

Rethinking the Role of Intermediaries In Strategic Grantmaking



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FOREWORD

This paper grew out of recent conversations with national foundations engaged in strategic grantmaking. Faced with new challenges of achieving measurable results with their giving, these foundations were seeking how to better develop and share successful strategies for youth and children by working with local organizations across the country and strengthening collaboration between national organizations that function as intermediaries.

As we probed these issues, they proved enormously complex, with dynamic forces shaping the worlds of grantmaking, national youth organizations, and local intermediaries. Of particular note were the concerns we heard from communities where several foundations were supporting strategic initiatives. What emerged is a clear need to carefully reexamine the role and purpose of intermediaries as a strategy for how foundations do their business.

Special thanks to the Intermediary Network for convening and facilitating the exploratory discussions that influenced this paper. National organizations that participated included Communities in Schools, National Academy Foundation, Academy for Educational Development, Institute for Educational Leadership, Harwood Institute, Forum for Youth Investment, New Ways to Work, and Jobs for the Future. Local organizations included Commonwealth Corporation, Philadelphia Youth Network, and Boston Private Industry Council. Thanks also to Jed Emerson, Deirdre Mortell, and Brian Kearney-Grieve who offered valuable insights and new directions for our thinking.

Before we begin, a few words of caution:

- While the discussion here will likely have broad implications across the philanthropic sector, it is important to note that the findings are based within the context of the field of youth development. We do not assume that the forces and opportunities would automatically apply to other fields that have different infrastructures, histories, and policies.
- When, we began this project, we assumed that the current structure reinforced patterns of privilege and institutional racism. However, as we examined other sets of relationships and models, we determined that in fact alternative models did not guarantee greater access or influence. Thus, we believe that it is imperative that program officers and the leadership of national organizations and local intermediaries remain vigilante in challenging patterns of privilege.
- While the ideas in this report will likely spark discussion within foundations, we believe that the most important step for any organization is to keep moving forward. Too often, foundations grind to a halt when they believe that their strategy may need adjusting and revising. Furthermore, we want to be very clear that we applaud the development of strategic grantmaking. Our observations and insights are not designed to undermine it but to strengthen it as a positive force for change.

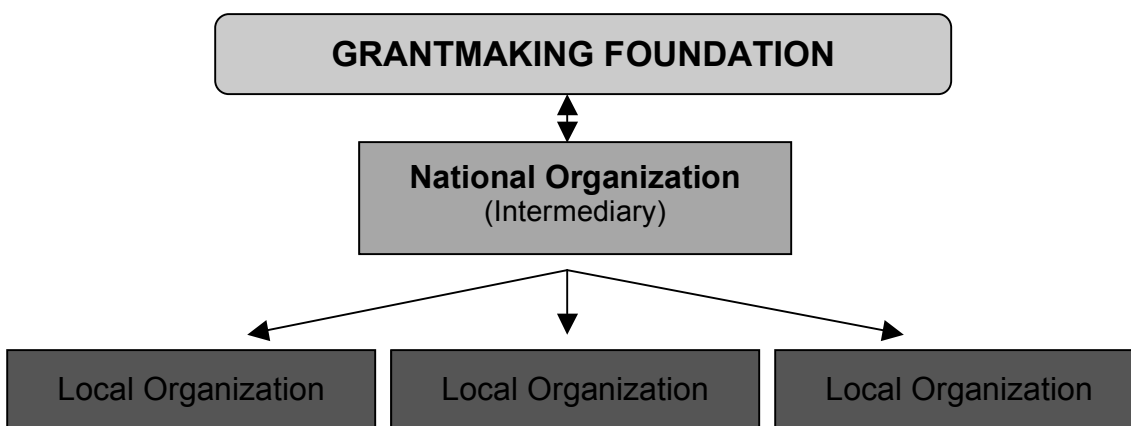
- Finally, it is not our intent to place blame on any individuals, groups, or set of organizations. In our experience, we find that everyone is trying to do the very best they can, given where they sit and their organizational parameters. At the same time, we have sought to offer candid assessments of existing practices and make recommendations that might improve effectiveness of the system as a whole. We simply cannot learn if we do not engage in respectful critique and reflection.

INTRODUCTION

Foundations serving youth today face a myriad of challenges: What is the best way to make a real difference in the lives of children and youth? How can organizations influence local practice along with state and national policies? What are the best ways to support change agents such as social entrepreneurs, new leaders, and leading organizations? What is the best unit of change—individuals, organizations, networks, or coalitions? How can foundations leverage investments to produce even more change? To what degree can insider strategies be used as compared to outsider? Which strategies provide the "biggest bang for the buck?" How can grant outcomes be objectively measured? How do we measure the effectiveness of the foundation's strategy and its implementation?

Tasked with managing the complexity of strategic grantmaking, foundations often come to rely on "intermediaries," organizations that fill specific functions *between* the foundation and sets of other organizations. In the intermediary model, large foundations work closely with national youth development organizations in the creation and implementation of their grantmaking strategies. These organizations take on a wide range of functions including investigating issues, convening researchers, practitioners, and policy analysts, developing and disseminating knowledge, translating knowledge into policy statements, providing technical assistance to policymakers, program providers and local communities, and managing grants to local organizations. (See Figure 1)

Figure 1



This relationship between foundations and national organizations has proven beneficial in many ways, including expediting knowledge transfer from the field to foundations, initiating new strategies, training new program officers, storing and integrating knowledge developed through the different perspectives used by foundations, and mediating between the interests of foundations and local communities. In addition, the competition between the national organizations to maintain and expand relationships with funders has also encouraged them to develop a deeper understanding of different elements of youth development, broaden their knowledge and networks, strengthen communications, and build stronger relationships with communities and programs.

