

On Collaboration (Or How Many Foundations Does It Take to Change a Light Bulb?)¹

a foundation operates in a social and economic space with many other actors. Merely being aware of their presence creates opportunities to coordinate resources to achieve common ends. And in some circumstances, actual collaboration can significantly increase the participants' impact in addressing social problems.

The Hewlett Foundation's collaborative grantmaking has increased greatly in recent years. This essay gives some examples of our collaborative work and takes stock of what we have learned in the process. In brief: Foundations can work together to generate better ideas and build broader constituencies as well as increase the amount of money available to address common goals. However, collaboration has inevitable up-front costs in the time and effort spent in communicating and making decisions together with one's partners. The process can often be frustrating, and a beneficial outcome is hardly assured. At the end of the day, the extra effort is justified only if it has greater impact in improving people's lives.

The Aggregation of Financial and Other Resources

Since foundations are essentially investors, our most fundamental form of collaboration is the aggregation of dollars to make things happen on a scale beyond what any single funder could accomplish. For example, in 2002, Goldman, Hewlett, Moore, and Packard* joined with the federal and California state governments to purchase 16,500 acres of salt ponds in San Francisco Bay and restore them to wetlands and tidal marshes. The properties cost \$100 million to acquire, with an additional \$35 million needed for initial stewardship and restoration planning. The project lay beyond the budget of any one of the participating foundations, but thanks to the collaboration, the salt ponds are well on their way to restoration.

Scale is also a crucial determinant of success in the effort of a half-dozen foundations—Hewlett, Moore, Packard, Rockefeller Brothers, TOSA, and Wilburforce—to assist eight First Nations, the province of British Columbia, and the Canadian federal government in protecting twenty-one million acres of temperate rainforest on the central coast of British Columbia. The Great Bear Rainforest project is costly. The total private contributions amount to \$60 million, with

*The full names of all foundations mentioned are listed at the end of this essay.

half of the funds coming from the foundations and the remainder being raised from individual donors by The Nature Conservancy. The provincial government of British Columbia and the Canadian federal government are matching the private contributions.

Besides increasing the aggregate number of dollars, collaboration can provide funds of different sorts and at different times. For example, in addition to making outright grants for the Great Bear Rainforest project, Packard made loans in the form of program-related investments that were crucial to keeping the deal moving along.

Foundations can bring intellectual and reputational capital as well as dollars to the table. At the request of California's governor, legislature, and superintendent of public instruction, Gates, Hewlett, Irvine, and Stuart are funding a major study of the state's school finance and governance system. In addition to providing \$2.5 million to fund policy-relevant research, the funders are contributing their staffs' considerable expertise to address these fundamental educational issues. By signaling its nonpartisan nature, the foundation collaboration has also helped create trust and confidence in the study.

Collaborations Including Government Organizations

While I will mention some entirely private collaborations below, these examples suggest that foundations can help governments undertake projects that they might find difficult to tackle alone. They can support agencies in new ventures and provide flexible funding where government expenditures are restricted. The Great Bear Rainforest and the San Francisco Bay salt ponds collaborations exemplify private-public partnerships, with the private monies being matched by substantial government funds.

Together with Gates, Packard, and Wallace Global, the United States Agency for International Development, and the United Nations Population Fund, Hewlett funded an initiative to ensure the availability of contraceptives in developing countries; and we are working closely with the United Kingdom and French development agencies to examine the role of population and reproductive health in the development of the world's most vulnerable countries.

Our Education Program collaborates with UNESCO to make educational materials freely available worldwide on the Web. With Hewlett support, UNESCO staff have convened widely attended

meetings on open educational resources, and the African Virtual University² has made the distribution of open content in Africa a central element of its strategic mission. And together with the Dutch, Swedish, and U.K. governments and the World Bank, we are funding a Commission on Growth—an effort by renowned economists and ministers from a diverse group of developing countries to understand the determinants of economic development in the vacuum left by the discredited “Washington Consensus.”

Private funds can sometimes help governments make investments that have little immediate political salience, but promise to have large payoffs in the long run. For example, the lack of rigorous impact assessments has led to billions of dollars being wasted on ineffective development practices. In 2005, Gates and Hewlett supported the creation of an Evaluation Working Group, led by the Center for Global Development, to encourage development agencies and governments to carry out independent impact assessments and use them to design future interventions. The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) has taken up the recommendations of the working group to see how its donor country members can support impact assessments of aid-financed programs. Donor-funded evaluations seldom involve rigorous assessments of whether programs actually produce the desired outcomes. Our shared hope is that the efforts of the Evaluation Working Group will lead to donors systematically setting aside funds for impact evaluations of key development interventions.

