

# Building a Nonprofit Network

*Prepared for the Ontario Volunteer Centre Network  
through a grant from The Ontario Trillium Foundation*

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November, 2011

## Table of Contents

Purpose .....	1
Defining the Terms.....	1
Network Characteristics .....	2
Critical Success Factors.....	3
Choice Points in Network Building.....	5
1. What is the unifying purpose of the network?.....	5
2. How is membership defined? .....	7
3. What core competencies, capacities and resources are required and how will we access them?.....	10
4. What is our preferred organizing structure? .....	12
5. How will our network be governed?.....	16
6. How will the work get done? .....	18
7. How will our relationships, structure and processes be documented? .....	21
In Closing .....	22
Bibliography .....	23

*We wish to thank Leslie Wright,, Principal, Novita Interpares Limited, Catherine Lang, C. Lang Consulting and Heather Graham, Heather Graham Consulting Services for sharing their knowledge and expertise.*

*Please acknowledge the Ontario Volunteer Centre Network, The Ontario Trillium Foundation and the authors when citing or circulating this document.*

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### Purpose

The purpose of this resource is to identify the critical choices and decisions required to build a network's structure and processes. We provide case examples from the field, describe the key factors responsible for network success, and walk readers through a step-by-step approach to designing their own networks.

While those steps are presented in chronological order for reasons of clarity, the actual process is more likely to be an iterative one, involving continuous reflection and revision. Building a network is a fluid, and often chaotic undertaking. Although each step must be completed, it may be necessary to revisit earlier stages in the process as the design unfolds. Ultimately, by coming to consensus on the questions asked in this document, network builders will be able to create the structure and processes that work best for them, given their current environment, their group's unique culture and values, the diverse capacities of their potential members<sup>1</sup>, and the resources available to them.

This resource was prepared for the Ontario Volunteer Centre Network (OVCN), with funding from The Ontario Trillium Foundation, as part of the OVCN's organizational renewal process. It draws from both an extensive literature review and the experiences of an array of diverse networks.

### Defining the Terms

One of the challenges of researching networks is a lack of consistency in language and definition. In the literature, the term 'network' is often used interchangeably with the 'collaborative', 'federation', and 'council', as well as 'association', 'partnership', 'strategic alliance', 'cooperative' and 'consortium'. This variability makes it difficult to draw from the literature and provide a coherent set of rules for structuring and organizing 'networks'. Similarly, the term 'network', as an entity, is often used interchangeably with 'networking', as a way of working - with the latter definition receiving more attention.

At its most basic, a network is *'a set of nodes and links of things that are connected to each other'*<sup>2</sup>. Some networks - like Facebook, Craig's List or some professional groups - are informal and comprised of individuals who simply seek an opportunity to connect with each other and share information and expertise.

Other networks (of either individuals or organizations) are more formal. They may be designed to facilitate the exchange of information and expertise; coordinate members' efforts to achieve greater efficiency or effectiveness<sup>3</sup>; or address broader, more complex issues<sup>4</sup>. Networks, such as those, that require a high degree of synchronization to coordinate their activities and deliver results will need a more formal structure and set of processes. This resource focuses on those types of networks.

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<sup>1</sup> For the purposes of this document, the term 'member' is used to describe those people, and the organizations they represent, who choose to participate in, or work in partnership with the network. The membership can be open-ended and highly inclusive or more exclusive and formally defined.

<sup>2</sup> *Net Gains: A Handbook for Network Builders Seeking Social Change*; Peter Plastrik and Madeleine Taylor, Version 1.0, 2006, pg. 14

<sup>3</sup> E.g. networks that share space or coordinate services

<sup>4</sup> E.g. networks established to change or create policy

***For the purposes of this paper, the term ‘network’ is broadly defined as ‘a group of people or autonomous organizations which choose to work together collectively to achieve not only their own goals, but the collective goals of the network as a whole’.***

### Network Characteristics

Unlike other types of structures or organizations, networks share the following characteristics:

- *They are for and about the needs and interests of their members.* Consequently, they are designed to benefit their members as individuals, the organizations they represent, and the network as a whole;
- *They are built to harness and create capacities from within the network membership* to address issues and capitalize on opportunities that member organizations alone couldn’t address;
- *They are comprised of autonomous individuals, organizations or networks.* Because of that composition, control must be based on shared decision-making and persuasion, rather than power and authority;
- *They are challenging to manage.* Network leaders and coordinators must be highly skilled in facilitation, mediation, relationship building, communication and coordination to engage, organize, motivate and coalesce members.