However, within the intermediary model, the close relationship with foundations and national

organizations in shaping and managing strategic grantmaking has several drawbacks that need to be taken into consideration:

- Foundations—not local organizations or communities—shape the programs and expertise offered by intermediaries by directly underwriting services. At times it seems that the foundation is operating as investor and customer simultaneously.
- Foundations and national intermediaries are expected to know, based on anecdotal information, the actual market demand for knowledge and services. Furthermore, understanding how the demand may differ across different segments of the market is rarely considered.
- Technical assistance providers naturally offer what is known, not necessarily what is needed.
- Information sharing and broader knowledge development is limited as some organizations attempt to carve out areas of expertise and attract funding streams.
- National organizations do not necessarily have credibility with specific stakeholder groups and leaders (mayors, superintendents, state legislators). Thus, specific stakeholder organizations demand duplication of efforts in order to build knowledge in their organizations rather than tapping into what is available.
- Inefficiencies in knowledge development and dissemination are created, as most foundations contract or grant to intermediaries within the parameters of their strategy. These parameters create silos that define the knowledge, regardless if it is meaningful at the local level or not.

This paper seeks to explore the factors that contributed to the development of the intermediary model, examine implications for foundations, national organizations and local youth organizations, and suggest new directions for foundations wanting to significantly impact children and youth. As we shall see, dynamic new opportunities exist for foundations working with intermediary organizations that occupy the "middle ground" between funders and local youth development organizations.

FORCES AT PLAY

It is important to understand how the context in which foundations operate has changed in order to determine the goals for re-structuring relationships among foundations, national organizations, and local communities. Below are three major forces at play in today's philanthropic landscape:

1. Expansion of Strategic Grantmaking

Over the past decade, philanthropy has been taking a good look at itself and how it can use its resources more effectively. As new foundations emerge, donors are asking questions about "traditional" philanthropic practices and seeking innovations. This has generated a lively discussion, reflection, and experimentation in new relationships between foundations and the social sector.¹ (See Figure 2) For example, venture philanthropists, applying business management and investment practices to the nonprofit sector, are focusing on multi-year investments and the organizational health of grantees.

However, the ground shifted with the advent of "strategic grantmaking." Today, many foundations are setting out specific outcomes they want to impact beyond the scope of their immediate grantees. They are seeking ways to leverage other resources and impact entire systems. In an effort to increase accountability and achieve greater impact, influence, and leverage, foundations are shaping goals, outcomes, and indicators of success that drive their investments; using research and data to learn from past investments; and increasing accountability for grantees.

Strategic grantmaking also forces foundations to move from thinking about sustainable organizations to sustainable change. For many foundations, this propels towards working more collaboratively with foundations given the scope of the changes that are being advanced. In addition, foundations engaged in strategic grantmaking are often drawn into the realm of policymaking. Instead of solely seeking out programmatic innovation, they look for ideas and relationships that offer cohesion across organizations, given that it is nearly impossible for any single organization acting alone to shift public policy. In addition, they must come to terms with their own assumptions about the policy arena and how to influence it, including their comfort levels with managing inside and outside strategies, power analysis, and the tension necessary to bring about change. Recently, foundations are starting to think through low-leverage and high-leverage investments. One of the repercussions will be that funding may begin to be directed toward potential allies or organizations with authority or influence, rather than the choir of youth development think tanks and advocates.

Not only has this development dramatically changed the expectation of grantmaking, it has changed the role of program officer and the relationship between foundation and grantees. In addition to having a solid knowledge of organizational development and market analysis needed for basic due diligence, program officers must have near-expert knowledge in their field and be adept in articulating theories of social change, policy analysis, and evaluation. In return, they have unprecedented influence in developing

¹ Please note that the phrase "social sector" or "civic organizations" will be used to include the non-profit sector. The authors do not feel that using a negative reference (not for profit) helps to understand the dynamics, culture, or strengths of organizations and individuals that have a primary mission of improving the well-being of others and society.

leadership, establishing priorities within the field, and shaping the direction of policies and practice.

Faced with these pressures along with the need to demonstrate effective investments and indicators of progress within relatively short time frames (three to five years is common), program officers now increasingly rely on national organizations to do preliminary explorations, develop grantmaking strategies, and manage implementation, as well as fulfill a number of functions including communication and marketing, technical assistance, and translating practice into policies. Thus, these national youth development organizations are increasingly seen as intermediaries through whom foundations implement their strategies.

Figure 2

Approaches to Grantmaking

Plenty has been written on philanthropic capital markets, tools, and types of foundations. The following is a brief scan of ways that foundations approach setting the parameters for their grantmaking decision. Many factors will influence the type of grantmaking used, including the foundation's vision, mission, stage of development, structure, values, theories of how social change occurs, and previous experiences of trustees, donors, and staff.

Charitable

Although all foundations support efforts working towards charitable goals, some grants are made without negotiated expectations. Examples of these types of grants are donor-advised, responsive to tragic circumstances, or requests from influential partners or previous grantees. The investments are made based on strong individual or organizational values, interests, and relationships, rather than the formal grantmaking guidelines or parameters. Rarely discussed, but still very important, are those grants and gifts that position or market the donor organization. Still well within the range of charitable giving, these grants may help to brand a foundation or build relationships. In short, these are charitable investments that simultaneously build the social and political capital of the donor.

Portfolio of Interest

Foundations often operate within a portfolio of interest with investments centering on a specific interest issue, (environmental, health, global poverty), population (early childhood, foster care, Latinos), solution (after school, individual development accounts, community arts), or place (South Africa, Bay Area, or rural). These interest areas allow the foundation to set parameters around their giving but usually leave them still overwhelmed by the number of grants seekers. Foundations will often continue to narrow the interest area by other sets of criteria to help them make decisions among the hundreds and thousands of requests they receive each year. Often the criteria are based on what the foundation wants to learn or explore. The combination of grants within portfolios of interest is not designed to be strategic beyond the boundaries of the foundation and the impact on the specific recipients of funds.

