

More than Money:

# The potential of cross sector relationships



## More than Money: The Potential of Cross Sector Relationships

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# Foreword



Peter Wanless,  
Chief Executive  
Big Lottery Fund



David Emerson,  
Chief Executive  
ACF

The Intelligent Funding Forum (IFF) has been set up by the Big Lottery Fund (BIG) in partnership with the Association of Charitable Foundations (ACF). Current members are listed at Annex A.

The IFF provides opportunities for shared learning and collaboration between UK funders to foster positive changes in funding policy and practice.

Collaboration and co-funding between foundations has seen strong and consistent development. However, less has been done to explore and document the opportunities that collaboration across sectors between foundations, public and private sector funders may provide. We commissioned Dr Diana Leat to explore the varied ways funders from different sectors are currently working together, how these relationships work in practice and the opportunities for closer collaboration in the future.

‘More Than Money’ provides a valuable insight into what it means for funders from different sectors to work collaboratively. Examples include the Pears Foundation working with the Department for Children, Schools and Families to turn a school linking project from a small pilot to a national project, or the development of the Evaluation Support Scotland project which began through informal discussions between a small group of funders from the statutory and voluntary sector, and continued to develop through funding from the Scottish Executive.

For us there are three key points all funders should consider when building cross sector collaborations for the benefits to be realised.

They are:

- **joint working** across sectors takes a variety of forms from talking, information sharing and learning through to complementary resourcing and collaboration in planning, governance and implementation. These involve ranging degrees of loss of autonomy which it is as well for participants to consider and be explicit about
- **cross sector relationships** usually involve time and opportunity costs, and may raise difficult issues of principle. These costs need to be assessed in relation to likely impact
- **collaboration** across sectors is about more, and less than money. Funders from different sectors need to move beyond seeing each other as pots of money and begin to appreciate the other resources potential partners may bring to the achievement of wider and more sustainable change.

We hope that this publication will help inform and encourage funders from all sectors as they continue to explore the exciting opportunities that cross sector collaboration can offer.

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# Key points from a study of cross sector working, commissioned by IFF

## Why consider cross sector working?

Conventional arguments for closer relationships include:

- increased financial resources
- increased influence
- greater capacity to address stubborn problems
- avoiding fragmentation and duplication.

Arguments against closer relationships between funders from different sectors include:

- loss of diversity
- colonisation and loss of independence
- value and cultural differences
- time and effort.

Two reasons for funders from different sectors not working together may be: fears of loss of autonomy and lack of perceived benefits relative to potential costs.

## Ways of working together

This study identifies three related types of working together, involving very different levels of loss of autonomy and potential cost:

1. Talking, sharing knowledge and learning
2. Independent co-funding
3. Collaborative planning, funding, governance and monitoring

## Re-thinking cross sector working

The study suggests that a different approach to cross sector working is needed focusing on the strengths and weaknesses of different sectors and what partners from different sectors can bring to relationships to remedy each other's deficits. Money is only one element in what partners may bring to each other.

For foundations, working with government may bring:

- legitimacy and endorsement
- reach and scale
- access to people and organisations
- resources including money
- flexibility from 'little pots of money/underspending'
- expertise
- influence over policy, agendas and practice
- public support and leveraging other funding
- sustainability after foundation funding ends

For government working with foundations may bring:

- access to risk capital
- a route to working 'under the radar'
- a partner able to 'try and try again'
- brokerage
- grantmaking expertise and infrastructure
- specialist knowledge
- voluntary sector knowledge, networks and legitimacy
- a partner able to 'shift perceptions and propose novel approaches' (Macdonald and Szanto 2002)
- ability to bring in other donors
- ability to join up other resources.

For business, working with foundations may bring:

- legitimacy and consumer confidence
- association with a trusted brand
- networks especially within the voluntary sector

## Key points from a study of cross sector working, commissioned by IFF

- grantmaking expertise and infrastructure
- knowledge and expertise in substantive areas
- access to risk capital
- brokerage/a neutral forum to work with competitors and with government.

For foundations, working with business may bring:

- legitimacy
- industry pressure/authority
- access to people, organizations, markets and additional funding
- technical knowledge
- goods and services
- operational capacity, reach and scale
- a route to influencing business policy and practice.

Funders from different sectors need to move beyond seeing each other as pots of money and begin to appreciate the other resources potential partners may provide and the ways in which each can add value to the work of the other.

Working across sectors is certainly not cost-free. It requires time, patience and trust; there may be frustrations and set backs along the way. For independent funders working with government and with the for-profit sector raises difficult issues and vice versa. The three sectors have different strengths, weaknesses and constraints, as well as different guiding cultures. Every potential collaboration needs to be assessed in terms of its likely cost set against the potential added value the relationship may bring.



# 1. Introduction

## The Study

**'... government and philanthropy need each other. Together, they can engineer positive outcomes that neither could achieve alone' (Macdonald and Szanto 2007:236).**

If government and philanthropy together can achieve outcomes that neither could achieve alone, then how much more could be achieved by philanthropy and business, or government, philanthropy and business working together? But what would be the cost?

The aim of this study, initiated by the Intelligent Funding Forum, was to examine joint working between funders from different sectors. We know something about joint working between voluntary organisations and collaboration between foundations (see, for example, the NCVO Partnership Working Unit; Grantcraft's Managing a Funders' Collaborative, [www.grantcraft.com](http://www.grantcraft.com); Improving Support Magazine, 1, Feb 2009, [www.improvingsupport.org.uk](http://www.improvingsupport.org.uk)). But there is less discussion of collaboration across sectors between foundations and statutory and/or corporate funders (Austin 2000; Macdonald and Szanto 2007; Kramer et al, 2005; [www.tpi.org](http://www.tpi.org)).

Collaboration across sectors is not new. For example, after the fall of the Berlin Wall foundations and government collaborated to create Charity Know How – fund to support

the development of civil society organisations in central and eastern Europe and the former Soviet Union. Today, with the increasingly blurred boundaries between sectors and the rise of 'social enterprise', cross sector collaboration takes many and complex forms ranging from predominantly commercial transactions to joint action for public good – and all shades in between.

Collaboration across sectors between funders is particularly interesting, and different, not least because it is about relationships between organisations with their own financial resources. These organisations do not, in theory, need each other for money – what does this resource independence do to incentives to work together and to the way in which relationships work?

The study sought to explore different types of joint working between funders across sectors; why and how relationships develop, some of their costs and benefits and some of the ingredients and challenges of effective joint working across sectors.

### Method

The core of the study is a set of short case studies based on semi-structured interviews with participants in cross sector joint projects, covering the issues outlined above. In a study of this size and length it was necessary to be selective and it was agreed that case studies should focus on a small number of areas.

### Structure of the Report

The report begins with a discussion of some reasons for and against working across sectors, what is known about collaboration from other fields and some distinctions between types of relationships. The second

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section provides some brief descriptions of cross sector working. In the third section issues emerging from these examples are outlined. Finally, the fourth section suggests the need to re-think cross sector relationships in terms of remedying deficits and ends with a plea to funders to stop thinking of each other as pots of money and to focus instead on ways in which each may add value to the work of the other.

## Why focus on cross sector joint working?

For the purpose of this study joint working was defined as a process in which two or more interested parties interact in order to advance a joint goal or to solve a common problem. Clearly, this covers a variety of activities ranging from sharing information to funding together to creating a full scale joint venture. So why is cross sector working of interest? Why have we not talked much about it in the past and why might we do so more in future?

## The argument against working across sectors

### Diversity

For foundations joint working may be seen as striking at the root of the foundation sector philosophy. The diversity, individuality, independence and lack of coordination of foundations, and the non-profit sector more widely, is seen by some as its greatest strength; these characteristics are a celebration of liberty and a seed bed for pluralism and innovation.

### Independence

'Although some philanthropists may be attracted to leveraging State spending, for many such a strong government hold on the voluntary sector can be a disincentive as they do not want their money and efforts simply bolted on to government funding and used to meet government goals' (Davies, R. and Mitchell, L. 2008 Building Bridges Philanthropy Strengthening Communities, London: Policy Exchange:13).

'For all the talk about public-private partnerships these days, the relationship between government and philanthropy remains awkward and incomplete. They are usually portrayed as opposites – two sides of a coin at best, adversaries at worst'. (Macdonald and Szanto 2007: 235-6). Relationships between independent funders and business are, arguably, equally 'awkward and incomplete'.