Intermediary Organizations and Common Funds

Although collaboration often consists of foundations coordinating individual grants to common grantees, another useful form of collaboration is creation of a common pool of resources to be strategically regranted. For example, participants in the Great Bear Rainforest project established a Coastal Opportunity Fund, on which First Nations tribes can draw to develop sustainable practices for extracting natural resources. And together with the U.S. Congress, Ford, Hewlett, and MacArthur established the International Media Development Fund, which supports independent television documentaries that bring diverse American viewpoints to foreign audiences and foreign viewpoints to American audiences.

With a staff of twenty-four in San Francisco and Beijing, and an annual budget of \$25 million, the Energy Foundation may be the largest intermediary organization created by a group of foundations. The Energy Foundation regrants funds from Hewlett, MacArthur, McKnight, Mertz Gilmore, and Packard to domestic and international nonprofit organizations to promote energy efficiency and conservation. Instead of each foundation having to hire program staff with expertise in the arcana of the energy field—utility regulations, carbon treaties, auto regulations, etc.—they built a common resource at the Energy Foundation. In addition to creating administrative economies of scale, this gives energy sector grant applicants a large, steady source of funding and one-stop shopping.

Sharing Knowledge

Funders with common aims regularly share information in affinity groups—for example, Grantmakers in the Arts—as well as through informal exchanges. Hewlett Foundation staff meet annually with the presidents and program directors of peer foundations concerned with international family planning and reproductive health, and our Education Program routinely invites colleagues from other foundations to its annual meetings with grantees.

The Partnership for Higher Education in Africa combines sharing knowledge with joint funding. In 2005, Hewlett and Mellon joined the Partnership, which has pledged a total of \$200 million over the next five years to further the development of higher education in nine African countries.³ The Partnership's most significant accomplishment to date has been providing Internet bandwidth at affordable prices to African universities in desperate need of essential resources for research and teaching.

Connect US is both a common fund and a vehicle for sharing knowledge. A donors' collaborative launched in 2004 by Ford, Hewlett, Mott, Open Society Institute (OSI), and Rockefeller Brothers, Connect US supports organizations working in the foreign policy arena. Its participants are concerned with a wide range of global issues—including human rights, health, security, economic development, environmental protection, democracy, and good governance—and share a common vision of the importance of effective U.S. engagement in an increasingly interdependent world. Connect US enables the organizations to draw on each other's

resources and skills, develop complementary strategies, and craft mutually reinforcing messages.

The Dynamics of Collaboration

Origins. The Hewlett Foundation has often benefited from other foundations bringing opportunities to our door. For example, our funding of the Aspen Institute's seminar for congressional legislators originated in the Ford Foundation's invitation to join in supporting its long-standing grantee. Ithaka was the brainchild of the Mellon Foundation, which approached us to create a new organization focused on information technologies to benefit higher education. And we were approached by the MacArthur Foundation to help found Security Council Report (SCR), which disseminates reliable analysis of issues that face the United Nations Security Council. (Funded by the governments of Canada and Norway as well as Hewlett, MacArthur, and Rockefeller, SCR is yet another example of a public-private partnership.)

On the other side of the coin, together with Packard, Hewlett was an early leader in the Great Bear Rainforest venture and reached out to bring others to the table. Similarly, we initiated a project, later joined by Atlantic Philanthropies and Gates, to promote and evaluate school reform in San Diego. We enlisted Carnegie and Rockefeller Brothers to fund a program to bring visiting scholars from Islamic countries to U.S. college campuses. We also took the lead in a collaboration with Gates and Packard to ensure that issues of family planning and reproductive health were incorporated into the United Nations Millennium Development Goals.⁴

And, of course, projects are often conceived jointly or taken to a new stage collaboratively. For example, in 2002, OSI established Revenue Watch to improve accountability in natural resource-rich countries through increased transparency of government revenues and expenditures. Hewlett and OSI have now joined to expand this work to promote transparency in a broader group of countries.

