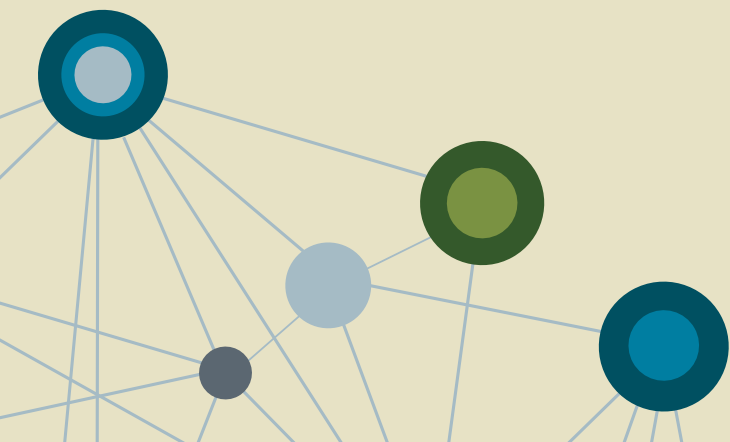
- Do we seek to understand the perspectives of grantees and other funders?
- Do we reach out to others to learn?
- Do we persevere in our attempts to understand and learn from the network?
- Are we willing to let go of long-held beliefs and activities in response to learning from peers?

Direct recognition to the parts of the network that can best benefit.

- What media relations policies need to change within the foundation to reflect the network code?
- How can we know which parts of the network are best able to benefit at any given time?
- Do we need to be in the limelight to be effective or is a behind-the-scenes role more productive?

Be open with your resources and expertise.

- What resources and expertise do we have that could be helpful to others?
- How might our mission be advanced by becoming an "open source" organization, releasing control of ideas and processes, and supporting communities to generate the impact?
- Where do our resources have the most impact?
- How might we need to realign current activities and programs to maximize that impact?



PRINCIPLE 4

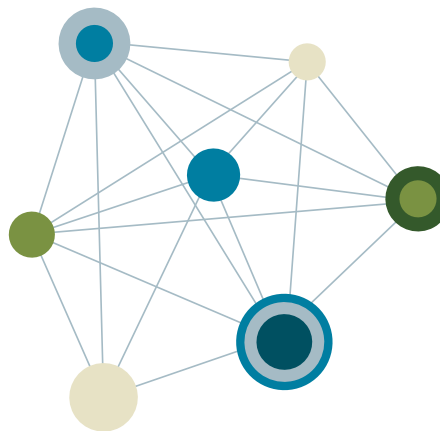
Node, Not Hub

If you ask leaders in the nonprofit sector to draw a picture of their organization relative to the rest of the world, they typically put their organization at the center as a hub connected to other constituencies. People in networked organizations, in contrast, put the issue at the center and work intentionally to see their own organization as one node in a network of interconnected actors and activities. When perspective shifts from hub to node, goals migrate toward mobilizing other critical network members and resources beyond the organization's own boundaries, enabling leveraged impact.

Organization as a Hub

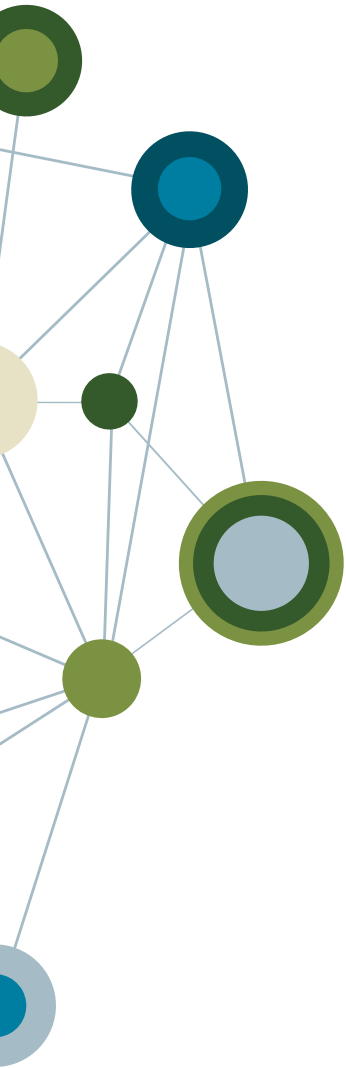


Organization as a Node



“Node thinking” succeeds because resources of all types — leadership, money, talent — have dramatically more impact when leveraged across organizations, fields and sectors. This approach saves each organization from trying to do everything on its own, generates powerful synergies and promotes the mutual allocation of resources toward where they can make the most impact. If another organization is better able to take on a task, then it makes sense to invest in that effort rather than reinvent the wheel in one's own organization. Indeed, this is the approach the Energy Foundation takes.

