Community Leadership Project

The Issue

In 2008, the California legislature was considering legislation that would have required foundations to report on the number and amount of grants they made to people of color and/or female-led organizations; the number of contracts to vendors led by people of color; and the number and amount of grants they made to organizations serving low-income communities, people of color, LGBT people, and other underrepresented groups. The legislation also would have required foundations to report on the racial and gender diversity of their boards and staff. Opposition from the foundation community was strong because of unnecessary government interference in grantmaking and onerous reporting requirements. Eventually, a compromise was struck that sidelined the legislation in exchange for a commitment by nine foundations to voluntarily address diversity in grantmaking.

Fast Facts

Type of collaboration: Create and coinvest in a new time-limited initiative

Established: 2009

Funders involved: David and Lucile Packard Foundation, James Irvine Foundation, William and Flora Hewlett Foundation

Shared goal: Build capacity of grantees in low-income communities and communities of color

Funding committed by Packard to date: $4.9 million, including $200,000 for evaluation

In the wake of that legislative tussle, the presidents of the James Irvine, William and Flora Hewlett, David and Lucile Packard foundations resolved to support leadership development and capacity building among minority-led and other grassroots organizations serving low-income communities. As a first step, they embarked on a listening tour to hear first-hand the concerns of nonprofits and community groups representing diverse populations. Out of that effort came a new joint effort, the Community Leadership Project (CLP), established in 2009. CLP set out to strengthen grassroots organizations that serve low-income people and communities of color in the greater San Francisco Bay Area, the Central Coast, and San Joaquin Valley.

How the Collaborative Worked

Once the presidents agreed to an operating framework for CLP, they turned day-to-day operations over to three program officers, one from each organization. The program officers were empowered to make sure that regular foundation rules and regulations (like grant cycles or program strategies) did not get in the way to making CLP happen. From the outset, the funders envisioned a three-year commitment to build the capacity of small- and medium-sized organizations—groups typically not served by the Hewlett or Packard foundations. All involved understood the risks inherent in the project.

"I was suspicious about CLP," said Kathy Reich, Packard's director of Organizational Effectiveness Grantmaking. "I thought it would never work because of the different work styles of the foundations." Moreover, Hewlett and Packard "are not traditional social justice grantmakers," she added. "Investing in small nonprofits serving communities of color in California is not typically what we do; it's not necessarily aligned to our global strategic focus."

Given the mandate from the top to make CLP work, the three program officers lost no time figuring out how to work together. "Trust building was important because the three of us had never worked together before, though our foundations had partnered in the past," said Reich. "It was definitely a high stakes collaboration. We had media attention and groups critical of foundations watching us. There was a risk of public failure."

Phase one launched in April 2009 and was underwritten with $10 million from the three foundations. "When the three presidents are highly motivated and like working together, the process goes quickly," remarked John McGuirk, director of Hewlett's Performing Arts Program and liaison to CLP. Working by consensus, the three program officers picked 27 intermediaries—community foundations, grantmaking public charities, and funder affinity groups—to regrant funds the foundations channeled to them. The intermediary organizations, in turn, awarded grants to 100 small nonprofits. Each grantee received funds from all three foundations.

To save themselves time and work, the program officers hired an independent consultant to handle several key tasks, including coordination of report submissions from the grantees and management of an online site for grantee information sharing.

As phase one neared its conclusion in December 2012, and the foundations weighed the merits of committing to a second round of support, the program officers agreed that a number of grant administration and process changes needed to be made if the project continued. Involving each foundation with every grantee, for example, proved to be too time consuming. "Minor budget reallocations or grant extensions had to be checked with all three funders," noted Reich. "Relatively minor issues could escalate and getting everyone on the phone to get resolution was time consuming." In fact, the time commitment took everyone by surprise. "Everyone under-resourced CLP in terms of time," said Reich. "Effectively staffing a collaboration is easily twice as time-intensive as a typical grant."

Relying on a consultant for administrative support turned out not to work as smoothly as envisioned. The program officers conceded that perhaps they failed to adequately delineate the consultant's role. Nonetheless, they found that the consultant added an unnecessary layer between themselves, the intermediaries, and the community grantees.

When the evaluation results for phase one showed meaningful progress in a variety of areas, the funders agreed to another three-year, $10 million commitment extending through 2015, at which point they plan to exit the project. With the new phase, the

program officers decided to do a number of things differently. They eliminated the independent consultant position, trimmed the number of intermediaries to 10 from 27, and cut the number of grantees nearly in half to 57. To streamline decision making, each grantee now receives funds from only one foundation, not all three as in the past. While they continue to operate by consensus, the program officers found it helpful to more clearly delineate their roles. McGuirk at Hewlett took on meeting coordination, Connie Galambos Malloy at Irvine took on communications, and Reich at Packard took on measurement and evaluation. The trio also agreed to use email for frequent communication, supplemented by phone check-ins every six to eight weeks, and periodic face-to-face get-togethers.

Results

The CLP did not include a plan for evaluation when it launched in 2009. At the time, the three foundations planned to exit the project after three years. But one year in, they reversed course and hired Social Policy Research Associates to conduct program evaluations. The first evaluation effort was not well received by either the intermediaries or grantees, who viewed it as difficult and time consuming. As a result, Social Policy Research Associates agreed to simplify the measurement tools and pay grantees for their time collecting data.

When the results came in, phase one evaluation found "early indications that CLP's investments are making meaningful changes on the ground with individual leaders and organizations." Specifically, the evaluation found:

- Small nonprofit grantees are becoming more financially stable, building leadership, and becoming more resilient.

- Intermediaries are becoming more familiar with the unique issues, challenges, and strengths of small organizations serving low-income communities and communities of color.

- The three funders are learning a great deal about what it means to work effectively with small organizations.

In phase two, the funders left no doubt about the importance of continuing with evaluation. It's built into the program, and intermediaries will have an opportunity to help design the evaluation tools and get individualized training on implementation.

Key Takeaways

- **Sometimes, collaboration has to start at the top:** Without the commitment of the three foundation presidents, CLP never would have happened. It was their commitment that allowed the program officers the flexibility to make CLP work.

- **Successful collaborations may require a big time commitment:** While the time program officers devoted to the project fluctuated, in general everyone underestimated by half what it takes to make a collaborative work.

- **Adapt on the fly:** In phase one, the three program officers struggled to figure out how to work together and with the consultant they hired to manage important

administrative processes. In phase two, they made a number of adjustments to streamline decision making and clarify their own roles in the collaboration, including elimination of the consultant's position.

- **Commit to evaluation from the beginning:** Evaluation got off to a rocky start when the three funders' decided in year two of CLP to add assessment to the program. In phase two, everyone knows that evaluation is part of the program, and they can plan accordingly.

- **Set milestones, including an exit plan:** Putting a time limit on a collaboration forces the funders to step back and evaluate before proceeding—if they choose to proceed. Although the CLP funders backed into evaluation after they started, the three-year initial commitment clearly set expectations for everyone involved. The phase two commitment lays out an exit timeline, which will be designed and communicated in detail at least a year prior to the exit phase.