FOUNDATION GOVERNANCE, LEADERSHIP AND STRATEGY

An *Abridged* Annotated Bibliography

June 2018

ABOUT THE CENTER ON PHILANTHROPY AND PUBLIC POLICY

The Center on Philanthropy and Public Policy promotes more effective philanthropy and strengthens the nonprofit sector through research that informs philanthropic decision making and public policy to advance community problem solving. Using California and the West as a laboratory, the Center conducts research on philanthropy, volunteerism, and the role of the nonprofit sector in America's communities.

In order to make the research a catalyst for understanding and action, the Center encourages communication among the philanthropic, nonprofit, and policy communities. This is accomplished through a series of convenings and conversations around research findings and policy issues to help key decision makers work together more effectively, identify strategies for action and create greater impact.

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TABLE OF CONTENTS

PREFACE

For the past fifteen years, The Center on Philanthropy and Public Policy has worked with the leaders of twelve prominent Los Angeles foundations to provide a venue for a discussion of critical issues in foundation governance, leadership, strategy and practice. In the process, we have identified a number of resources – reports, studies, news articles, and opinion pieces – that provide information, analysis, and recommendations for action. This annotated bibliography has been abridged to include only the most relevant materials for the foundation community. We hope that you find them useful as you reflect on the challenges of philanthropic leadership and stewardship.

James M. Ferris, Ph.D.
Director
The Center on Philanthropy and Public Policy

June 2018

FOUNDATION GOVERNANCE AND LEADERSHIP

General

Big Issues, Many Questions: Pressing Issues Facing U.S. Foundation Leaders and Boards
Phil Buchanan
The Center for Effective Philanthropy
April 2016

Sharing What Matters: Foundation Transparency
The Center for Effective Philanthropy
February 2016

The Future of Philanthropy: The CEO Perspective
The Center for Effective Philanthropy
December 2016

Frameworks for Private Foundations: A New Model for Impact
Melissa Berman, Dara Major and Jason Franklin
Grantcraft in Partnership with Rockefeller Philanthropy Advisors
July 2017

"The Missing Link for Maximizing Impact: Foundations Assessing Their Capacity"
Melinda Fine, Jared Raynor, Jessica Mowles and Deepti Sood
The Foundation Review (Volume 9, Issue 2)
June 2017

Big Issues, Many Questions: Pressing Issues Facing U.S. Foundation Leaders and Boards
Phil Buchanan,
The Center for Effective Philanthropy
April 2016

This essay outlines current trends and issues that foundation leaders and their boards must grapple with to be more effective. Its intention is to encourage conversations in foundation board rooms about effectiveness, emphasizing that foundations have the potential to play a unique role in society that other sectors can't or won't. Buchanan notes five trends and related questions for leaders and boards to ask themselves:

1) Questioning the role of philanthropy in an anti-establishment environment.

- What do we believe about the role of government, the role of philanthropy and the role of business in addressing social challenges?
- How are we ensuring the foundation stays connected to those we are trying to help?
- What inside and outside strategies are possible to influence systems change?
- How does the foundation balance its goals with rising concerns about unelected influence on democratic systems and processes
- Are we paying attention to the issues that matter to those most vulnerable in society?

2) Questioning the traditional approach to endowment management.

- What is the role of the endowment? Has it changed?
- How do we define our fiduciary responsibility? Has it changed?
- Are there certain industries or businesses in which we won't invest because doing so is counter to our programmatic goals or values?
- Can we actively pursue our programmatic goals through investments of endowments?
- Given our goals and strategies, should the foundation exist in perpetuity?

3) An evolving notion of what good strategy and measurement look like in philanthropy.

- What do we hold ourselves accountable for and how will we judge our performance?
- What data can inform our judgment and how can it be gathered?
- Are we supporting nonprofits to collect and analyze data that leads to their improvement?
- What information does the board need to spur discussion about foundation performance?
- Are we getting candid, comparative feedback from grantees and beneficiaries? Should we?

4) The embracing of aligned action among funders (and with other actors).

- Are our program strategies shared by other funders? What about our grantees?
- What incentives have we created that work against collaboration that we can change?
- What are – and should we be – sharing with other foundations and our grantees about what we are learning?
- How can we give up power in certain contexts to yield greater results?

5) A new sophistication in considering how to support nonprofits effectively.

- Is the foundation sufficiently staffed to do the work of supporting nonprofits effectively?
- Does the foundation create incentives for underinvestment in organizational capacity?
- What proportion of our grants are large, unrestricted and multi-year?
- How are we creating a culture that builds stronger relationships with grantees?

