

JOINT FUNDRAISING: PROMISES AND PITFALLS FOR COALITIONS

INTRODUCTION

Coalitions are formed for a variety of reasons, but most exist at least partly because of the need to share information and improve coordination and cooperation among members. Many coalitions find this cooperation so valuable that they decide to fundraise as a coalition to obtain shared resources, then decide as a group how to use those resources. Sometimes several members decide to do joint fundraising for a project they will run together. Such collaborative fundraising and resource allocation offers many benefits. It also poses some challenges that need to be recognized and managed.

BENEFITS OF JOINT FUNDRAISING AND JOINT PROJECTS

Joint fundraising by a coalition to support joint projects or a network of linked services can offer many advantages. For example, it:

- Makes possible more comprehensive, coordinated efforts
- Enables the coalition to approach bigger funders and go after larger grants than would be possible for most members working independently
- Decreases competition and demonstrates collaboration – which is important to funders
- Avoids duplication of effort
- Gives funders "more bang for the buck"
- Makes efficient use of limited fundraising time and resources
- Allows organizations to learn new fundraising approaches
- Increases organizational credibility, especially of smaller organizations
- Provides mutual support among members

PROBLEMS AND CHALLENGES OF JOINT FUNDRAISING AND THE ALLOCATION OF RESOURCES

Joint fundraising can be challenging and – if not well planned – can have negative results. For example:

- Misunderstandings and conflict can occur if the process for setting priorities and allocating funds raised among members is not mutually agreed upon in advance and viewed as fair
- Coordination of joint fundraising can be difficult and time consuming, and members do not always equitably share the work or the credit
- Sometimes the need to use funds to meet priority needs may conflict with the desire to share funds widely among members
- To avoid the appearance of conflict of interest or favoritism, coalitions sometimes set up very complicated and time-consuming processes for deciding who gets funding
- Disagreements over resource allocation can negatively affect the rest of the coalition's work; members may even leave the coalition

- Joint projects can involve complicated financial management, placing a heavy burden on the fiscal sponsor and/or on subcontractors/providers
- Commitment to the coalition can mean less flexibility for individual members in setting their own fundraising and organizational priorities
- The fiscal sponsor may suffer financially if it typically seeks individual funding from sources that are now targeted by or funding the coalition

UNDERLYING REASONS FOR DIFFICULTIES

These problems and difficulties often have one or more of the following underlying causes:

- **Issues of decision making and control:** Lack of clarity regarding decision making procedures can leave a vacuum or allow one or several organizations to dominate coalition efforts. Often, smaller members feel they will have limited input, or larger ones feel that because they bring more resources to the collaborative, they should have greater influence on decisions – or receive a large share of funds raised. Coalitions need leadership and member involvement, and the groups providing them may feel this assumption of responsibility entitles them to greater input to decision making. Unless issues of control and decision making are clearly addressed, serious problems are likely to occur. The membership needs to agree “up front” on procedures for setting program priorities and allocating resources among types of activities, as well as deciding who receives funding for what activities and how funds will be managed, once received.
- **Unrealistic or differing expectations:** Unfulfilled or mismatched expectations arise when organizations enter into joint projects without explicit, shared objectives and clarity on what is expected from each member and what benefits each member can expect to obtain. Organizations often begin joint needs assessment and planning in an atmosphere of "generosity and good will" but without a clear idea of where the coalition is going. Unless priorities and expected roles are clearly stated, some members may retain unrealistic expectations and end up feeling exploited or cheated.
- **Poor communication and coordination:** Doing joint fundraising – and agreeing on the use of funds once obtained – require a lot of member communication and coordination. There is a widespread belief that “knowledge and power,” and poor or limited communication may be interpreted as a deliberate attempt to avoid sharing power. Moreover, the coalition needs to present a united front and consistent and accurate information to the funder. Written materials need to be circulated and approved once developed, and further reviewed as they are changed and updated. Members need to be kept informed about progress and problems. The required coordination is time-consuming, and requires both commitment among all members and someone to take the lead in ensuring communication and information sharing. In their absence, tension and conflict often occur.
- **Individual organizational interests:** Each organization has its own organizational priorities and needs, including demands on staff and Board time and the responsibility to protect its own funding and credibility. Members must be secure enough in their individual

organizational identities to support the coalition. They must also have financial and/or personnel resources to devote to the coalition; sometimes considerable time and energy are required before significant financial or programmatic results are achieved. If organizations believe that their individual interests are being harmed by the coalition, they are likely to withdraw full support.

