

INVESTING STRATEGICALLY IN SOCIAL-IMPACT NETWORKS

A GUIDEBOOK
FOR FOUNDATIONS



A Companion to
CONNECTING TO CHANGE THE WORLD

Dear Fellow Grantmakers,

Networks have tremendous power to drive social change. While networks offer opportunities to advance the goals of foundations, they also demand a different type of relationship between funder and grantee. We are hoping *Investing Strategically in Social-Impact Networks: A Guidebook for Foundations* will provide a blueprint for maximizing results.

Networks seeking social impact have proliferated in recent years. They have taken on a wide range of concerns, including building emerging fields of practice, such as urban sustainability and resilience; improving the performance of place-based systems, such as schools and human services; and developing new approaches to pervasive problems including climate change, poverty, and injustice.

A growing number of foundations, including ours, recognize that networks of organizations and practitioners bring unique value in addressing complex problems. “Some funders have committed to network building as a main strategy for achieving their goals,” the Center for Evaluation Innovation and Network Impact reported in 2014, “while others are pursuing experiments with network building to see if and how it might fit into their grantmaking approaches.” In either case, they face important questions about how to be most successful in this work.

The Kresge Foundation’s Environment Program, which seeks to help communities build resilience in the face of climate change, invests substantially in collective-action models to advance our goals. We support coalitions and associations, for example, and we have been especially interested in tapping the power of “generative networks,” a model that is especially well suited to taking on complex, long-term problems.

As we decided to further build out this component of our portfolio, we asked the Innovation Network for Communities (INC), which has deep expertise in social-impact network building, to help us understand how generative networks function and how we could most effectively work with and support them. We thought other funders would also benefit from their guidance, so we asked INC to develop this guidebook.

The guidebook addresses many of the questions we have wrestled with in our work as funders. It includes new frameworks and tools INC developed to help grantmakers engage with and support networks more strategically. The Guidebook also includes a short case study of our own decision-making process focused on building the field of urban climate resilience.

As INC developed the guidebook, we enlisted colleagues at the Barr, JPB, Rockefeller, Summit, and Surdna Foundations (respectively, Mariella Puerto, Dana Bourland, Nancy Kete, Darryl Young, Alison Corwin, and Helen Chin) to provide information and insights gleaned from their thoughtful support for social-impact networks. We thank all of them for sharing their perspectives.

We hope the guidebook provides you with practical value, and we look forward to any feedback or insight you would care to offer.

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Praise for *Connecting to Change the World*

“A thoughtful and practical work that can help anyone looking to harness the power of networks in service of social change. The book sheds light on fundamental questions one must ask when trying to understand how and when a network might help you achieve your goals. I found particular value in the practical tools, checklists and frameworks sprinkled throughout. This book has become an often referenced volume for me as a network practitioner in the philanthropic space. I highly recommend it to individuals and organizations that are actively trying to engage networks that span sectors and geographies.”

—Faizal Karmali, Associate Director, Innovation & Networks,
The Rockefeller Foundation

“Eight years ago, Pete Plastrik and Madeleine Taylor literally wrote the book on networking for social impact, with their seminal guide ‘Net Gains.’ Now, together with John Cleveland, they have crafted a new touchstone for a new decade. *Connecting to Change the World* offers inspiration and hands-on know-how to changemakers looking to further their impact by building networks for action. Whether you’re a social entrepreneur, a nonprofit executive, a funder, or a grassroots activist, you’ll find strategies, tools, and cases that you can use to power your vision as well as your everyday work. *Connecting to Change the World* is essential reading for anyone who’s passionate about using networks to advance social change.”

—Kathy Reich, Director of Organizational Effectiveness Grantmaking,
David and Lucile Packard Foundation

“We all know that networks are key to the next generation of civic organizing, but what is the key to networks? *Connecting to Change the World* is chock full of advice and hard-won lessons from the frontiers of today’s net-centric innovations. This is required reading for social change makers who are coming to understand that there is an art, a science and a discipline essential to design, develop, maintain, sustain and grow powerful networks. Plastrik, Taylor and Cleveland have assembled a how-to (and how not to) manual that practitioners will turn to for years to come.”

—Sterling Speirn, former President and CEO, W. K. Kellogg Foundation

“At the Barr Foundation, I funded networks for over ten years, and to see the wisdom of the field synthesized this concisely, and made this accessible, is extraordinary. The authors bring sharp focus to what have appeared as blurry concepts in the field, and in so doing, build our collective capacity as funders to create or attend to generative networks. It is rare to find writing that crisply conveys strategic concepts while weaving in the essential practice tactics, all in an exciting narrative on any topic, much less one as important in the social-change arena as networks. I’m usually bored by these kinds of books but I was totally engaged because the depth and breadth of the authors’ practical knowledge is nothing short of captivating and brilliant.”

—Patricia Brandes, Former Executive Director, Barr Foundation

Authors’ website for *Connecting to Change the World*: www.connectingtochangetheworld.net

About Island Press

Since 1984, the nonprofit organization Island Press has been stimulating, shaping, and communicating ideas that are essential for solving environmental problems worldwide. With more than 800 titles in print and some 40 new releases each year, we are the nation's leading publisher on environmental issues. We identify innovative thinkers and emerging trends in the environmental field. We work with world-renowned experts and authors to develop cross-disciplinary solutions to environmental challenges.

Island Press designs and executes educational campaigns in conjunction with our authors to communicate their critical messages in print, in person, and online using the latest technologies, innovative programs, and the media. Our goal is to reach targeted audiences—scientists, policymakers, environmental advocates, urban planners, the media, and concerned citizens—with information that can be used to create the framework for long-term ecological health and human well-being.

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Investing Strategically in Social-Impact Networks

INVESTING STRATEGICALLY IN SOCIAL-IMPACT NETWORKS

A Guidebook for Foundations

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Purpose of the Guidebook

This guidebook provides a suite of frameworks, tools, examples, and exercises to help funders, whatever their type of foundation, mission, and broad goals, to think and act strategically about investing in generative networks as a part of their overall approach, whether they are focused on a system in a community, a complex issue, a promising field of practice, or another target for social impact.

The guidebook is designed to help users to answer a set of strategic questions about investing in existing or new networks:

- ***What value can generative networks—a particular model for collective action—provide in advancing a funder’s strategy for achieving social-impact goals?*** Networks are not the same as other models of collective action—associations, member-based organizations, or alliances, to name a few. Nor are they a panacea, but they do offer particular advantages for tackling complex, “wicked” types of social problems.
- ***What are the best ways for funders to design investments in generative networks and engage with network builders?*** Investing in networks isn’t the same as investing in organizations, so shaping the grantor-grantee relationships and expectations takes some new thinking.
- ***How can funders assess the effectiveness of networks?*** Some of the ways to discern a network’s condition and impact are similar to the clues for organizations—but some are not.
- ***How can funders help networks to develop financial resilience?*** Networks, like organizations, can become too dependent on a single funder, but there are ways to build a network’s resilience and diversify its sources of support.

Each of the guidebook’s first four chapters addresses one of these questions. They can be used sequentially in a start-to-finish flow or separately

to focus on a particular topic. The guidebook is designed for use by a single funder, by a group of collaborating funders, or by funders working with network builders to co-develop investment approaches.

Although most of the guidebook is made up of new material developed by the authors, some material is drawn from *Connecting to Change the World* in the form of short summaries of key information.

Why to Consider Investing in Generative Networks

What Networks Can Do

There is scant evidence that isolated initiatives are the best way to solve many social problems in today's complex and interdependent world. No single organization is responsible for any major social problem, nor can any single organization cure it.

—John Kania and Mark Kramer¹

Tapping into network connections is becoming the norm for social change makers, whether we're mapping influential relationships for an advocacy campaign, coordinating a protest to fight climate change or spreading an approach to community engagement. For funders, supporting and investing in networks is a prerequisite for remaining relevant in a world of fast moving information and ideas and tackling persistent, complex problems.

—Grantmakers for Effective Organizations

Foundations have a long history of funding individual organizations, mostly nonprofits with social-purpose missions. This will undoubtedly continue, but networks offer social-change agents and foundation

¹ John Kania and Mark Kramer, "Collective Impact," *Stanford Social Innovation Review* (Winter 2011): 38039, www.ssireview.org/articles/entry/collective_impact/.

investors a fundamentally distinct and promising “organizing principle” to achieve ambitious social-impact goals. A network is a way to organize collective action and impact. Anything with nodes and links—people connected to each other—can be called a network. (Later in this section, there will be more specificity about different models for collective action.)

Networks are especially good at producing four effects that may be valued by investors seeking social impact. They can:

- Assemble novel and flexible combinations of human talent
- Enable efficient access to new resources
- Grow rapidly to “critical mass”
- Move and test ideas and information widely and swiftly

Four Network Effects

<i>Effect</i>	<i>Description</i>
Assemble Novel and Flexible Combinations of Human Talent	Networks can aggregate talent that would be difficult or impossible to pull together in a single organization. The aggregation can come from organizations or individuals that align their capabilities and coordinate their efforts and, in the process, create a new and powerful capability. This combined talent is especially valuable when seeking innovation, because it brings together a fresh diversity of people and ideas and can be highly responsive to opportunities and other changes. A network draws on small increments of people’s time for episodic use, rather than locking people into full-time, stable work.
Enable Efficient Access to New Resources	Networks can make it possible for their members to connect efficiently with a great many people—network members and their networks—and thus gain access to information and other resources. In an effective network, each member is connected to many other people, and through them to yet more people. When a member searches for help in the network, it’s just a connection or two away. Thanks to this multiplier effect, a network can potentially provide its members with efficient access to thousands of other people and their knowledge, skills, and resources.
Grow Rapidly to “Critical Mass”	Networks can grow rapidly because of what’s called the Law of Increasing Returns. In a nutshell, it’s naturally in network

members' interest to have more members with whom to connect and transact. A network may expand explosively when its members bring some or all of their networks into the network—an instant infusion of new members. This growth potential and the critical mass it can achieve is one reason that foundations investing in large-scale capacities for long-term policy advocacy may favor a network model.