The full essay is available at the following link: http://bit.ly/1SzJ3bP

Sharing What Matters: Foundation Transparency
The Center for Effective Philanthropy
February 2016

This report examines the perspectives of foundation CEOs on foundation transparency and is an outgrowth of CEP's previous report on how nonprofits view foundation transparency. It is based on 145 survey responses of CEOs of independent and community foundations – a response rate of 32 percent.

Four key findings are identified in the report, along with discussion questions:

1) Audiences for transparency efforts. Ninety-eight percent of independent and community foundation CEOs see grantees and potential grantees as the primary audiences for their transparency efforts; and 86 percent view transparency as necessary to build strong relationships with grantees.
Questions for foundations to ask include: Which audiences are most important for you to share information with and why? How well does your foundation communicate to important audiences? How could being more transparent with grantees help you build stronger relationships with them? Why do you think foundation transparency matters to grantees?

2) Defining transparency. Only seven percent of foundation CEOs believe there is a consistent understanding among foundations and nonprofits about what it means to be transparent. However, there is more agreement between foundations and nonprofits about their definitions of transparency (based on answers to some open-ended survey questions and their previous 2012 survey of nonprofit leaders). With both foundations and nonprofits tying transparency to issues of clarity, openness, and honesty.
Questions for foundations to ask include: What does it mean for a foundation to be transparent? What information do you believe is important to share with grantees and other audiences? Do you believe there is a shared conception of your foundation's transparency to those outside of the foundation?

3) Levels of transparency. Eighty percent of foundations see their grantmaking processes, programmatic goals and overall strategies as areas where they are most transparent. Foundations view themselves as less transparent when it comes to sharing how they assess their performance (even though they believe doing so would be beneficial).
Questions for foundations to ask include: How well do you think you are sharing different information with grantees and those outside the foundation (e.g., foundation investments, governance practices, programmatic goals)? How much do you think that transparency around those issues effect foundation effectiveness?

4) Transparency and effectiveness. Foundation CEOs generally do not believe that transparency around foundation investments, governance practices and use of selection/reporting requirements are necessarily relevant to their effectiveness. However, they do see a link between transparency and effectiveness when it comes to sharing what has worked at the foundation to achieve its goals and assess their work.
Questions for foundations to ask include: Do you want to increase the foundation's level of transparency in any particular area? What changes would increase the foundation's transparency and improve its effectiveness?

The full report can be accessed at the following link:
http://research.effectivephilanthropy.org/sharing-what-matters-foundation-transparency

The Future of Philanthropy: The CEO Perspective
The Center for Effective Philanthropy
December 2016

This report – commissioned by The William and Hewlett Packard Foundation – examines how foundation CEOs view the current state and future of philanthropy. The findings are based on 167 survey responses and 41 in-depth interviews of CEOs representing an array of foundations ranging in size from $5 million to $600 million in grantmaking. The survey response rate was 39 percent. There are two primary findings:

1. Sixty-seven percent of foundation CEOs believe it is possible for foundations to make a significant difference in society. However, only 13 percent say foundations are currently reaching their potential.

- Two-thirds of CEOs say fixable, internal challenges (e.g., lack of agreement on goals, lack of long-term commitment and foundations' operations and management) are the primary barriers to meeting their potential. More than half point to external factors (e.g., the magnitude and complexity of problems and the political and economic climate); and nearly one-third cite challenges with, and the lack of, partnerships and collaborations.
- Fifty-seven percent of CEOs say that foundations need to change in order to address future needs with nearly half believing foundations need to change their orientation, attitude and mindset – most of which is under their own control – as well as to collaborate more or better. However, only 14 percent of CEOs believe they are very likely to change.
- Moving forward, CEOs view growing income inequality, changing demographics and the size and scope of government as influencing foundations the most; and they are most concerned about the ability of foundations in general to make an impact in a sector where accountability is self-imposed.

2. Most CEOs believe foundation can take better advantage of their unique role to experiment and innovate (60 percent) as well as to collaborate and convene (50 percent); they also see listening to and learning from those they seek to help as a path to impact (69 percent).