### Culture and values

In some cases, funders may be reluctant to work together because they do not share the same values. For example, a meeting (September 2008) between some foundations and some private prison providers, organised by Clinks, noted a variety of obstacles to working with private providers. Issues included: anxiety about supporting shareholder value when funding work in a private prison; lack of financial transparency in private prisons; feelings that it is morally inappropriate to profit from the punishment of offenders; anxieties about for-profit providers real commitment to rehabilitation goals (Emerson reporting in TFN December 2008: 26-27).



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## **Control, colonisation and costs**

There are other arguments against some forms of working across sectors discussed below. In many cases these come down to issues around losing control. Any joint activity raises two main difficulties:

1. some loss of autonomy and control; and
2. need for trust, time and effort in developing and maintaining a relationship when the benefits of the relationship are unclear.

For statutory and corporate funders losing control may matter because it reduces accountability; for independent funders losing control may matter because it is seen to affect distinctiveness, the ability to take risks and to be agile and flexible. In addition fears around independence and colonisation are likely to be exacerbated by differences in size/spending and power of the partners.

## **Counting the cost**

Some funders may accept that in theory there are indeed arguments for cross sector working – but suggest that there are also heavy costs. They may argue that the costs include:

- loss of superiority and risk of losing competitive position
- loss of resources - time, money, information, raw material, legitimacy, status, being linked with failure and sharing the costs of failing
- loss of autonomy and ability to control outcomes
- goal displacement, diffusion/vagueness
- conflict over domain, goals and methods
- delays in solutions due to problems of coordination
- government intrusion and regulation

- expanded, more challenging goals which are more difficult to achieve
- opening yourself up to inspection by partners
- costs of maintenance and upkeep of the relationship.

Therefore, joint working requires powerful reasons for doing so, clearly related to achievement of organisational goals.

## **The arguments for working across sectors**

### **Double your money**

One argument for working with other sectors is that it can 'double your money'. For example, the Community Foundation Network Grassroots Personal Fund is an arrangement with Coutts private bank to take advantage of the Government's Grassroots Grants £130 million programme. The Government's Grassroots Programme offers an £80 million small grants fund for community organisations, with a £50 million endowments programme to enable local funders to generate additional donations on a matched giving basis. The Coutts fund is a product offered to the bank's clients allowing them to give money towards the endowment of any community foundation eligible for matched funding through the Grassroots Grants Programme. This means that for an effective cost of £75,000 donor can give £256,420 in endowment funding.

### **Doing more with less**

As public spending budgets, and the resources of foundations and businesses, come under increasing pressure in the coming years, the attraction of working together to achieve more with less may grow.

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## **Double your influence**

There is a view that 'by working with Government, foundations can "punch beyond their weight". A minister told me recently that if the Jack Petchey Foundation were able to give an initial grant to a new, potentially very significant educational initiative, it would be much easier for him to persuade colleagues that it was worthy of government support. Furthermore, 'the relationship between grant-making trusts and Government is very different from that experienced by charities seeking funding from statutory sources. It can be based on true equality, as the trust is not benefiting financially from any arrangement' (Billington, A., Joint initiatives – collaboration or compromise? Trust and Foundation News, March 2009:17).

## **Avoiding fragmentation and duplication**

As noted above, diversity and pluralism are key values for some funders, but there is also a view that this diversity 'reaches perhaps its purest embodiment in private foundations – uncoordinated in action and virtually unaccountable to anyone. The ability to create such institutions is a direct benefit of our... freedoms, but with that benefit have come the scars that accompany disarray: duplication, overlapping responsibilities and unintended gaps in service.' (Clotfelter and Ehrlich, 1999: 507).

Another name for diversity is fragmentation and whatever the benefits of diversity, there are also costs. These include: dumping of problems and costs by one organisation on another; conflicting programmes; duplication; conflicting goals; lack of or poor sequencing; narrow exclusivity in responding to need; inaccessibility of services, confusion about availability; gaps in provision of interventions (6, Leat, Seltzer and Stoker 2002:37-39).

From this perspective understanding the scale, nature of and obstacles to joined up working is a priority.

## **'Fractionalism'**

It could be argued that if funders started from the issue/problem and not their own organisation then joint working within and across sectors would be the obvious approach. Instead of engaging in 'fractionalism' – funders doing a bit, providing the detail without the big picture – funders would be self consciously part of the jigsaw with a clear view of the picture on the box and knowledge of the other pieces.

## **Stubborn and complex problems**

Perhaps the greatest source of pressure for cross sector working is the growing awareness of the 'stubbornness', complexity and size of the problems confronted. So, for example, the Three Sector Initiative in the US concluded, 'cross sector collaboration today is required not only to tackle complex social problems that no one sector can handle alone, but also to better understand and redefine the relationships and strategies of the three sectors' ( R. Scott Fosler Working Better Together – the Three Sector Initiative). Similarly, 'There is no social issue that any foundation... can solve on its own that does not require partnership across foundations and between government, private sector, philanthropy etc .. However, without internal integration as well as external partnerships, we are leading only with dispersions of money and not with coherence of mission' (quoted in D.Rhoten 2002 Organizing change from the inside out Emerging models of intraorganisational collaboration in philanthropy, The Hybrid Vigor Institute, <http://hybridvigor.org>).

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In the UK, NCVO notes ‘not all collective action leads to better outcomes for society; nor do we have the monopoly on virtue. And many of the biggest issues facing society today are too difficult for any one group or sector to deal with on its own.’ NCVO therefore proposes to ‘work with government to meet shared objectives and increase social, economic and environmental well-being, particularly at the local level; develop public policies that will help to strengthen the resilience of communities, for example exploring the feasibility of sustainable commissioning models; develop public policies that will address the underlying causes of social problems that are beyond the scope of voluntary action; encourage collaboration between business and civil society organizations to strengthen communities and promote sustainability’. (NCVO discussion paper November 2008).

## A network society

Another reason for cross sector joint working is that, like it or not, we live in a network society. Networks are said to offer their best advantages where members aim to preserve autonomy and avoid hierarchical controls but have agendas that are interdependent and benefit from consultation and coordination (David Ronfeldt quoted in Paul Miller, The Rise of Network Campaigning in Network Demos Logic 2004, p208).

## Changing organisational approaches: from silos to networks

More generally the case for greater collaboration is part of a changing approach to organisational effectiveness as involving a move from silos to networks.

Twentieth century silos	Twentieth century networks
Fragmentation of organizational pieces	Alignment of organizational pieces
Departmental programmes	Team projects
Narrowly defined jobs/position	Comprehensively designed jobs/positions
Individual foot race	Team triathlon
Constrained silos	Distributed networks
Isolation	Interaction
Control and competition	Communication and cooperation
Information monopoly	Information panopoly
Upward mobility	Horizontal flexibility

(Rhoten 2004:208)

## The literature

In the literature on joint working in business and in the wider voluntary sector, reasons for joint working include:

- to complement an organisation’s own competence and resources to achieve a ‘critical mass’
- to speed up product development and make it more efficient
- to rationalize costs and achieve economies of scale
- to gain access to new technologies and to promote knowledge sharing and transfer
- to improve marketing and make it more effective

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- to achieve sufficient size to be competitive on the (international) market.
- to gain legitimacy and reputation, and access to other resources flowing from those (e.g. a stronger voice)
- to facilitate innovation
- to prevent duplication and reduce fragmentation of effort
- to better address complex needs
- to promote sustainable benefits to the local community
- to deliver local responses to local problems
- to promote social cohesion.

Other benefits are said to include:

- opportunities to learn and adapt
- developing competencies or new products and services
- gain of resources – time, money, information, legitimacy, status etc
- increase in membership, mobilisation of support
- use of unused capacity
- sharing the costs and risks of development
- reducing fragmentation of influence/gain of influence
- increased channels of communication
- ability to manage uncertainty
- ability to solve complex problems
- ability to specialise or diversify
- gain of mutual support and synergy
- reducing delays in response to changing demands
- for funders working overseas, gaining acceptance from foreign governments for participation in the country

- for corporate funders, advantages over competitors
- growth and development of larger scale operations
- formalised links with complementary service providers.

Of course, the arguments for and against cross sector working, and the costs and benefits, are unlikely to be the same for all organisations, in all contexts, and for all types of joint working.

## Types of joint working

So far we have been discussing joint working as though it were all the same, but the phrase ‘joint working’ clearly covers very different relationships. New Philanthropy Capital provides a very simple distinction between funding collaboratively and sharing infrastructure (NPC Going Global June 2007) but this clearly does not do justice to the complexity of possible distinctions.