Venture Philanthropy

Much talked about, venture philanthropy tends to focus on building the capacity of the organization through high levels of engagement of the foundation staff, multi-year funding, and accessing other resources such as outside consultants to develop strategic business plans. Certainly venture philanthropy makes a considerable contribution to the organizations receiving the investments and may influence other organizations by raising the bar for other like-

organizations. In fact, we heard one organization leader ask another, "Have you been 'Bridgespanned' yet?" referring to a popular strategic consulting service. Given that the philanthropic sector lacks an exit strategy equal to the private sector's IPO (unless one considers obtaining a line item in the federal budget as such), the long-term impact of venture philanthropy is still to be seen after the investments of dollars and resources have run their course.

Strategic Grantmaking

The increased focus on accountability of philanthropic investments has generated a wave of interest in outcomes, benchmarks, evaluation, and results-based grantmaking. Foundations seeking societal changes are examining possible interventions, developing theories of change and seek out organizations that can implement it. Program officers review proposals with an eye towards what specific changes can be developed within a time period, often three to five years, by a cluster of organizations. The interest in strategic grantmaking is flourishing supported by organizations such as the international Network on Strategic Philanthropy, founded in 2001, which now boasts over 70 members. One of the challenges in strategic grantmaking is to lay the groundwork so that when opportunities arise unexpectedly organizations are able to respond quickly. Grantmaking that builds the groundwork may focus on base-building and constituency development, coalition-formation, as well as strengthening sets of organizations that are committed to working together towards shared goals. One way to think of this is as an integration of strategic grantmaking and venture philanthropy. Equally important as building a constituency and coalition-formation is the availability of funding for taking advantage of unanticipated opportunities. Once again, making funds available for activities that cannot be anticipated appears to be incongruent with the elements of strategic grantmaking.

Decentralized

Although delegating responsibility for decision-making to organizations designed for re-granting has been used for decades, we are now seeing explorations of grantmaking that trusts the people closer to the ground to make decisions. One example is Green Grants Fund that manages networks of local advisors to make all the decisions about grant recipients. Another example is the increased investments in community organizing which respect that communities will identify and solve issues, avoiding foundations pre-determining the issue or the solution. Only foundations with a deep respect for local knowledge feel comfortable giving up this degree of control in their grantmaking.

2. Devolution

The field of youth development was built during a time when the federal government was the leader in policy, funding, and strategy. However, the past thirty years have witnessed a process called "devolution," whereby accountability, responsibility, and support from the federal government have gradually shifted to states and localities. In general, the youth field has not intentionally re-shaped itself around the increased focus on state-level policy. Many leading youth organizations are still organized around the nation's capitol, have relationships with local communities rather than at the state level, and may be unprepared to simultaneously push for policy solutions on multiple fronts.

Foundations using strategic grantmaking approaches have often invested in a small number of programs or communities across the country in order to generate national attention. The assumption

was that demonstration sites, situated in a variety of communities, across a number of congressional districts could be used to highlight the value of an intervention or program. Now with a focus on state policy, it is important that there are at least two sites within the state to generate interest among state leadership, as demonstration sites in another state are likely to be considered of little importance. Furthermore, efforts to develop policy and shape consensus must be done state by state and within the context of each state, rather than by funding a single organization to mobilize its diverse membership across the country.

Devolution is creating a challenge for foundations engaged in strategic grantmaking as program officers must know and compare the context and political advantage of different states. Furthermore, as funding is directed towards multiple cities in each state, budgets are stretched to the point that only a handful of states can be selected. Finally, building a bottom-up strategy that moves from local initiatives to state policy to marketing to national policy is relatively new for foundations in the youth field. There is a substantial need to explore how to expedite this process, shape investment strategies, and put into place the appropriate catalytic mechanisms as each state takes its own course.

3. Growth of the Youth Development Field

The field of youth development has changed dramatically over the past thirty years. The shift from a deficit or prevention model, which focused on young people's problems or avoiding risky behaviors to a developmental approach that embraces a holistic view of young people and the importance of providing on-going supports and opportunities has been an extraordinary effort. There is now wide consensus among community programs on youth development principles and practices.

Currently, many signs indicate that we are entering yet another new stage in the history of the field. First, given the expansion of youth leadership and youth organizing, there is increased conversation about working with youth rather than working on their behalf. Young people will likely demand that their public institutions work for them rather than seek out second-chance or supplemental programming—and one hopes, adults will listen. Secondly, although there is substantial work to be done, there is indication that the principles of youth development are beginning to be integrated into public sector organizations such as schools, child welfare, and juvenile justice. Finally, heightened interest in improving policymaking to bring about sustainable change (especially at the state level, as described above) indicates a new step that may require reshaping the strategies, competencies, relationships, and strategic assets available in the field.

The approach used by the leaders of the youth development movement and the political context have had profound implications on the structure and assets of the field. First, moving from a deficit to a developmental model required a combination of research, conceptualization to shape ideas and introduce them to the fields serving youth, and communication. Essentially, the leadership used a theory of change model that tried to change the way people think (rather than using financial incentives or authority). Thus, many of the leading organizations are highly conceptual, creative organizations, with strong communications competencies, driven more by ideas and data and not necessarily by power analysis or advocacy. Second, the focus was initially on program and practice. Thus, the leading organizations have a strong programmatic orientation with a commitment to integrating good practice into policy. Finally, these tremendous adjustments in the

field occurred at a time when devolution was just dawning. The foundations investing in youth development were busy focusing on field development—building knowledge of developmental practices, training youth workers, and promoting the principles of youth development across the country—rather than shaping a field infrastructure that responded to state policy. Thus, the youth development field tends to be organized around the beltway and national efforts with a complement of local youth organizations.