Reciprocation. Does collaboration entail reciprocation? Suppose that the Jones Foundation persuaded the Smith Foundation to join in a project that nicely fit both of their priorities. Smith now brings a collaborative proposal to Jones that is within Jones's general mission, but not central—and Jones does not reciprocate. Now Jones

brings Smith another solid, mission-oriented proposal. How should Smith respond?

From a logical point of view, if Jones has good strategies and is a good partner in implementation, Smith should be willing to collaborate even if Jones *never* reciprocates—just as an individual investor might follow Warren Buffett's investment strategies, or indeed buy shares in Berkshire Hathaway, even if Mr. Buffett pays no attention to her investment ideas. Realistically, though, foundation staff have egos and tend to get annoyed if their proposals are continually rebuffed, and this counsels a bit of flexibility in the interests of reciprocity.

The allocation of tasks among funders. Grantmaking involves a number of labor-intensive activities, including due diligence, monitoring, and evaluation. Avoiding duplication of these efforts can save both the funders and grantees time and money. Moreover, the allocation of responsibilities can take advantage of funders' different strengths. For example, we have collaborated with a number of Bay Area foundations that have on-the-ground knowledge about disadvantaged communities in the region; our own contributions consisted of dollars and expertise in strategic planning and evaluation. We also collaborated with The San Francisco Foundation (TSFF) in a mini-grants program to assist grassroots organizations in addressing state-level issues of education finance. The collaboration drew on TSFF's experience with these groups and its capacity to administer a small grant program. In addition to providing funding, we brought knowledge of state budget issues to the table and helped shape the substance of the program.

To delegate any aspect of its grantmaking responsibilities, a funder must have considerable confidence in its peers: confidence that ultimately can only be developed—and on occasion is diminished—through ongoing professional relationships. Because of our confidence in Mellon's president and cognizant program officer, we ceded considerable responsibility for due diligence in the initial collaborative grant for MIT's OpenCourseWare (OCW) project, which has made materials for more than 1,250 courses freely available on the Web. (Hewlett has taken the lead in succeeding grants.) Similarly, it was our relationship with MacArthur and our trust in its president's expertise in international affairs that encouraged us to follow its lead in establishing Security Council Report.

The Costs of Collaboration

I have discussed the potential benefits of collaboration. But what of its costs? From the funders' perspective, the greatest cost is the amount of time that collaboration can take. The time consumed is a function of the number of collaborating funders, the number of staff members tasked to the joint enterprise, the participants' willingness to compromise on matters of procedure and substance, and the internal structure and leadership of the group.

Group decisionmaking. Decisionmaking by consensus is not an efficient process. Therefore, the greater the number of participants, the greater the need to attend to the internal structure of the group and accord some deference to a steering committee or even a lead funder. Of course, agreeing on procedure itself takes time, but it has great potential payoff: In the absence of an agreement, procedural issues tend to be recycled ad nauseam.

Compromises. Every foundation has its own procedures, ranging from how it conducts due diligence and what it expects in terms of reporting, monitoring, and evaluation, to the particular forms and documents it has designed for those purposes. Individual participants' insistence on doing everything "our way" is a time-sink and certain to drive grantees to distraction. Realistically, participants must make compromises, some even verging on substance, as long as they are assured of getting their money's worth.⁵

The external costs of individual collaborators' internal dynamics. The "too many cooks" phenomenon addressed in the preceding paragraphs is affected not just by the number of participating foundations, but by their internal dynamics. A program officer wants both to be a good colleague in the collaborative enterprise and to please his own CEO, without always knowing what her pleasure is. And if the CEO has not been paying close attention to the process from the beginning, there's a danger that, when a decision point comes, she will upset agreements carefully worked out by staff members. Thus, a collaborative venture ultimately depends on good communication and clarity about the delegation of authority *within* partner institutions.

Fairness to grantees. Collaborative grantmaking seeks to further the missions of both funders and their grantees. But potential grantees may feel at greater risk when the identification of worthy organiza-

tions depends on the collective decision of a number of funders, which increases the chances of an all-or-nothing outcome. While this danger cannot be entirely discounted, my experience has been that funders are protective of their autonomy, and that they tend to exercise independent judgment on basic issues such as the selection of grantees.

Candor. You will notice that I have not given any specific examples of the pathologies of collaboration. This is not due to their absence, but rather to a sense of how uncollegial it would be to name names. This suggests that collaboration may have some costs in terms of the restrictions it places on candor.