Move and Test Ideas and Information Widely and Swiftly	In networks, information flows between members through the numerous links they have established, instead of having to go through a central hub or the top of an organization's chain of command before being sent out to others. This unmediated exchange facilitates the rapid dissemination of ideas and the collection of feedback across a large and potentially diverse number of members. A network's "collective intelligence creates a 'cloud' of information that many people can distribute for use," explain Beth Kanter and Alison Fine in <i>The Networked Nonprofit</i> . ¹
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Networks of individuals or organizations can use these effects to produce a wide range of activities that funders may find useful for achieving social change.

Network Effects Create Different Activities

<i>Effect</i>	<i>What Network Members Do</i>
Assemble Novel and Flexible Combinations of Human Talent	<ul style="list-style-type: none"> • Share knowledge and learn together • Coordinate activities to improve a system's performance (the "collective impact" model) • Collaborate across sectors/silos to achieve a shared goal • Assemble diverse people/organizations to develop innovative practices and policies • Combine capabilities to perform an activity that is occasional, rather than continuing

¹ Beth Kanter and Allison Fine, *The Networked Nonprofit* (San Francisco: Wiley, 2010), 107.

Enable Efficient Access to New Resources	<ul style="list-style-type: none"> • Respond to each other’s searches/requests support (skills, connections, information, and resources) • Provide other members with access to their own networks of people • Band together to obtain additional resources from outside of the network • Build relationships with organizations outside the network that want to align with the network
Grow Rapidly to “Critical Mass”	<ul style="list-style-type: none"> • Organize advocacy for public policy changes • Align to influence a large system/field of practice (e.g., environmental protection, human services)
Move and Test Ideas and Information Widely and Swiftly	<ul style="list-style-type: none"> • Obtain feedback from wide range of sources • Gather and aggregate information to reveal new data and perspectives • Develop and scale innovative practices and policies, as well as research • Agree on best practices and standards

These network activities can have an impact at the various scales/ systems on which foundations often focus: organizations; communities/ places; markets; local, state, and federal levels of government; professional practice fields (e.g., community development, education, human services); and issues of national importance.

Definition of a Generative Network

What many funders want to invest in is something quite specific: networks of individuals and organizations that aim to solve a difficult problem in society by working together, adapting over time, and generating a sustained flow of activities and impacts. These are *generative social-impact networks*—“generative” because they are designed to be a platform for generating multiple, ongoing kinds of social impact, not just accomplishing a single outcome. It’s a unique and renewable capacity that is especially useful when taking on complex, unpredictable, large-scale problems like climate change, homelessness, or education-system performance, which won’t yield to a “silver-bullet” solution.

In a generative network, the members are deliberate about building, strengthening, and maintaining ties with each other. Over time, they forge

a self-renewing collaborative capacity that generates numerous activities simultaneously. Together, they may innovate to create new products, services, and programs; learn which practices/policies work, then adopt and spread them; advocate for changes in public policies; coordinate provision of services; set up joint purchasing and branding; and organize to develop and use private, philanthropic, and public investment. Over the years, their networks become more robust and adaptive enough to maintain their effectiveness and steadily increase their impact. (This doesn't mean that a network should last forever. They last only as long as their members feel that collaborating with each other produces value for them.)

In such networks, decision making is distributed among the members, not concentrated at the top or with the staff. The members are volunteers; they set the agenda and priorities and do most of the work. There are minimal formal rules and the structure is non-hierarchical. This "looseness" makes networks less stable but more nimbly adaptive than organizations.

Key Characteristics of a Generative Social-Impact Network

<i>Characteristic</i>	<i>What It Looks Like</i>
Shared Purpose	Members share a collective purpose that is focused on creating social good.
Complexity	The problem/opportunity being focused on is a complex one with no simple solutions and the network is committed to working on it from multiple angles.
Member Driven	Members set the network's mission and goals and "make the rules," and members do most of the work.
Voluntary	Membership in the network is voluntary and not a condition of receiving funding.
Relationship Focused	Members develop deep and enduring relationships with each other; the focus of relationship building is member-to-member, not with staff or other providers.
Flexible	The network's structure is flexible and adaptable and changes as needed.
Value Propositions	Value is determined by whether members engage in an activity or not—members "vote with their feet."
Decentralized	Decisions are highly decentralized among the membership.

Three Generative Social-Impact Networks

Urban Sustainability Directors Network (USDN) is a seven-year-old North American network with more than 130 members—local government sustainability directors working to advance the emerging field of urban sustainability and their communities containing a total of 73 million people. USDN members work together in user groups to tackle dozens of topics based on member interest and leadership. The USDN Innovation Fund has provided dozens of grants for member projects with impact on the urban sustainability field, while the Partners for Places fund catalyzes partnerships between municipal or county-level sustainability directors and local, place-based foundations to advance important community-based sustainability initiatives. USDN members have also extended the network's reach by helping to build eight regional networks of local sustainability directors, with more under development. As USDN's 2015 strategic plan noted: "USDN is deepening its impact as members realize the power of coordinated action. Over the last two years, USDN has evolved from a predominately internally focused network to one that is exerting significant and direct influence on the outside world. In doing so, USDN is demonstrating its nascent potential to organize members as a customer base that can strategically negotiate with other practice communities to leverage the resources needed to effectively and rapidly scale the positive impacts of urban sustainability."

Reboot is a 13-year-old network in the United States with a total of 480 members working to affirm the value of Jewish traditions and create new ways for people to make them their own. "Rebooters"—drawn mostly from the arts and media sectors—produce creative projects that spark the interest of young Jews and the larger community, including events, exhibitions, recordings, books, films, DIY activity toolkits, and apps. Reboot projects include the Sabbath Manifesto, the National Day of Unplugging, Sukka City, and the Idelsohn Society of Musical Preservation. Over the last five years, Reboot has hosted 71 live events drawing more than 160,000 participants. Six hundred organizations have become community partners, developing 350 live events that engaged more than 30,000 participants. As the network's website notes: "Reboot has been responsible for producing some of the most influential and innovative Jewish books, films, music, web sites and large-scale public events of the past five years."

RE-AMP is a 10-year-old network of more than 160 nonprofits and foundations across eight Midwestern states working on climate change. The network's launch in 2004 followed a yearlong systems analysis process in which several foundations and nonprofit environmental and clean-energy advocates met to explore how they

might work together to expand the region's use of clean and renewable energy. Between 2004 and 2013, RE-AMP attracted a total of \$24 million in support from 25 foundations for the network and its projects. RE-AMP members have contributed to the retirement of numerous coal plants and the defeat of new coal plant proposals. They have helped drive state, regional, and local adoption of energy-efficiency resource standards, creation of financing programs for energy-efficiency improvements and renewable energy standards, and public transportation legislation. The network develops tools and provides communications services that help members win policy-advocacy campaigns, manages multiple strategy working groups that promote member collaboration across issue areas and state lines, and operates an internal re-granting fund to support members' high-priority projects. Over the years and through its evolution, RE-AMP has remained a member-driven entity. "One thing that makes RE-AMP unique is what it is not," declared a 2015 network grant proposal. "It is not a centralized, top-down organization requiring lockstep agreement on policies, programs, and tactics."

Three Types of Networks

Social-impact networks fall into three categories: Connectivity, Alignment, or Production Networks. Each of these has a different capability and, therefore, can have different impacts. A network can evolve from one to another of these capabilities, or remain the same throughout its life.

Three Types of Network Capabilities

Type	Capability	Most Useful For
Connectivity	Links people to allow them to exchange information easily and to learn as a result of the interchange.	<ul style="list-style-type: none"> • Building relationships between individuals and organizations within a system • Supporting peer exchange and learning • Accelerating the adoption (and localization) of best practices • Linking innovators working on system change • Sharing information and connections about funding activities, priorities, and opportunities

Alignment	Links people to help them to create and share a set of ideas, goals, and strategies and, therefore, exchange information and coordinate more easily.	<ul style="list-style-type: none"> • Getting agreement within a system or among system changers on common ideas, goals, principles, strategies, practices, or methods • Moving a system toward integrating and standardizing practices and policies • Getting agreement to advocate for certain changes in the system • Getting agreement on new principles and ideas to drive system renewal • Agreeing on areas for funder emphasis, an investment agenda
Production	Links people to co-produce innovative practices, policies, or other outputs for social impact.	<ul style="list-style-type: none"> • Collaborations on research about a system and how to reinvent it • Collaborations to develop and implement practices, policies, etc. that change a system's performance • Defining best practices and standards for the system • Developing distribution and dissemination channels for products/ services for innovations • Developing new funding sources

Each type of network requires a somewhat different infrastructure for coordination and communication, which will be discussed in section 2.

What Makes Generative Networks Tick?

Networks do not automatically become generative and able to sustain a high level of member engagement, activity, adaptation, and impact. What's the "secret sauce" that makes all of this possible?

Generative networks combine powerful social dynamics—the basic human desire to connect, share, belong, and make a difference—with a decentralized structure that enables members to amplify their efforts. They set two social forces into motion: the generosity with which members treat each other and the shared sense of identity they develop.

- **Generosity.** Members give to each other, giving away their knowledge, skills, connections, and resources. It's a "gift economy." They give with the expectation that giving to others will be rewarded by getting from others, that mutual exchange—reciprocity between members—will occur in the network. What makes reciprocity possible is a sense of trust between members.
- **Shared Identity.** When this member-to-member exchange happens, the network's decentralized structure magnifies the value of the gifts, efficiently spreading the benefits to other members, who, in turn, enhance them and spread them even further. As a result, members don't just bond with the members with whom they have engaged; they develop a feeling for, a loyalty toward, and a willingness to support the network as a whole. The network is a gift that keeps them giving.