Summary of Forces at Play and Implications	
Force	Implications
Development of Strategic Grantmaking	<ul style="list-style-type: none"> • Leveraging all investments • Foundations perceive national organizations as intermediaries • Stronger leadership role of program officer • Greater collaboration among foundations and with national organizations
Devolution	<ul style="list-style-type: none"> • Greater focus on state and local policy • Bottom up change strategy • Two or more cities per state
Changes in Youth Development	<ul style="list-style-type: none"> • Greater focus on deep institutional change and systems reforms • Assets of youth field shaped around “think tanks,” idea management, and federal focus • Youth leadership changing way priorities are set

IMPLICATIONS FOR FOUNDATIONS AND NATIONAL ORGANIZATIONS

Before we look at the implications of the forces described above on foundations and national organizations, it's important to unpack the term "intermediary" which is used very loosely in the philanthropic field.

What is an intermediary?

The term "intermediary" essentially refers to any organization that takes a position between two other organizations, and it may apply to a wide variety of groups, including those that are replicating programs or schools and affiliated or membership organizations. In fact, it is difficult to categorize intermediaries because organizations may take on very different roles with different foundations. Thus, foundations are labeling "intermediaries" as anyone between them and other organizations, often service delivery organizations or the targets of their strategy.

What are the intermediary functions filled by national organizations?

The specific functions of national intermediaries vary depending on foundation funding. Here are some of their primary roles:

Re-granter: National intermediaries re-grant to other organizations or communities. Examples include the Mott Intermediary Organizations, LISC, and the New Schools Venture Fund.

Leader, mediator, and catalyst: Intermediaries can play a significant role in leading key initiatives, building consensus, and developing relationships.

Knowledge developer: National intermediaries work to expand knowledge in the field through research, analysis, development of programs, frameworks, principles, and criteria, and through convening and networking communities of practice.

Knowledge disseminator: The knowledge generated through intermediary work is often documented and disseminated through formal print publications, web resources, technical assistance, speaking engagements, conferences, meetings, and peer networks.

Knowledge integrator: At times, these organizations play a pivotal role in helping related fields of social services to share knowledge and understanding of client populations. For example, after school programming requires youth development and education knowledge to be integrated into seamless services for youth.

Leadership developer: Intermediaries can help train leaders for the youth development field as they organize convening functions, interact with re-granted organizations, promote knowledge dissemination through conferences, etc.

Philanthropic partner and consultant: National organizations are increasingly used by large

foundations to help them conduct research, conceptualize issues, develop strategies, and train program officers.

It is important to note that few of the functions necessary to generate policy or systems reforms are included in the list above. Understandably, when national intermediary organizations develop policy ideas, they are usually at the level of principles or general sets of recommendations, unless focused on national policy. They tend to develop apolitical policy concepts that are not rooted in the political or legislative context of any specific state or municipality. Additionally, these organizations may not have the competencies or funding that are needed to mobilize public demand and will. These functions include:

- a) base-building through community and issue organizing;
- b) strong legal analysis and development of contextual political strategies;
- c) communications plans and tools;
- d) advocacy; and
- e) coordination of the above elements.

Furthermore, the primary focus of the youth development organizations has been on programs, interventions, and the integration of best practices into policy. In this way, the field may have inadequate expertise and capacity to substantially shape and influence policy.

What is the difference between a national and a local intermediary?

Despite this diversity, there is an important distinction between national intermediaries and local intermediaries:

- National intermediaries tend to manage *vertical* relationships between funders and state or local organizations.
- Local intermediaries tend to manage *horizontal* relationships across a community. Local intermediaries are organizations that were designed to play a catalytic, convening, and brokering role in a community. These include employer intermediaries (many of which developed substantial capacity under the National School-to-Work Act), youth development capacity-building intermediaries (defined by Kauffman and Academy for Education Development), and service brokers (such as Communities in Schools). In some cases, public institutions may rely on local intermediaries to get things done, essentially outsourcing some public functions, as they operate in a less bureaucratic and political environment.

Local intermediaries are often recipients of funding, since there are many challenges to funding public institutions directly. The Carnegie Schools for a New Society program and the collaboration within the Youth Transition Funders Group to address struggling students and dropout recovery both designed their initiative to fund intermediaries as the change agents within a community. There are always many trade-offs between funding public institutions as compared to intermediaries or organizing/advocacy efforts, as each reflect a different theory of change and are subject to different constraints. However, this is not the topic of this paper and deserves its own exploration.

A special note on affiliate or membership organizations

There are many national organizations that play a special role in that they have specific memberships or affiliates. In some cases, these organizations develop from innovative programs that replicate in other communities (such as Community in Schools, YouthBuild, and the National Academy Foundation). These organizations may take on many of the functions described above but with a pre-set group of local organizations or with goals of increasing the number of programs. Inclusive membership organizations with a wide range of members such as National Council of La Raza, National Youth Employment Coalition, or the Intermediary Network may also play intermediary roles as well. Finally, constituency organizations such as National Governor's Association or Council of Chief State School Officers fulfill many intermediary functions. These types of organizations play a significant role in expediting knowledge transfer from national organizations to local programs and intermediaries.

Implications for Foundations and National Youth Organizations

The interplay of the three forces described above have a dramatic impact on foundations and national organizations focusing on youth development. As foundations have increasingly employed strategic grantmaking, the role of national organizations is changing.

Instead of being one of the many grant seekers, some national youth organizations become actively involved in helping foundations develop and implement strategies. Program officers often refer to national youth organizations as intermediaries, regardless of the organization's history, mission, or strategic vision. As program officers view the world through the lenses of strategic grantmaking, it is likely that they are identifying potential targets of change at the local and state level and intermediaries that can work with foundations to influence and leverage the targets.

In many ways, strategic grantmaking strengthens the relationships between foundations and national organizations as they play critical roles in helping foundations spot trends, identify opportunities, and select strategies. At the same time, there are major implications—and complications associated with this close relationship. When national organizations become partners with foundations and fill the role of intermediary, the nature of the relationship changes between the national organization and local officials. The stronger the relationship between the foundation and the national organization, the more likely others will perceive the national organization as a gatekeeper to the foundation. At times, local officials refer to the national organization staff as "program officers," even though the national organization staff perceives themselves as "technical assistance providers." Figure 3 below contains an overview of different perspectives on the close role between national organizations and foundations in the intermediary model.

