

Cracking the Network Code: Four Principles for Grantmakers

As grantmakers and nonprofits are looking for ways to collaborate more effectively, many are experimenting working with and through networks to achieve greater impact. Because networks are by definition loosely controlled and emergent, understanding how to effectively support them feels like a mystery to many grantmakers. GEO's newest publication sets out to crack the code behind the network mystique.

Introduction

The social sector has been experimenting with new ways to solve intractable problems; coalition and community building, collaboration, collective impact and networks have risen as waves of experimentation that are gradually yielding success. The leaders in these actions — actually, groups of leaders — are figuring it out. These leaders succeed by adopting a network mindset that enables profound change.

“Mastering collaboration is the most important opportunity to close the gap between achieving pretty good performance and full potential.”

A NONPROFIT LEADER

Cracking the code behind this mindset enables organizations and their leaders to band together to accomplish far more than an equal number of top-notch organizations could by working in isolation. Whether they are supporting or working in networks themselves, by understanding the principles that constitute the network code grantmakers can achieve the benefits and avoid common pitfalls of working through networks.

Inside Networks

Increasingly, networks are vehicles for tackling challenges where resources are dwarfed by the vision of the task at hand, achieving economies of scale without organizational growth and spreading innovation. For example:

- By regranting its funds to a number of organizations in climate change and clean energy networks and by mobilizing additional philanthropic dollars that do not flow through its organization, the Energy Foundation is building the field of energy philanthropy.
- Guide Dogs for the Blind Association gave operating control and all potential profits of programs outside of its core mission area to organizations that held a shared vision and could operate these programs with greater effectiveness.
- As a global network of microfinance institutions and banks, Women's World Banking enables its members to share product and process innovations, provide technical services, evaluate each other and hold each other accountable for results.

Inside the Network Code: Four Principles of the Network Mindset

1. MISSION, NOT ORGANIZATION. The network mindset is about advancing the mission even before advancing the organization. Leaders adopt strategies and tactics to achieve the mission, not necessarily to stimulate organizational growth.

For a mission and vision that calls for profound change, grantmakers must be prepared to sometimes follow, rather than lead. To advance mission over organizational interest, grantmaker:

- Give the network your unwavering commitment.
- Ensure that boards and grantmaking staff embrace the network mindset.
- Fund network-level costs.
- Build on existing networks and relationships.
- Adapt evaluation approaches to network processes.

QUESTIONS FOR GRANTMAKERS

- **Give the network your unwavering commitment.** Are we prepared to invest for the long haul and continue our support?
- **Ensure that boards and grantmaking staff embrace the network mindset.** Who on our current staff already displays the network mindset? What training can we provide to support staff? What should we look for in new staff?
- **Fund network-level costs.** What types of facilitation, information infrastructure, administration or other needs does the network have, and how can we support them? What do the network members themselves say they need?
- **Build on existing networks and relationships.** Are there existing or emerging networks that our assistance might help? Who else is working in the field? What additional resources can we mobilize to support the network?
- **Adapt evaluation approaches to network processes.** What short-term indicators will reveal network development? What measures will we use at the network or systems level? What steps can we take to ensure that measurement doesn't disrupt the network?

2. TRUST, NOT CONTROL. In the network mindset, trust and shared values are far more important than formal control mechanisms such as contracts or accountability systems.

To support efforts to build trust and support accountability without controlling the network, grantmakers:

- Vet potential partners.
- Test relationships with a pilot project.
- Expect networks to grow organically.
- Demonstrate your trustworthiness by being flexible and transparent.
- Let the network make decisions for itself, but offer support when needed.

QUESTIONS FOR GRANTMAKERS

- **Vet potential partners.** What kinds of information will help us determine that our values and mission align with those of potential network participants? Do partners that look good on paper have a track record that demonstrates their commitment to working alongside others?
- **Test relationships with a pilot project.** What kinds of small-scale projects can we collaborate on while testing a new relationship? What terms will enable a mutually satisfactory decision to deepen the relationship as part of a network — or will enable us both to withdraw amicably?