In practice, a generative network has:

- Members who freely contribute their skills and talents to a unique capacity they own together
- Members who efficiently reach whomever they need to reach in order to obtain the information and resources they need
- Members who readily attract new members to add value to the network
- Members who act independently and in alignment, even though no one is in charge
- Members who, when their collective actions achieve impact, are eager to increase their contributions to and aspirations for the network

Other Models for Collective Action

Generative networks are not the only model of collective action in which funders may invest. Below we describe distinguishing features of other types of collective action—coalitions/alliances; membership-based associations/organizations; communities of practice; movements; and social-media webs—and touch on how they differ from a generative network.

Generally, the differences among these collective-action models fall across a spectrum related to how structured/organized the model is. Some

(like professional associations) are more structured; others are much less structured. Generative networks exist at a balancing point, at the “edge of chaos,” with enough organized structure to stay together, but enough freedom to creatively evolve; they contain members who share common rules, but act autonomously. In some of the collective types we look at, the agents aren’t very autonomous (too much structure); in others, there aren’t really common rules that bind them (not enough structure).

Other Collective-Action Models

<i>Collective-Action Model</i>	<i>Typical Distinguishing Features</i>	<i>Difference from a Generative Network</i>
Coalition or Alliance of Organizations	A temporary alignment of organizations to achieve a specific objective such as electing a candidate or securing adoption of a new public policy. Usually disbands when the effort has been completed.	Narrower in purpose/scope than a network. Relationships and activities focused entirely on the desired result. (Some alliances reorganize as a generative network once their campaign is over.)
Membership-Based Association or Organization	Organized mainly to pool resources and provide dues-paying members with services, often for professional development or representation within public-policy arenas. Association or organization staff does most of the work.	More staff-driven, less member-to-member relationship driven, than a network. Focus is on serving members rather than members collaborating with each other. (Members in a generative network also may pay dues.)
Community of Practice	Organizations and individuals loosely align and coordinate around development, adoption, and spread of innovative practices and/or to address a particular set of problems or opportunities.	Participants typically lack a firm sense of “membership identity” and do not make explicit reciprocal commitments to each other. Communities of practice often have many sub-networks.

Movement	Large numbers of people loosely aligned around a large cause (e.g., civil rights, environmental protection), their passion ignited by a desire to right a wrong.	Less coherent, focused, and coordinated—and much larger, sprawling—than a generative network. A movement may contain networks; networks may spawn a movement.
Social-Media Web	Alignment is around a passing cause. Online; open membership; enables many “weak ties” among participants.	Less coherent, focused, and coordinated, with no clear membership expectations. Not likely to result in strong relationships.

Sometimes one model of collective action evolves into a different model. For example, some networks evolve into associations; some give rise to an alliance with a campaign or a community of practice around certain innovations; some alliances or movements give birth to networks. Some organizations create networks as one of their services; some networks spin off organizations to meet a need members identify.

When to Invest in a Generative Network

Given the different models for collective action, how can funders know which model might best fit their strategies?

A funder’s judgment about whether or not to invest in a generative network approach depends on a blend of conditions: Whether or not the funder’s goal is system change, or the funder is simultaneously pursuing multiple challenging strategies for achieving system change, or the targeted system’s situation involves a great deal of uncertainty and solutions are not known.

THE FUNDER’S GOAL IS SYSTEM CHANGE

There are many types of large-scale systems. Place-based foundations, for instance, may focus on local systems (e.g., affordable housing, education, human services) and develop strategies for improving the system’s performance, especially in how well it helps low-income members of the community. National-scale funders often focus on broad social issues, such as poverty or environmental protection, and develop strategies for affecting

policies and practices at national or regional scales. Often, these issues are embedded in multiple and complex social systems. Other funders seek to change professional practice fields, such as community development, human services, or public education. Some engage with the way markets (large, complex economic systems) perform, while others invest in large organizations (nonprofits, community-based organizations, government agencies), which are also systems.

Not all funders seek system change, but when they do, their investment strategy will most likely benefit from the adaptive and sustainable capacity of a generative network.

THE FUNDER IS SIMULTANEOUSLY PURSUING MULTIPLE CHALLENGING STRATEGIES FOR ACHIEVING THE SYSTEM-CHANGE GOAL.

When it comes to large-scale system change, funders' strategies tend to fall into one or more of five strategy pathways.

Five Basic Strategy Pathways for System Change

<i>Strategy</i>	<i>Description</i>
Enact Public Policies	Develop, advocate for, and implement new or revised government policies—laws, regulations, mandates, taxes and fees, appropriations, tax incentives, and more—that affect the behaviors of individuals and organizations.
Foster and Sustain Communities of Practice	Assemble and mobilize practitioners to develop innovations and best practices that improve the performance of their organizations and profession.
Promote Behavior-Changing Information	Support research and develop and distribute information that will lead people to change their behaviors or take certain preventative actions in certain situations.
Tap and Create Markets	Develop and take to market products and services that enable people to undertake activities that promote a social goal.
Restructure Decision-Making Authority	Change in the public, private, or nonprofit sectors involved in decision making. (In many cases, this may involve public-policy change.)

Any one of these strategies can be quite complicated to design and implement and typically will play out over many years. Quite often, more than one strategy will be used to achieve significant change in a system.

Not all funders engage in system change with multiple strategies such as these, but when they do, their investment strategy will most likely benefit from access to and alignment of the novel capacities of a generative network.

**THE SYSTEM'S SITUATION INVOLVES A GREAT DEAL OF UNCERTAINTY,
AND SOLUTIONS ARE NOT KNOWN.**

Generative networks are especially useful in tackling complex, unpredictable, large-scale, “wicked” problems like climate change, homelessness, or education-system performance, which won’t yield to a “silver-bullet” solution. In these kinds of problems, there is great uncertainty about what the solutions are and/or how to implement solutions, often because they require many people to change their minds and behaviors and even to resolve polarizing conflicts. The problem itself can be a “moving target” that changes over time and only reveals its nature as one comes to understand more about it. The problem is systemic, meaning it involves working with multiple elements that interact with and affect each other as they produce an outcome.

Not all problems look like this. Some yield to a solution that is simple and easily replicated. Some require more complicated solutions—multi-step processes or blueprints, for instance—and involve special expertise. But they are not complex and wicked. They don’t require many different approaches and adaptation as you work with them. They don’t require many years, or even decades, of collective work.

Not all funders have the patience and risk-tolerance for investing in situations with high levels of uncertainty, but when they do, their investment strategy will most likely benefit from the flexibility and creativity of a generative network.

In general, when pursuing system change, the greater the situation’s uncertainty and risk and the greater the number and difficulty of strategies, the more a funder may find that a generative network, or multiple generative networks, is an effective model of collective action in which to invest. Other models—associations, membership-based organizations, and communities of practice—are likely to be better investments when

there is greater certainty about what to do. Coalitions and alliances are likely to be better investments when there is a particular solution and/or strategy to implement, probably over the shorter term. On the other hand, investing in a movement—a less coherent, focused, and coordinated model than a generative network—makes investment sense when the situation requires more and more people/organizations to demand change and solutions.

Complexity and Uncertainty: Where Each Collective-Action Model Fits



An additional way for funders to think about the differences between collective-action models is to consider a small set of critical factors for strategy success:

- **Time Frame.** In what time frame does the strategy require results? For instance, is the time frame short (1–2 years), medium (3–5 years), or long (5–10 years)?
- **Social Capital.** Is the strategy best served by having members collaborate extensively with each other to produce results or is it best served by having staff provide members with services?

- **Leadership/Decision Making.** Does the strategy require leadership that is stable and consistent over time or leadership that is more adaptive over time? Is the leadership centralized/top-down or distributed?
- **Capability.** Does the strategy require a narrowly focused capacity on a specified outcome, a broadly focused capacity on a range of outcomes, or a more generative capacity to address a range of outcomes, some known and others that may emerge?

The table below matches each of these factors to different types of collective-action models. It provides only a general picture, since not all coalitions, associations, or networks are entirely alike and practitioners of various collective-action models often develop hybrids of the types.

Critical Factors for Strategy Success for Each Collective-Action Model

	<i>Time Frame for Results</i>	<i>Social Capital</i>	<i>Leadership</i>	<i>Capability</i>
Coalition/Alliance of Organizations	Short Term	Staff Driven	Adaptive, Distributed	Narrow Focus
Membership-Based Association or Organization	Long Term	Staff Driven	Stable, Centralized	Broad Focus, May Be Generative
Community of Practice	Medium Term	Member Driven	Adaptive, Distributed	Narrow Focus
Movement	Long Term	Member Driven	Adaptive, Distributive	Broad Focus
Social-Media Web	Short Term	Member Driven	Distributed	Narrow Focus
Generative Network	Medium and Long Term	Member Driven	Adaptive, Distributed	Broad, Generative Focus

Case Study.

The Kresge Foundation’s Environment Program—Investing in Networks for Urban Climate Resilience

The Kresge Foundation’s Environment Program seeks to advance the climate resilience of urban areas in the United States. Kresge is committed to ensuring that the needs and interests of low-income people and neighborhoods are explicitly considered in resilience efforts. It also believes that strengthening resilience requires not only planning for the effects of climate change, but also fostering social connectivity and reducing the greenhouse gas emissions that drive climate change.

The Environment Program views urban climate resilience as an emerging “field of practice” requiring cross-sector and cross-discipline knowledge, research, innovation, and institutions focused on the challenges and opportunities of urban resilience. As a part of its program strategy, Kresge supports city-driven *networks of practitioners* working on climate resilience—not just the nonprofit organizations and trade associations also active in the field. In 2014, it commissioned the Innovation Network for Communities to identify both existing networks working on relevant challenges and gaps in the field that might be filled by networks.

Below, the Program’s Lois DeBacker, Managing Director, and Jessica Boehland, Senior Program Officer, answer questions about their focus on and analysis of networks in urban climate resilience. (Their responses during an interview were edited into a composite voice.)

