

PART 1:

COMMON CHARACTERISTICS *of* FUNDING COLLABORATIONS

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CHAPTER ONE

FUNDING COLLABORATIONS IN PERSPECTIVE

This section explains why funding collaborations are a growing philanthropic method, how they are structured, whom they serve, and their usefulness as a tool for family funders.

WHY FUNDING COLLABORATIONS?

The problems facing society today are more complicated than any one source or organization can address or solve alone. Just as there are no “one-size-fits-all” solutions in tackling social ills, there is also a need for varied philanthropic structures—particularly those that can help funders convene across traditional boundaries to address complex problems.

The growth of funding collaborations—often called “giving circles”—has been fueled, in part, by the growing trend to view grantmaking as a sort of “philanthropic venture capitalism.” Through this lens, funders are likened to “investors” who contribute more than money to projects, giving their time, energy, and expertise. Many funders have joined collaborations—or philanthropic “mutual funds”—as they recognize the power of pooling financial and intellectual capital and seek hands-on ways to contribute.

Collaborations bring the collective energy, experience, and intelligence of a group of people to bear on a problem.

—Charles Terry
former president
The Philanthropic Collaborative

HOW DO FUNDING COLLABORATIONS WORK?

Funding collaborations differ greatly in scope and focus. While some bring individual donors together with foundations, many involve groups of individual philanthropists or family members. Some bring together funders with a shared background, such as the growing number of Social Ventures Partners networks throughout the country that include individuals from the high-tech field who are new to philanthropy. Others unite funders with shared concerns, such as the Threshold Fund, which solely focuses its funds on progressive causes.

Structurally, funding collaborations are as diverse as the funders who participate in them. However, some general characteristics are evident. Collaborations are generally flexible and short-term and, distinct from foundations, often eliminate traditional grant cycles or employ strategies outside of the basic provision of grant dollars. For instance, a collaboration may take the role of convening nonprofits or offering technical assistance along with grants. Because collaborations are generally not permanent entities, they often focus on time sensitive issues.

Collaboration participants tend to be involved in a hands-on way. Thus, they get closer to the projects and increase their depth of engagement with grantees and the field.

Funders working together have the support of others who share their belief in the worthiness of a cause or project, and thus share the risk of donating their own time, money, and effort. This is particularly helpful for funders new to philanthropy, who may need to “get their feet wet” before providing funding for projects alone or establishing a foundation. For instance, the Young Women’s Giving Circle brings together women under 40 with little experience in philanthropy, providing them with opportunities for grantmaking.

Collaborations allow individual donors to take greater philanthropic risks, particularly when they feel less comfortable testing new ideas or trying more experimental forms of grantmaking.

Collaborations also give funders the collective clout that individual donors lack. Not only are total dollars increased, but also the collaboration structure gives individual donors “presence” with like-minded foundations and a vehicle for leveraging other funds. And because funders are working together, it alleviates some fears about redundancy, duplication of efforts, and lack of coordination.

Grantmaking is a time and resource intensive undertaking. Pooling resources allows funders to share administrative costs and hire the professional staff needed to undertake vital background research, monitor the field, and help develop a well-planned grantmaking strategy.

FUNDING COLLABORATIONS AND FAMILIES

In the context of family giving, collaborations have a vital role to play. While many families have established formal foundations or charitable trusts to address issues of shared concern, these structures may not fit all of the philanthropic needs and interests of family members—or the social ills they seek to address.

Collaborations provide a way for family members to become involved in issues that may not fit the current agenda of their family's foundation. They also offer a structure for family members to work on philanthropic projects with others outside the family. Collaborations also provide another method, outside of working on a foundation board, for family members to take leadership roles on issues about which they are passionate.

As a family expands with each generation, philanthropic dollars are often spread among a greater number of family members. Through funding collaborations, families can together have the same or greater impact than that of earlier generations. In addition, collaborations can provide a venue for cross-generation projects, creating an opportunity to educate new generations in the family's traditions of philanthropy.

Collaborations also provide a formal structure for raising funds for projects among family members—always a tricky issue.

While funding collaborations differ greatly in structure and focus, they all reflect the value of working together to help communities solve problems.





CHAPTER TWO

THE ROCKEFELLER FAMILY'S EXPERIENCE IN DEVELOPING COLLABORATIONS

This section provides historical and institutional context for the development of the Rockefeller family funding collaborations, as well as background on the family's experience and efforts to deal with the issues of "intra-family fund raising." It explains the structure set up by the Rockefeller family—The Philanthropic Collaborative (or TPC)—to coordinate their collaborative funding efforts. Finally, this section explains the operation, management, and structure of collaborations at TPC.