Concluding Observations

Many of the Hewlett Foundation's collaborative ventures have produced net benefit. Even so, the transaction costs could often have been considerably lower than they were. Let me summarize the lessons we have learned about collaboration.

- Sometimes ego leads foundations to forego opportunities to join others in collaborating to build common value. The reluctance to consider projects “not invented here” is based on a fundamental misconception of how ideas develop. Even great thinkers like Leibniz, Newton, and Darwin drew on ideas that were in the air—part of the *zeitgeist*—and, in truth, most foundations' ideas fall well short of genius.
- Collaboration is enhanced by the participating institutions' flexibility with respect to due diligence, reporting, and evaluation procedures. It is also enhanced by the participants' abilities to communicate expeditiously and to make commitments. Collaboration is impeded to the extent that each institution insists on doing things its own way and that the participating program officers lack sufficient decisionmaking authority.
- Collaboration is enhanced to the extent that cognizant program staff approach the work with a problem-solving attitude and are able to subordinate turf-consciousness to the common venture.
- While collaboration thus requires mutual give-and-take, it must be consistent with the participating foundations' missions and should not result in grantmaking that falls short of their normal standards. It is hard to turn down a proposal when a colleague at

another foundation has worked hard on it. But politeness and collegiality should not supplant independent judgment.

- Successful collaborations require adaptive leadership and a shared understanding of the various participants' roles. Collaborations can take so many different forms that it is difficult to generalize. But, as in any collective enterprise, someone needs to play a coordinating function—not everyone can be a general, at least not at the same time. The participants will inevitably bring different strengths to the table. Collaboration is more likely to succeed to the extent that these are acknowledged and that individual and institutional egos do not get in the way.
- The internal cultures of the participating institutions can have dramatic effects on collaboration. The effects are asymmetric, with pathologies detracting more from the common venture than good internal practices contribute to it.
- Institutions considering entering into a collaborative enterprise should take a sober look at their plan early on to ensure that the potential benefits are likely to outweigh the costs.
- In the end, only one's experience with individuals and institutions can determine who is a good collaborator and who is not. As attractive as the potential impact may be, experience sometimes teaches that the game with some players is just too frustrating to be worth the candle.
- Finally, it should be noted that much joint funding takes place without any explicit collaboration, simply by virtue of foundations' independent core support for an organization. For example, together with many individual donors as well as other foundations, the Hewlett Foundation is a co-funder of performing arts organizations in the Bay Area. It is not the funders but the organizations themselves that bring everyone to the table. When it is feasible, the provision of general operating support is a highly efficient form of *virtual* collaboration that reduces the costs and potential pathologies described above.

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Notes

Full names of the foundations and other entities referred to in this essay:

The Andrew W. Mellon Foundation
The Atlantic Philanthropies
Bill & Melinda Gates Foundation
Carnegie Corporation of New York
Charles Stuart Mott Foundation
The David and Lucile Packard Foundation
Ford Foundation
Gordon and Betty Moore Foundation
The James Irvine Foundation
The John D. and Catherine T. MacArthur Foundation
The McKnight Foundation
Mertz Gilmore Foundation
Open Society Institute
Richard & Rhoda Goldman Fund
Rockefeller Brothers Fund
Rockefeller Foundation
The San Francisco Foundation
Stuart Foundation
TOSA Foundation
Wallace Global Fund
Wilburforce Foundation

¹ Many of the observations in this essay are based on the experience of the Hewlett Foundation's program directors and program officers. Any errors are the result of my not learning enough from them.

² The African Virtual University is itself the grantee of the Partnership for Higher Education in Africa discussed below.

³ Egypt, Ghana, Kenya, Madagascar, Mozambique, Nigeria, South Africa, Tanzania, and Uganda.

⁴ As these examples suggest, collaborative efforts may involve some inter-foundation fundraising. This is generally done with considerable restraint, both out of respect for peer institutions and the realization that high-pressure tactics are not likely to succeed.

⁵ Indeed, collaboration offers an opportunity to give attention to developing common application, due diligence, and reporting processes so that a grantee is not subject to multiple and sometimes inconsistent requirements. To this end, the funders supporting the Energy Foundation require a single, thorough annual report. Many of the Hewlett Foundation's collaborative grants involving research on education finance and governance do the same, as does Connect US.