Q. Why do you think that investing in networks will help achieve the foundation's goals?

The field of urban climate resilience is at an early and evolving stage of development. By supporting networks of practitioners involved in urban climate resilience, we develop a better understanding of the challenges and opportunities from their vantage point as well as the types of help they need to succeed in their work. More importantly, networks provide a space for practitioners to think and learn together, which allows them to solve problems more quickly and holistically. Those working in cities know the challenges more intimately than we do, and they appreciate the on-the-ground complexities in greater detail. We have an interest in being as close to the practitioners as possible so we can help them access resources to address the real-world problems they are trying to solve. We know they learn from one another and benefit from the sustained connections that participating in a network allows. We want to support their ability to interact in a consistent way with others grappling with similar challenges.

Q. What have you learned about investing in networks?

It's valuable to fund the network, but it's equally important to learn from it ourselves. We've attended network meetings and listened to the members' conversations—and that participation has given us a much richer understanding of the challenges cities face and the solutions they work with. That knowledge has informed and strengthened our other investments and engagement in the field of urban climate resilience.

We've also learned that when we invest in a member-driven network we're sending a signal to the practitioners that we recognize their expertise and trust them to find ways to move forward. It's empowering for them; they gain visibility and grow professionally. It's a vote of confidence that energizes them.

Q. How is investing in a network different than providing other forms of grant support?

Supporting networks puts different requirements on a funder than supporting an organization for a particular project. You must be willing to leave the network more breathing room and be comfortable with a

greater degree of uncertainty. You have to ensure that the network participants, not you or your trustees, are calling the shots. You have to ensure that the work is meeting the participants' needs, and understand that the participants' priorities don't necessarily mirror the foundation's priorities; their day jobs often cover a broader swath of responsibilities than your interest as a funder.

Taking full advantage of supporting a network requires deeper engagement by grantmakers. In a typical grant to an organization, we might have a strong relationship with one, two, or three individuals. But when we engage with a network, we have strong relationships with a dozen or more participants. This gives us a better sense of whether the work we're funding is truly meeting needs in the field and helps us understand the degree to which the goals and perspectives of the network align with our own.

If the funder engages consistently in the network—without driving the agenda—and builds and maintains these relationships, then a high degree of trust and honesty is built between the funder and the network.

Q. How do you measure success in the networks you support?

We look for many indicators of success. One important indicator is the density and intensity of interactions among the network members; we watch for the connectivity in the network. But we also look at what the network produces—its content and outputs. What strategies are the members focusing on? What new understanding of the problem are they generating? Are the outputs relevant to the members? And, of course, how well do the network's activities align with the foundation's programmatic priorities, and how relevant are its outputs to the foundation's learning agenda and goals?

We also watch how the network is changing—and they do change. A funder's due diligence for a start-up network is different than for a mature network, and the questions we ask change as a network grows and evolves. A network's evolution creates opportunities and challenges for alignment between the network and its funders. You have to be clear in your understanding of what a network is and recognize that how it changes over time is not entirely predictable. You have to know enough about the network to provide the right support for it at its current stage of development.

Q. What are you interested in learning about networks?

We still have a lot to learn. We're interested in learning more about how generative networks differ from trade associations and member-based organizations, for instance, and what roles these different models can play in advancing the foundation's goals. We're also interested in network leadership. In a network, the vision and leadership must come from the field, not from the funders. But at the early stage in a network's formation, how can a grantmaker recognize whether or not the vision and leadership are authentic? How can you make sure that the startup is not too funder-driven? How do you avoid unintentionally coopting or unduly influencing it over time?

Designing Investments in Generative Networks and Engaging with Network Builders

A Funder's Decision: Build or Buy?

When funders identify ways that generative networks could support their system-change strategies, they have to decide whether to “buy or build” with their investment.

- **Buying.** This involves paying for a new or existing generative network to produce a specified outcome, because it is important to the funder's goals and strategy. If a funder has a specific outcome in mind, then it should look first for existing networks that could produce it. If such networks exist, then the funder should open up a discussion to design an investment while assessing the network's capacity to deliver. If there are no appropriate existing networks, then the funder can decide to invest in starting up a generative network that could produce the outcome, recognizing that a startup will need time and infrastructure support before it is capable of production.
- **Building.** This involves investing in a generative network's capacity—either a start-up or existing network's operations—because the network is highly aligned with the funder's goals and strategy. Investing in a network's capacity typically involves a long time frame and a recognition that it may be premature to specify outcomes the new network will produce.

In either case, a funder could end up working with an existing or start-up generative network, so the question will arise: how to assess what the network is or will be capable of doing?

To judge the potential of an existing or proposed network, there’s more that funders need to know about generative networks:

- A network has eight design elements—have all of them been fully thought through?
- A network evolves through four dimensions—where in its developmental path is the network?
- A network’s members and staff must provide “net-centric” leadership that is enabling, collaborative, and understands the ins-and-outs of network building—is this type of leadership present?

Eight Elements of Network Design

Successful networks are designed—they don’t just happen. There are eight key elements of a network that largely determine how well the network will take off and perform. For each element, there are choices to be made, and each choice has consequences for the network and its investors.

Elements of Network Design

<i>Element</i>	<i>The Design Decisions</i>
Purpose	What is the network’s reason for being?
Membership	Who is eligible to become a member, what are the membership requirements, and how many members will there be?
Value Propositions	What will be the benefits of membership—for individual members and collectively?
Coordination, Facilitation, and Communication	How will network members link and work with each other?
Resources	What is the network’s funding model?
Governance	Who decides what the network will do, and how do they decide?
Assessment	How will the network monitor its condition and performance?
Operating Principles	What rules guide the network’s culture?

The point here is not that every network should be designed in the same way, but that network funders and leaders need to consider every one of

these design elements both when starting a network and when managing an existing network.

Four Dimensions of Network Evolution

A network doesn't stay still for very long; one of its advantages is its flexibility and adaptability. It evolves in several dimensions:

- Stage of Development
- Capabilities
- Infrastructure
- Connectivity Structure

At each evolutionary stage, what the network can do and needs will be different, as will its potential to evolve further. Investments in networks should be based on an appraisal of the network's evolution.

STAGES OF NETWORK DEVELOPMENT

A network's potential depends, to some extent, on what stage of development it has reached. Networks typically move through five stages, although not necessarily at a similar or even pace. At each stage, a network tackles different concerns; its health and connectivity will be different, as may its potential for impact. Assessments of a specific network should take into consideration the network's stage of development, and this should then be reflected in the design of an investment.

Five Stages of Network Development

<i>Stage</i>	<i>Description</i>
1. Catalyzing	Potential members of the network explore their capabilities and expectations for working together.
2. Launching	Organizers identify the network's initial vision and purpose and develop an initial plan. Initial network membership is recruited and connections are cultivated.
3. Organizing	The network has secured resources and is piloting strategies and beginning to adapt these based on feedback.
4. Performing and Adapting	The network is fully operational with key activities under way. Goals, strategies, and membership often diversify as members seek and find different kinds of value from the network.
5. Transitioning or Transforming	The network is effective and sustainable, or the network has lost momentum. The network as originally conceived terminates or capacities are redeployed.

EVOLUTION OF CAPABILITIES

Chapter 1 explained that there are three kinds of networks when it comes to capabilities: Connectivity, Alignment, and Production networks. It’s also true that these capabilities represent a three-phase developmental sequence for a generative network.

Connectivity among members is the foundation of a successful generative social-impact network. Develop strong connections and, at a minimum, you’ll have a connectivity network. But if you want to construct an alignment network, you still have to start with connections and then build on them. And if you want a production network, you also start by developing connections.

Creating alignment and production networks requires members to align around common goals; they must come to shared understandings about definitions, ideas, and even language. This usually takes facilitation, time, and patience. For a network’s members to attain production, after they have been able to connect and align, they must collaborate in and manage production processes that are rarely easy to pull off.

Many network builders and funders want to create a production network. Their challenge, then, is to navigate through a developmental sequence that builds connectivity, then alignment, and then production capabilities.

EVOLUTION OF NETWORK INFRASTRUCTURE

As a network moves through capability phases, much of the work it does changes—and so does its enabling infrastructure.

Typical Support Infrastructure for Each Capability

<i>Connecting</i>	<i>Aligning</i>	<i>Producing</i>
<ul style="list-style-type: none"> • Members-only website with networking tools • Meeting planning and facilitation • Shared calendaring • “Opt in” learning processes (such as working groups) • Member input and feedback systems 	<ul style="list-style-type: none"> • Collaborative work processes and website • Capacity to analyze, compare, and synthesize frameworks, policy options, definitions, etc. • Formal decision-making processes to “endorse” alignment mechanisms (e.g., standards, policy positions, statements of principle, etc.) 	<ul style="list-style-type: none"> • Capacity to negotiate production agreements among members • Project management capacity • Fiscal agents to manage funds • Formal governance of all producers • Performance accountability mechanisms • Distribution capacity and/or partners

At the same time, as a network matures and becomes more complicated and perhaps larger, the tasks of coordinating, facilitating, and managing network processes require more and more skill. One framing of this progression depicts three levels for the coordination infrastructure in a network:

- **Logistics.** This involves setting up meetings, conference calls, and other ways members can engage with each other; tracking and documenting network activities, decisions, revenues, and expenditure; and creating and distributing essential information, such as a directory of members and contact information.
- **Operations.** This typically involves other duties, such as running a website and other external communications; facilitating group processes of members; documenting network decisions and activities and managing an archive of network documents; administering the network's finances; helping members to draft proposals for funding; and orienting or onboarding new members of the network.
- **Strategic management.** This is a higher level of responsibility focused on helping network members, especially those with governance duties, make and implement decisions about the network's development. This could include managing relationships with outside partners and funders, supporting members who are undertaking initiatives for the network, and creating and modifying network plans.

The evolution of a network's infrastructure is an important factor in designing an investment. Does the network have the infrastructure it needs? Should an investment include resources to develop the next level of infrastructure?