Clearly, relationships may differ on a wide variety of dimensions. Relationships may be formal or informal, and short or longer term. They may be narrowly focused or apply across whole programmes or organisations. They may involve few or many partners. They may demand little time and resources, or considerable time and resources. They may involve sharing different resources – information, knowledge, networks, money, infrastructure, reputation and so on. Different partners may play different or the same/ similar roles in a collaboration. There may be a hierarchy or equality of partners; and some partners may do more or give more than others. Partners may also give the same type of resources or each bring different resources to the relationship.

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## From talking and co-funding to collaboration

Taking account of all of these dimensions and their potential combinations would produce a highly complex typology. For the purposes of this study it may be more useful to adopt a much simpler scheme distinguishing between:

1. Talking, information sharing, learning.
2. Independent, complementary resourcing in which partners formally or informally identify shared or overlapping goals and interests, and independently co-resource to complement each other's work.
3. Collaborative resourcing in which partners share in planning, resourcing, governance and monitoring a project/activity. Collaborative resourcing might be subdivided into 'partial' and 'whole' collaborative resourcing. Partial collaboration occurs where partners plan together and may govern and monitor together, but each resource a specific part of the whole. 'Whole collaboration' occurs when partners put resources into a common pot which is jointly planned, governed and monitored \*.

In practice, these three broad types tend to shade into each other. But the value of this simple typology is that it highlights the ways in which organisations may work together with varying degrees of autonomy.

Note too that the typology is based on sharing resources – what those resources are and whether partners bring the same or different resources is a question of some significance, as illustrated below.

The research literature in other fields suggests three main stages in joint working relationships, moving from loose links to formal systemic networks with integrated

goals and activities. For example, Austin's research on alliances between non-profit organizations and corporations suggests that they sometimes evolve along a 'collaboration continuum'. The relationship begins as a 'traditional philanthropic relationship of simply granting and receiving financial aid, then moves to a transactional stage in which the organizations engage in one or more focused activities, with both sides contributing resources to carry out goals seen as mutually beneficial. This increases the importance and potential benefits of the relationship to both organizations. The third integrative stage on the continuum entails a broader and deeper fusion of people, institutional resources and activities that hold high strategic value for the partners' (Austin, 2000:35).

The three types outlined above may also sometimes describe different stages in relationships, but organisations may choose to stay with, say, 'just talking' or independent co-funding. In other cases, as illustrated below, organisations may indeed move from 'talking' through to collaboration.

**\* Note:** This simple typology draws on work by Doz and Hamel who argue that business alliances have at least three distinct purposes: co-option, co-specialization, and learning and internalization (Doz & Hamel, 1998). The first of these, co-option, turns potential competitors into allies. Co-specialization results from combining previously separate resources, skills, and knowledge sources. When these resources are bundled together, they in fact become far more valuable than when they are kept separate. Alliances may also be an avenue for learning and internalizing new skills that can in turn be leveraged into other activities at future points in time.

## 2. Examples of cross sector relationships

### Introduction

The examples below illustrate a range of different types of joint working. Different partners are involved and partners bring different resources to the relationship – money, knowledge, access and power for example. Different activities and processes are involved ranging from ‘just talking’ to co-funding, to collaboration including co-governance, co-implementation and dissemination. Relationships are both short term and longer term, and vary in intensity; the examples also illustrate the way in which joint working may evolve along Austin’s ‘philanthropic’ to ‘integrated’ continuum (see above).

### From talking and learning to complementary funding

#### London Funders

This is an example of a longer-term collaboration between funders and investors across sectors involved in support for London’s voluntary and community sector.

London Funders began some years ago as an informal grouping of funders with a common interest in supporting the voluntary and community sector in London. In 2005 it became a company and in 2006 a charity. After three years ‘nurturing and support’ by the Association of Charitable Foundations (ACF), in 2007 London Funders became independent of ACF. Development of London Funders was supported financially by the London Development Agency, with donations in kind from a variety of other bodies including City Bridge Trust, City Parochial Foundation, London Councils, the Mercers’ Company and CCLA Investment Management Ltd.

London Funders is a membership body bringing funders together to:

- ▶ Share knowledge of London’s voluntary sector
- ▶ Increase understanding of current funding and policy trends
- ▶ Identify and encourage best practice in grantmaking or investing
- ▶ Work together to get best value and leverage on investment
- ▶ Promote innovation in funding
- ▶ Be part of a collective voice for funders in the capital.

It is supported by membership fees, including block purchase of membership for local authorities by London Councils, and by the London Development Agency. London Funders has around 90 members (early 2009) from across sectors; it is working to increase membership from the corporate sector.

‘Our key defining feature is our cross sectoralism – regional and local government funders getting into dialogue with independent trusts and foundations, livery companies, loan finance investors, corporate sector donors and new philanthropists. We all work within our different frameworks and constraints. We all have overlapping but distinct aims and objectives. What we all share is our love of London, our belief in Londoners and our various areas of expertise about different parts of London and its third sector. Our endgame is a vibrant, varied, fit for purpose third sector which is appropriately and fairly funded’.  
(Sara Llewellyn in London Funders Report and Accounts 1 January to 31 December 2007: 3).

## 2. Examples of cross sector relationships

London Funders is governed by a board of trustees (whose members are directors of the company) with 12 elected members. It has a small office with 2 full time members of staff, as well as some help from ACF's head of finance and administration (under a service level agreement).

London Funders engages in a range of activities including quarterly meetings of members on a topic of broad interest, project groups where smaller groups of members discuss issues of particular concern to them, an e-bulletin and information service, joint meetings with other networks or key agencies, policy briefings and a website containing information helpful to members. A flavour of the range of topics considered by

London Funders is illustrated by meetings in 2008 focusing on: working money harder, what would make London better for young people, funding faith communities, Londoners and their health. Project groups in 2008 included: asylum, refugee and migrant issues; good practice in grantmaking; Olympics and paralympics; research and evaluation; and voluntary sector infrastructure development.

London Funders is particularly interesting in the context of this study because it is primarily concerned with sharing knowledge rather than money. As several participants acknowledged it could be seen as 'just a talking shop' – but all saw considerable benefits in 'talking'. 'We're not supposed to be working in competition with each other. How



## 2. Examples of cross sector relationships

can you make the best use of resources if you don't know what others are doing?'. Far from being a luxury, talking to each other and knowing what others are doing and why, was seen by those involved as an indispensable foundation for making the best use of scarce resources, adding value and avoiding duplication and muddle.

'Talking' functioned as a sounding board in developing programmes, mapping and positioning, 'making sure we're not all chasing the same fashion'; talking allowed for informal troubleshooting, for understanding each other's concerns and constraints and potential, and for the development of trust in sharing problems and uncertainties.

London Funders is very clear that it is not a grantmaking or decision-making organization. Nor is it a joint funding organization. 'The gold standard seems to be more collaboration but what people really want to be able to do is talk about things'. However, London Funders illustrates the way in which 'just talking' may lead to independent complementary funding.

'Talking to people doesn't mean you're aligned with them. Actually, it goes the other way – we're more likely to talk about being complementary.' 'There's a difference between co-funding and coordinated funding.' 'We don't do joint funding because it would be very complicated and would attract accusations of cronyism. It happens more as parallel streams of incidents as funders understand how they can complement each other'.

In the current environment of 'what can't be counted doesn't count' it would be easy to underestimate the value of sharing knowledge. London Funders is, as one person

said, a place for 'big, frank discussions on funding themes, and for quiet, off the record conversations about tricky issues'. But it is more than that. The effects of talking and learning together are positive and concrete.

For example, in 2007 London Funders held a joint event with the Greater London Authority to bring all kinds of funders into discussion with refugee support agencies and community organisations. This was a key part of the process that led to the Mayor's consultation on refugee integration strategy and will be repeated once the strategy is almost complete. The initial event was seen as a big step in improving communication and mutual awareness and understanding between funders and refugee organisations, and also developed thinking about the scope for better linkages between public sector and voluntary sources of income in addressing refugees' issues. London Funders' Asylum, Refugee and Migration Project Group also emerged from this event and has become a significant opportunity for shared learning about refugee issues across the range of funders.