- Eighty percent of CEOs referenced public policy at some point during interviews with the vast majority of CEOs seeing foundations playing a positive role in the public policy realm.
- Forty-seven percent of CEOs believe foundations are likely to take advantage of their unique role to address pressing issues in the future.
- While 42 percent of CEOs see foundations in general as being either "not at all prepared" or "not very prepared" to deal effectively with changes that will influence society, only 15 percent see their own foundation that way.
- Sixty-nine percent of CEOs see opportunities for their foundation to listen better to those they are seeking to help, and 64 percent see foundations taking more risk as leading to increases in their ability to make an impact; they also cite foundation collaborating more with one another and with business, government, and nonprofits as holding great promise.

The report concludes with a set of discussion questions and is accompanied by a set of essays from a number of prominent foundation executives reflecting on the findings of the study.

The primary report is available at the following link:
http://research.effectivephilanthropy.org/the-future-of-foundation-philanthropy

The collection of CEO reflections is available at the following link:
http://bit.ly/2hnNDvJ

Frameworks for Private Foundations: A New Model for Impact
Melissa Berman, Dara Major and Jason Franklin
Grantcraft in Partnership with Rockefeller Philanthropy Advisors
July 2017

This article updates and expands upon the theory of the foundation research that Rockefeller Philanthropy Advisors developed for leaders of private endowed foundations. It asks leaders to think about their work in the context of three elements: (1) Charter – the foundation's scope, form of governance and decision-making protocol; (2) Social Compact – the implicit or explicit agreement with society on the value the foundation will create; and (3) Operating Capabilities – the dominant approaches that guide how a foundation carries out its work. Foundation leaders need to better understand how foundations make decisions (their charter), interact with others (their social compact), and choose to deploy resources (their operating capabilities) in order to make an impact and adapt to ever-changing circumstances.

Among the questions that foundation leaders and staff should discuss:

Charter Discussion Questions
- What is the story behind your foundation's origin and how does it come into play today?
- What influence does the vision of your founding donor(s) have on the foundation today?
- How has your foundation been governed over time?
- What are your foundation's values, cultural norms, and practices and how do they influence your funding decisions?

Social Compact Discussion Questions
- To whom or what does your foundation feel it is accountable to/for?
- What is your foundation's approach to transparency?
- To what degree does your foundation seek to influence the communities it serves?
- Which does your foundation value more and why: the freedom that foundations have to act independently or the trust that the public confers to it?

Organizational Capabilities Discussion Questions
- What capabilities are distinctive at your foundation? Which need to be developed and/or strengthened?
- Are capabilities consistent across your foundation or is each program area distinct?
- Are any of your foundation's stated capabilities more aspirational than others?
- Do grantees and stakeholders understand your capabilities? How might their level of understanding inform your interactions with them?

The report includes a "philanthropy canvas" worksheet to help foundations develop their theory of change into an actionable model.

The full report is available at the following link:
http://www.grantcraft.org/assets/content/resources/FrameworksForPrivateFoundationsFinal.pdf

An earlier article appeared in the Stanford Social Innovation Review in March 2016:
http://ssir.org/articles/entry/the_theory_of_the_foundation

“The Missing Link for Maximizing Impact: Foundations Assessing Their Capacity”
Melinda Fine, Jared Raynor, Jessica Mowles and Deepti Sood
***The Foundation Review (*Volume 9, Issue 2)**
June 2017

While many foundations recognize the importance of capacity building, especially among their grantees, too few have systematically tried to assess themselves. This article describes the TCC Group’s Foundation Core Capacity Tool (FCAT) and cumulative results from 54 foundations that have used the tool (out of 75 invited). The authors stress that results are not representative of the foundation field but intended to prompt discussion for reflection and learning. [Note: Of these: 34% were private foundations, 24% community foundations, 18% family foundations, 16% public foundations, and 6% operating foundations. On an annual basis, two-thirds gave between $1 million, $10 million, 28% gave more than $10 million, and 16% gave less than $1 million.]

Overall, foundations generally rate themselves highly across the five core elements of foundation capacity. Among the key findings:

Leadership capacity
- They report strength in articulating a vision and maintaining a leadership role on issues.
- They are relatively less engaged in supporting advocacy and advancing diversity, equity, and inclusiveness of their staff.

Adaptive capacity
- They consider themselves less adept at developing strategies.
- They commonly underutilize data and evaluations to inform their decision-making.

Management capacity
- Foundations benefit from strong management across internal and external roles.
- They report some aversion to risk-taking.

Technical capacity
- There is wide variation among individual capacities concerning technical capacity.
- They believe their top skills are financial management, grantmaking and cultural competency.
- They see the need for enhanced technology and evaluation abilities.
- Fundraising capacity represents a challenge for some funders.