EVOLUTION OF CONNECTIVITY STRUCTURE

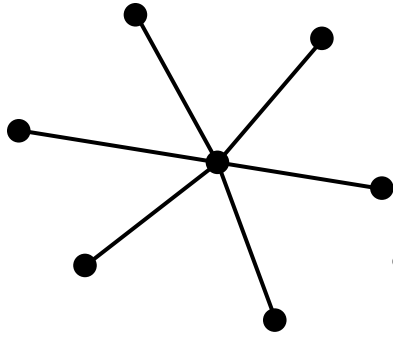
As a network's members connect, align, and produce with each other over and over, patterns of linkage appear; the network takes on different connectivity structures or shapes. Perhaps the most familiar structure is the Hub-and-Spoke, in which one node in the network connects to many other nodes that are unconnected to each other. But quite different shapes also commonly arise in networks, including:

- **Hub-and-Spoke.** A structure that emerges when a network founder/funder starts to connect with people or organizations that are not connected with each other.
- **Cluster.** Every node is connected to every other node; there is no hub that everyone goes through.
- **Multiple-Hubs.** Two or more hubs (with their many spokes) are connected to each other.
- **Many-Channels.** Many members connect directly with each other, typically in addition to their connections with hubs and in clusters.

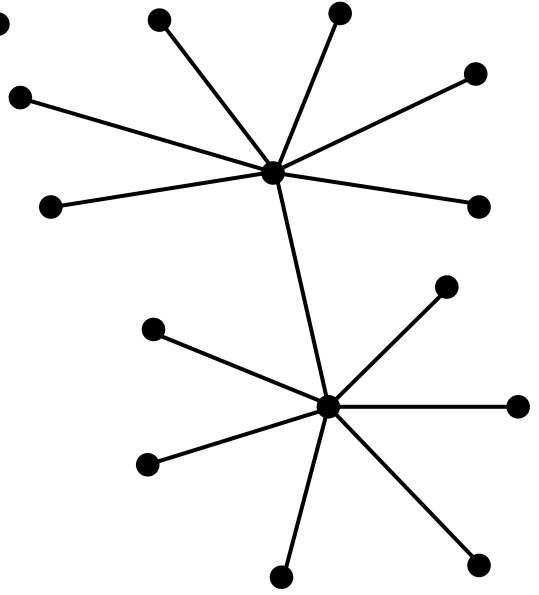
A network's connectivity structure matters because each shape enables connectivity among members in different ways and affects the flows of information and resources in the network. For instance, a hub-and-spoke may be a great starting structure for a network, since the hub can be a source of energy and coherent direction. But many network organizers find that a central hub can eventually become a bottleneck that slows down information flows and gets in the way of relationship building among members. On the other hand, a cluster of tight relationships can do well at combining competencies into a disciplined production process, but it's not necessarily the best structure for rapidly growing a network, since new members may find it difficult to break into a close-knit set of members.

In 2004, Valdis Krebs, an expert network analyst, and June Holley, an avid social-impact network builder, depicted what a robust generative network's structural progression might look like—an idealized, multi-stage model (revised slightly here):

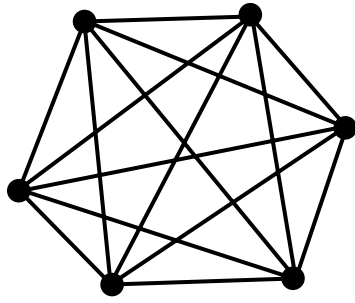
- **Scattered Emergence.** Mostly unconnected nodes, scattered people and organizations without much relationship to each other.
- **Clusters & Multiple Hubs.** Nodes in the network begin to connect with each other, developing clusters of members and/or new hubs that are connected to each other.
- **Many Channels.** Members connect with each other outside of the hubs and clusters that also exist.
- **Core-Periphery.** With an established core of members connected in clusters, hubs, and other channels, the network starts to engage individuals and organizations outside of itself, at the periphery, to draw their energy into the network's influence.



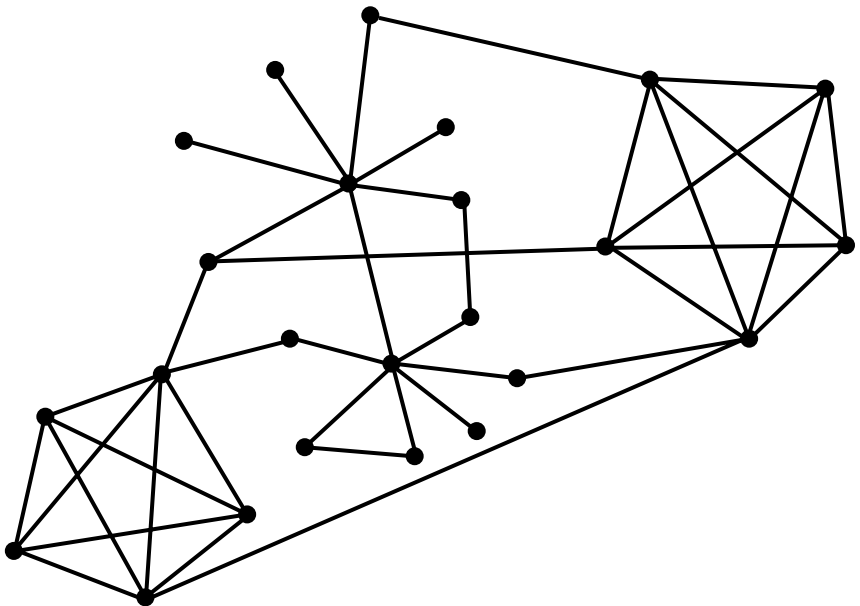
Hub-and-Spoke



Multiple-Hubs

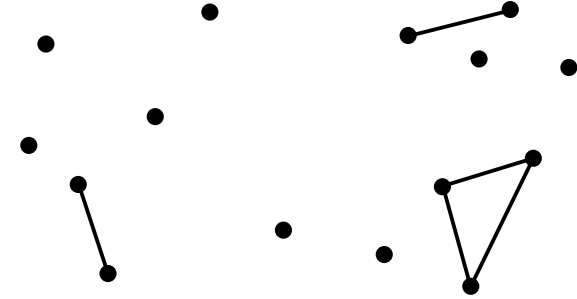


Cluster

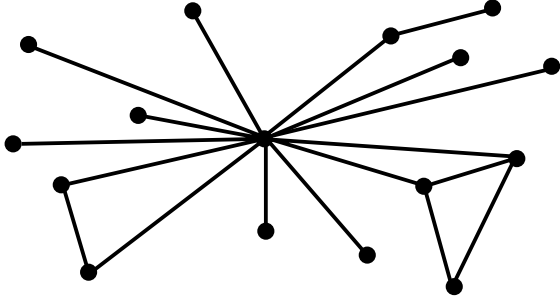


Many-Channels

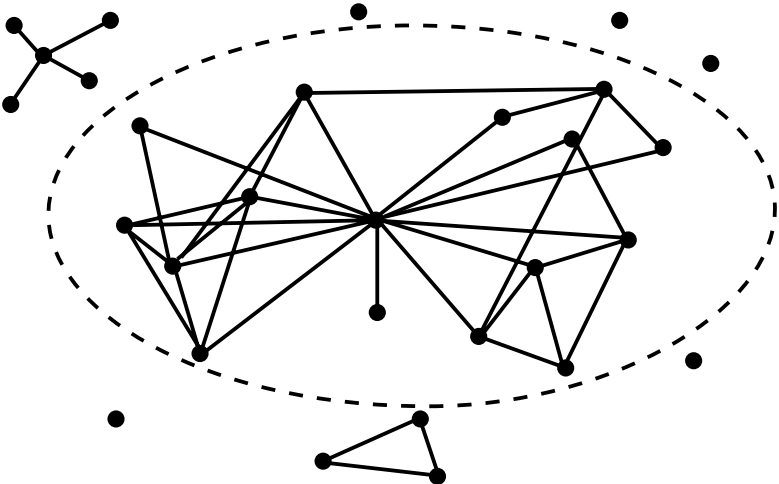
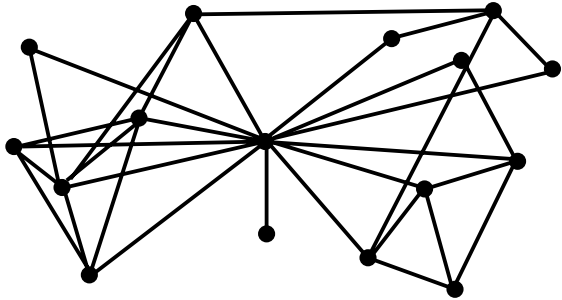
Scattered Emergence



Clusters & Multiple Hubs



Many Channels



Core Periphery

Network Leadership

It's commonplace to note that in a generative network, no one is in charge. But that doesn't mean that networks don't have leaders. They do—but it's a different sort of leadership than in an organization. In organizations, a leader is a take-charge person, someone who commands and directs others. In networks, however, the members, whether they are individuals or organizations, have the power, and they provide the network's purpose and direction.

The focus of a network leader is to build the network's capabilities and impact, and network builders are jacks-of-all-trades: network founders, designers, weavers, coordinators, planners, funders, and more. This requires skills and knowledge about network building and something else that matters: a way of being that's a combination of personality, understanding, and skill—a network-centric point of view that network leaders hold personally and apply consistently.

We have drawn the following list of network leadership attributes from a publication by the Institute for Conservation Leadership, "The Less Visible Leader."¹

Network Leadership Attributes

Catalyzes a Culture of Spirited Cooperation	<ul style="list-style-type: none"> • Listens deeply to fully appreciate and understand the diversity of perspectives and motivations held by all involved. • Encourages mutual appreciation for the ideas and contributions of all. • Regularly uses "both/and" thinking to identify solutions that meet both shared and individual goals and needs. • Fosters opportunities to develop camaraderie and trust.
Shares Power and Generates Momentum	<ul style="list-style-type: none"> • Creates space for others to step up and contribute. • Embraces ambiguity, and encourages experiments and innovations. • Helps the group to develop enough infrastructure to effectively make decisions and keep everyone moving forward.
Stays True to the Long-Term Vision While Navigating Frequent Twists and Turns	<ul style="list-style-type: none"> • Persistently holds a clear picture of the purpose of working together. • Helps those inside and outside the collaboration effort understand the progress that is being made as well as the roots of that success. • Continues to adapt in an effort to successfully achieve the long-term vision.