Figure 3

Perspectives on the Intermediary Model

Foundations

Program staff are increasingly driven by having outcomes and indicators, usually well outside what they are able to accomplish given the funding levels and time periods. Foundations see the “problem” that they cannot measure effectiveness of national organizations very well. Other concerns include re-granting or replicating intermediaries are not able to achieve what they said they would do or do it where the foundation wants it to happen, achieving high quality across all sites, not being able to get enough depth or breadth from knowledge development and dissemination projects, not able to get policy changes.

National Organizations

National organizations understand the dynamics between foundations, themselves, and local communities. They have a web of pre-existing relationships within a number of local communities, which can be tapped into without the cost of the relationship and trust building. They feel that convening peers from a number of different cities encourages the sharing of best practices and strengthens relationships. They believe that national organizations play a key role in distilling key lessons from across sites that can be used for policy recommendations.

National organizations see themselves as filling critical roles within communities by brokering relationships to respond to technical assistance needs, delivering difficult messages as critical friends, and providing support and encouragement during critical times. They are highly aware of their own tendency as well as foundations to “rename” or “brand” strategies that can make it difficult for heavily-networked cities. They also feel that they can work together more effectively. However, the primary examples cited were based on building their own organizational capacity through cooperative efforts to increase diversity, rather than any specific efforts to re-shape the current practices around the core functions of knowledge development, dissemination, etc. There was not a significant demand for changing the model.

Local Youth Organizations

The following comments were gathered from youth organizations that are the recipients of multiple foundation initiatives as well as being members of several networks or affiliations.

There was a strong concern that the branding by foundations and the application of specific frameworks are generating substantial problems within communities. The frameworks often do not relate to each other and local organizations have to become adept at shifting among different frameworks rather than being able to integrate them or view them in context for their own communities. The branding prevents the community from integrating the initiative into their own language and homegrown initiatives. Furthermore, local organizations were concerned that each initiative creates networks, but knowledge does not easily flow across the networks. In a few cities there are several organizations playing catalytic or intermediary roles, and responding to different foundations initiatives. Other concerns include:

- The current model assumes that substantial capacity resides in nationals. Yet, many staff members do not have the same level of hands-on experience of the more developed local

organizations.

- Foundations and the national organizations assume that they have adequate credibility and social capital to meet with key policymakers and opinion leaders during site visits. However, local partners often have to use their own political capital to make introductions between the local leadership and national organizations.
- The strength of the partnership between foundations and national intermediaries is having an impact on the nature of the relationship between national intermediaries and local partners. Although national intermediaries may perceive themselves as technical assistance providers, local partners may perceive them more as gatekeepers to funding. Some local groups refer to their contacts at the national organization playing an intermediary role for a foundation as “program officers.”
- Local intermediaries are usually members of several networks. The current model often fails to leverage knowledge from other networks.
- Knowledge development is highly contextual. Conceptual materials are helpful but inadequate. Peer to peer learning across similar positions is the only way to truly transfer learning.
- Some cities are over-analyzed. The first time a site visit is organized, it can be very useful as a mechanism for generating reflection among the key players. The second site visit is not burdensome, as they do not have to invest substantial time in planning the effort. However, there is little benefit from the site visit other than more recognition for the city. Additional site visits have little return for the locals and can be a drain on their actually getting the critical work completed.

Local Communities/Programs (isolated, not heavily networked)

The perspective from communities that are not heavily networked and not part of multiple foundation initiatives is that it is hard to get information that is accessible or timely. Although there are numerous publications, locals are not sure which ones are really valuable. They find it hard to build relationship with funders. In contrast to the heavily networked cities, local officials in more isolated settings find branding to be helpful as it provides legitimacy for their efforts.

Furthermore, by defining a national organization as an intermediary, the foundation may only understand the organization through the lens of its strategy, rather than as an autonomous organization with its own mission, vision, goals, relationships, and constituency (clearly at odds with the principles of venture philanthropy). Thus, foundations may expect organizations to shift direction when the foundation shifts strategy without addressing the implications to the organization, its capacity, constituency, and alliances.

Understandably, when national youth organizations develop policy ideas, they are usually at the level of principles or general sets of recommendations, unless focused on national policy. They tend to develop apolitical policy concepts that are not rooted in the political or legislative context of any specific state or municipality. Given the importance that the specific context of the state's legislative and political environment, it is a Herculean task for national organizations to develop and sustain that level of knowledge. In addition, the fact that youth developers have focused so heavily on program and practice – rather than policy and advocacy – has left the field ill-

prepared to respond to the requirements of state-by-state policy development and reform.

Many will argue that by engaging national organizations such as the National Governor's Association or National Conference of State Legislatures, foundations can influence state policy development. Yet this assumes that there are no self-interested groups or countervailing forces opposing the policies. Thus, one of the main implications from the interplay of the three forces is that knowledge development and dissemination about good program and practice is not enough in the age of devolution. Foundations with a focus on youth need to develop state-by-state strategies for policy development and implementation, analyze the current youth development infrastructure and adjust it to ensure adequate capacity at the local and state level.

EMERGING OPPORTUNITIES

Given the concerns that have been raised about the use of the intermediary model, we now explore three emerging opportunities that hold significant promise for the relationships needed for strategic grantmaking.

1. Advancements by Local Intermediaries

In some cities and regions across the nation, organizations have developed around the primary function of connecting and building relationships across sectors. In order for public institutions and community resources to better coordinate around the needs of children and youth, these local intermediaries have taken on the role of convener. While they tend not to be direct service organizations, in many cases they provide services that require substantial cross-sector operations, as in the case of employer intermediaries. In addition, they may provide networking functions, convene stakeholders, collect, analyze and disseminate data, provide frameworks and blueprints, and provide technical assistance and consultation. As systems thinking approaches have gained popularity and resources have diminished, these organizations have looked more towards regional and national collaboration. Foundations often build relationships with these intermediaries because they do not want to fund public institutions directly.