Organizational culture
- There is a consistent sense among foundations about their cultural values and assumptions.
- They perceive their institutions as less likely to value different perspectives.

By better understanding institutional capacity, funders can address staff needs, increase training opportunities and generate greater organizational capacity to make a difference. As more funders make use of FCCAT or other assessment tools, there will be an increased understanding of foundation capacity needs and a greater ability to generate more nuanced benchmarking by foundation type, size and other characteristics.

The article is available at the following link:
http://scholarworks.gvsu.edu/tfr/vol9/iss2/10

Board and Executive Leadership

Competencies for Chief Executive Officers of Private Foundations
Council on Foundations
2006

Ten Essential Responsibilities of Foundation Board Chairs
Board Source and the Council of Michigan Foundations
2008

Employee Empowerment: The Key to Foundation Staff Satisfaction
The Center for Effective Philanthropy
December 2012

10 Things Every New Foundation Board Member Should Know
Council on Foundations and BoardSource
March 2014

Foundation Chief Executives as Artful Jugglers
Fay Twersky
The Center for Effective Philanthropy
August 2014

Competencies for Chief Executive Officers of Private Foundations
Council on Foundations
2006

This report draft identifies the functions of the private foundation CEO based upon research by the Council on Foundations' Advisory Committee for Executive Programs. While a foundation's size, style, culture, and stage in its organizational life cycle will vary, 13 functions describe the job responsibilities for most private foundation CEOs. Competencies, or skills and knowledge, required to perform each function are also identified, along with core competencies that any CEO, regardless of field, needs to master.

Functions are divided into three categories with their respective functional competencies:

1. Internal (Organizational) Leadership

- Mission Stewardship: Foundation's External Context, Foundation's Organizational History and Culture.
- Board Relations: Board Development, Governance.
- Values and Ethical Standards Management: Ethics Management, Foundation's Organizational Values, History and Culture.
- Identify Management: Foundation's Organizational History and Culture, Public Relations.

2. Internal (Organizational) Management

- Staff Management: Adult Learning, Staffing.
- Financial Management: Federal and State Laws, Financial Accounting, Investment and Financial Planning.
- Programmatic Management: Grantmaking.
- Legal Issues Management: Federal and State Laws, Foundation Guidance and Regulations.
- Accountability and Evaluation Management: Accountability/Program Monitoring, Performance Measurement and Evaluation.

3. External Leadership

1. Visionary Leadership: Advocacy, History and Culture of Philanthropy.
2. Partnership Management: Partnership Development, Partnership Management.
3. Education and Public Engagement: Advocacy, Policy Analysis.
4. Issue-Area Visionary Leadership: Advocacy, Foundation Focus Areas.

<u>Core Competencies include:</u>

1. Collaboration/Partnership
2. Communication
3. Decision-making
4. Governance
5. Management
6. Organizational Development
7. Personal and Professional Development
8. Planning
9. Vision Setting

The full text can be accessed via the following link:
http://www.cof.org/files/Documents/Emerging_Issues/06CEOFunctions.pdf

Ten Essential Responsibilities of Foundation Board Chairs
Board Source and the Council of Michigan Foundations
2008

Board chairs represent one of the more significant positions ensuring foundation's success. They act as the coach (providing guidance), captain (support and encouragement), and quarterback (board leadership) to ensure foundation resources are used to their best potential. This report is a primer designed to increase understanding of the role of board chair by identifying 10 essential responsibilities and related practical tips.

1. *Be Faithfull to Mission* – create and encourage passion for a clear mission based on donor intent. Ensure board meetings and all decisions are focused on mission and dedicate one part of a meeting annually to review the mission statement.
2. *Guide the Grantmaking Strategy* – develop and follow a grantmaking strategy with clear policies and processes. Review grantmaking history to understand and refine supported causes. Inclusion of the foundation's chief executive is important for successful implementation.
3. *Map Out the Future* – engage in strategic planning to set-up plans to accomplish within the next three to five years. Use the foundation mission to clearly define a set of goals and strategies that can be accomplished and measured.
4. *Stay Focused on Financial Oversight and Legal Compliance* – acting as a steward of the foundation's assets, carefully guide budget decisions, annual audits, and investment policies. Ensure compliance with legal requirements and encourage transparency.
5. *Master the Art of Facilitating Meetings* – coordinate board meeting agendas, communicate with trustees and facilitate productive board meetings. Administrative issues, community context, grantmaking and financial reports are traditional agenda items.
6. *Connect the Dots between Committees* – coordinate various foundation committees to ensure a more efficient board system.
7. *Build a Board That is Strong and Engaged* – thoughtful decisions made regarding the composition and recruitment of board members is important. Setting realistic expectations, cultivating new leaders, and listening to voiced concerns encourage an engaged board.
8. *Communicate with the Community* – act as community spokesperson to inspire common support for the foundation mission.
9. *Oversee Administrative Work* – partner with the chief executive to foster open lines of communication, find common ground, and clarify roles and responsibilities throughout the organization.
10. *Assess Performance* – periodically review the foundation's progress on accomplishing its mission by assessing the chief executive and board's performance as well as grantmaking and community impacts.