¹ Andy Robinson, "The Less Visible Leader: Emerging Leadership Models for Environmental Networks, Coalitions, and Collaboratives," Institute for Conservation Leadership, 2012, <https://www.icl.org/resources/publications>.

Tool: Profiling a Network

A step toward assessing the potential of networks already active in the system is to profile them. Below is a profile template that can be used for each network. Most of the information can be obtained from a network’s public information (e.g., website) and through interviews with network managers/leaders.

Profile of a Network

<i>Category</i>	<i>Information</i>	<i>Details</i>	
Network	Name	<ul style="list-style-type: none"> • Formal name, if there is one 	
Background	Origin	<ul style="list-style-type: none"> • How it came to be formed • Who the network founders were • What motivated them to start it? 	
		Start Date	<ul style="list-style-type: none"> • What year the network started?
	Type of Network	<ul style="list-style-type: none"> • Connecting • Aligning • Producing 	
		Stage of Development	<ul style="list-style-type: none"> • Catalyzing • Launching • Organizing • Performing and Adapting • Transitioning or Transforming
Network	Purpose	<ul style="list-style-type: none"> • What is the Network’s reason for being? 	
Description	Membership	<ul style="list-style-type: none"> • Who is eligible to be a member? • What are the participation requirements of members? • How many members are there? • What is the desired “right size” of the network? 	
		Value	<ul style="list-style-type: none"> • What are the benefits of membership?
		Propositions	<ul style="list-style-type: none"> • What is the collective value proposition?
	Operating Principles	<ul style="list-style-type: none"> • Are there specific principles/rules that guide the network’s culture? 	
	Coordination/ Infrastructure	<ul style="list-style-type: none"> • Who manages the network? • How does the network support logistics and interactions between members? • How does the network support other key operations (e.g., communications, decision-making processes)? 	

	Resources	• What is the network's funding model?
	Governance	• Who decides what the network will do?
	Model	• How are decisions made?
	External Relationships	• Are there specific organizations with which the network maintains strategic relationships? • Who manages these relationships?
	Assessment	• How does the network monitor its condition and performance?
	Connectivity Structure	• Hub-and-Spoke • Clusters • Multiple Hubs & Clusters • Many-Channel
Network Plan	Plans	• Does the network have a work plan with priorities? • Are there specific projects or initiatives the network is sponsoring?
Network Opportunities	Strategic Positioning	• How does this network fit into the overall system? • Are there specific aspects of the system to which it can most contribute?
	Projects	• Are there specific projects for which the network is seeking support?
	Partnerships	• Are there opportunities to connect this network with other networks to maximize impact?

A Funder's Role

Whether buying from or building a network, funders also have choices about what role to play in their relationship with the network, ranging generally from passive to active. Different foundations have different philosophies and practices regarding their role. Some funders have relatively little internal staffing, relying instead on consultants and intermediary organizations, and this would limit their degree of involvement in a network. Others staff up for more intense, value-adding engagement with grantees, and it's possible for foundation staffers to engage with multiple networks as a part of their grant-making portfolio.

- **Passive Investor.** At one extreme of engagement is the role of a passive investor: identifying a potential grantee (network), processing a grant request, and lightly monitoring progress.

- **Strategic Partner.** Another role is strategic partner: identifying a potential grantee, co-developing a grant proposal, providing a grant, and then working with the network to connect it to other potential allies, including funders, and advising the network on long-term strategy.
- **Network Member/Investor.** At the other extreme of engagement would be a combined role of network member/investor: taking on all of the activities of a strategic partner, and also participating directly in the network’s decision-making and other processes as a funder-member of the network.

Engaging with Networks: Lessons for Funders

Funders succeed with networks by providing sufficient resources to support the network without overpowering it.

—“Cracking the Network Code: Four Principles for Grantmakers”²

A funder’s money is a powerful force for controlling the people or organizations building a network. There’s a natural tendency for network builders to defer to the source of money. So the funder may have the power to dictate the design—purpose, membership, governance, and other elements—of the network. And the reasons to exercise this power may be reinforced by the funder’s desire to claim credit for whatever the network achieves. But sooner or later, control and credit have to become more distributed among the network’s members.

1. **Don’t dictate the network’s purpose; co-create it with potential and existing partners.** If a funder directs a network’s purpose and activities, network members may comply to get the funder’s money, but they won’t feel committed. As a result, the network may not perform well and it’s not likely to be generative. Better to develop things in consultation with network members so the network meets their needs too.

² Jane Wei-Skillern, Nora Silver, and Eric Heitz, “Cracking the Network Code: Four Principles for Grantmakers” (Grantmakers for Effective Organizations, 2013), 16, www.geofunders.org.

2. ***Be open to surprises; don't try to pin everything down.*** Early in a network's life, it is unwise to put its development on a production schedule and to commit the network to specific outcomes and timelines. Funders have to be patient enough with the network to invest in its front-end collaborative capacity and allow it to forge its own direction.
3. ***Let network membership expand naturally through members' connections, not through funder dictates.*** When a funder determines a network's membership, several things can go wrong. It may assemble members who are not personally committed to the network or are not ready to collaborate effectively. Members' primary relationship will be with the funder that selected them. The funder may manage the addition of members to suit its needs, rather than allowing expansion to occur naturally based on the members' desires to add connections that create value.
4. ***Intentionally dilute the funder's power over time.*** Instead of maintaining control over a network, a funder should help develop a network governance structure in which it is just one of many decision makers, but still can provide leadership.
5. ***Don't override network members' concerns or interests.*** It's natural for network members to defer to a funder, especially when the funder is being insistent on something. Instead of preempting challenges to members' thinking, funders should participate in the network's decision-making process and learn what others are thinking, without forcing others to acquiesce to their wishes.
6. ***Patience is essential and will be rewarded.*** Building a high-performing network is a marathon, not a sprint. It takes time to get started well, to build capacity, and then produce impact. Funders have to be willing to support the underlying capacity and operations of a network before expecting results.

Designing Investments in Networks

There is no cookie-cutter design for a grant to a network, but there are some general rules of thumb to consider.

WHEN BUILDING A NETWORK'S CAPACITY

- Funders have to be willing to invest in the key elements of capacity—weaving connections among members and facilitating alignment of members, and the infrastructure that enables this work—which have to exist before a network can be productive. But, capacity building can be a slow process, requiring several years, so funder patience is a virtue.
- Just as a funder should understand the essentials of network building, so should a network's leaders and managers. Often, they have strong instincts about network building, but don't know much about it as a practice. Funders should design investments in ways that support network leaders getting smarter about network building. One way to do this is to build in some performance benchmarks that are based on network capacity building.
- Funders should be clear that the result of investing in capacity will be capacity, not other types of outcomes. Don't insist on counting widgets produced or impacts achieved when that's not what's being invested in.
- Calibrate capacity-building investments to the evolutionary state of the network. Each stage of development, capability, and connectivity structure offers different opportunities/requirements for capacity building and therefore different investment designs.

WHEN BUYING AN OUTCOME FROM A NETWORK

Buying a specific outcome from a network is similar to providing a grant to a nonprofit organization to produce specific results.

- Funders should be clear about why using a network instead of a single organization makes sense for producing the result—and make sure the network knows how to deliver this advantage. For instance, if funders want to tap the network because it can bring diversity to the problem or can rapidly disseminate the project results, or if the result depends on the network members strongly aligning—they should make sure the network is fully prepared to make this happen.

- It is important for funders to remember that not all networks are designed to be producers; some simply connect and/or align their members. Make sure the network has had some experience in creating products or providing services or has thought through how production will occur. This usually means the network has clear ways to manage production processes, with written agreements among members about who will do what and how effective collaboration among members will occur.

Assessing a Network's Effectiveness

A Framework for Assessing a Network

How well is a network performing? What is its potential? How, in other words, do you take a network's pulse? What framework can guide you in deciding what to assess, how to assess it, and how to interpret and use what's learned?

Evaluation in the social-change world has focused almost exclusively on the effort of an individual organization, not on collaborations of individuals or organizations. But understanding a network isn't the same as understanding an organization. Unlike an organization, a network is a decentralized, member-driven platform of relationships that evolves its capabilities and underlying structure of connectivity. Its success depends crucially on the degree to which it organizes connections among its members to produce unique, flexible capacity and network effects. To assess a network, you have to examine closely its members' multiple value propositions and web of relationships, their highly diffused decision-making processes, and the stage of the network's evolution. In short, funders looking at planned or existing networks will want to know things that an organization-centric evaluation might not consider important.

A framework for assessing a network focuses on three big topics:

- **Connectivity.** How well are members connecting with each other and exchanging value?
- **Health.** How well is the network doing in creating the conditions crucial for success and sustainability?
- **Impact.** How much is the network changing the world?

These three topics may intersect. Network health, for instance, depends to some extent on connectivity, and network impact depends to some extent on network health. And a network's impact can also affect both its health and connectivity.

This framing works for both a funder's "outside" evaluation of a network and a network builder's "inside" self-assessment of a network.