Beyond those shared characteristics, however, networks display a range of types and forms, as described in the table on the following page<sup>5</sup>:

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<sup>5</sup> Adapted from: *On Collaboration Governance*; John Donahue, Corporate Social Responsibility Initiative Working Paper No. 2, John F. Kennedy School of Government, Harvard University, 2004 pg. 3

ATTRIBUTE	RANGE
Formality	Based on an informal agreement, or tacit understanding to Institutionalized, through a formal contract (or the equivalent)
Duration	Intended to be ad hoc, and to disband once the original issue has been addressed to Intended to be permanent, or at least indefinitely enduring
Scope	Narrowly focused, to meet a single shared challenge or issue to More broadly focused, to address a range of concerns common to the network's members and/or multi-faceted and complex issues
Diversity	Minimum diversity among members to Maximum diversity (e.g. purpose, values, sectors and structures) among members
Linkages	A few distinct players, strongly linked together to More players with fewer, more tenuous linkages
Dynamics	Highly stable in terms of funding, membership, focus, risk, etc. to Highly volatile

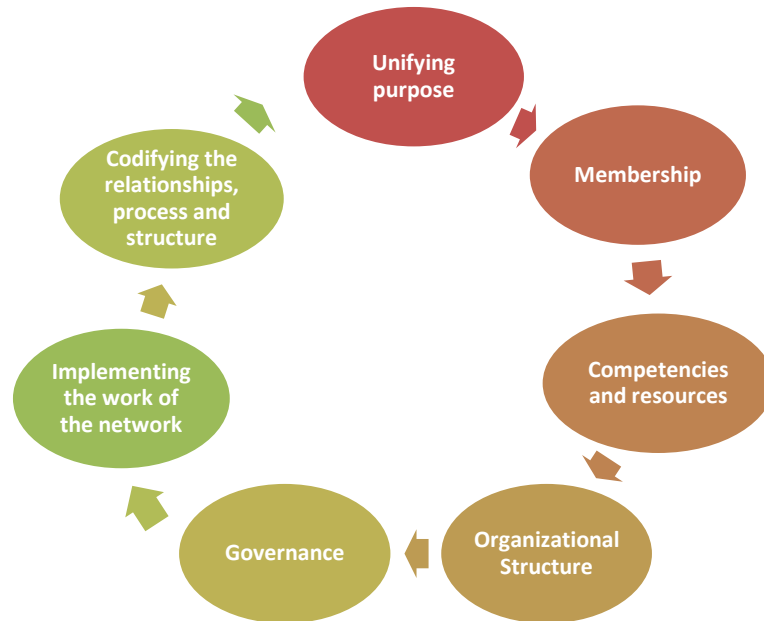
## Critical Success Factors

The research clearly demonstrates that there is no 'ideal' set of operating models that network builders can replicate. Every network is unique in its purpose and, as a result, must be unique in its design. There are, however, a number of critical success factors which must be kept in mind when designing a network's structure and processes:

- A compelling unifying purpose, with which all members agree, is kept front and centre in all decisions.
- Members - including those with limited resources and capacities - share in decision-making; feel deep ownership of the outcomes and the strategies for achieving them; demonstrate mutual respect and shared values; resolve issues openly and constructively; and receive timely, transparent and inclusive communication. As a result, a high degree of trust exists among them.

- Leadership is characterized by an ability to build mutual goodwill among members, to facilitate agreement among diverse perspectives, and to mobilize the strengths and capacities of others toward achieving concrete results. It is not defined by a single authority or control.
- The focus is on developing and unleashing the brainpower, expertise and experience of network members, rather than staff doing the work for them.
- Communication between network partners is fast, flexible, effective, diverse and accessible. It takes advantage of both formal communication mechanisms and informal interpersonal communication processes.
- The purpose and design of the network are practical and realistic. As a result, there's close alignment between the network's expectations about what can be achieved and its ability to access the competencies and resources required to achieve it.
- The network is highly adaptable. Structures and processes stay in place only as long as they serve a clear purpose. When there are new opportunities or emerging threats, when new members join, when goals are achieved or progress is faltering, the network is agile enough to change direction or to revise its structures and processes.
- Members are clear about, and supportive of the network's intended outcomes. They clearly understand what is expected of them and how they will benefit from their participation.
- The benefits derived by members exceed the time and resources they contribute. Members find value at the individual and organizational level and are therefore committed to seeing the network's goals accomplished. This leads to a high degree of mutual accountability and a willingness to find consensus.
- The right balance is found between inclusiveness and shared decision-making, on the one hand, and achieving results, on the other.
- Credit for the network's success is shared among its members.

## Choice Points in Network Building



Those who aspire to build the right structures and processes for their network must answer the following seven key questions:

1. What is the unifying purpose of our network?
2. How is membership defined?
3. What core competencies, capacities and resources are required and how will we access them?
4. What is our preferred organizing structure?
5. How will our network be governed?
6. How will the work get done?
7. How will our relationships, structures and processes be documented?

Each of these questions is explored in detail below:

### 1. What is the unifying purpose of the network?

The unifying purpose describes why the network comes together – what is to be achieved, for whom, and the value proposition or potential benefits that will attract people and organizations to participate. The answer to this question then helps to define how the network should organize itself to accomplish its purpose. *The form the network takes must follow the function it will play.*

The unifying purpose must be:

- *Clear* - to those who will participate, and to those who might support it – and *compelling* - so that it energizes and galvanizes;
- *Grounded in reality*, and based on a clear understanding of the environment, solid evidence of need, measurable outcomes and existing or potential capacities and resources;
- *Unique* (e.g. in terms of geography, the outcomes to be pursued, the market served) - so that it doesn't duplicate what already exists;
- *Driven by a sense of urgency*, which is shared by members, and based on an economic imperative, issues, threats or opportunities that need to be addressed;
- *Focused on mutual self-interest*, so that there are benefits for the individual participant and the organization they represent, as well as for the network as a whole;
- *Based on a 'two way street'*, in which members both receive benefits *from* the network, and contribute to others *through* the network.