While incorporating the above responsibilities into board activities, it is also important to lead the board with your own example and delegate duties to other board members based on expertise.

Full text can be accessed via the following link:
http://www.boardsource.org/dl.asp?document_id=631

Employee Empowerment: The Key to Foundation Staff Satisfaction
The Center for Effective Philanthropy
December 2012

This report by the Center for Effective Philanthropy discusses the importance of employee empowerment on staff satisfaction. Findings are based on survey responses from 1,168 full-time staff members at 31 foundations.

The survey finds that issues that matters most to levels of staff satisfaction are the overarching work experiences of the individual and the culture and climate present in the organization. Staff members are most satisfied in their jobs when they feel empowered in their day-to-day experiences at work. Feeling empowered is more important for satisfaction than other dimensions, such as their sense of the appropriateness of pay or workload.

Factors that can influence the extent to which staff members feel empowered include:

- the way that staff interact with each other
- whether staff believe they can exercise authority and creativity
- the extent to which staff use their particular skills and abilities in their job function
- the opportunities staff have available to grow and learn
- whether staff feel like they are making a difference through their work
- the degree to which staff feel respected and recognized for their contributions
- the presence of open, two-way communications between staff and their supervisors.

The report suggests that staff members feel empowered when they believe that management communicates a clear direction for the future, that they are working in alignment with the CEO and board, that the foundation cares about them, and that their performance reviews are fair and helpful. The primary implication is that foundation leaders have significant control over the levels of staff empowerment, and, as a result, the levels of staff satisfaction. Moreover issues that often are the focus of conversations about staff retention and satisfaction – such as pay levels, staff size or workload – are not as important.

Two foundations are profiled as case studies, The Commonwealth Fund and The Skillman Foundation, because each achieved and sustained high levels of staff satisfaction. The authors suggest this is the result of their “significant dedication to cultivating an environment in which staff feel empowered” and “leaders who are passionately committed to their staff.”

The full report can be found at:
http://www.effectivephilanthropy.org/assets/pdfs/Key%20to%20Foundation%20Staff%20Satisfaction.pdf

10 Things Every New Foundation Board Member Should Know
Council on Foundations and BoardSource
March 2014

This joint report by the Council on Foundations and BoardSource is a primer on the essential principles a foundation board member should be familiar with.

1. *Mission* – Become intimately familiar with the purpose of the foundation and its vision. Board members play a leading role in articulating and refining the foundation's mission statement as well as the strategies needed to advance it.
2. *Values* – Explore the foundation's values and how these shape its strategic direction and action. While these values may not be explicit, it is important to be aware of them and a best a practice to clarify and discuss them from time to time.
3. *Expectations* – Learn the foundation's expectations and how to fulfill them. The board member's role may vary greatly depending on the organization's culture, size, affiliations, and other factors.
4. *Inclusion* – Perspective matters. It is important to make sure that a foundation's board has a diverse body and mindset that brings in new and different ideas.
5. *Impact* – Connect to the foundation's purpose. Be aware of the relationship between programs, strategy, and the mission of the foundation and know how funding decisions are made.
6. *Legal Responsibilities* – Understand and comply with the foundation's legal and ethical practices. Board members have the duty to comply with governing documents and laws, the duty to make informed choices, and the duty to act only in the interests of the foundation.
7. *Fiduciary Responsibilities* – Understand the board's fiduciary role. Be aware of applicable regulatory standards of operation and of the foundation's regulatory context.
8. *Governance & Management* – Discover roles and responsibilities across the foundation, including how the executive management and board committees function and are organized.
9. *Mentorship* – Learn from a mentor and board peers. This is important to developing the organizational culture and improving the knowledge base of board members.
10. *Evaluate* – Look back, learn and grow using assessments at the individual, board and organizational levels. These forms of assessment are critical to the continued success and efficiency of a foundation.