Assessing Networks

<i>Assessment Topic</i>	<i>Description</i>
Connectivity: How well are members connecting with each other and exchanging value?	Includes measurement and mapping of social capital in the network: <ul style="list-style-type: none"> • Number of links among members • Quality of members' relationships • Analysis of the structure of member connectivity within the network
Health: How well is the network doing in creating the conditions crucial for success and sustainability?	Includes these essentials for developing a network: <ul style="list-style-type: none"> • Members' satisfaction and sense of shared purpose • Effectiveness of network infrastructure (mainly coordination and communication) • Effectiveness of network governance • Sufficiency of network resources
Impact: How much is the network changing the world?	Recognizes that networks have a "chain of impact": <ul style="list-style-type: none"> • The impact the network has on its members • The impact that individual members of the network have on their separate worlds as a result of participating in the network • The impact network members have collectively

For a more in-depth discussion of and guidance for network evaluation for funders, see "The Network Evaluation Guide" developed by Network Impact and the Center for Evaluation Innovation. The two-part guide outlines frameworks, approaches, and tools to address practical questions about designing and funding network evaluations and a casebook that profiles nine network evaluations. For more about the uses and methods of network mapping, see chapter 6 (pages 152–156) of *Connecting to Change the World*.

Assessing a Network Stage-by-Stage

At each stage in a network's development there may be different questions for assessment.

Assessing a Network Stage-by-Stage

<i>At this stage</i>	<i>Use these questions</i>
Catalyzing	<ul style="list-style-type: none"> • What issue/problem will the network address? • Who are the key stakeholders? • What is the network's initial vision and purpose?
Launching	<ul style="list-style-type: none"> • Who are the network's members? • How are they connected? • What are the network's initial value propositions? • What strategies will the network pilot? • What resources does the network have?
Organizing	<ul style="list-style-type: none"> • What infrastructure is in place to support the network and how well is it working? • How are the members working together to meet shared goals? • Is the network beginning to deliver on key value propositions? • What are the networks initial activities and outputs?
Performing and Adapting	<ul style="list-style-type: none"> • Is the network spreading and deepening effective strategies and structures? • Is the network diversifying and delivering on key value propositions? • Are collective results being achieved? • Is there a sound sustainability plan?
Transitioning or Transforming	<ul style="list-style-type: none"> • If transitioning: How will network assets (including knowledge and social capital) be re-deployed? • If transforming: How are network value propositions being redefined?

For another tool that network members can use to score and then discuss and collectively assess their network's condition, see the Network Health Scorecard.

Continuously Improving a Network

Many funders focus on how to evaluate a network's performance after the fact, but it's also possible for networks to assess—and improve—their performance as they go, rather than waiting a few years and then looking in the rearview mirror. The trick, of course, is to routinely collect the right data about the network's connectivity, health, and impact, analyze it, and make appropriate changes—all part of a continuous improvement process.

Networks that undertake data-driven continuous improvement, using a framework for what's essential in successful network building, typically compare their performance to the past. They build a record of historical performance over time and seek to do better in the next time period, usually not more than one year. This continuous-improvement work is done in much the same way that an organization would do it, although a network will be looking at some different indicators of performance.

Given the many factors that need to be assessed and the fact that a network's capabilities and stage of development evolve, when looking at a particular network's potential, it may also be useful for funders and network builders to have a picture of a mature, high-performing network in mind. The tool below provides an idealized benchmark with which you can assess the performance of some of a network's basic features.

Continuously Improving a Network

<i>Features</i>	<i>High-Performing Ideal</i>
Connectivity	<ul style="list-style-type: none"> • Every member is no more than one connection away from every other member • Most members have high-quality connections with a set of other members. • New members establish connections quickly • The network's structure of connectivity does not depend on one or a small number of highly connected members; connections are widely diffused among the members
Leadership	<ul style="list-style-type: none"> • The network has an established steering group with a clear role, strong understanding of network building, and a mechanism for replenishing leadership • A next generation of leaders is being prepared for network leadership

Coordination	<ul style="list-style-type: none"> • Consistent, effective coordination by dedicated staff directed by network membership, which provides regular feedback about staff performance • Staff has strong skill/understanding for enabling network members
Communication	<ul style="list-style-type: none"> • Multiple communications methods (conference calls, website, newsletter) used by most members between periodic face-to-face meetings
Member Participation	<ul style="list-style-type: none"> • High percentage of members active in multiple ways: participate in communications and projects, volunteer to lead processes, and/or engage in governance • High percentage of members well satisfied with their participation in the network • New members find it easy to begin to engage in network communications and activities
Activities/ Capabilities	<ul style="list-style-type: none"> • In addition to exchanging information, many members are engaged in processes to align with each other around goals, strategies, practices, policies, and other matters, and many are collaborating on projects to develop, test, and spread their ideas. • Many network projects engage relevant entities in the community, field, or system.

Investing in Network Monitoring and Evaluation

Funders can play an important, constructive role when it comes to a network's willingness to engage in continuous improvement, by supporting—even pushing for—the network in identifying performance indicators and assessing how they are doing, instead of regarding this as an extra burden and unnecessary cost. When funders play this role they should:

- Recognize that network builders will likely need to learn more about network assessment so they can identify important indicators of performance to use.
- Anticipate and help to build the assessment system the network will need right from the start, rather than a few years down the road. That way, the network can use it to inform to planning and continuous improvement.

- Ensure that network builders aren't just "funder-centric" when they think about assessment, recognizing that they, not the funders, are the customers of the assessment system.

Building a Network's Financial Resilience

A Diversity of Funding Sources

Although many funders are willing, at least for a time, to provide much or even all of the financial support for a social-impact network's capacity and projects, they usually worry about the network becoming too dependent on a single source of capital. It helps to know, then, that networks can tap other types of financial sources. Even if they don't eliminate the need for philanthropic grants, diversifying their financial resources makes them less dependent on any single source. Network funders should understand what these other potential sources are and what challenges come when trying to obtain funds from these sources.

Funding Sources for Networks

<i>Source</i>	<i>Comments</i>
Philanthropic Funders (individual donors, corporate, private, family, and community foundations)	In general, it's easier to obtain funding from philanthropists for projects rather than operations, because they want to have impact, not just build capacity. But as more and more foundations look to networks to produce a collective impact that cannot be matched by the single organizations they traditionally fund, more of them are more willing to pay for operations, at least as a percentage of project budgets.
Member Dues or Fees	Asking members to pay dues tests how much importance they place on being in the network. This can be a high hurdle early on, when it's not yet obvious to members that the network will generate value for them or their organization. It makes sense, though, that at least a small portion of a

	network's budget should come from its members, instead of relying entirely on outside funding. Having member dues also shows potential funders that the members "have some skin in the game." Some networks start off with dues (sometimes on a sliding scale), while others introduce dues only after the network's value has been established.
Sponsorships	Some networks turn to outside entities, particularly corporations, to sponsor some of their activities, such as annual meetings, websites, and publications. A potential sponsor is interested in obtaining favorable visibility with network members (and their networks) and/or enhancing its public brand by associating with the network. For some social-impact networks, sponsorships may be problematic because of the potential perception that the network has been co-opted—"bought"—by the sponsor.
Partnering	Developing projects with outside entities allows a network to tap the outsiders' expertise and in-kind services. If the project is funded, the network can share in the resources.
Government Grants or Contracts	Some government agencies will fund network development or projects if the network's efforts are aligned with the agency's goals and programs. As with foundations, most agencies will want their funding to achieve impact, not just build capacity.
Crowdfunding	Fundraising websites such as Kickstarter.com or NationBuilder .com can be used to promote the network's cause and raise donations from online communities. These new tools are drawing more and more attention.
Earned Income for Services and Products	Not many social-impact networks tap this source, especially in the start-up stage when they are still organizing themselves and not likely to be able to deliver services or products. But in theory, a social-impact network can produce value for customers and collect revenue.

Bringing in Other Funders

A funder of a network has several ways to help the network connect with other philanthropic funders, right from the start of its engagement with the network:

- ***Provide technical assistance for fundraising.*** As a part of investing in the network's capacity, provide funding and advice the

network can use to obtain technical assistance—consultant time, for example—to organize its fundraising outreach. Support can include drafting of case statements to give to potential funders, scanning for potential funders, and coaching on how to engage with funders.

- ***Open doors to funders.*** A funder can introduce network leaders to other funders, using its social capital to get the network in front of potentially receptive foundations. In opening doors, funders can “prep” the network for its discussions with funders, sharing what they know about their interests, understanding of network investing, and more. Taking another approach, a funder can invite other funders to observe the network at work, for instance, by attending the network’s annual meeting or other major activity.
- ***Invest in the network’s capacity, so other funders can target grants for projects with impact.*** By investing substantially in a network’s operational capacities, a funder can “make room” for other funders to consider funding network projects with potential impacts, rather than also funding capacity. Committing, for example, to fully fund a network’s operations for three to five years would not only make room for project funding, but also demonstrates the funder’s confidence in the network.
- ***Offer the network a challenge grant that would provide other funders with leverage for their own investment.*** Providing a challenge grant that requires matching resources from other sources can help a network attract other funders to its cause. This can be done in combination with technical assistance that beefs up the network’s ability to organize a high-quality fundraising effort.

Leveraging Funder Investments in the RE-AMP Network

Madeleine Taylor, a co-author of *Connecting to Change the World*, has written an article for *Stanford Social Innovation Review* that details the remarkable leverage funders of the RE-AMP network have achieved during a 10-year period. At the outset, the Garfield Foundation, a mid-size funder, covered nearly all of the

expenses in the early phase of RE-AMP's development, including costs associated with the initial systems analysis and a network design process that followed. In addition, and from the outset, the Garfield Foundation committed \$500,000 of grant funding annually for five years if the strategies that emerged were informed by the systems analysis and generated collaboration among network members. "Our review of RE-AMP financial data confirmed that, in the first 10 years that the network was active (2004–2013), the Garfield Foundation invested a total of \$8.8 million. During these same years, another 25 foundations contributed to RE-AMP operations and projects, increasing overall support for the network and its projects to more than \$24 million." Read more about how this leverage was achieved at: http://ssir.org/articles/entry/investing_in_networks_grows_impact.