STRENGTHENING COMMON GROUND: ESTABLISHING THE FAMILY PHILANTHROPY COMMITTEE

By the late 1980s the Cousins—the fourth generation in the family of John D. Rockefeller, Sr.—had assumed responsibility for the operation of the Philanthropy Department at Rockefeller Financial Services. Since 1986, the department's staff of professional advisors had been providing services to family members to achieve their individual philanthropic and related goals. This was primarily done through donor-advised funds. The Cousins at this time also had responsibility for leading two family foundations, the Rockefeller Brothers Fund and the Rockefeller Family Fund.

ROCKEFELLER FAMILY GENERATION SHORTHAND

John Sr.	John D. Rockefeller, Sr.
John Jr.	John D. Rockefeller, Jr.
The Brothers	The five sons of John Jr.—John D. 3rd, Nelson A. Laurance S., Winthrop and David—and daughter, Abby.
The Cousins	The children of the Brothers and Abby R. Mauze
The Fifth	The children of the Cousins
The Sixth	The children of the Fifth

Through a series of family discussions about common concerns held in the late 1980s, the Cousins found that “the one thing we all had in common was philanthropy,” explains Steven Rockefeller. Thus, they made a decision to continue collaborating in their philanthropy and to develop a formalized structure for new ways of working together to enhance the impact of their philanthropy.

The Cousins created the Family Philanthropy Committee (FPC) to develop appropriate policies, procedures, and mechanisms for the operation of the Philanthropy Department. The FPC is an advisory committee composed of Rockefeller family members representing the family’s generational spread, as members of the Fifth Generation began joining the committee during the 1990s. They also began to join the board of the Rockefeller Brothers Fund and were already serving as trustees of the Rockefeller Family Fund. Because the family feels that continuity is important, the boards of The Philanthropic Collaborative and the Family Philanthropy Committee often share the same members.

The FPC focuses on providing methods for Rockefeller family members to work on shared concerns and increase the strategic impact of their philanthropic dollars. One of the key mechanisms created by the FPC were family funder “collaborations” to facilitate cooperation among individuals in their personal grantmaking.

Family members were particularly eager to develop a system by which they could continue to participate in collaborative activities without the pressures of excessive intra-family fund raising. Thus, from the outset, participation in collaborations has been entirely voluntary.

PROVIDING A STRUCTURE:

CREATING THE PHILANTHROPIC COLLABORATIVE

Not long after the FPC was created, it decided to develop an infrastructure to provide greater flexibility, efficiency, savings and coordination of their cooperative projects and the delivery of philanthropic services. In 1991, the FPC and the Philanthropy Department created The Philanthropic Collaborative (TPC).

One impetus for creating TPC was the desire to find creative ways for family members to increase the strategic impact with their philanthropic dollars. Individually, most Rockefeller family members no longer had the resources to launch big projects in the style of earlier generations. “Our collaborations started with the Cousins, which is the Fourth generation,” says sponsor and family

member Mary Morgan. “It was a way for this generation to get together and pool funds to make a difference.”

Additionally, many family members were funding individually in the same area, but weren’t aware of their shared interests. “For years, many family members were doing funding through the Philanthropy Department, but we didn’t always know who else was funding in our area,” explains sponsor Richard Rockefeller. “TPC staff can say, ‘we see some overlap’ and alert family members to others funding in the same issue and suggest ways of working together.”

If an individual believes that other family members may be interested in a charitable project with which he or she is associated, that individual may give information on this project to the TPC staff with a request that they share it with interested family members. It is then up to the staff to decide with whom to share the relevant material. The general rule is that family members are not to directly solicit financial contributions from one another unless two individuals have a mutual understanding that permits some form of solicitation.

In prior generations, our parents and grandparents were able to do mega-projects, but individually we can't.

Now maybe collectively, we can have a big impact.

Richard Rockefeller
Sponsor
Northern Forest Lands Collaboration

If a family member receives information of this nature from a staff member, he or she is under no obligation to respond or to explain why he or she may not be interested. This policy prevents individual family members from putting pressure on siblings, cousins, nieces, nephews, aunts, and uncles and avoids embarrassing situations. The policy has had a very positive effect on family relationships.

ABOUT THE PHILANTHROPIC COLLABORATIVE

The Philanthropic Collaborative (TPC) is a nonprofit, public charity established to facilitate (1) the philanthropic giving and projects of individuals and (2) the collaboration of groups of family members. The major portion of the work of the Philanthropy Department is now conducted within the framework of TPC.