Successful networks usually form because a group of individuals see an opportunity, issue or threat to be addressed. They begin a conversation to explore how they can work together to address it, and identify the points at which their interests, challenges and needs intersect. Through these conversations, they begin to 'vision the future' and define the broad outcomes to be achieved by and through the network. They then identify other people and organizations that might want to participate in achieving these outcomes.

While it is important to start from a clear sense of purpose, it also is critical to allow the purpose to evolve as more or different participants join the network, the environment changes, goals are met, or progress is thwarted. The network's purpose should not be 'set in stone' but should evolve through continuous reflection and evaluation.

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### SUSTAIN ONTARIO

*is a province-wide, cross- sectoral alliance that promotes healthy food and farming. It takes a collaborative approach to research, policy development and action by addressing issues related to healthy food and local sustainable agriculture.*

*Membership is open to organizations, businesses and public sector groups working toward a food system that is healthy, equitable, ecological and financially viable. The network does not speak on behalf of its members.*

*Sustain Ontario is a project of Tides Canada.*

*An Advisory Council, comprised of 30 members, sets strategic directions for the network and reports to a Steering Committee. The Steering Committee is responsible for ensuring financial sustainability, reviewing grants, monitoring the budget, and managing the staff – a paid Director in the case of Sustain Ontario.*

*The Metcalf Foundation provides core funding, with the balance obtained through project grants.*

*The Director plays a coordinating role. Other work is accomplished by project staff, or by a series of member action groups that form around specific tasks,*



Coming to agreement about the broad outcomes to be achieved is usually an easier task than arriving at consensus about more specific goals and/or the value proposition<sup>6</sup>. The challenge is to arrive at these collectively, while ensuring that they are aligned with the needs and interests of the individual member, and those of the organizations they represent.

Benefits that members might derive from their participation include:

- Connections and access to resources that can further one another's work
- Increased knowledge, insights and information, and vehicles for the exchange of ideas and development of strategies
- Opportunities to build competencies, such as leadership skills
- Streamlining and enhancement of resources and capacities
- A stronger voice and greater impact
- Improved services or programs or enhanced client/customer experience
- Enhanced quality, quantity or sustainability of outcomes

## 2. How is membership defined?

As noted – for these purposes, the term 'member' describes the people, and the organizations they represent, who choose to participate in or partner with the network. The membership can be open-ended and highly inclusive or more exclusive and formally defined.

The relationships that form among members are the heart of any network. Networks thrive because their members both contribute to them and gain from them. While it is too early, at

### **ALLIANCE FOR CHILDREN AND YOUTH OF WATERLOO REGION**

*is an incorporated, member driven organization that works to improve the well-being of children, youth and families. It brings together a wide range of child and youth-serving agencies and interested individuals to undertake collaborative discussions, planning and action.*

*ACYWR describes its structure as a 'flipped hierarchy', with the members setting the directions and priorities, the Board of Directors refining them, and the staff acting on them.*

*There are 40 members, most of whom represent agencies. Members work through 'forum meetings' held monthly to implement programs. An annual conference, for example, is co-created and co-developed by the membership.*

*The Alliance receives core funding from the United Way of Kitchener-Waterloo and Area. The remainder of its revenue is derived from project funds and a small membership fee. ACYWR does not have charitable status.*

<sup>6</sup> The 'value proposition' describes the benefits to be received by and through the network

this stage of the process, to refine the structure of the membership, it is important to begin to think about three key questions:

1. Who are our members?
2. How formal (or informal) a membership structure is appropriate?
3. If there are formally defined expectations of members, should there be more than one category of membership? If so, what are the expectations of each category?

These questions may need to be revisited once the network's governance and operational structures have been determined.

### Who are our members?

The process of developing the unifying purpose will have broadly identified the network's participants. It is now critical to define 'members' more specifically. The network's core membership (at least) should display the following characteristics:

- A shared vision and clear 'buy-in' to the goals to be accomplished;
- A vested interest in seeing the network's goals achieved;
- Skills, capacities, connections and resources that can make a significant contribution, and a willingness to contribute them to the network;
- Mutual trust and respect, based on declared motivations, credibility and reputation, and a commitment to openness and transparency;
- A willingness to actively participate in decision-making and arrive at consensus about collective goals and strategies, and to be held accountable for delivering on expectations.

It may also be important to consider which groups, individuals or organizations should *not* be members. To do so, consider whether there could be any conflict of interest between the goals of the network and the potential member and, if so, what the implications for the network would be.