The Energy Foundation has no endowment; it must raise funds annually for the grants it makes and the operations it carries out. One would expect that the organization would therefore cling tenaciously to any donor that comes its way. But this is decidedly not the case. The Energy Foundation routinely directs donors to other network members when their strengths and goals are a better fit for the donors' interests and resources. This is how an organization behaves when it sees itself as a node. Other node actions of the Energy Foundation include



allowing its grantees to regrant to other members of a coalition and hiring coordinators to facilitate the work of many organizations involved in specific campaigns. The role of the Energy Foundation in its networks is to facilitate processes rather than be the central conduit through which all things happen.

KaBOOM! CEO Darell Hammond indicated that there is strategic value in thinking as a node rather than a hub. In the late 1990s, KaBOOM! made a choice to go from “one to many” by training *others* to use its model of developing play spaces. Today it is seeking networks that can meet the major challenge of its vision to create a great place to play within walking distance of every child in America. “We could go from 200 playgrounds to 600 playgrounds, and it would still be a drop in the bucket — and there aren’t even the resources to support that. But if the same resources could go into cities’ opportunities to open up property, schools and other spaces to create more play access, we’d come closer to our vision.”

Funders are in a difficult spot with this principle; money carries clout, and it’s hard to avoid becoming a hub when you wield such a powerful resource. The Barr Foundation’s Pat Brandes described the importance of a funder declaring itself as a node, not a hub: “In healthy networks, the funder is not at the center. In the networks we have supported we have been conscious to move ourselves out of the core. Healthy networks need multiple hubs.” Brandes also described the careful role funders can play in facilitating the development of networks while avoiding the role of hub: “It is better if the network arises organically, but sometimes the funder sees the need for a network and one isn’t there. In these instances, the funder has to be very careful not to create dependence on the funder. The most scaled networks are not hub and spokes but clusters with multiple hubs. You get more scale as you get more hubs.”

RECOMMENDATIONS FOR GRANTMAKERS

“Node thinking” may be a challenge for grantmakers, who are accustomed to being a hub among grantees. However, with network thinking, funders seek to develop a deeper understanding of the role that they might play in helping a network achieve a shared vision. They take stock of the community of nonprofits, foundations, government agencies, businesses and community members that are involved in reaching the vision. The following recommendations can help grantmakers take on a role as a node rather than a hub.

Understand the Ecosystem of the Network

Networks regularly interact with others in their ecosystem — including nonprofits, government agencies, private sector organizations and community members.¹³ To see themselves as nodes, grantmakers need to understand the ecosystem of the network. They must learn what others are doing in the field and understand how they might relate to one another. They must also identify the other network players’ strengths and their own strengths relative to those of others, and engage these actors toward their shared goals.

¹³ Paul Bloom and J. Gregory Dees, “Cultivate Your Ecosystem,” *Stanford Social Innovation Review* (Winter 2008): 46–53.

Get Multiple Boats in the Water

Networks grow more resilient as they accumulate contributing members. KaBOOM! CEO Darell Hammond suggested, “Convince complementary organizations to grow with you — you need more ‘boats in the fleet,’ not to be the biggest boat in the fleet. It’s a long-term play.” Hammond suggested that philanthropists “bet across an industry,” thinking in terms of increasing overall impact.

Manage Your Footprint

Foundations seeking to fund networks should be aware of the clout they carry and the role that they want to play in encouraging the development of the network. Funders can often achieve more by doing less: listening and learning to what network participants want and need, and allowing others to take the lead rather than playing a heavy-handed role in shaping the network. Chris van Bergeijk of the Hawai’i Community Foundation said the organization wrestled with the question, “‘How big of a footprint do we want?’ You really have to think about it. We’ve played strong forward roles and then gradually stepped back. Don’t just jump in and assume you have to run everything. Don’t assume you have to be at every meeting.” Members of a network need to know they have the grantmaker’s support, but members also need to be in charge of the direction of the network itself. Fostering an arm’s-length relationship, such as hiring independent network facilitators, is one approach that allows the funder to continue learning through the network and supporting it, but also helps to ensure it does not devolve into a typical funder-grantee relationship.