TPC is similar in many respects to a community foundation or trust. It has three primary types of activities:

- donor-advised funds,
- special projects, and
- funder collaborations.

TPC currently has over 50 donor-advised funds, and administers and oversees ten special projects and five active funder collaborations. For more information about the options and opportunities of donor-advised funds, please see The National Center for Family Philanthropy publication, *Family Philanthropy and Donor-Advised Funds*.

Through its donor-advised funds, TPC assists donors in achieving their philanthropic goals through:

- Program development, such as: research and strategic planning; fundraising; monitoring grants and evaluation; networking and related programs; technical assistance to grantees; and convening meetings.
- Grantmaking and administrative support, such as: receipt and acknowledgement of contributions; disbursements, including grant processing; and preparation of accounting and financial reports.

TPC special projects have included conferences, meetings, short-term projects, publications, and the testing of new ideas before creating a new organization.

Since its establishment in 1991, TPC has received more than \$73.7 million in contributions and related income and made grants and disbursements totaling just over \$41 million.

HOW TPC COLLABORATIONS WORK

Initiating a Funder Collaboration

Collaborations are usually initiated by two or more family members or TPC clients. The specific strategic focus and operational structure of each collaboration is then developed jointly by the interested funders and TPC staff. Once a strategic plan is in place, the proposed new collaboration is discussed and approved by the Family Philanthropy Committee before going to the TPC Board of Directors for final approval.

Following the system for intra-family fundraising, TPC staff work with the family members or clients that initiated the collaboration to reach out to other family members to raise funds and secure additional participants in the collaboration.

Lifespan of Funder Collaborations

There is no set timeframe for a funder collaboration, although these projects generally have been short-term endeavors based on the commitment of family members and donors. TPC funder collaborations are evaluated periodically and adjusted in response to the interests of donors and changing status of the program issues.

FAMILY PHILANTHROPY COMMITTEE GUIDELINES FOR COLLABORATIVE FUNDRAISING

- 1) The Family Philanthropy Committee must first approve all new family collaborations before fundraising is initiated among family members by TPC staff.
- 2) Following this approval from the FPC, the TPC Board of Directors approves all collaborations to be done through TPC.
- 3) Sponsors of collaborations, along with staff, compose all communications to other family and collaboration members, such as newsletter articles, memos, and direct letter solicitations.
- 4) All such letters and communications to other family members are sent on behalf of collaboration sponsors (listed individually or as a group) on TPC stationery by staff.
- 5) All contributions are made to TPC for the collaboration designated by the donor.
- 6) If collaboration fundraising is conducted on an annual basis, a summary of the past year's activities, including a grants list, should be included with the annual appeal letter to family members.
- 7) Each collaboration is maintained in a separate fund for accounting purposes.

Roles of Collaboration Participants

Because TPC works both with Rockefeller family members and other clients, a funder collaboration can have both family and non-family members. The family felt it was crucial to monitor effectiveness of this new structure before including others. Having found the collaborations to be highly beneficial, they now reach out to others who may be interested in the benefits of this structure.

Funder collaboration participants fall into two categories: sponsors and donors. Sponsors help to start the collaboration and are then willing to have their names associated with it in a fundraising appeal to other family members. Sponsors also participate in the process of granting the money to meet the objectives of the funder collaboration. Individual sponsors may change over the years depending on their time and funding commitment. Donors contribute funds, but tend to be less active than sponsors. The tax-deductible contributions from sponsors and donors cover not only grants, but administrative and program development costs as well.

We have always hesitated to fundraise from each other for our individual projects. But with the collaborations, it was a group getting together to ask others to participate in a group effort.

Richard Rockefeller
*Sponsor, Northern Forest Lands
Collaboration*

TPC staff provide the programmatic structure, working in partnership with the family sponsors to articulate the collaboration's goals. They assist sponsors and donors with preliminary research; develop goals and strategies; prepare budgets; provide project leadership organization; and obtain formal approval. In addition, staff prepare updates to keep sponsors and donors abreast of what was achieved in the previous year; outline goals for the current year; and, when appropriate, make recommendations for funding.

Other family members and TPC clients are kept up-to-date on collaboration activities through the Philanthropy Department's newsletter, *Linkages*, and regular updates to the TPC Board.

Grant Approval Process

The grant approval process varies for each TPC funder collaboration. In three of the six funder collaborations profiled in this monograph, staff make funding recommendations that are then reviewed by sponsors—much like a foundation docket. In contrast, there is no formal approval process in the Rockefeller Park

Preserve Collaboration, as this funds only a single designated grantee. The collaboration of the 5th Generation family members—the Youth, Community Gardens, and Urban Environment Collaboration—uses a more hands-on approach, wherein sponsors review proposals, make site visits, and meet to approve grants. Once grants are approved, TPC’s board acts promptly to issue grants, as it does not adhere to a traditional foundation grant cycle.