- **Expect networks to grow organically.** Which of our grantee, funder or other relationships are already flourishing and show readiness to adopt a network mindset? From the perspective of participants, what actions and resources might facilitate the development of a network?
- **Demonstrate your trustworthiness by being flexible and transparent.** In what ways do we demonstrate that our foundation is a trustworthy partner? Do any of our practices send a message that we don't fully trust our partners and grantees? Are any of our accountability measures disincentives for network development? How will our processes affect the dynamics of the network?
- **Let the network make decisions for itself, but offer support when needed.** How can we push power and control out? How can we lend support without overpowering the network? How do we balance our goals and accountability requirements with the fluidity of the network process?

3. HUMILITY, NOT BRAND. Conventional wisdom has organizations promoting their program models, building their brands and striving to be the leaders in their field. In the network mindset, organizations work alongside their peers as equals and willingly take a back seat when their partners are in a better position to lead.

Because the significant financial resources held by grantmakers can create a power imbalance, it's especially important for funders to practice humility in networks. To lead with humility, grantmakers can:

- Cultivate empathy, curiosity and commitment.
- Direct recognition to the parts of the network that can best benefit.
- Be open with your resources and expertise.

QUESTIONS FOR GRANTMAKERS

- **Cultivate empathy, curiosity and commitment.** Do we seek to understand the perspectives of grantees and other funders? Do we reach out to others to learn? Do we persevere in our attempts to understand and learn from the network? Are we willing to let go of long-held beliefs and activities in response to learning from peers?
- **Direct recognition to the parts of the network that can best benefit.** What media relations policies need to change within the foundation to reflect the network code? How can we know which parts of the network are best able to benefit at any given time? Do we need to be in the limelight to be effective or is a behind-the-scenes role more productive?
- **Be open with your resources and expertise.** What resources and expertise do we have that could be helpful to others? How might our mission be advanced by becoming an "open source" organization, releasing control of ideas and processes, and supporting communities to generate the impact? Where do our resources have the most impact? How might we need to realign current activities and programs to maximize that impact?

4. NODE, NOT HUB. Those who embrace the network mindset see their organizations as one part of a larger web of activity directed toward a cause, not as the hub of the action.

Grantmakers engaged in "node thinking" actively take stock of the community of nonprofits, foundations, government agencies, businesses and community members that are involved in reaching the vision. In doing so, they:

- Understand the ecosystem of the network.
- Get multiple boats in the water and encourage peer group involvement.
- Manage your footprint by providing support without overwhelming the network.

QUESTIONS FOR GRANTMAKERS

- **Understand the ecosystem of the network.** Who else is addressing the systemic challenge we are concerned with, and how do the other players fit together? What are their strengths and weaknesses? Similarly, what are our strengths and weaknesses? How might linkages be made with others in the system to leverage strengths and shore up weaknesses?
- **Get multiple boats in the water.** How can we support peer groups involved in the network? How can we ensure not only our success but that of other essential actors? What other funders might be interested in collaborating and co-investing?
- **Manage your footprint.** How big a footprint do we want? Instead of trying to address all aspects of the network's development, how can we listen and learn from participants to identify where the gaps are? Who else might be able to fill those gaps? Even when we are able to address an issue in the network's development, how can we make space for others to take the lead? How can we lend our resources and support without overwhelming the activities of the network?

CONCLUSION

Grantmakers who focus on systemic problems, who are dissatisfied with incremental improvements, who are willing to be patient investors, and who are comfortable with fluidity and uncertainty are ready to consider network opportunities. By adopting a network mindset, grantmakers can discover countless opportunities to work with other leaders across the nonprofit, public and private sectors in ways heretofore unimagined. While every network is unique and can't be scripted from the outset, the essential operating code in successful networks is the same: mission, not organization; trust, not control; humility, not brand; and node, not hub. Networks hold the potential for generating impact at a scale exponentially greater than the sum of their individual parts. Armed with the network code, social sector leaders have the power to unleash the potential of their networks to generate solutions that will change the world.

You can access additional network resources and the full publication, *Cracking the Network Code: Four Principles for Grantmakers*, at www.geofunders.org.