The report is available at the following link:
http://www.cof.org/content/10-things-every-new-foundation-board-member-should-know

Foundation Chief Executives as Artful Jugglers
Fay Twersky
The Center for Effective Philanthropy
August 2014

This report looks at what it takes to successfully lead a philanthropic foundation. Findings are based on interviews and group discussions with current and retired CEOs of 45 different philanthropies, mostly independent and family foundations.

Three "essential elements" must be juggled and effectively pursued at once:

- *Engaging the board*. A CEO must discern the intent and values of the donor(s) and translate those into meaningful action. This is especially difficult when foundations are new, intentions are unclear, or where priorities change over time. In the face of such changes, the CEO must ensure the continuous alignment of the foundation's daily work with the board's expectations, help board members live up to their fiduciary and strategic responsibilities, and keep them emotionally connected to the work. Critical to this task is building strong relationships between board members and the CEO and creating a culture of inquiry that is open, transparent and data-driven.

- *Cultivating a healthy organization*. The CEO needs to build and sustain a healthy organizational culture not only by paying close attention to how "big things" are done – such as human resource management, strategy development, budgeting and grant review processes – but also by creating a welcoming, appreciative and collaborative work environment. A healthy organization also requires that the CEO help to recruit and retain staff members that possess content expertise as well as leadership and management skills.

- *Achieving Impact.* The CEO has multiple ways to achieve impact including generating and sharing knowledge, developing problem-oriented strategies that can "unlock the potential of government, markets and citizenry, and/or leading a philanthropy modeled on the compassion and generosity of the donor. Whatever the path, successful foundation leaders must strive to achieve meaningful change and find ways to measure it.

The author identified two additional themes that arose in the course of the interviews. First, nearly all of the CEOs said it takes time to understand the job, the organization and the sector, which is a prerequisite to developing effective grantmaking practices, building a healthy organization and finding the right path to create impact. Second, while most of the CEOs did not arrive into their positions with prior experience working in foundations, most thought it was good practice to hire and promote from within the sector and pointed to recent signs that this may be happening with greater frequency.

The full report is available at the following link:
http://www.effectivephilanthropy.org/wp-content/uploads/2014/08/Artful-Jugglers.pdf

An abbreviated version of the report can be found in SSIR:
http://www.ssireview.org/articles/entry/the_artful_juggler?utm_source=Enews&utm_medium=Email&utm_campaign=SSIR_Now&utm_content=Read_More

PHILANTHROPIC STRATEGY AND PRACTICE

General

"Catalytic Philanthropy"
Mark R. Kramer
Stanford Social Innovation Review
Fall 2009

"Galvanizing Philanthropy"
Susan Wolf Ditkoff & Susan J. Colby,
Harvard Business Review
November 2009

"Beyond the Veneer of Strategic Philanthropy"
Patricia Patrizi and Elizabeth Heidi Thompson
The Foundation Review, Vol. 2, Issue 3
July 2011

Pathways to Grow Impact: Philanthropy's Role in the Journey
Grantmakers for Effective Organizations
February 2013

"High Stakes Donor Collaborations"
Will Seldon, Thomas J. Tierney And Gihani Fernando
Stanford Social Innovation Review
Spring 2013

Gather: The Art and Science of Effective Convening
The Monitor Institute, Monitor Deloitte and the Rockefeller Foundation
June 2013

How Far Have We Come? Foundation CEOs on Progress and Impact
Ellie Buteau, Phil Buchanan, and Ramya Gopal
The Center for Effective Philanthropy
December 2013

"The Re-Emerging Art of Funding Innovation"
Gabriel Kasper and Justin Marcoux
Stanford Social Innovation Review
Spring 2014

"Smarter Philanthropy for Greater Impact:
Rethinking How Grantmakers Support Scale"
Supplement to *Stanford Social Innovation Review*
Spring 2014

“Strategic Philanthropy for a Complex World”
John Kania, Mark Kramer and Patty Russell
And “Up for Debate Responses” by
Christine W. Letts, Darren Walker, Kenneth Prewitt, Mark Speich and Zia Kahn
Stanford Social Innovation Review
Summer 2014

Re-constructing Philanthropy from the Outside-In
Paul Shoemaker
Social Venture Partners
February 2015

“Systems Change in a Polarized Country”
Stanford Social Innovation Review
Mark R. Kramer
April 2017