Recently, London Funders organised a cross sector event on the recession: its impact on funders, on the VCS and on communities. The report of this event states: 'through the work of London Funders, funders in London have already demonstrated the value of cross sector discussion and bringing public sector funders, foundations and Lottery distributors in closer communication and coordination. Collaborative funding programmes have developed as a result of such links, good practice is shared and at least one London borough is now measuring the significant amount of new money coming into its local voluntary sector as a result of heightened



## 2. Examples of cross sector relationships

awareness of other funders through contact at London Funders' events. The cross sector gathering of funders at this event enabled many constructive ideas to be exchanged and, in particular, many of the participants who work at borough or sub-regional level confirmed their commitment to cross sector planning and strategic development."

London Funders is now working with London Councils to bring together an expert group to see how the Bank of England's predictions on changes in GDP can be used by funders to review assumptions in funding proposals and plan their pattern of investment in the voluntary and community sector. This group will span the funding sector and bring in expertise on the economy and social policy.

London Funders have also been involved with the planning for a London Debt Summit (led by Toynbee Hall/Capitalise) which has highlighted the increases in demand for debt advice, growing severity in the nature and scale of debt, shortage of experienced debt advisers in London and more. A London Debt Strategy led by the GLA has emerged.

After the recession event, London Funders was supported by Capacitybuilders to develop a website to support funders with their plans and strategies for coping with the recession enabling them to work in a better informed way. Case studies from funders include Bromley Council's multi-agency recession response group and Islington's Debt Coalition.

### Talking and learning

#### Private prisons and the voluntary sector

This is an example of a cooperation between a voluntary organisation, two foundations and two private/for-profit prison providers to promote discussions of ways of working



together.

Clinks, in association with The Tudor Trust, LankellyChase Foundation, Kalyx and Group 4 Securicor, held a conference between organisations in September 2008 bringing together the voluntary and private sectors to learn about each others priorities and constraints with the aim of enabling constructive relationships for the benefit of prisoners. Over 100 delegates attended the event.

At one level this is an example of a short term, specific cross sector relationship between organisation with a common interest in criminal justice and the welfare of prisoners. At another level it is an example of an evolving relationship with a longer history.

About four years prior to the conference a member of staff at Kalyx met with the Director of the Lankelly Chase Foundation to explore 'a better way for voluntary organisations and private prison providers to work together to provide equality of services with the statutory sector. The general private sector view is that voluntary organisations are free, and the general voluntary sector view is that for-profits are only in it for profit. We both wanted to get over that and look at how we could work better as a team'.

This in turn led to a visit to a prison arranged

## 2. Examples of cross sector relationships

by Kalyx for members of the Association of Charitable Foundations, run by Kalyx and Llanekelly Chase with ACF. Kalyx invited other private providers to this event not least to ensure that there was no perception of seeking commercial advantage.

Discussion continued and led to the conference outlined above. A core group composed of two independent foundations, two private prison providers and a voluntary organisation now meet quarterly to discuss issues of common interest.

### From talking to an independent cross sector resource

#### Evaluation Support Scotland

This is an example of a longer term cooperation between a group of funders from the statutory and voluntary sectors with a common interest in supporting evaluation in the voluntary sector.

Evaluation Support Scotland (ESS) is an interesting example of an initiative that

started from informal cross sector discussion, gained financial support from government, became an independent body and now uses that independence to work with funders across sectors.

ESS was created as a result of discussions between a small group of funders from different sectors in Scotland. This group of, as one person put it, 'like-minded people' were all, in their own organizations, trying to move to an outcomes approach to funding, were grappling with that themselves and wanted to support voluntary organizations to cope with the demands an outcomes approach would create. After discussion and consultation, the group obtained funding from the Scottish Executive for a scoping study. The conclusions of that study were that there was indeed a need for evaluation support but that this would only be effective if the support extended to both grantees and funders and if it worked across sectors.

The Scottish Executive provided core funding for the creation of ESS and BIG also provided a grant. Six members of the original steering group became trustees of the new organization and recruited a further 6 board members. The Board is composed of funders, voluntary organizations and those with expertise in evaluation. The Board does not have to have cross sector representation 'but it does, because that makes sense'.

ESS came into independent legal existence in May 2005 and was launched in January 2006.

ESS was clear from the start that it should be independent of both funders and voluntary organizations. 'We wanted to broker and bridge, so we needed to be independent and we needed a board that understood all sides of the story'.



## 2. Examples of cross sector relationships

ESS describes its role as working with 'voluntary organizations and funders so that they can evaluate what they do, learn from that evaluation and deliver better services'. It provides practical support, workshops, one to one support and access to tools 'while taking action to build evaluation into funding and policy making processes'.

Brokering and bridging takes a number of forms. ESS may work with both a funder and its grantees, acting as a go-between, clarifying expectations and constraints. ESS may also bring grantees working in a similar area together with funders. It has also worked with local projects to evaluate activities and then taken that combined learning to policy makers 'bridging the gap between those who provide the evidence and those who might use it'. In addition, ESS has been involved in a pilot study of 'single reporting' i.e. organizations with several funders providing a single report to all funders. This has revealed some interesting issues for both funders and grantees.

ESS continues to receive core funding from the Scottish Executive (although this is diminishing as a proportion of total income as ESS builds its earned income). ESS is now designated a 'strategic partner' by Scottish Executive – not just a grantee but someone to talk to and do things with.

From the Scottish Executive's viewpoint adopting 'strategic partners' in the non-profit sector has various benefits including 'a framework for improving Government/third sector partnership working, with better terms of engagement; a strategic view of developments within the sector; access to the voice of the wider third sector; insight, expertise on specific policy initiatives such as

commissioning and evaluation and greater capacity to deliver and reach out to new audiences; honest, early and safe feedback on our work plan and opportunities for us to learn and improve the service we provide – input into our business planning processes; access to new audiences; and energy and dynamism – an injection of new thinking, excitement, innovation into our work'.

For the 'strategic partners', including ESS, the benefits include a clearer, closer relationship with government; 3 year funding and open discussions about future funding; 'a monitoring, evaluation and review framework, regular review meetings, honest feedback'; early warning of policy developments which could affect the third sector; contacts with other directorates or public bodies; and a one stop shop for funding from the Scottish Government.

However, the Scottish Executive also acknowledges that there are risks in the 'strategic partner' approach. 'Strategic partnerships are not an easy answer – there are risks involved in associating Government so closely with particular organisations including:

- ▶ Possible damage to credibility and reputation, for example because services are poor, Government gets the 'wrong' advice, the partner does not meet the need, the partner embarrasses us through negative lobbying/publicity or breaks trust.
- ▶ The Government makes a wrong decision and the strategic partnership is not seen as the 'expert' in this field/they appear to be duplicating the services of other organisations .

## 2. Examples of cross sector relationships

Some organisations may be actively against this approach – they may regard strategic funding as impacting their ability to speak out against Government. They may also resent a move away from core funding where they were able to pursue their own objectives largely unchallenged. There may also be a bad reaction from other stakeholders who are not partners who may think that this is a “special club” and that their input into thinking is less valued. Strategic partnerships will not be appropriate for all organisations, but will benefit those who can see a synergy between the objectives of Scottish Government and their own’.

### Between complementary funding and collaboration

#### School exclusions

This is an example of a cooperation between three independent funders – City Parochial Foundation, Equitable Charitable Trust and Bridge House Trust, now City Bridge Trust – Merton Education Authority and local voluntary organisations to address a problem of common concern: school exclusions.

This example is interesting not least because it began as a collaboration, involving joint planning and governance, but then adopted an arrangement similar to complementary co-resourcing. One person suggested, ‘I’m not sure we’d thought the model through fully – but we learnt a lot’.

The three foundations had noticed that disproportionate numbers of children were being excluded from school in certain areas – but little seemed to be known about why and what could be done. Following some scoping research the foundations asked two local authorities to present suggestions for ways of dealing with the issue.

While the foundations could not fund a local authority, they believed that it would be essential to work with an authority. ‘It was clear that if we were going to get to system change then we had to have local authority buy in. Local authority participation was crucial in making sure that things would be different for young people after our intervention’.

The foundations chose to work with Merton Education Authority which had already been thinking about the problem. The foundations asked the authority to design suitable projects, and invite bids from the voluntary sector. The foundations put up a total of £300,000 for funding successful project bids from the voluntary sector. The foundations maintained their own independent relationships with the funded organisations, but also met regularly with the local education authority and the funded organisations to monitor progress.