FAMILY PHILANTHROPY COMMITTEE CRITERIA FOR APPROVING A COLLABORATION

- 1) Specific members of the family or The Philanthropic Collaborative’s clients have given significant leadership to the effort.
- 2) A wider group of family members or other TPC clients have discussed and expressed interest in the idea.
- 3) The Family Philanthropy Committee and the TPC Board have provided an independent and favorable review.
- 4) Where relevant, all appropriately related family philanthropic groups are consulted in the evaluation process.
- 5) If Rockefeller family public identification with an issue would provide specific benefit for a project, this is another reason to consider collaboration, provided the above mentioned criteria have been met.





CHAPTER THREE

COMMON CHARACTERISTICS AND LESSONS LEARNED

Ten years after launching its first funder collaboration, *The Philanthropic Collaborative* has tackled and solved many problems faced by new collaborative endeavors. Several key approaches which contributed to these accomplishments are described in this section.

FIND COMMON GROUND

To be effective, a collaboration must incorporate the multiple perspectives of its sponsors. Finding this common ground, without losing strategic focus, is key to a successful collaborative effort.

“We weren’t afraid of different perspectives or opposing points of view,” said former TPC president Charles Terry about the work in the Northern Forest, “but rather tried to bring them into the conversation.”

This approach is particularly critical for new issues. For instance, the Genetically Modified Foods Collaboration is not staking out a narrow position, but rather urging caution in the adoption of this new, largely untested technology. This strategy appeals to a wide range of donors, and puts the collaboration in a facilitator position as the public interest community, foundations, and the general public gain a greater understanding of this new and confusing issue.

SET CLEAR GOALS AND KNOW WHEN TO END

If clear goals and objectives are not defined, a collaboration will flounder. TPC collaborations spend significant time at the outset—and at regular intervals—establishing, refining, and measuring project achievements and challenges against specific goals. With clear goals set, the appropriate time for ending a collaboration project will be clear.

Do your homework and identify what you want to address. You need clear goals: both long-term goals that may never be accomplished, and short-term objectives that funders can relate to and see what their money is doing.

TPC staff member

For instance, some issues require long-term, sustained funding—such as the preservation of the Northern Forest. Being clear from the outset about the need for sustained support helped ensure that there was enough commitment from donors to stick with it for the long haul.

With the Youth, Community Gardens, and Urban Environment Collaboration, a narrow focus was necessary as there was a desire to see a high impact with limited dollars. Sponsor and family member Julie Robbins states, “If a collaboration is scattered among everybody’s personal interests, you can’t get the strategic impact that you want.”

When goals have been achieved, it is time to wrap up the collaboration. In addition, few members can handle multiple collaborations at one time. “People get collaboration fatigue,” says Richard Rockefeller. “We always feel the pull and pressure on our philanthropic energies.”

INVITE VOLUNTARY PARTICIPATION

Part of the appeal of formal collaborations is the structure they provide for raising funds among family members. Potential donors are not pressured into participating by TPC staff or collaboration sponsors. “It should be truly optional,” said one collaboration sponsor. “Float a trial balloon to see if you get anyone to rally around it. There should be no arm twisting.”

With the Population, Development, and Environment Collaboration, several family members were quite interested in the issue, but before a formal collaboration was started, family interests were assessed during a retreat. This careful approach led to more sustained commitments from more donors.

EVALUATE REGULARLY AND REMAIN FLEXIBLE

Issues are complex and the political, social, and strategic context for grantmaking can change over the lifetime of a collaboration. Through regular evaluation, staff and family members gain clarity about necessary strategic adjustments and when to end the project.

For instance, the Youth, Community Gardens, and Urban Environment Collaboration originally supported programs for youth at community gardens. But when the gardens themselves became threatened, the collaboration expanded its focus to include advocacy and active garden preservation.

If you want to start a collaboration, don't start a collaboration. What you want to do is start working with people funding in your area. Once you have a history of funding together with a few relatives or colleagues, then go back to the family. If you've already been working together, you can make a much stronger case.

Richard Rockefeller

USE TOOLS OTHER THAN GRANTS

A collaboration offers flexibility in structure that lets it operate outside of the traditional grant cycles of most foundations. Convening grantees, acting as a fiscal agent for projects or creating a “quick-response” fund are just some of the strategies a collaboration might employ.