As flexible and nimble entities, these smaller intermediaries can quickly adapt innovations and frameworks developed elsewhere into local efforts. Some of the local intermediaries such as Boston Private Industry Council and Philadelphia Youth Network are highly skilled at the conceptual and innovative functions as well. And many of these intermediaries are highly networked, such as LEED, which is a member of at least five separate networks. In addition, a group of employer intermediaries have joined together under a national Intermediary Network to begin to create their own peer-to-peer learning.

Many local intermediaries have become so sophisticated over the past decade that they possess expertise that is well beyond many of the national organizations.² As important as national organizations can be to disseminating knowledge, it is well worth exploring how local intermediaries can take a stronger role in shaping strategic grantmaking at the municipal and state level.

2. Advancement in Information Technologies

Just as technology has had a dramatic impact in the private sector over the past thirty years, it is enabling and requiring changes in the non-profit sector as well. Technology—and particularly communications technology—is supporting the development of networks, allowing for increased outsourcing, and providing critical information for on-the-ground decision-making. Information,

² It should be noted that it is highly likely that some portion of the advances of local intermediaries is based on the fact that they were in communities that received funding from multiple initiatives. Being forced to make sense of the different frameworks may have actually been one of the contributors to the creativity occurring in these communities.

ideas, and innovations are being shared much more rapidly than ever.

In the field of youth development, e-mail and web-based research are already commonplace.

However, there are still exciting opportunities to fully integrate other communications technologies throughout the field. E-lists are making substantial progress but have yet to get the depth or market saturation that is needed for effective advocacy and mobilization. The newest web-based technologies that allow for higher levels of interaction across organizations, such as blogs and wiki, are still at an early stage of adoption. And the philanthropic sector and youth organizations have barely begun to explore how to take advantage of portals, active collaborative filtering, workflow in collaborative efforts, and customer relationship management tools.

The implications of the new technologies are profound. However, instead of simply thinking about the impact on one organization and its relationship with customers and suppliers, strategic grantmakers may want to begin to think about "cross-sourcing" approaches, in which organizations use these tools to increase collaboration.

3. Advancements in Knowledge Management

Companies in the private sector have made "knowledge management" a primary focus in recent years. The advancements in understanding how knowledge is developed, transferred, and applied have grown considerably, as have the technological tools to support knowledge management.

- **Who Has Access to Information and Knowledge**

For businesses that view intellectual capital as their most valuable asset, protecting knowledge is critical in the competitive marketplace. Yet, many companies have learned that sharing some information with customers (on-line technical assistance sites) and suppliers (information about specifications, orders, and processes) can be good for business. Certainly, the advocates for open source value the innovations that occur when information and knowledge is more widely shared.

However, in the social sector, there is deep ambivalence about whether information, tools, and knowledge is proprietary to support healthy competition among organizations seeking foundation funding and fee-for-service technical assistance or is it a strategic asset of the field that must be shared. If it is a strategic asset, how can foundations overcome the dynamics of the public common, so that organizations will invest in nurturing knowledge as well as benefiting from it? It is worth considering a hybrid model in which foundations drive the sharing of information and knowledge through mechanisms such as measuring effectiveness of organizations in disseminating information (how many times was a publication downloaded, how many repeat visits to a database of best practices) or through specifications in grant negotiations about expected parameters to share information and knowledge. Perhaps someday instead of submitting narrative reports to each program officer, web-based technologies could support collaborative sites in which grantees contribute to the knowledge of the field.

It is also important for foundations to begin to ask themselves if their own investments in knowledge development can accrue greater benefit if shared with others.

- **What Type of Knowledge is Considered Valuable**

Knowledge in the social sector has been traditionally defined by experts in specific disciplines, essentially through the lens of academia. Yet, as foundations focus on strategic goals for change, two other types of knowledge become valuable. First, local expertise regarding the political landscape of a community and how to navigate that landscape is essential. This knowledge is a combination of skill and relationships and is difficult to document. Thus, local knowledge must be directly accessed through the individuals or organizations that possess it as well as through peer-to-peer learning.

Secondly, the ability of practitioners or people involved in operations to integrate and apply related knowledge becomes invaluable. Local organizations are swamped by multiple frameworks, principles, and outcomes that are similar but not exactly the same. If the national organizations and foundations developing these conceptual models are not integrating the conceptual models, then the alignment task falls to the local intermediaries. This knowledge of how different initiatives relate, generated by the local organizations, has no formal mechanism for dissemination given that foundations and national organizations are focusing on knowledge development and dissemination within their conceptual model.

- **How Knowledge is Developed and Transferred**

The model of "communities of practice" in which peers share learning can promote knowledge transfer that is not limited by foundation or intermediary initiatives. These groups define their own immediate learning needs, develop relationships with helpful colleagues, and can immediately apply knowledge to specific tasks and opportunities in a "just in time" fashion. This is a promising practice that can be developed more fully in cities and regions across the nation. However, this work will require a foundation willing to invest in the learning process outside the scope of any specific outcomes in social change.

Given the development of collaborative tools like "wiki" and web-based, on-demand technology that is not necessarily bounded by organizational walls, there is tremendous opportunity for the knowledge development and dissemination of practices to be re-engineered. Currently, it takes approximately two to three years for a foundation and its intermediary to select sites or programs, organize site visits, draft and vet publications, print and distribute. Great time and cost savings can be realized by using tools that allow potential customers (people who want the knowledge) and local organizations that are developing knowledge to interact—so that foundations can have greater assurance that the knowledge dissemination is actually meeting the needs of customers.