From the local authority’s viewpoint the project was part of a wider strategy of getting closer to the voluntary sector; the £300,000 funding from the trusts was only a very small proportion of total funds devoted to school exclusion and to the wider strategy which was led by the education authority (Julia Unwin and Jenny Field, *Can collaborative funding partnerships work?* TFN, Autumn 2003: 28). The collective impact of the projects was difficult to establish due to ‘external factors’. The funded organisations suggested, however, that trust funding enabled them to develop more innovative projects than would have been possible with public funds. But it was also felt that the funded organisations did not feel the sense of ownership of projects ‘they might have done had the bids come from them’ (Ibid:29).

## 2. Examples of cross sector relationships

### **Between complementary funding and collaboration**

#### **Schools linking network**

This is an example of joint working between an independent foundation and a central government department to bring an existing pilot project to national scale. It straddles the categories of complementary resourcing and collaboration.

The Schools Linking Network (SLN) was born from a common interest of the Pears Foundation and Department for Children, Schools and Families (DCSF) in issues of identity and community cohesion. Successful pilot projects on schools linking had been running in Bradford since 2001 and in Tower Hamlets since 2006. Following two reports on the pilot projects the Government published its Community Cohesion guidance for schools in September 2007: at the same time the Pears Foundation had been taking an interest in these pilot projects as part of a broader interest in identity and cohesion.

The Foundation and DCSF shared the goal of taking school linking work to national scale. At the request of both bodies, SLN was established in 2007 as 'a social enterprise with the skills and experience to support, establish and operate successful community cohesion work' ([www.schoolslinkingnetwork.org.uk](http://www.schoolslinkingnetwork.org.uk)).

The Foundation agreed to provide funding for the core costs of SLN for three years, while DCSF provides funding to local authorities and schools to engage in and support school linking.

### **Collaboration: joint planning, resourcing and governance**

#### **A multi-service programme for families of offenders**

This is an example of a long term collaboration between independent and statutory funders and an operating voluntary organisation to provide a multi-service programme for families of offenders. The programme involves cooperation in both funding and governance.

The partnership was formed in 2002 and seven years later is in its final year. The key partners are: Llankelly Chase Foundation, the Ormiston Trust and HM Prison Service. At the outset each partner agreed to contribute £1 million. The partnership was initiated by the Ormiston Trust which approached Llankelly Chase; both foundations then approached the Prison Service for a third equal contribution. The issue was not only one of funding but, crucially, one of access to prisons – without Prison Service support this would not have been possible. But the partnership goes beyond collaborative funding and beyond the three funders.

The partnership is known as the Eastern Region Families Partnership (ERFP). It is delivered by the Ormiston Children and Families Trust (a sister charity of the Ormiston Trust) and provides a multi-service programme for families of offenders in the Eastern region of England. ERFP is the first region-wide, multi-service programme for families of offenders in the country. The aims of ERFP are to: expand the delivery of high quality, practical support for families in the region; develop innovative practice e.g. support to agencies such as schools; attract further funding to support development; demonstrate the successful role of

## 2. Examples of cross sector relationships

partnership funding and delivery of services for families.

The key funding partners are the two independent trusts and the Prison Service. In addition other statutory and foundation players have contributed to various aspects of the programme.

ERFP is responsible for control of funding, strategic overview and steering of the programme. The Partnership is not a legal entity but is constituted. The core members of the Board are representatives of the main funders. In addition, representatives from a range of criminal justice, health and welfare bodies sit on the Board which meets quarterly.

### **Collaboration: joint planning, resourcing and governance**

#### **Comic Relief and Sainsbury's**

This is an example of a collaboration between a non-profit sector funder and a corporation. The corporation provides funding, expertise and access, the foundation provides networks, expertise, infrastructure and reputation. The collaboration involves joint resourcing, planning and governance.

Sainsbury's has been a corporate fundraising partner in Comic Relief and Sport Relief since 1997. In 2006-7 Sainsbury's approached Comic Relief with £1 million which it wanted Comic Relief to manage, giving grants to small producers across the developing world with the aim of increasing producers' capacity



## 2. Examples of cross sector relationships

and offering them a route to market. After some discussion the Fair Development Fund was launched managed by a joint committee of Sainsbury's and Comic Relief staff.

'It works for all of us. If it had just been a grant we would have lost the route to market element. For Sainsbury's, they knew us and trusted us. They wanted it launched fairly quickly and we could do that because we knew the people, we knew what was needed and we had the systems and processes in place. And we get not only the route to market element but also Sainsbury's technical expertise and their staff knowledge'.

Comic Relief has 'struggled a bit' with issues around commercial advantage but it has a 'fundamental belief that in order to achieve change we have to engage supermarkets, suppliers, producers, government – they've all got to be involved'.

For the relationship to work there must be benefits to all parties: 'It brings them (Sainsbury's) closer to people at the end of the value chain. It gives us an opportunity to engage them more in the things we do and I suppose they get some brownie points by working with Comic Relief'.

One by-product of this work is a new proposal for which Comic Relief is seeking funding from government.

### **Collaboration: joint planning, resourcing and governance**

#### **Farmed Animal Welfare: Tubney Foundation and others**

This is an example of a longer-term collaboration between an independent foundation, a university and a variety of statutory and for-profit organizations. The foundation provides the bulk of the funding and the other partners provide knowledge,

access, legitimacy and capacity. The project is steered by a range of organizations and is ultimately dependent on those organizations for effective full scale implementation.

The project first arose from discussions between Tubney Foundation and the Veterinary College of the University of Bristol. Tubney were interested in farmed animal welfare and entered into discussions concerning potential projects with the University of Bristol (UB). From a range of potential projects suggested by UB, Tubney asked for a detailed proposal for a project to make a difference on the issue of lameness in cows.

At that time there was already knowledge of how to improve lameness but very little was known about how to motivate farmers and others to take action. Government had previously funded a research and dissemination programme – with little result. It was agreed that UB would engage in a research project to identify the most effective way of improving animal welfare in this area.

The project not only adopts and monitors a range of intervention methods but also brings together a range of key players with an interest in the subject and the power to influence change. The project steering group is composed of Tubney Foundation, the for-profit dairy companies that buy milk from farms, suppliers to retailers, two certifying bodies, the levy board and the Department for Environment, Food and Rural Affairs (DEFRA), as well as UB. By including both (for-profit) industry representatives and voluntary and statutory regulatory/certifying bodies, along with DEFRA, Tubney and UB aim not only to gain access to individual

## 2. Examples of cross sector relationships

farmers but also to build an industry wide, sustainable approach that takes into account the needs and interests of the various players. Tubney provides the bulk of the funding for the project but other members of the steering group also contribute a small sum each.

### **Collaboration: joint planning, resourcing and governance**

#### **Holocaust Educational Development Programme**

This is an example of a project specific, fixed term, cross sector collaboration between a university department, an independent foundation and a central government department.

The Holocaust Educational Development Programme (HEDP) is run by the Institute of Education (IoE), University of London and jointly funded by the Pears Foundation and DCSF with support from the Holocaust Educational Trust (HET) and other NGOs in the sector. The ultimate aim of this 3 year project is to provide a research-informed, innovative and nationally co-ordinated programme to share best practice and

involve teachers in developing effective approaches to teaching and learning about the Holocaust. The programme began in 2008 and will run until 2011.

The programme had its origins in the Pears Foundation's interest in genocide prevention, including Holocaust Education. Holocaust Education was already compulsory in the national curriculum and there were a number of voluntary organizations active in the field. The Pears Foundation conducted scoping research and organized a subsequent symposium where the need for effective teacher training programmes and resources emerged as a priority, as did more evaluation of existing work in the sector.

Having had little success in getting the voluntary sector to work together on these issues, the Foundation decided to work with government. At the time there had been some adverse publicity around the issue of Holocaust Education and government was interested in addressing this issue. 'We had a shared interest in outcomes and improving the quality and reach of Holocaust Education, and it was good timing'. The Foundation and

**“We had a shared interest in outcomes and improving the quality and reach of Holocaust Education, and it was good timing”**



## 2. Examples of cross sector relationships

DCSF each agreed to commit £750,000 over 3 years. At the beginning DCSF and the Foundation had a number of discussions and worked closely together to get the project going. They chose the Institute of Education to deliver the programme because of its knowledge, experience, networks and reach – ‘working with teachers is what they do’.

The programme is now governed by an Advisory Board on which IoE, the Foundation and DCSF sit.