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### **THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**

*is a member-driven, not for-profit, charitable organization comprised of community-based organizations, cooperatives, social enterprises, practitioners, active citizens, researchers and other organizations involved in community economic development.*

*Its mission is to strengthen communities by creating economic opportunities that improve environmental and social conditions. CCEDNet accomplishes that mission by bringing people and organizations together to share knowledge and build a collective voice for action.*

*The network's 300 – 400 members join CCEDNet to participate in policy advocacy, share learning, and access services and programs. Many of them are actively engaged in committees, and are regularly consulted about CCEDNet's strategic directions.*

*There is a Board of 12 Directors, elected by the membership, including the Chairs of a number of working committees, such as the National Policy Committee. Board composition is informed by a diversity matrix.*

*The largest portion of funding is obtained through project grants. Conference revenues and modest member fees account for the balance.*

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Having determined which organizations should participate, it is also important to think about *who*, within those organizations, is the ideal member. Consider the following:

- Who, within the organization, is in the best position to help achieve the network's outcomes?
- Who would most benefit from participation?
- Should membership vary, based on either the activities to be undertaken or the outcomes to be pursued?
- Should the organization's most senior volunteer or staff person *necessarily* be the network member?

### How formal should our membership structure be?

The purpose of the network should dictate the formality of the membership structure. Networks in which membership is loosely defined may expect their members to share a common purpose and contribute to its accomplishment, but the network is unlikely to have a formal agreement that lays out conditions of membership. Other networks, with more formal membership criteria (and sometimes exclusionary criteria, defining who is *not* eligible) set out the conditions that must be met, both in terms of what members can expect *from* the network and what is expected *of* them.

Along with providing financial support in the form of membership fees or dues, the obligations and responsibilities of membership may include:

- Actively engaging in setting the Network's direction, priorities and activities and, as a result, being prepared to be held accountable for delivering on them;
- Ensuring individual members have been given the authority by their organizations to make decisions based on what is best for the network as a whole;
- Sharing their skills, competencies, connections, knowledge and resources with the network;

### **CANADIAN PARTNERSHIP FOR CHILDREN'S HEALTH AND ENVIRONMENT**

*is an affiliation of groups with overlapping missions to improve children's environmental health in Canada. Working across traditional boundaries, the Partnership provides common ground for organizations working to protect children from environmental contaminants.*

*CPCHE is a collectively organized network in which various partner organizations play a lead role to receive and administer funds and to guide and implement projects.*

*A Coordinating Committee is the managing body for the network. Comprised of representatives from partner organizations, it guides and oversees CPCHE's work.*

*Self-governing action groups, called 'constellations', are formed by members who have chosen to work together on a specific issue.*

*A Secretariat, led by the Partnership Director, supports the work of the Coordinating Committee, the constellations and the Partnership as a whole.*

*CPCHE's governance, management, procedures and obligations are described in a Management Terms of Reference.*

*The Partnership Director facilitates the work of the partners. She works from a home office, rather than the office of a member, in order to ensure that she is serving all partners equally.*

*CPCHE is funded through project grants. There are no membership fees.*

- Utilizing the training, materials and templates developed by the network, wherever possible;
- Abiding by the positions and policies adopted by the network, recognizing that they are morally binding, but may not be legally binding;
- Treating other members with respect and honesty.

### Should there be more than one category of membership? If so, what are the expectations of each category?

It can be helpful to differentiate between members who will be actively engaged in making the network function, and those who support it, but choose not to be active participants or make a deep commitment. The exercise of distinguishing between those two types of members can be driven by the value proposition – the more direct the value they derive from participation, the more their engagement should be expected. It may be helpful to think of membership categories as a series of concentric circles forming outward from the intended outcomes and value proposition, so that:

*Core Members* – who occupy the inner circle – are actively engaged in decision-making and in accomplishing the network's outcomes. They contribute more significantly in terms of both time and resources;

*Affiliate Members* occupy the outer circle. They may be called affiliates, associates, 'observers' or 'learning' members. They are unlikely to directly participate in network's decision-making processes, but can still benefit from its outcomes, access some of its services or programs (e.g. conferences, newsletters), or participate in its projects (e.g. provide input on policy development).

### 3. What core competencies, capacities and resources are required and how will we access them?

#### ONTARIO NONPROFIT NETWORK

*is a cross-sectoral affiliation with a mandate to communicate, coordinate and collaborate with nonprofit organizations working for the public benefit. In addition to creating a mechanism for nonprofits to communicate and dialogue with each other, ONN hosts 'constellation' groups to address particular issues.*

*ONN constellations are small, self-organizing action teams of members working together on a particular issue. They coalesce based on their own issues and assets - which ensures a high level of contribution.*

*Network partners include any public benefit nonprofit group or umbrella group and others, with similar goals, who are committed to and will participate in, the shared goals. There are no formal obligations of membership.*

*ONN is not incorporated. It has a Steering Committee that negotiates with an organization to act as trustee. The trustee, the Centre for Social Innovation, is legally responsible for the administration of grants and donations, and provides financial management of earned revenues and other activities. Reporting to the Steering Committee, the Trustee also provides administrative support and direction to the Secretariat. A written agreement guides the relationship with the Trustee.*

*A Steering Committee is the coordinating body responsible for setting strategic directions, monitoring the health and aligning the ONN constellations. It is not representative of partner organizations. An Advisory Council is comprised of 50 – 150 individuals who are regional participants and sectoral leaders from a range of organizational sizes. Its role is to identify key issues, provide early response (online) to test and evolve the constellations' policy positions, and to move issues forward when there is no existing policy.*

*The staff Secretariat supports the Steering Committee and supports and facilitates the work of the constellations. The Secretariat is engaged by the Trustee.*

For a network to be successful, its members must be prepared to contribute to the work required to achieve its goals and outcomes. Consequently, it is important to consider what competencies, capacities and resources can realistically be developed or accessed within the network, and which are required from other sources. While a few networks are able to accomplish all of their work through the time and resources contributed by members, others require external sources of funding to achieve their goals.