Exiting Responsibly

Even a funder that has made a long-term investment (5–10 years) in a network will exit at some point. There can be many reasons for ending financial support. Perhaps the network is no longer aligned with the funder's strategy or the funder's strategy has changed. Perhaps the network has completed work that the funder considered essential or is not as productive as the funder hoped. Or perhaps the funder has maintained its strategy but identified more productive uses for its funds. For some funders, exiting at a certain point, after three years, for instance, is a philosophical matter to prevent grantee dependence. Whatever the cause, designing an exit strategy is often a big concern and there aren't easy answers. But there are ways to invest and exit responsibly:

- **Signal intentions.** Funders should clearly signal their intentions long enough ahead of a potential exit for the network to have time to adjust. Especially with capacity-building grants, this probably means giving a network 12 months or more lead time.
- **Emphasize cost management.** As part of a funder's investment in the network, it helps to emphasize that the network needs to stay lean, keeping fixed costs to a minimum. This reduces financial vulnerability and can make the network more attractive to other funders. (It helps that building a large operating budget by adding staff runs contrary to the principles of generative networks, in which the members do the bulk of the work.)

- ***Fade away.*** A funder providing a multi-year investment, especially in network capacity, can design its grant to have smaller amounts each year. This provides a signal and catalyzes the network to focus on replacing funding, increase its productivity, prioritize activities, or all of the above.
- ***Help with finding other funding sources.*** By helping a network develop other sources of funding and build financial resilience, a funder can prevent its exiting from causing the demise of the network.

Using the Guidance: Four Exercises for Funders

To help readers use the key ideas in this guidebook, we provide a set of exercises for funders.

What’s In Your Portfolio?

Many funders have invested in one or more of the models of collective action, but each funder’s experience is different. It’s useful to reflect on your own experiences. Which of these models have you invested in or considered investing in during the past 2–3 years? For each investment, what were the conditions of the investment (system change, multiple and challenging strategies, uncertainty and risk)? Once you’ve taken stock, reflect on the questions below.

Portfolio Models

<i>Model of Collective Action</i>	<i>Investment Made</i>	<i>Conditions of the Investment (answer each yes or no)</i>
		<ul style="list-style-type: none"> • <i>Was system change the goal?</i> • <i>Were multiple challenging strategies being pursued?</i> • <i>Were high levels of uncertainty and risk involved?</i> • <i>Which critical factors for strategic success—time frame, social capital, leadership, capability—had to be considered?</i>
Membership-Based Association or Organization		
Community of Practice		
Movement		
Social-Media Web		
Generative Network		

Questions:

- Are there patterns in the types of collective action in which you've been investing? Are your investments weighted toward any particular model(s)? If so, why?
- What have you learned about the different situational conditions—especially multiple and challenging strategies, uncertainty and risk—in which you've invested in models of collective action?

Drilling Down on Investment Essentials

Funders play different types of roles as investors in networks and use different styles of engagement with networks, so funders' experiences in designing investments differ. But it's useful to reflect on how much your due-diligence process and engagement with networks have drilled down on the many aspects of network design and evolution. For investments you've made, how well had the network builders thought through its design and potential evolutionary path?

Due-Diligence Concerns for Network Investment

How Well Had Network Thought Through Network Design and Evolution	Select one: 1. <i>Well thought through</i> 2. <i>Somewhat thought through</i> 3. <i>Not thought through at all</i>
<i>Design Elements</i>	
Purpose	
Membership	
Value Propositions	
Coordination, Facilitation, and Communication	
Resources	
Governance	
Assessment	
Operating Principles	

<i>Evolutionary Dimensions</i>	
Stage of Development	
Capabilities	
Infrastructure	
Connectivity Structure	

Questions:

- Reflecting on your answers, when you and network builders have designed investments, might you have benefited from more deeply examining specific design elements or evolutionary dimensions of the network?
- Is there a pattern in which topics—elements or dimensions—could have used more attention?

How's the Network's Pulse?

Funders have begun to invest in evaluating a network's performance, as detailed in "The Network Evaluation Guide," but each funder's experience doing this is different. It's useful to reflect on your own experiences. When you've invested in a network's evaluation or continuous improvement, which elements of a network's performance were monitored and what difficulties were encountered in conducting assessment?

Questions:

Taking a Network's Pulse

<i>Element</i>	<i>Details</i>	<i>What Was Monitored? What Difficulties Were Encountered in Conducting Assessment?</i>
Connectivity: How well are members connecting with each other and exchanging value?	Includes measurement and mapping of social capital in the network: <ul style="list-style-type: none"> • Number of links among members • Quality of members' relationships • Analysis of the structure of member connectivity within the network 	

Health: How well is the network doing in creating the conditions crucial for success and sustainability?	<p>Includes these essentials for developing a network:</p> <ul style="list-style-type: none"> • Members' satisfaction and sense of shared purpose • Effectiveness of network infrastructure (mainly coordination and communication) • Effectiveness of network governance • Sufficiency of network resources
Impact: How much is the network changing the world?	<p>Networks have a "chain of impact":</p> <ul style="list-style-type: none"> • The impact the network has on its members • The impact that individual members of the network have on their separate worlds as a result of participating in the network • The impact network members have collectively

- Would a deeper understanding of what makes networks tick have helped network builders select different or better indicators to monitor and commit more strongly to continuous improvement processes?
- Could you have designed your investment in the network's evaluation and/or continuous improvement to better capture the most useful data and ensure it would be used to improve the network's performance?

Where's the (Other) Money?

Many funders try to help the networks they invest in to become financially resilient—by tapping non-philanthropic sources such as member dues and sponsorships and/or by brokering grants from other foundations. It's useful to reflect on your own experiences.

How knowledgeable are you and network builders about the other types of financial sources that exist?

Network Financing

Source *How Knowledgeable Are You and Network? (select one)*

- *Not Knowledgeable*
- *Somewhat Knowledgeable*
- *Very Knowledgeable*

Member Dues or Fees

Sponsorships

Partnering

Government Grants
or Contracts

Crowd-funding

Earned Income for
Services and Products

Question:

- Reflecting on the pattern of your answers, how might you and network builders have improved your approach to achieving financial resilience through tapping other sources of money?

Resources

FSG, “Collective Impact Approach” [website](#).

Grantmakers for Effective Organizations, “[Cracking the Network Code: Four Principles for Grantmakers](#),” June 2013.

Monitor Institute (Katherine Fulton, Gabriel Kasper, and Barbara Kibbe), “[What’s Next for Philanthropy: Acting Bigger and Adapting Better in a Networked World](#),” July 2010.

Network Impact and the Center for Evaluation Innovation, “[The Network Evaluation Guide](#).”

Network Impact, [Network Health Scorecard](#).

Peter Plastrik, Madeleine Taylor, and John Cleveland, *[Connecting to Change the World: Harnessing the Power of Networks for Social Impact](#)* (Washington, D.C.: Island Press, 2014).

Rockefeller Foundation, Monitor Institute and Deloitte, [Engage: Building and Harnessing Networks for Social Impact](#).

About the Authors

The Innovation Network for Communities (INC), a nonprofit organization that works extensively with foundations, assembled a team to develop the guidebook:

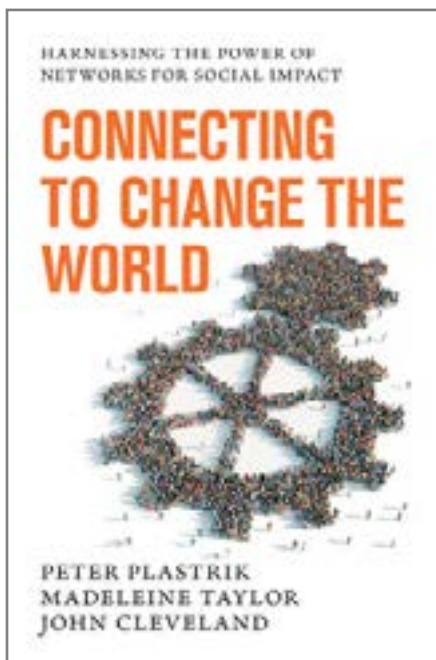
- John Cleveland, president of INC, and Peter Plastrik, vice president of INC.
- Patricia Brandes, former executive director of the Barr Foundation in Boston, a funder of many networks in the region.
- Susanna Sutherland and Maggie Ullman, cofounders of the Southeast Sustainability Directors Network. Susanna is former sustainability director for the City of Knoxville, Tennessee, and Maggie is former sustainability director of the City of Asheville, North Carolina.
- Richard Anderson, consultant and director of INC.

In 2014, Cleveland and Plastrik coauthored with Madeleine Taylor, founder/CEO of Network Impact, a book about building social-impact networks, *Connecting to Change the World: Harnessing the Power of Networks for Social Impact*, based on their past and continuing work with more than 30 social-impact networks. Madeleine Taylor is also coauthor, with the Center for Evaluation Innovation, of “The Network Evaluation Guide.”

Jennie Curtis, executive director of the Garfield Foundation, reviewed an early draft and offered helpful guidance.

Connecting to Change the World

By Peter Plastrik, Madeleine Taylor, and John Cleveland



Something new and important is afoot. Nonprofit and philanthropic organizations are under increasing pressure to do more and to do better to increase and improve productivity with fewer resources. Social entrepreneurs, community-minded leaders, non-profit organizations, and philanthropists now recognize that to achieve greater impact they must adopt a network-centric approach to solving difficult problems. Building networks of like-minded organizations and people offers them a way to weave together and create strong alliances that get better leverage, performance, and results than any single organization is able to do.

While the advantages of such networks are clear, there are few resources that offer easily understandable, field-

tested information on how to form and manage social-impact networks. Drawn from the authors' deep experience with more than thirty successful network projects, *Connecting to Change the World* provides the frameworks, practical advice, case studies, and expert knowledge needed to build better-performing networks. Readers will gain greater confidence and ability to anticipate challenges and opportunities.

Easily understandable and full of actionable advice, *Connecting to Change the World* is an informative guide to creating collaborative solutions to tackle the most difficult challenges society faces.

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