For instance, the Community Gardens Collaboration was able to bring together a coalition of funders and nonprofits—a role it could play because it did not have turf and fund raising concerns. TPC also provided a fiscal home for the Funders Working Group in Biotechnology, allowing the Genetically Modified Foods Collaboration close access to coordinating efforts with other funders.

KEEP DONORS ADEQUATELY INFORMED AND INVOLVED

Collaborations provide a special opportunity for donors to play a hands-on role in program direction, gaining a more in-depth understanding of issues and working closely with other funders and grantees. “If you are going to do a collaboration, you have to be willing to meet and discuss and learn about the issues,” says Mary Morgan. “If it's really going to be a meaningful thing in a family, rather

than just a thing that the staff carries. While staff support is key and allows people to carry on with their lives and do their own thing, there is no substitute for sponsors taking an active interest from beginning to end.”

Part of keeping donors and sponsors excited and committed over time is keeping them informed. This means more than updates in the mail; it means direct connections (meetings, phone conversations, email discussions, etc.) between staff and donors, and among family members.

Ensuring that sponsors and donors are involved in making decisions and determining strategic direction is key. “I try, to the extent possible, to have people who want to learn something or accomplish something, do the work themselves,” advises family member and collaboration sponsor Julie Robbins. “It’s a much more rewarding experience than it is just to re-create a mini-foundation and give out grants that the staff determine will be useful.”

However, it is crucial not to overwhelm donors with administrative or other burdensome tasks, or they may “burn out.” If the collaboration is seen as too cumbersome, family members may quickly lose interest.

COORDINATE AND COLLABORATE WITH OTHER PHILANTHROPIES

Some collaborative efforts are closely allied to issues associated with or located within a specific geographic concentration of a particular funding source. Therefore, there may be conflict or confusion with the philanthropic efforts of other foundations or funding sources in these areas. It is critical to investigate and coordinate efforts wherever possible with the staff and board of such funding sources, if only to keep them informed.

At best, this communication will allow a new collaboration to learn from the insights and experience of these funders. For instance, the Genetically Modified Foods Collaboration worked closely with staff at the Rockefeller Foundation to coordinate funder information briefings on this complex issue.

TPC funder collaborations have frequently been involved with or helped to initiate formal or informal relationships with other grantmakers. For instance, because TPC was an early funder in the Northern Forest, family members and staff took on a leadership role in bringing other funders to the table. Also, with the Genetically Modified Foods Collaboration, TPC helped to initiate and then host a funder affinity group and small pooled fund.

These affiliations can lead to joint funding efforts, thus leveraging funds to have greater impact. For instance, when the Community Gardens Collaboration brought together funders focused on community greening and gardening in New York, the group launched a pooled fund, to provide shared funding toward a city-wide campaign to purchase gardens threatened by auction.

INCLUDE OVERHEAD COSTS

Collaborations can be very time consuming and labor intensive, especially in the initial stages. “Without dedicated staffing, collaborations would fail,” says a TPC staff member, “and dedicated staffing means costs—no matter how you cut it.”

TPC prepares for that from the outset by preparing a work plan. Overhead costs, including site visit travel and meal expenses, conference calls, duplicating, in-office and off-site sponsor meeting expenses and consultant fees, need to be built in from the start, so donors are not surprised about unexpected expenses.

HIRE THE RIGHT STAFF

Collaborations take a lot of research, time, and effort to bring together, facilitate, and to maintain. TPC often hires outside professional consultants who can work on a steady and consistent basis with program staff to bring about results. Staff support allows funders to be involved as little or as much as they want, with the confidence that the collaborations are well-managed and key issues are being tracked.

“It is important to know that you are really using the money well,” said one family member. “Having good staff in place is key to that.”

Distinct from many foundations, funder collaborations tend to have very active funders, taking on more hands-on and leadership roles. However, funders are not professional staff members—it’s not what they do day-in and day-out. Staff provides institutional history and strategic guidance. Staff leadership also gives collaborations “presence” in the philanthropic world. As one foundation program officer said, “When I think of the Northern Forest, I think of [TPC staff] Marcia Townley’s expertise and reputation. That gives me and other funders confidence.”

TPC has found that to be most effective, staff members need a unique skill set. Because TPC funder collaborations generally deal with complex issues, they need dedicated staff to do important background research and extensive networking. Staff needs not only a firm grasp of the issues, but the ability to work well with others, including family members. Key to this is the ability both to take on a leadership role on the issue, and ensure that collaboration funders have ownership over the program. This kind of transparency of the staff is vital. Flexibility is also crucial, as issues develop over time and funder interests evolve.