There are three key questions to be answered:

1. What competencies, capacities and resources are required to achieve the network's outcomes and value proposition?
2. Which network members have these competencies, capacities and resources, and how can they be or accessed or developed?
3. Where are the shortfalls and how can they be addressed? What potential sources of funding exist? How likely are those funders to contribute to the network purpose? Are they willing to contribute to infrastructure?

Network builders must revisit these questions as the network takes shape. It may also be necessary to revise the unifying purpose so that it aligns more closely with the constraints imposed by the existing or potential competencies, capacities and funding.

Potential sources of funding are numerous and, for any given network, may include the following:

- Donations of in-kind services from members
- Funding from outside sources, such as foundations, government or corporations <sup>7</sup>
- Membership dues or fees
- Sale of services to members or external customers
- Special levies or fees from members for specific projects
- Individual donations

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### **CANADIAN ALZHEIMERS SOCIETY FEDERATION**

*works to alleviate the personal and social consequences of Alzheimer's and related diseases and to promote the search for causes, treatments and a cure. It is comprised of 11 autonomous Alzheimer's Societies, including Provincial Societies and a national organization - Alzheimer's Society Canada (ASC). The ASC coordinates and facilitates Federation-wide activities and delivers national programs.*

*A Planning Assembly is responsible for making strategic decisions for the Federation. It is comprised of the Chairs and CEOs of the ASC and all Provincial Societies. The ASC Board governs the Federation between Planning Assembly meetings.*

*An Executive Leadership Team (ELC), comprised of the Executive Directors of all Federation partners, plays an operational leadership role for Federation-wide activities. The ELC is co-chaired by the CEO of ASC and a Provincial Society partner.*

*Partners are bound by an agreement which describes the structures, roles and responsibilities, processes and revenue sharing model of the Federation.*

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<sup>7</sup> Such funding is more often for project grants than for core sustaining funds

### 4. What is our preferred organizing structure?

There are some generic operating options that provide a starting place for designing network structure and processes. It is worth noting, however, that even within these options there are choices to be made about whether the network's decision-making process should be highly decentralized or centralized; whether the structure should be more formal or informal; and whether a higher or lower degree of member participation will be expected.

There are four key questions to be answered in determining the best organizing structure for a particular network:

1. Should the network be *collectively organized* without any attachment to another entity?
2. If it does remain collectively organized, will some functions be performed by a *lead organization(s)*? If so, what functions should it/they perform?
3. If the network chooses not to incorporate, should it operate as a project or initiative of a '*shared administrative platform*' organization? If so, what are the structural implications?
4. Should the network *incorporate as a legal entity*? If so, should it be an incorporated non-profit or a cooperative? Should it obtain charitable status?

The charts on the following pages describe those structural options.

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#### **NORTH COMMUNITY NETWORK OF SPECIALIZED CARE**

*is a collaborative network of specialized clinical services from across northern Ontario. NCNSC provides a seamless collection of services to adults with developmental disabilities and mental health needs, and /or challenging behaviours.*

*The network is collectively organized, with a lead agency – 'Hands - The FamilyHelpNetwork - providing infrastructure, governance, and coordinating functions. Funding for the network flows through the lead agency.*

*The Advisory Committee provides advice and direction to the lead agency with respect to the overall management of the network.*

*Membership includes representation from the lead agency, as well as developmental services, specialized clinical services, mental health centres, the Northern School of Medicine, the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services.*

*The Network is funded by the Ministry of Community and Social Services.*

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### Collectively Organized

**Description:**

Almost all networks start as stand-alone, collectively organized efforts spearheaded by an individual or group of individuals who are motivated by a common cause. Collectively organized networks choose to organize themselves rather than to create an incorporated organization to serve that function.

**Distinguishing Features:**

- While a collectively organized network may have staff, its member organizations contribute many of the competencies, capacities and resources required to accomplish its goals
- There is a more decentralized organizational structure and (typically) more shared decision-making.
- Relationships are based on formal or informal agreements about how the network will work together.
- Network coordination may be handled by staff or volunteers from member organizations, or by outside staff.
- Collectively organized networks can be highly agile and responsive, but may also be heavily process-oriented in their decision-making.
- This structure is typically more challenging to manage than an incorporated organization. Ensuring accountability may also be more problematic.
- Such networks may use a constellation model<sup>8</sup> to accomplish their work. Constellations are small, self-organizing action teams of partners working together on a particular issue of mutual interest. The action teams emerge based on opportunity, rather than as a result of any pre-determined strategy.
- Other collectively organized networks identify clear strategic directions and create standing committees and work groups to pursue them.