Summary of Emerging Opportunities and Implications

Opportunity	Implication
Advancements in Local Intermediaries	<ul style="list-style-type: none"> • Local intermediaries increasingly building relationships with foundations • Local intermediaries can begin to generate and shape own knowledge development
Advancement in Technology	<ul style="list-style-type: none"> • People and organizations are more highly "networked" • New options for use of technology for advocacy • New technologies such as "wiki" and web-hosted applications create opportunities for expedited KM processes and "cross-sourcing"
Advancements in Knowledge Management	<ul style="list-style-type: none"> • Greater focus on local knowledge, the ability to navigate specific context, political environment, and institutions • Need to figure out how to expedite knowledge development and dissemination • Greater demand for peer-to-peer networks to support knowledge transfer

NEW HORIZONS FOR STRATEGIC GRANTMAKING

Given the analysis described in this paper, there are four sets of recommendations to consider for strengthening strategic grantmaking on behalf of youth issues:

1. Focus on strategic alliances rather than pre-selection of national organizations as intermediaries.
2. Seek out policymaking innovations that increase effectiveness of advancing local and state policy.
3. Re-engineer knowledge management to maximize knowledge as a strategic asset for the field.
4. Strengthen select national organizations to increase credibility, market saturation, and capacity to support strategic alliances.

1. Strategic Alliances

One of the insights from this endeavor is that foundations are viewing national organizations with their wealth of leadership as intermediaries, or brokers, to local organizations. It is imperative that we strengthen the leadership in the field, not constrain it in the implementation of multiple funding initiatives. Rather than using the business model of intermediaries and targets, perhaps the model of strategic alliances could be encouraged and supported. Strategic alliances are focused on building flexible boundaries across organizations and taking greater advantage of the core competencies and knowledge within each organization. Strategic alliances dedicated to attaining greater market saturation and bringing about specific results as well as building bottom-up strategies that include mechanisms to expedite information sharing would be of great value.

Strategic alliances could also be a mix of vertical and horizontal relationships designed around the specific shared goals. In this way, several national organizations may come together, or a group of local intermediaries with shared interests within a state or across a state could negotiate strategic relationships with the national organizations that they think will be of most value to them.

Venture philanthropists can play a critical role by investing in the capacity of those organizations that play a "hub" or "catalytic" role within the alliance. Such organizations build trust, seek out innovations and opportunities, and invest in the leadership of other individuals and organizations.

Strategic alliances do not just suddenly appear one day. They are based on leadership who understand that propelling social change requires organizations to operate in coordination with each other. Strategic alliances are built on leadership in organizations learning about the competencies, networks, and even constraints of other organizations. Strategic alliances are born when leadership embrace each other's goals, identify common goals, and dedicate themselves to the well-being of the group.

As a step towards strategic alliances, there are four essential collaborations that are needed to

create the environment for effective strategic grantmaking. These include collaboration:

- **Between state and local advocates, youth and community organizing, practitioners, research and policy analysts, and communications**

The most important strategic alliances to support are those that can operate effectively in the state policy arena. These include efforts that lay the groundwork, build cohesion across groups, build unlikely allies and shape policies that are applicable to the political environment. These may or may not include national organizations, based on the added value that the organizations bring to the table.

- **Between foundations**

By setting specific outcomes and strategies, foundations are now facing the fact that regardless of how much money they distribute, it is unlikely to be enough to bring about the degree of change desired. Moreover, given limited resources, most foundations select a specific theory of change but fail to integrate strategies to address self-interested or opposing parties. However, through collaboration, foundations can expand their reach and draw on multiple theories of change in order to put pressure on systems to change.

The first step is for foundations to share their goals, benchmarks, outcomes . . . whatever is driving their strategies and internal accountability with each other. The second step is to begin conversations with national organizations and local intermediaries about how these goals are aligned with the public sector outcomes they are seeking. Although perfect alignment is highly unlikely, outcomes and performance objectives are critically important in the social sector when there is not a traditional market to guide behavior.

- **Between foundations, national organizations, and local intermediaries**

There are many national organizations and networks that were developed in response for local organizations to shape national agendas and to create learning opportunities. The challenge is to determine how to create meaningful collaborations between foundations, the national organizations, and the local organizations. In well-networked communities with advanced local intermediaries, foundations are wise to co-construct efforts so that they shape outcomes, technical assistance needs, and selection of national organizations that bring additional legitimacy and leverage. Highly advanced local intermediaries can also help shape strategies, identify barriers, and think through state-by-state strategies.

In addition, many of national organizations and local intermediaries are concerned that the branding of initiatives and the development of conceptual models, frameworks, and specific outcomes undermines efforts at the local level. Thus, foundations need to take a hard look at branding and provide communities with options to modify their efforts.

- **Between national organizations**

There is already substantial collaboration among select national organizations. Yet no

formal mechanism has been developed to encourage national organizations to pool their knowledge to enable greater access or to improve integration of conceptual models, tools, and practices. Mechanisms can be developed for local entities to select the organization(s) from which they would like to acquire technical assistance, and funds can be directed to the national organization based on actual use.

2. Policymaking Innovations

Given the continued expansion of states in determining policy related to youth issues, it is critical for foundations to adjust strategies to reflect devolution. In order to do this foundations must have; 1) policy or advocacy strategies that complement the knowledge development focused on program improvement and system reform, and; 2) relationships with people who have local knowledge about state policy and the legislative environment. Equally important is for foundations to draw upon innovations in other arenas to support innovations in knowledge advancement. Potential areas of needed innovation are creating opportunities for youth organizing groups to cut issues and shape solutions; develop greater market saturation for key advocacy organizations; and expand set of potential allies. Furthermore, seeking out high leverage investments will be critical in bringing about sustainable changes in how public systems operate.

In addition, the following elements are needed to respond to the increased role of states and localities:

- **Fund two or more cities per state**

Funding at least two cities in a given state—even though the second city may not be a lead city—may strengthen efforts to promote policies. One reason is that it allows multiple locations to participate in "communities of practice." This is challenging for foundations and will require them to increase the level of their investments or work more closely with other foundations, especially in early stages of strategy development. This may also require top management of foundations to commit to shared strategies so that internal changes in the foundations do not undermine the work at the local level.