### **From co-funding to collaboration Dealing with Trachoma**

This is the story of a long term evolving collaboration between the Edna McConnell Clark Foundation (Clark), a large, private, New York based philanthropic foundation, and Pfizer, a global pharmaceutical company, in order to combat trachoma (a disease that blinds millions of people in developing countries). This account is adapted from Cross Sector Collaboration: Lessons from the International Trachoma Initiative by Diana Barrett, James Austin and Sheila McCarthy.

Clark and Pfizer’s initial relationship began in the early 1990s when each organization provided support for pilot studies to test the efficacy of Pfizer’s antibiotic Zithromax (azithromycin) in children with clinically active trachoma. These studies showed that Zithromax was an effective one-dose therapy for trachoma.

At this stage, the Pfizer and Clark relationship was little more than co-funding and the main interaction was between the research and clinical staff at Pfizer and those funded by Clark. However, the relationship started to shift as both Pfizer and Clark began to recognize the potential of Zithromax in broader trachoma control efforts and the opportunities that this presented. Discussions

between Clark and Pfizer’s corporate philanthropy staff led in November 1995 to an interdivisional working group at Pfizer to analyze the possibility of donating Zithromax through a pilot project in Morocco. This project would involve significant collaboration with the Clark Foundation, the Ministry of Health in Morocco, and Helen Keller International, an operating non-profit involved in blindness prevention with a strong presence in Morocco. The working group met on a regular basis to work through the various issues associated with the project.

A decision was taken to undertake the Moroccan pilot. This was a focused activity in which both sides were contributing specific resources. Clark brought 25 years of experience in tropical disease research and provided the expertise of its tropical disease staff, as well as funding. It also brought goodwill and networks built up over many years of working with ministries of health and NGOs.

Pfizer, in addition to donating Zithromax for the pilot project, provided grants for public education to support other components of the Surgery, Antibiotics, Facial Cleanliness, Environmental Improvement (SAFE) – a multi-faceted approach to trachoma control strategy.

From the outset, the working group began to plan for expansion. The pilot was viewed by Pfizer’s working group as an opportunity to understand better both the effectiveness of Zithromax and the challenges associated with its incorporation into a larger public health programme.

When the senior leadership at Pfizer and Clark decided to expand the trachoma programme, the strategic importance of the activity, the

## 2. Examples of cross sector relationships

level of engagement and the magnitude of resources all increased significantly. This led to a decision to create a new non-profit organization, the International Trachoma Initiative (ITI) – a joint venture with shared funding, combined governance, and the fusion of both organisations' core competencies.

The development and success, of the collaboration is attributed by the evaluators to, among other factors, personal connections between Clark and Pfizer staff and to congruence of mission and strategy. Both Clark and Pfizer had missions that were supportive of eradicating disease. However, while there was overlap in missions, the strategies of the two organizations were initially somewhat different. Clark's strategy involved funding research; Pfizer's involved developing and commercializing pharmaceuticals. Shifts in strategy on both sides were needed to create a strong convergence and there were risks for both parties in expansion. In particular, Pfizer wanted to maintain its ability to manage the process and closely monitor progress of the initiative in order to demonstrate an impact on trachoma and not simply donate product. Likewise, Clark saw expansion as an opportunity to institutionalize much of the research it had funded and to 'finish the job'.

The key issue was creating a structure that allowed for appropriate control, programme credibility and multi-institutional collaboration in selected countries. The ITI was established with a \$3.2 million grant from Clark, a \$3.2 million grant from Pfizer and a commitment by Pfizer to provide approximately \$60 million worth of Zithromax. The ITI attained independent status, governed by a joint board of directors with equal representation from Pfizer and Clark.

### Lessons from afar: new approaches in international aid

The field of international aid provides an interesting contrast to conventional approaches to cross sector working in domestic giving. In the international aid arena the Paris Declaration on Aid Effectiveness has significantly changed approaches to aid effectiveness and relationships within and across sectors. Fundamental to the Paris Declaration is the notion that the quality of aid is as important as quantity of aid.

Quality of aid involves 5 key principles:

1. **Ownership** – recipient countries should lead their own development policies, strategies and coordination.
2. **Alignment** – basing support on national development strategies of recipient countries.
3. **Harmonisation** – visible, transparent and collectively effective – giving aid to programmes not projects, and donor missions and analytical work should be conducted jointly.
4. **Managing for results**
5. **Mutual accountability**

These principles put collaboration between independent funders and governments centre stage, attempting to overcome some of the inefficiencies of past practice. In the past: 'Many donors create parallel project implementation units (PIUs) avoiding government systems because of concerns about weak capacity and potential corruption... This exacerbates the problems, draining governments of their best staff and leading to a vicious circle of weak capacity and further loss of confidence' (DFID UK Progress Report on Aid Effectiveness 2008:7). The less donors collaborate the

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more government staff are taken away from essential business to respond to different donor requirements. Over the last 4 years government staff in Uganda dealt with over 1,000 different projects; Rwanda and Tanzania introduced 'donor holidays' to free up time to run their own countries.

Under the new collaborative approach, in Southern Sudan, for example, a Joint Donor Team working with UK support is aligning donor assistance with the programme of the Government of Southern Sudan. Donors contribute to a common fund to fund programmes integrated with government strategies. Government acts as partner in planning, delivery, funding and accountability. 'Fragmented bilateral activities are gradually being replaced by flexible resources provided through a Trust Fund that is managed by a joint team' (Ibid 14). There are impressive results so far in health, water and transportation. There is a similar story in Cambodia 'gradually overcoming the blockages created by a plethora of uncoordinated activity funded by 22 donors through 109 projects involving more than 100 NGOs for service delivery' (Ibid 16).

### **Developing sustainable teacher training**

One specific example of collaboration in international aid is between the government of Malawi, the Clinton Hunter Foundation and the British Department for International Development (DfID) who have signed a £5.5 million five year tripartite agreement to fund the operational and maintenance costs of the Initial Teacher Training Facilities (ITTF).

Clinton Hunter Foundation and Band Aid have provided £2.35 million to build, furnish and equip the two teachers training colleges in the country, while Malawi and DfID will fund the running costs, trainee allowances and graduate teacher salaries estimated at £3.65 million.

The agreement is expected to increase the number of teachers to 2,400 by 2017 and help reduce Malawi's pupil teacher ratio to 1 to 50 by 2014 from the current 1 to 80.

'Education and health represent crucial pillars for development, the third being economic development. In education and health, we must focus resources on building government capacity, not isolated projects disconnected from government systems' (Sir Tom Hunter).

**“The field of international aid provides an interesting contrast to conventional approaches to cross sector working”**

# 3. Emerging issues

The brief descriptions above illustrate the potential of cross sector working, some of the obstacles and practical issues as well as some ingredients of effective relationships.

## Relationship ingredients

### Understanding, respect and trust

One major group of ingredients had to do with understanding, respect and trust.

### Understanding each other

Understanding each other involved understanding the differences in what drives different sectors. For example, it was suggested that whereas independent funders may be driven by a desire to get something done, government is driven by the policy process, spending money by x date, meeting targets, reporting to the Minister and so on. Similarly, government may be driven more by the need for accountability than for learning. But it was also noted that it is important not to assume that all parts of government are the same. For example, there may be differences between civil servants and Ministers; Ministers may want targets but civil servants may be more sympathetic to different viewpoints.

Understanding each other was also said to involve overcoming stereotypes. 'The general private sector view is that voluntary organisations are free and the general voluntary sector view is that for-profits are only in it for profit. Both are wrong'.

'There's this thing that corporations are the enemy, so don't fraternise; and then there's the fear that government only wants to collaborate when it's about making funds available. We've all got to get beyond this'.

It also means moving beyond rhetoric; for example, the 'National Offender Management

Strategy (NOMS) has a voluntary sector obsession but do they really understand what that means and what most partnerships look like? The issue is how to join together'.

Understanding each other also entails understanding each other's needs, differences and constraints. For example, 'do foundations and voluntary organisations understand that if a voluntary organisation fails to provide a service on a particular day, a (private) prison provider pays a massive fine?'; 'Do local authorities understand that independent funders can't just fund whatever they choose at whatever price?'

Understanding each other also involves seeing things from the other's perspective: 'It was probably scarier for them to work with us (a foundation) – who is this XXX foundation – than it was for us to work with them (government). After all, government is reasonably transparent – we know who they are and what their motives and goals are. Our goals and motives probably aren't so clear to them'.

Understanding each other involves speaking a common language – even if that common language is used to discuss differences and constraints. 'People are good at masking their differences with a language of similarity. They talk the talk but then go back to the office to their own priorities'.