QUESTIONS FOR GRANTMAKERS

Principle 4: Node, Not Hub

Understand the ecosystem of the network.

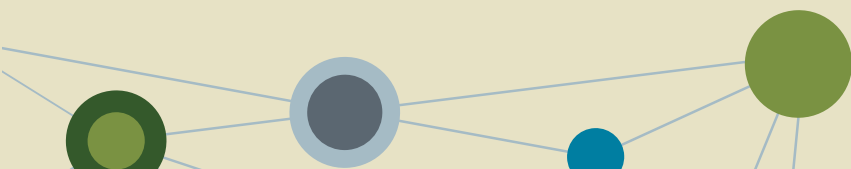
- Who else is addressing the systemic challenge we are concerned with, and how do the other players fit together?
- What are their strengths and weaknesses?
- Similarly, what are our strengths and weaknesses?
- How might linkages be made with others in the system to leverage strengths and shore up weaknesses?

Get multiple boats in the water.

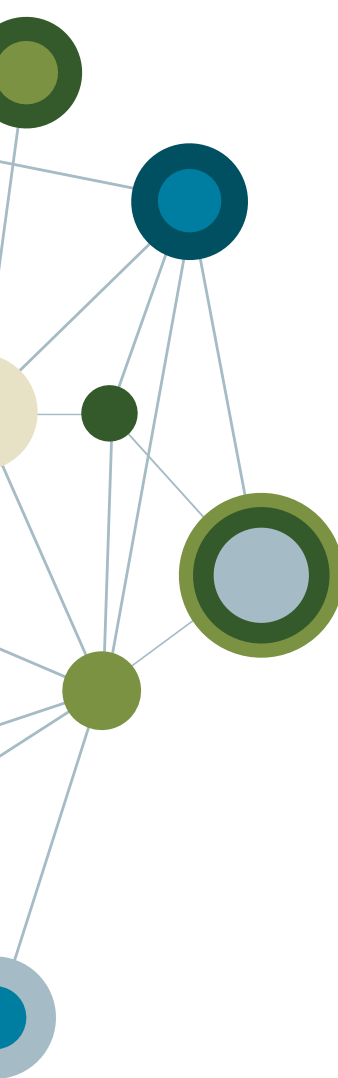
- How can we support peer groups involved in the network?
- How can we ensure not only our success but that of other essential actors?
- What other funders might be interested in collaborating and co-investing?

Manage your footprint.

- How big of a footprint do we want?
- Instead of trying to address all aspects of the network’s development, how can we listen and learn from participants to identify where the gaps are?
- Who else might be able to fill those gaps?
- Even when we are able to address an issue in the network’s development, how can we make space for others to take the lead?
- How can we lend our resources and support without overwhelming the activities of the network?



Conclusion



The four principles that constitute the network code are clearly interrelated. Behaving as a node rather than a hub aligns organizations as shared contributors in a constellation of bright stars; it is an awareness of the successes of the whole as well as the parts. Acting with humility enables recognition to flow to the places where it can do the most good, speeds innovation and its dissemination, and demonstrates devotion to the cause. As organizations share credit and work, and as they repeatedly act in ways that support the broader vision, they build trust in each other. This mutual trust ensures accountability; network members know that failure to deliver on promises ruptures trust, so they follow through on commitments. Finally, embracing mission over organization sets leaders on the path to seeking impact through and alongside others rather than alone. These four principles are the cement that binds together the “beautiful mosaic” described by David Haskell. The organizations themselves — whether large or small, sophisticated or simple, well financed or struggling to raise the next dollar — are the tiles from which the mosaic is assembled.

Grantmakers who focus on systemic problems, who are dissatisfied with incremental improvements, who are willing to be patient investors, and who are comfortable with fluidity and uncertainty are ready to consider network opportunities. By adopting a network mindset, grantmakers can discover countless opportunities to work with other leaders across the nonprofit, public and private sectors in ways heretofore unimagined. While every network is unique and can't be scripted from the outset, the essential operating code in successful networks is the same: mission, not organization; trust, not control; humility, not brand; and node, not hub.