“Time to Reboot Grantmaking”
Michael Etzel and Hilary Pennington
Stanford Social Innovation Review
Summer 2017

Scaling Solutions Towards Shifting Systems
Heather Grady, Kelly Diggins, Joanne Schneider and Naamah Paley Rose
Supported by Rockefeller Philanthropy Advisors
September 2017

Being the Change: 12 Ways Foundations are Transforming Themselves to Transform their Impact
Abigail Stevenson and Valerie Bockstette
FSG
April 2018

“Catalytic Philanthropy”
Mark R. Kramer
Stanford Social Innovation Review
Fall 2009

Mark Kramer’s central argument is that despite helping to create the world’s largest nonprofit sector philanthropy has fallen short in terms of solving the most pressing social problems, spending too much time simply trying to choose the most deserving nonprofits rather than searching for solutions. Specifically, donors delegate to nonprofits all responsibility for devising and implementing solutions to social problems; and supporting the underfunded, non-collaborative, and unaccountable approaches of small nonprofits struggling to tackle an issue is unlikely to lead to workable solutions for large-scale social problems. He suggests a new approach for donors: catalytic philanthropy.

Kramer suggests that there are four distinct practices that separate catalytic philanthropy from the rest. First, catalytic philanthropists have the ambition to change the world and the courage to accept responsibility for achieving the results they seek, not merely write checks. Second, catalytic philanthropists engage others in a compelling campaign, empowering stakeholders and creating the conditions for collaboration and innovation. Third, catalytic philanthropists use all of the tools that are available to create change, including unconventional ones from outside the nonprofit sector, such as corporate resources, investment capital, advocacy, litigation, and even lobbying. And, finally, catalytic philanthropists create actionable knowledge to improve their own effectiveness and to influence the behavior of others, i.e., information that carries emotional appeal to capture people’s attention and practical recommendations that can inspire them to action.

Full text can be accessed via the following link:
http://www.ssireview.org/images/ads/2009FA_feature_Kramer.pdf

"Galvanizing Philanthropy"
Susan Wolf Ditkoff and Susan J. Colby
Harvard Business Review
November 2009

Given that foundations are largely exempt from the competitive forces imposed on businesses and government through markets and elections respectively for performance, Ditkoff and Colby suggest that they should develop an overarching strategy guided by three essential questions. How do we define success? What will it take to make change happen? And, how can we improve our results over time? The authors present case examples from The James Irvine Foundation, The Bill and Melinda Gates Foundation, The David and Lucile Packard Foundation, and The Edna McConnell Clark Foundation to highlight the importance of each question. They conclude that in order to creating lasting environmental, social, and economic change philanthropic investors need to rigorously define their goals, be realistic about how to achieve them, and commit to continual, systematic improvements.

First, defining goals or success often means setting boundaries and making difficult decisions. Frequently this involves narrowing the focus of the grantmaking portfolio. Though painful, it may be necessary to defund certain activities that have come to define a foundation over time. Second, philanthropic investors must be realistic about the resources and time required to bring about meaningful change. Often, investors are too optimistic about what limited resources can accomplish and their work lacks an overarching theory of change. The result is that foundations evolve over time and frequently create processes that can run counter to their core strategy. Investors must determine if the foundation has created clear, respectful mechanisms for sourcing, selecting, supporting, and sustaining grantees. Third, continual and systematic improvements require that investors to track results in order to improve outcomes and maximize grantmaking impacts. This process requires both strong leadership and a culture dedicated to continual improvement. Foundations must also solicit outside perspectives and be willing to admit missteps and make course corrections.

To these three keys to galvanizing philanthropy the authors add that foundations should recognize the power of nonfinancial assets. These include: expertise in strategic planning and capacity building, access to partnerships, generating public support, advocacy, and the power to convene.

Ditkoff and Colby conclude by stating that, while the three steps they lay out are difficult, "many philanthropic investors haven't been rigorous enough in their pursuit of such strategies." Creating change and maximizing impacts requires self-imposed discipline. Foundations must, therefore, plan strategically, review and adjust their grantmaking, and make sure to align their staff and other processes to meet strategic goals.