Understanding was closely related to respect – for each other's skills and knowledge.

This growing understanding was said to be one of the major benefits of London Funders, as well as the conversations between foundations and private prison providers. Partners need to recognise that their differences are part of why they can add

### 3. Emerging issues

value to each other's work – not necessarily a reason to stay apart.

The importance of listening to each other and really taking into account constraints and anxieties was clearly illustrated in a number of cases including that of Pfizer and the McConnell Clark Foundation, London Funders and the Tubney Foundation.

Building real understanding of and respect for each other is the basis for trust. Trust was said to be especially important in cross sector relationships partly because organisational boundaries are being crossed and confidences shared. Another reason for the importance of trust is that, as in any relationship, it is not possible to know exactly how things will develop; and, in addition, cross sector relationships are sometimes concerned with creating something new and potentially hazardous. For example, 'We are trying to take a local project to national scale, piloting as we go along. We couldn't plan in advance and every local authority is different and it meant setting up a new organisation – so it was a bit of a journey and that meant the partners needed real faith and trust in each other'.

#### **Building trust takes time and patience**

Perhaps the clearest message from the cases above is that cross sector working requires time and patience. As various cases illustrate, collaborations tend to be built on or emerge from longer term, sometimes relatively loose and informal, relationships. 'Just talking' to each other may be valuable in itself but it may also be an important prelude to independent complementary funding and collaboration.

The process of building relationships and trust is not only often slow but may also be costly

in terms of time and lack of tangible results. In some cases this lack of tangible results sat uneasily within an organisational culture that stressed measurable outputs or outcomes. But as several respondents noted: 'It's no more time consuming and slow than many new projects – building anything new takes time'. Furthermore: 'relationships change – we spent a lot of time at the beginning, but now we know them and they know us and we can just pick up the phone'.

Sometimes building relationships requires a thick skin: 'Sometimes you need to take what you can get with government' and 'you need to be able to live with being ignored at times'.

#### **Structures and staffing**

The time it takes to build relationships may be exacerbated by changes in structures and staffing. Several cases illustrated the need to contend with changing structures of statutory provision and departments, as well as the effects of staff turnover on working relations and trust. There are also risks of getting caught up in the battles of other organisations.

Similar difficulties were noted in working with the corporate sector. For example, in the Tubney Foundation case there were said to have been difficulties in building relationships with milk retailers because of staff changes, as well as differences in management style and culture.

#### **Shared vision and focus**

A second group of ingredients had to do with shared vision, focus and passion. This did not imply that all members had exactly the same goals but rather that they shared at least one goal on which they were jointly focused – 'and if people feel passionate about that goal then so much the better, but that may take

### 3. Emerging issues

time'. As a number of people pointed out, sharing a goal does not mean agreeing on everything, or necessarily sharing a value system 'it just means that for this project, for now, we have the same end in view, even if that's for somewhat different reasons'.

Focus enabled organisations to work across sectors to achieve a shared goal without paralysing fears of 'take-over'. 'Focus means that you know what you are doing together and what you're not. You need to have a clear sense of your boundaries'.

#### **Clarity?**

The literature on partnerships often stresses the importance of clarity. But clarity about what? The cases here suggested that clarity was important in relation to boundaries, roles and structures – but, as noted above, in some cases it is not possible to be clear about how things will develop. Trust and shared focus and vision have to do some of the work of clarity.

#### **Time**

Relationships are generally regarded as time consuming. However, the majority of interviewees did not see this as a major problem in cross sector working. In part the amount of time involved depended on the type of relationship. For those involved in talking and learning: 'It takes as much time as you want it to – but generally the more you put into it the more you get out of it'. For those involved in co-funding and in collaboration cross sector working was acknowledged to be time consuming but 'no more so than any other new or complex work'.

Collaborations raised other issues. Some saw the cost of cross sector relationships not so much in terms of time but rather in the onus it places on funders: 'Usually as a funder you

assume the punter will do the work, whereas when there is a group of funders working together we have to do a lot of the work and we have to assess ourselves – say in relation to the adequacy of the budget'.

In all cases the time costs of cross sector working were assessed relative to the benefits derived from the relationships.

#### **Understanding the value added/benefits**

A major ingredient in cross sector working was a clear understanding of the benefits of the relationship.

'One of the obstacles to getting people to work together is getting them to be selfish – you've got to get them to identify what's in it for them. They may say they want to do something but then they don't do it because it's not clear that it's in their interest to do so'.

The issue of added value is discussed further below. The following is a sample of some of the benefits of talking and working together from different perspectives.

#### **For foundations**

- ▶ 'Working with government gives us a route in to government as a funder and as an influencer of other funders, as well as credibility and security'.
- ▶ 'Talking to government and the local authorities can bring money, but it also brings some intelligence and a better understanding of how they work'.
- ▶ 'Working with central government can also bring access to the Minister and more general opportunities to influence'.
- ▶ 'Working with business and with government can sometimes give you access to people and places you wouldn't otherwise have'.



- ▶ 'In some cases not working with business isn't really an option. They hold the keys to getting the change you want. If we weren't cross sector we would have to give up the illusion that we can make a real difference'.

#### **For business**

- ▶ 'If we can work better with the independent sector then that improves our service and strengthens our position'.
- ▶ 'When we all sit down together and talk then because it's cross sector it can be very innovative and creative'.
- ▶ 'Independent funders bring an ethos and values and that helps to maintain our values, plus being able to make things work better'.
- ▶ 'The more nodes you build into a network the stronger it becomes – our business is stronger because of our links to a network of voluntary organisations and some of them are stronger because of linking via us. It's about building a network for mutual benefit'.
- ▶ 'They (a foundation) had the infrastructure and the networks and the knowledge. They also brought credibility and a strong brand'.

#### **For Government:**

- ▶ 'Foundations can take risks that we can't so easily'
- ▶ 'They (foundations) bring money – but it's also about knowledge and networks with grantees'.
- ▶ 'They can be more flexible sometimes'.
- ▶ 'They can be a route into the voluntary sector, especially at local level'.
- ▶ 'They can sometimes act as independent brokers in a way we couldn't and they can sometimes offer a different perspective from providers because they're not looking for funds'.

#### **Authority to act**

Another ingredient in relationships is the authority to act. Several cases illustrated the importance of choosing people to work with who have the seniority or authority to be able to agree and deliver what is required. While 'buy in at the top' was considered important, some also noted the need to build in trickle down into organisation. Others cautioned against over-optimism regarding the transferability of ideas and models and emphasised the need to understand structures and channels of influence.

## 4. Conclusion: re-thinking cross sector relationships

### A leader/facilitator

The final ingredient in a number of cases was having a good facilitator or chair. In some cases this was about 'keeping things going', 'ensuring we're all involved', 'not letting things just bumble along'; in other cases it was about 'having the political skills and knowing when to bang heads together in a very mixed group'.

A good facilitator or chair could also help to avoid the fear or reality of domination by one partner.

### New worlds need new models

It was suggested in the introduction that cross sector working may assume greater importance in the coming years as public service budgets and voluntary income are increasingly squeezed. Business may become more interested in working with other sectors to get things done, to make better use of resources and to enhance reputation. But there are other reasons to re-think cross sector relationships.

In the field of international aid there is a growing view that funders need to recognise a new world in which the key to roll out is not (only) government but increasingly the private sector – leading to new issues, dilemmas and strategies. At the same time business and government need to recognise the power of value-based organisations with consumers and citizens and ways in which the voluntary sector can add value.

In both international and domestic sectors there are questions about the changing role of government, whether government is always the best agency to drive behaviour change and the effects of European expansion on stages in government willingness to change (e.g does government

become the guarantor of minimum standards only). At the same time there are questions about the reality beneath the rhetoric. For example: 'the political drive in government is about partnership which means passing the buck, which means industry, or someone else, paying'.

In the independent sector, concerns remain around back filling for government or for-profits. This raises deeper tensions around the role of the voluntary sector – is there a tension between achieving maximum public benefit/effectiveness and remaining independent? Is it possible to collaborate and to maintain independence? The debate around relationships between independent funders and government is old; that concerning relationships with for-profit organisations is, in some respects, much newer.

### Relations between the voluntary and private sectors

As several respondents in this study noted: 'relationships with the private sector are counter-cultural for many non-profits. Non-profits are populated by viscerally anti-capitalist/market views'. There was a suggestion that, in the international sector, analysis in the 1970s and 1980s encouraged 'identification with the oppressed against government and capitalist leeches'. Now, it was suggested, civil society is recognised as an important but essentially limited player. Focusing on civil society runs the risk of ignoring first, the need to engage with government to be more accountable and transparent, and second, the role of business and market dynamics as a major part of the equation in overcoming both economic poverty and poverty of voice.