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<sup>8</sup> For more information on the constellation model read: *Listening to the Stars: The Constellation Model of Collaborative Social Change*; Tonya Surman and Mark Surman, Social Space, 2008 and *Constellation Collaboration: A model for multi-organizational partnership*; Tonya Surman, Centre for Social Innovation, 2006

Collectively organized networks can choose from two other options: they can identify a ‘primary lead organization’ from within their membership, or become part of a ‘shared administrative platform’ organization:

Lead Organization	Shared Administrative Platform Organization
<p><b>Description:</b></p> <p>Because a collectively organized network is not a legal entity, it may utilize one or more of its members as a lead organization(s). The primary purpose of the lead is to take responsibility for the flow through and management of funds. As a result, it also carries some responsibility for network governance, and may provide other support - such as administration, coordination, technology and logistics.</p>	<p><b>Description:</b></p> <p>A collectively organized network may become a ‘project’ of an existing entity, which provides a ‘shared administrative platform’ (SAP) and becomes the legal home for the network. Tides Canada is the best example of an SAP.</p>
<p><b>Distinguishing Features:</b></p> <ul style="list-style-type: none"> <li>• This structure allows the unincorporated network to receive funds through the lead organization; the lead organization is then accountable for those funds.</li> <li>• The lead organization may exert more or less control over the network.</li> <li>• This relationship may result in more centralized decision-making - depending on which tasks are assigned to the lead organization.</li> <li>• The relationship between the lead and the network is based on an informal or formal agreement.</li> <li>• Utilizing a lead may reduce costs, create efficiencies and provide a vehicle for receiving and administering funds.</li> <li>• This approach may also cause real or perceived issues of power and influence of one member or entity over others, resulting in the disengagement or disenfranchisement of some members, and/or creating tension about who receives credit for the network’s accomplishments.</li> </ul>	<p><b>Distinguishing Features:</b></p> <ul style="list-style-type: none"> <li>• The network becomes a part of the SAP organization, which assumes all governance, legal and fiduciary responsibility for network activities.</li> <li>• The activities of the network as a ‘project’ are overseen by the SAP organization’s management team and, ultimately, its Board of Directors.</li> <li>• The network identifies a project director and establishes a steering committee, which is responsible for setting and achieving the network’s strategic directions and managing its work.</li> <li>• The SAP manages the network’s financial and human resources, and addresses risk management issues, thus eliminating the need to duplicate infrastructure.</li> <li>• Terms of Reference set out the responsibilities between the SAP organization and the network as its ‘project’.</li> <li>• The network is responsible for raising its own funds, a portion of which is allocated to the SAP to cover its areas of responsibility.</li> </ul>



### Incorporated Membership Organization

**Description:**

The network is incorporated as a non-profit or cooperative organization. It may also choose to set up as a registered charity. The focus of the organization is to achieve the mission agreed to by the members and to meet their needs and interests, although those interests may also accomplish a broader public good.

**Distinguishing Features:**

- This structure requires more infrastructure and often costs more to operate than a collectively organized network.
- It typically employs a more centralized organizational structure.
- Members may be either highly engaged, or peripherally involved, in achieving the network's outcomes.
- Work may be undertaken primarily by members, or by staff.
- Decision-making may be either highly distributed among members, or more centralized.
- An incorporated network may be less agile and responsive than a collectively organized one, due to fixed structures and the need to meet legal and regulatory requirements.
- Incorporated organizations may be more efficient, easier to manage and better able to ensure accountability, but may also promote member disengagement and disenfranchisement, and may find themselves competing with members for funds or program delivery.

## 5. How will our network be governed?

Networks that are structured as either incorporated non-profit organizations or co-operatives must comply with the legal and regulatory expectations relevant to their jurisdiction. Ontario law requires that a Board of Directors be established to make governance decisions for not-for-profit corporations.

In the case of networks that are part of a shared administrative platform organization, some aspects of governance (including fiduciary duty, accountability, compliance and oversight of staff) are the responsibility of that organization's Board of Directors. Others (such as setting strategic priorities, planning, evaluation, and oversight of the programs and services provided by the network) are the responsibility of the network's steering committee.

Networks with a primary lead organization also separate governance responsibilities, with the lead organization's Board of Directors carrying the fiduciary responsibility for the funds it receives for the network. Lead organizations may also undertake other aspects of governance, such as strategic planning, although this may result in disengagement or disenfranchisement of network members.

In collectively organized networks governance expectations are not as tightly prescribed. Nonetheless, there are key tasks to be performed. The network must ensure that:

- Participants engage in collective and mutually supportive action, and respect the interests of other stakeholders;
- Resources are acquired and utilized ethically, effectively and efficiently;
- There is a clear sense of direction and priorities, which reflect the diversity of the membership and are clearly aligned with the capacity, competencies and resources of the network. Progress is regularly monitored and, when necessary, directions are revised;
- There is a formally articulated agreement about the mechanisms, policies and procedures that will guide the work of the network and its relationships;

### **TORONTO DROP-IN NETWORK**

*is a coalition of more than 45 drop-in centres working with people who are homeless, marginally housed or socially isolated in Toronto. TDIN works to increase the capacity of drop-in centres to serve their clients through training, communication, coordination, advocacy, and engagement with other member agencies, related service providers and government.*