A networked approach may at times seem uncertain — ceding control to others without a guarantee of success is risky. But to paraphrase one grantmaker, the risk of not using the network approach is that grantmakers continue to invest in incremental improvements that fall short of expectations. The urgency and scale of social problems, coupled with the limited results to date, cry out for new approaches. Networks hold the potential for generating impact at a scale exponentially greater than the sum of their individual parts. Armed with the network code, social sector leaders have the power to unleash the potential of their networks to generate solutions that will change the world.

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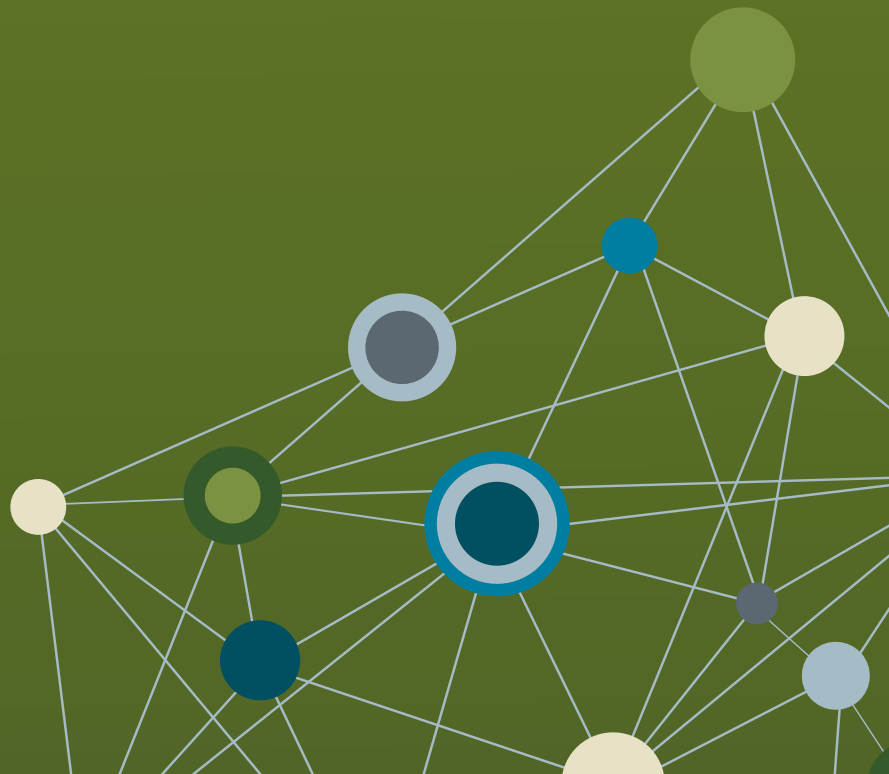
Acknowledgments

GEO would like to thank the nonprofits and grantmakers mentioned in this publication, as well as the following people, for their contributions to and feedback on this work:

Chris van Bergeijk, Hawai'i Community Foundation
Courtney Bourns, Henry P. Kendall Foundation
Pat Brandes, Barr Foundation
Mark Burget, The Nature Conservancy
Roberto Cremonini, Cremonini Consulting Network
Steve Downs, Robert Wood Johnson Foundation
Angela Frusciante, William Caspar Graustein Memorial Fund
Victoria Hale, Medicines360
Darell Hammond, KaBOOM!
David Haskell, Dreams InDeed International
Yousry Makar, Habitat for Humanity Egypt
Steve McCormick, Gordon and Betty Moore Foundation
David Nee, William Caspar Graustein Memorial Fund
Yossi Prager, The AVI CHAI Foundation
Diana Scearce, The David and Lucile Packard Foundation
Marc Schindler, Venture Philanthropy Partners
Paul Shoemaker, Social Venture Partners Seattle
James Siegal, KaBOOM!
Melinda Tuan, The Center for High Impact Philanthropy
Kate Wing, Gordon and Betty Moore Foundation

GEO also thanks the 22 supporters of the *Scaling What Works* initiative:

The Annie E. Casey Foundation
The Atlantic Philanthropies
The Bank of America Charitable Foundation, Inc.
Bill & Melinda Gates Foundation
Blue Ridge Foundation New York
Carnegie Corporation of New York
Charles Stewart Mott Foundation
The David and Lucile Packard Foundation
The Duke Endowment
The Edna McConnell Clark Foundation
Ford Foundation
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