National foundations often want to build off local investments to shape state and national policy. Regional funders are very clear that they need to be able to point to two cities or more, one of which is suburban or rural, to move state policy. In addition, cities that are often selected to participate in foundation initiatives have developed a set of competencies and other capacity than those who are not. This calls for foundations to "share the knowledge" with communities who are traditionally left out of the funding picture.

- **Include base-building in initial stages of local investments**

Given that almost all social policies face organized opposition, it is critical that base-building (community and issue organizing) are integrated into the initial stage of local investments to enable the greatest amount of alignment between all levels of political

action and reform. This type of investment may be problematic within strategic grantmaking frameworks but should be considered as equally important as the approaches of venture philanthropy that seek to strengthen key organizations.

- **Create "just-in-time" capacity for states**

One of the greatest challenges foundations face in addressing policy issues is that they rarely have the capacity to respond in a timely way when opportunities open up in a state. National organizations can have a very important role by managing re-granting around opportunities to support short-term coordination, mobilization, and communication, and should be funded to do so.

3. Knowledge Development as a Strategic Asset

There is a significant difference in how the private sector and social sector approach knowledge management and development. Both value it as an organizational capacity. Yet, in the social sector, it is also one of the key resources needed for any type of systemic change. Thus, the proprietary approach to knowledge management may strengthen our organizations while weakening the field. We need to take a hard look at how we can strengthen knowledge as a strategic asset across the youth field while still strengthening individual organizations. One of the first steps is to unpack which data, information, and knowledge can and should be shared, and which should not. Below are a few steps that will take us in this direction.

- **Re-engineer the knowledge development and dissemination process**

As the field moves from conceptual models, program, and practices, towards policy and system reform (both of which have to be done in the specific context of the municipality and state), the type of knowledge, the customers, and the techniques for dissemination all change. It is possible that leading cities or networks of those cities could be funded to document their own innovations and process as communities of practice. National organizations could then take this knowledge and share it with interested parties in cities across the country.

If national organizations—both think tanks and membership organizations—play a critical role in dissemination, it is worth looking at ways to expedite knowledge development and dissemination. Currently, there is substantial lag time between concept development, granting, project implementation, and publication. National organizations and foundations can explore ways to share learning through communities of practice among national organizations, use web-based technologies, and convene periodic discussions on findings without waiting for formal publications.

Finally, we need to take a hard look at market saturation. Are we reaching as many people as we possibly can with the knowledge that we have available? Which organizations are able to reach the most people? Are some organizations able to have greater credibility with different groups of people and organizations?

- **Support collaboration between national organizations and constituency organizations**

One of the duplicative costs involved in moving or "marketing" ideas, innovations, and knowledge occurs when foundations fund a national organization to develop the first set of publications and then must fund constituent groups such as National League of Cities, National Conference of State Legislatures, National Association of School Boards, etc., for separate documents. Although these groups draw from the original publications, they often do a substantial amount of investigation as well. If we begin to think of the constituency groups as "customers" for the publications from national organizations, we may be able to manage "document overload" and gain some efficiencies.

4. Ensure the Health and Leadership of Key National Organizations

One of the important findings from our discussions with a range of different organizations is that foundations and national organizations may assume a higher level of credibility and reach than is real. Furthermore, it became clear that by having the national organizations nudged into the role of intermediary, there is a potential for under-utilizing the leadership capacity they have built over the years. Certainly not every national organization has the same issue with credibility, nor do they have the same leadership. Yet, given the challenges outlined, it is critical that we continue to increase the leadership of the field.

- **Tread carefully when national organizations take an intermediary role**

As foundations increasingly enter the field of youth development, national organizations will continue to play a role in leading initiatives and training new foundation program officers. Within this context, foundations need to:

- Carefully manage relationships with national organizations. When the relationship between a national organization and a foundation is very strong, it is important to clarify expectations regarding the technical assistance provided to communities by the organization. Peer-to-peer networks should be supported.
- Broaden the expertise offered by national intermediaries. As foundations think about the mix of organizations they want to support, it is valuable to think about expanding the types of expertise and competencies that are offered to local and state efforts. Many of the national youth development organizations offer similar forms of knowledge and expertise. It is worth it to consider either expanding the reach of the national organizations or bringing in other partners that can help local communities with specific needs such as communications, technology, and evaluation.

- **Fund the ongoing internal work of select national organizations**

Some organizations have such a strong role in the field that they need to be fully supported

in their own advancement, not just as serving in an intermediary function on behalf of a foundation. It is important that an assessment of the credibility of national organizations to specific policymaking groups, to local organizations, and to the general public be determined. In addition, the market "share," the degree to which any organization is able to push-out information and/or trigger action should be evaluated as well.

Once adequate information is available to inform the selection of key organizations, strategic grantmakers need to engage venture philanthropists in helping to strengthen the organizations. It is expected that these organizations may develop efforts based on their own strength that may not be aligned with the specific goals of the foundation. It is important that foundations do not undermine the effectiveness of these organizations and should instead seek out negotiated ways to strengthen the strategies of both the organization and the foundation.

Concluding Remarks

Ultimately, intermediaries are indispensable players in the world of strategic philanthropy. In order for foundations to limit their administrative costs, program staff will always work with other organizations closely around strategy development and implementation. However, the challenge before us is to create and expand strategic alliances that can advance programs, practices, policy, and funding that improve the well-being of youth, beyond any single foundation's initiative. In the coming decade, foundations that are able to work with locally-led strategic alliances, build the cohesion and momentum necessary to impact state policy, and skillfully manage knowledge as a primary asset will see tremendous returns on their investments in vulnerable youth.

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Strategic Grantmaking Resources

International Network on Strategic Philanthropy: www.insp.efc.be/

Results Based Grantmaking: www.resultsaccountability.com