*One of the members, St. Stephen's Community House, serves as the network's lead agency - acting as trustee for funds and providing financial administration. St. Stephens also approves hiring decisions made by the Steering Committee and provides the personnel policy framework.*

*While the membership is responsible for setting direction, a Steering Committee, reflective of the membership, is responsible for governing the network and completing and maintaining a trusteeship agreement with the lead agency. The Steering Committee appoints officers from among its members. The Network Manager reports to the Steering Committee.*

*A Governance Plan and Terms of Reference lay out the organizational structure and roles.*

*The network is funded by the City of Toronto. Members pay a fee, established at the General Members meeting, to demonstrate commitment, enhance the network's financial stability and provide a measure of autonomy.*

- Legal or regulatory requirements (e.g. for funding, human resources, etc.) are fulfilled in concert with the lead organization(s);
- Accountabilities to key stakeholders and between members are met.

Designing the network's governance structure requires answers to two key questions:

1. Who will make governance decisions?
2. What form will governance take?

In considering both these questions, it is important to determine how 'distributed' or centralized an approach to governance decision-making is appropriate.

Fulfilling legal, regulatory and fiduciary responsibilities will fall to an incorporated organization's Board of Directors. In the case of a lead organization or shared administrative platform organization, their Board of Directors will fulfil that same role for the funds they receive for the network. Beyond this function, however, it is important to determine how 'distributed' or centralized decision-making should be for other aspects of governance - such as strategic planning, evaluation and oversight of programs and services.

A highly decentralized governance structure can employ technology to make decisions (e.g. through e-governance polling), create web portals to allow members to provide input to documents and reports, and embrace large group democratic meeting formats for identifying priorities and strategies. The advantage of decentralized decision-making is that it empowers and engages members so they feel a greater degree of ownership for outcomes. The disadvantage is that decision-making may become mired in process, or decisions may be 'watered down' in order to reach consensus.

More centralized governance models, which vest decision-making in a Board of Directors or, in the case of an unincorporated network, in a select group of members (e.g. a council, secretariat or steering committee) also have advantages and disadvantages. This model may be more effective and efficient, but risks alienating members who don't feel their views are represented adequately, and

### **CANADIAN COMMUNITY LEADERSHIP NETWORK (CCLNet)**

*is a federally incorporated organization with charitable status that connects existing and emerging community leadership development programs, and facilitates innovative approaches.*

*There is a Board of Directors, comprised of members, and a network coordinator. Members pay a fee and are engaged in identifying and implementing programs.*

*The organization has adopted a 'diverse distributed leadership' governance and operating model based on the following assumptions and commitments:*

- *By definition networks are egalitarian;*
- *The purpose is to strengthen peer-to-peer relationships;*
- *Successful networks have many leaders where leadership is plural and flexible;*
- *Networks support the independence, integrity and creativity of their members;*
- *There is an interdependent relationship between the individual and the group;*
- *Leadership is an outcome of the dynamics of interpersonal relations;*
- *We wish to extend the boundaries of leadership;*
- *We do not want to mandate Diverse Distributed Leadership into existence but grow it through relationship building;*
- *We recognize that expertise exists and operates in many ways and is not necessarily located in formal roles and relationships.*

promoting the disengagement of those who don't feel ownership in the decisions made.

Some networks find a balance between the two by ensuring that critical decisions are made by consensus, while others are made by a smaller group or by majority vote.

### 6. How will the work get done?

Identifying the type of infrastructure required by the network involves answering the following three questions:

1. Who will be responsible for the work of the network?
2. How will the network be coordinated?
3. What other infrastructure is required?

#### Who will be responsible for the work of the network?

Most networks use one of four strategies for achieving their objectives:

- Many or all of the members are responsible for coordinating and implementing the network's activities
- Many or all of the members contribute to the work, with support from a network coordinator (as described below)
- Paid contract staff are responsible for specific projects
- Paid staff are responsible for the work, but consult with and draw from the expertise and knowledge of the members<sup>9</sup>

Some of the key factors to consider in selecting from those strategies include:

- The degree of urgency and common purpose that motivates members' engagement in the network (i.e. the more urgent the work is to members, the more likely they will contribute to it.)
- The espoused values of the members (e.g. if a member organization places a high value on equity and democracy, they may choose to be more inclusive in their approach.)

<sup>9</sup> This approach is more typical of non-profit membership organization

#### **THE LOW-INCOME ENERGY NETWORK**

*is a collectively organized network with a mandate to address the energy needs and issues of Ontario's low-income households.*

*Advocacy Centre for Tenants Ontario, one of the founding members, acts as a lead agency and trustee for grants, and provides infrastructure support and project supervision. A Steering Committee of nine member organizations directs the network and assists with its work. The Network Coordinator reports to the Steering Committee.*

*There are 80 member organizations. Membership is inclusive and carries no formal obligations. When a new member is invited to participate, however, the letter of invitation lays out the general expectations of membership.*

*The network is funded through a grant from the Ontario Trillium Foundation and other project grants. Members are not required to pay a fee.*

- The capacity and willingness of members to contribute (if member capacity is limited, resources must be found elsewhere.)
- The availability of funds to support infrastructure (e.g. Does the network have core funding? If so - how consistent is it? What will it support?)