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At the same time, ethical obstacles remain for many non-profit funders working with business. Realism provided one antidote to such obstacles: 'We do agonise about subsidising companies – but if not us then who will move issues on?'; 'It's about a willingness to recognise the reality of other's agendas – recognising that in the real world this is not just about welfare but also economic viability'.

Underlying the above are fears to do with independence, control and alternative value systems. Issues of independence and control are related to types of relationships/joint working. Joint working does not have to be a marriage for better or for worse, til death us do part, consuming the whole life – and resources – of organisations. As the examples above illustrate, there is a range of relationships from talking, information sharing, communication and learning to independent complementary resourcing to collaboration in planning, resourcing, governance and implementation.

All of these fall far short of integration of even a whole programme, let alone an entire organisation.

### **Partnerships to remedy deficits**

Much discussion in the independent funding sector focuses on the obstacles to and dangers of cross sector collaboration. Philanthropy may be wary of working with government and business, seeing both as part of the problem rather than the solution (Macdonald and Szanto 2007: 236- 239). Independent funders fear ethical or political diversion or contamination, take over and collusion. Government and business may be either wary of working with independent funders or simply unaware of what such

funders might bring other than (small amounts of) funding.

This study of examples of cross sector working suggests first, that joint working may take a variety of forms that pose little threat to independence and second, that there is considerable scope for valuable cross sector working driven by what different partners can bring to relationships. Instead of focusing only on the dangers of cross sector working we need to be aware of the added value cross sector relationships may bring.

Government, philanthropy and business have different fundamental rationales. Different strengths and weaknesses flow from those rationales, and are often opposite sides of same coins (Kramer et al, 2005).

What are the respective strengths and weaknesses of the three sectors? While there has been some discussion of the benefits for government of working with the voluntary sector (see for example Ministry of Justice 2008 Working with the Third Sector to Reduce Re-offending: Securing Effective Partnerships 2008-2011) there has been less analysis of the benefits to government of working with independent funders. Similarly, there has been little analysis of what independent funders can gain from government and to business, and vice versa.

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### The Three Sectors

	Corporates	Government	Foundations
<b>Assets/Strengths</b>	<ul style="list-style-type: none"> <li>▶ Distribution mechanisms and access to markets</li> <li>▶ Financial resources</li> <li>▶ Products and services</li> <li>▶ Knowledge</li> <li>▶ Scale</li> <li>▶ (Variable) trust</li> <li>▶ Business credibility/networks</li> </ul>	<ul style="list-style-type: none"> <li>▶ Access</li> <li>▶ Financial resources</li> <li>▶ Political power</li> <li>▶ Leverage</li> <li>▶ Knowledge</li> <li>▶ Legitimacy</li> <li>▶ Scale</li> <li>▶ (Variable) trust</li> </ul>	<ul style="list-style-type: none"> <li>▶ Knowledge</li> <li>▶ Independence</li> <li>▶ Freedom from popular appeal</li> <li>▶ Particularism</li> <li>▶ Reputation</li> <li>▶ Credibility</li> <li>▶ Civil society networks</li> <li>▶ Limited regulation</li> <li>▶ High trust/lack of perceived vested interest</li> <li>▶ No/few competitive pressures</li> </ul>
<b>Constraints</b>	<ul style="list-style-type: none"> <li>▶ Shareholder, and customer concerns</li> <li>▶ Profit demands</li> <li>▶ Protection of brand</li> <li>▶ Government regulation</li> <li>▶ Competition</li> </ul>	<ul style="list-style-type: none"> <li>▶ Constituency concerns/popular appeal</li> <li>▶ Accountability</li> <li>▶ Proper procedures</li> </ul>	<ul style="list-style-type: none"> <li>▶ Limited financial resources</li> <li>▶ Limited scale</li> <li>▶ Limited access/legitimacy</li> <li>▶ Distribution mechanisms dependent on availability of partners</li> </ul>
<b>Goals</b>	<ul style="list-style-type: none"> <li>▶ Profit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Public benefit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Public benefit</li> </ul>

## 4. Conclusion: re-thinking cross sector relationships

Cross sector joint working may be a way of stretching/pooling similar resources (e.g. money) but it may also be a way of each partner bringing something different to the relationship in order to complement the strengths/constraints or remedy the deficits of the others.

Considering cross sector working in terms of remedying deficits not only helps to identify where it is and is not worth the effort and cost, but also provides a framework for choosing partners to work with.

Drawing on the table opposite what are some of the deficits cross sector working may remedy?

For foundations working with government may bring:

- legitimacy and endorsement
- reach and scale
- access to people and organisations
- resources including money
- flexibility from 'little pots of money/underspending'
- expertise
- influence over policy, agendas and practice
- public support and leveraging other funding
- sustainability for initiatives after foundation funding ends.

For government working with foundations may bring:

- access to risk capital
- a route to working 'under the radar'
- a partner able to 'try and try again'
- brokerage
- grant-making expertise and infrastructure

- specialist knowledge
- voluntary sector knowledge, networks and legitimacy
- a partner 'able to sway the policy consensus, raise awareness and suggest courses of action for government to follow' and to
- 'shift perceptions and propose novel approaches'
- an ability to 'rally other donors' and 'celebrity capacity to shame and cajole public officials' (Macdonald and Szanto 2007)
- a partner able to join up other resources.

As Anthony Tomei has remarked, independent funders can do things that government 'can't, won't or shouldn't' tackling issues that are too risky, unpopular, politically sensitive or simply inappropriate (e.g. where neutrality and independence are required) for government intervention.

For business working with foundations may bring:

- legitimacy and consumer confidence
- association with a trusted brand
- networks especially within the voluntary sector
- grant-making expertise and infrastructure
- knowledge and expertise in substantive areas
- access to risk capital
- brokerage/a neutral forum to work with competitors and with government

For foundations working with business may bring:

- legitimacy
- industry pressure/authority

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- access to people, organizations, markets and additional funding
- technical knowledge, goods and services
- operational capacity, reach and scale
- a route to influencing business policy and practice.

Recognising what different partners can bring to the table does not mean ignoring the practical difficulties and obstacles – some of which are the inevitable accompaniments of partners with different strengths working together. As the Wilton Park Conference notes, ‘co-operation should not aim to reduce or inhibit diversity, but rather to ensure that knowledge and results are shared and resources used most effectively. Secondly, there is a real transaction cost in putting together more complex cooperative ventures such as partnerships. To justify this cost there must be a real need and the benefits must outweigh the transaction cost’ (Wilton Park Conference [www.baringfoundation.org.uk](http://www.baringfoundation.org.uk)).

Given the likely challenges in relation to public spending and social and economic well-being in the coming years the real question may not be whether the sectors will work together, ‘but whether they will arrive at terms of engagement that avoid redundancy waste, and unnecessary turf battles’ (Macdonald and Szanto 2007:238).

Cross sector relationships are not a panacea for all problems, but nor should they be written off as inappropriate or irrelevant. Issues to do with independence are important but as Ben Cairns (2009) points out ‘independence is not a fixed entity, something to be won or lost at any given moment; rather it is dynamic and multi-dimensional’ (45). At the least, funders should be aware of what others are doing, of both their strengths and constraints and of what they can learn from each other. Above all, funders from different sectors need to move beyond seeing each other as pots of money and begin to appreciate the other resources potential partners may provide and the ways in which each can add value to the work of the other.

## 4. Conclusion: re-thinking cross sector relationships

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# Annex A

## Members of the Intelligent Funding Forum

The Arts Council	European Foundation Centre
Association of Charitable Foundations	Groundwork UK
The Baring Foundation	Heritage Lottery Fund
The Barrow Cadbury Trust	Lloyds TSB Foundation
Big Lottery Fund	New Economics Foundation
Calouste Gulbenkian	New Philanthropy Capital
Charities Aid Foundation	Northern Rock Foundation
The City Bridge Trust	Nuffield Foundation
City Parochial Foundation	Oxfam GB
Comic Relief	Paul Hamlyn Foundation
Community Foundation Network	Pears Foundation
Development Trusts Association	The Rayne Foundation
Diana Trust	Sport England
Environmental Funders Network	Wellcome Trust
Esmée Fairbairn Foundation	