- **Unclear management responsibilities.** Often, collaborative fundraising begins without a clear mechanism for oversight and financial management. One coalition member may agree to serve as funding sponsor without a clear understanding among all members about the responsibilities and rights this entails. If the coalition is not an incorporated, tax-exempt organization, the fiscal sponsor assumes financial management responsibilities and its own Board of Directors holds a policy making and fiscal oversight role. Explicit agreements are needed to ensure that management responsibility is shared with a steering committee or leadership body made up of coalition members. The role of the fiscal sponsor and steering group in hiring, supervising, evaluating, and if necessary terminating coalition staff must be clearly stated. In the absence of such clarity, conflict may occur between the fiscal sponsor and coalition leaders, and other members may take sides in such disputes.

SUGGESTED ACTIONS

To minimize conflict and maximize positive results of joint fundraising and collaborative programs, a coalition might consider the following actions and address the questions specified:

1. **Agree on the scope and limitations of collaborative fundraising and project activities.** Decide what will be done jointly, and what will remain the individual responsibility of each member. Will members be asked to agree not to individually approach certain funders that are being targeted by the coalition? or not to fundraise individually for specific types of activities that the coalition agrees to carry out jointly? Are some funders to be off limits to the coalition?
2. **Establish a mechanism for obtaining and managing funds.** Consider both short-term and long-term plans. Will one member serve as “fiscal sponsor” and lead agency, receiving grants on behalf of the coalition? If so, what decision-making and management responsibilities will the fiscal sponsor undertake, and what management fee will it receive? In the long term, might a separate nonprofit organization be established? Even if it does not plan to incorporate, should the coalition develop bylaws or operating procedures?
3. **Develop a clear mechanism for coalition decision making that all members agree is fair and equitable.** Decide what decisions must be made by the full coalition, and what will be delegated to a steering group or other smaller body. Decide who will be responsible for fundraising and management tasks. Agree on a process for setting priorities. Decide whether you will use *Robert’s Rules of Order* and majority votes for decision making, or whether you prefer consensus or some other decision-making model.

4. **Agree on a program management and oversight structure.** Once funds are received, there will be a need for ensuring program and financial oversight and communications within the coalition. Some of this work can be done by staff, and some will be the fiscal sponsor's responsibility. However, the coalition will need a process through which issues can be raised by funded entities and tensions resolved before they become conflicts. Will this be part of the role of a steering committee? Should there be a working group of entities funded through the coalition?
5. **Define and agree on responsibilities for fundraising.** Resource development is likely to be an ongoing task, even if a significant amount of funding comes from a single source, at least for the first few years. The coalition needs to clarify and put in writing who is in charge of what – how work will be divided in researching funders, making funder contacts, preparing proposals, and doing other fundraising.
6. **Decide in advance how funds raised will be allocated.** The process needs to be considered fair by all members, so that they will accept the decisions made even if they do not receive desired funding.. If funds will be distributed among members, on what logical basis? Will non-members be eligible for funding? Is it expected that all member organizations will receive some funding, or will some receive only non-cash benefits? If several members carry out similar types of activities, will a competitive process be used for deciding who gets funding? How will the project be scaled down if less funds are raised than budgeted? It may not make sense to simply give each entity less money, since that could mean that no organization will have enough resources to hire staff or provide needed services.
7. **Develop a clear written agreement that includes the decisions made about program collaboration.** Consider giving the agreement an expiration date; for example, if joint funding will last for three years, have a three-year agreement. Clearly state the scope of collaboration, decision-making procedures, and how the collaboration will be implemented. Be very clear on what fundraising will be done jointly and separately, and when funds will be used by the coalition for staffing or other activities versus distributed to some or all members using a pre-determined selection process. Specify the limits of collaboration, and address longer-term issues. Will there be any limits to sharing of materials, concepts, and techniques that are developed jointly? Are organizations free to seek individual funding from a coalition funder? Who makes decisions on such issues if they are not specified in the agreement?
8. **Give credit to members.** Work out arrangements for publicizing the contributions of each member as well as the coalition. Agree on official wording for presentations. Ensure that printed materials and public statements are agreed upon by all members, using a pre-determined approval process. An important objective of the coalition should be to increase the credibility and visibility of all its individual members; this requires deliberate planning and attention.