### **How will the network be coordinated?**

Coordination is critical to the success of any network – ensuring that members accomplish the goals of the network, and helping to nurture its wellbeing. An effective coordinator enables collective action by working with, and through, network members, rather than by doing the work themselves. Coordinators must be highly skilled at project management, systems and protocols, and be able to facilitate and mediate between the myriad demands and perspectives of members and outside stakeholders. They must also build and nurture relationships with and between members.

A network coordinator performs the following functions:

- Managing the flow of information across the network, by developing and maintaining an information management system
- Keeping participants engaged in the network and its activities, and recruiting new members
- Finding the appropriate balance between consultation and collaboration, and achieving results
- Supporting fundraising efforts
- Holding members accountable for delivering on their commitments
- Monitoring the financial health of the network and its progress in achieving its goals
- Handling logistics of meetings and events
- Creating information products, such as a member directory

There are several options for fulfilling the role of network coordinator in the case of unincorporated networks:

1. Assign a consistent staff person or volunteer from a member organization

*Pro: Low or no cost to the network; high degree of awareness and understanding of the needs of network members*

*Con: Lack of commitment to the role due to pressures from the coordinator's own organization; the network may not be able to 'hand pick' an individual with the necessary skills; there may be a perception that the coordinator's organization has more influence than other members over the network.*

### 2. Rotate assignments among network members

*Pro: Ownership of the network is shared among its members*

*Con: Potential lack of commitment; Inconsistent performance*

### 3. Identify a group of members (e.g. a steering committee, council or secretariat) to coordinate the network

*Pro: Ownership is distributed among network members*

*Con: Members who are not involved in the core group may feel disenfranchised; core members may have inadequate time and resources to perform network tasks*

### 4. Hire someone outside of the network

*Pro: Can hire to meet exact requirements*

*Con: Higher cost*

## What other infrastructure is required?

Having determined how the network will be coordinated, network builders must also consider other elements of infrastructure (e.g. office space, equipment, and technology), and develop the guidelines and processes required to accomplish the work.

Those guidelines and processes define how work gets done and, in doing so, determine how innovative, creative, responsive or, conversely, how rigid and bureaucratic the network will be. Guidelines and processes - like the network agreement, in which they may be embedded - can be open-ended and informal, or detailed and prescriptive. At the very least, they should be in written form, developed in consultation with members, and subject to member approval.

The following guidelines, processes and protocols should be articulated:

- Goal setting, priority-setting and action planning
- Decision-making
- Financial management, control and allocation
- Definition, allocation, management and monitoring of roles and responsibilities
- Human resource recruitment and management
- Assignment and enforcement of accountability
- Communication
- Performance monitoring and evaluation
- Problem- solving and conflict resolution

### **7. How will our relationships, structure and processes be documented?**

If the network is incorporated, its relationships with members will be enshrined in bylaws and policies. A network that is not incorporated must develop other documents to describe how members will work together.

In collectively organized networks, the agreement can range from open-ended to codified, with specific expectations. It may be a brief, informal 'Letter of Understanding', or a formal, more comprehensive 'Terms of Reference' or 'Memorandum of Understanding', which lays out explicit and enforceable (but not legally binding) rules and guidelines. The degree of formality and depth of detail is driven by the nature of the network - a network that does not have specific accountabilities and member-assigned deliverables, for example, may require less detail than one with a high degree of risk and accountability.

The process of codifying the relationships provides an opportunity to clarify expectations, structures, systems and processes, and to ensure that all members 'own' those decisions. Without such ownership it is difficult for the network to hold members accountable for abiding by the agreement. At the same time, however, it is important that the agreement not be 'set in stone'. Instead, it should be revisited and revised regularly to reflect changing needs, the network's intended outcomes, and developments in the external environment.

The following outlines the components that may be included. Note, however, that many agreements will be less formal, comprehensive and binding:

- Values or principles that guide the work of the network and its relationships with members and external stakeholders
- The outcomes, goals, actions and timelines to which network members have agreed
- Roles and responsibilities of decision-making bodies and structures for managing the network (e.g. committees, working groups, lead organization)
- Decision-making processes (e.g. how decisions will be made, by whom)
- Membership structure (i.e. whether there are multiple categories of membership) and the process for admitting or disassociating a member
- Expectations of members (e.g. required contribution or payment of dues) and what they can expect to receive from the network in return
- Network policies and procedures (e.g. conflict of interest, meeting rules, budgeting and allocation of resources and financial controls)
- Systems and expectations for information sharing and communication between decision-makers and network partners, and among partners themselves
- Strategies for managing risk

- Handling of conflict and dispute resolution
- Processes for:
  - evaluation
  - making changes to the agreement
  - disbanding the network

## In Closing

Building a network is not a linear task. It is an ongoing process of engagement, reflection, refinement and revitalization. The steps laid out in this document are only the beginning of the journey of building and nurturing relationships that can, together, accomplish something that couldn't be done alone.

At the heart of its success, there must be trust and respect among those who choose to participate and a deep commitment, on the part of both the individual and the organization they represent, to make it work and achieve its goals. Without this, no amount of structure or process will ensure that it succeeds.



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