Full text can be accessed via the following link:
http://hbr.org/2009/11/galvanizing-philanthropy/ar/1

"Beyond the Veneer of Strategic Philanthropy"
Patricia Patrizi and Elizabeth Heidi Thompson
***The Foundation Review,* Vol. 2, Issue 3**
July 2011

This article argues that most foundations have only adopted the veneer of strategic philanthropy. Despite being a dominant theme among foundations in the past few decades, strategic philanthropy has been only partially conceived, let alone implemented, in most foundations. Though a look at foundation board books will reveal its trademarks – theories of change or logic models, strategy papers, performance metrics, trustee-friendly dashboards, these elements alone do not make foundations strategic, nor are they sufficient for strategic philanthropy.

Based on information that was shared at the Forum on Foundation Strategy that was convened by The Foundation Review in May 2008 and their own experience working with foundations on evaluation, the authors identified four key challenges for foundation leaders pursuing a strategic philanthropic approach:

- *Challenge 1: Strategy Planning Is Separated From Doing* **–** The authors found that many foundations make the mistake of approaching strategy development as an upfront, analytic exercise that ends when implementation begins.

- *Challenge 2: Whose Strategy Is It, Anyway?* **–** Not only are plans often separated from implementation, they're often developed in isolation from those doing the work – the grantees supported to execute the strategy.

- *Challenge 3: Does Your Organization Support Your Strategy?* – This fundamental shift for a foundation – from banker to strategist – rarely has triggered an examination of how it needs to change its organization, the people, structure, resources, and processes to support its strategy work.

- *Challenge 4: Most Strategies Are Silent on the Foundation's Role* – Foundation staff can speak easily about the ways that they add value beyond dollars, including their ability to convene, see the "big picture," share learning, and spread knowledge among grantees. Yet, most foundations are relatively silent on the role they play in strategy as it is implemented.

To address these challenges, the authors argue that foundation leaders need to wrestle with what their real value is and develop the adaptive capacities to hone their competence at delivering that value. They need to make changes to their organizational structure to enable them to work on the front lines of strategy. They need to engage with grantees as full partners in developing and implementing strategy. They need to get closer to implementation and work through the implications of what they learn in an effort to improve strategies as they evolve. Most of all, they need to get better at learning and applying that learning to strategy.

The full text of the article can be accessed via the following link:
http://www.gvsu.edu/cms3/assets/C6EE62EC-E0C1-54F2-D0212D5174A27DAF/pdf/tfr/tfr_beyond_the_veneer_of_strategic_philanthropy.pdf

Pathways to Grow Impact: Philanthropy's Role in the Journey
Grantmakers for Effective Organizations
February 2013

This report examines how funders can grow and scale impact. It identifies four approaches: increasing the reach of a program; spreading an idea or innovation; increasing the number of people or places that use or apply a technology, practice or skill; and influencing public policy.

Because different approaches require different capacities, funders need to have conversations with grantees about appropriate pathways and how they play to the nonprofit's strengths. Scaling that involves organizational growth requires that organizations have or develop capacities to: gather and interpret data that informs program design and implementation; generate revenue that can be invested in program growth; and ensure program reliability using a codified program model and performance measurement and management system that can ensure fidelity. Since organizational growth is not required to scale impact, the report identifies four additional factors for successful scaling: cultivating networks with other organizations; hiring high-quality staff; clarifying the key elements of the scaling approach to encourage diffusion; and appointing an "evangelist-in-chief" to get the word out to a wide range of constituents.

Funders can support scaling through a number of practices:

- **Provide flexible funding** in appropriate amounts over the long term by making larger grants, showing a preference for general operating support, avoiding arbitrary limits on administrative spending, sticking with organizations after they become successful fundraisers and making multi-year commitments.
- **Fund data and performance management capabilities** by underwriting an organization's efforts to build capacity, viewing data as an opportunity to learn, investing in nonprofits that prioritize real-time feedback and modeling a commitment to learning.
- **Support capacity-building and leadership development efforts** by learning about grantee capacity-building needs and the different phases of organizational development, making sure funding support responds to real and recognized needs, offering capacity building support in addition to unrestricted support, funding organizations that already value professional development and organizational learning, and working with intermediaries to offer specialized skill development.
- **Support movements by boosting collaboration and underwriting advocacy efforts** by connecting grantees to your networks, providing funding for advocacy and collaboration, helping grantees build and sustain their own networks, and removing barriers to advocacy from grant agreements.

The report concludes by reminding funders that program replication is not the only way to make an impact. It also suggests that funders must work systematically with other funders to make a greater impact and asks the funding community to be more responsive and adaptive to the needs of the nonprofit community. Finally, it encourages exploration as to how funders can provide incentives to scale impact from mission-focused nonprofits that embrace evaluation and organizational learning (as opposed to nonprofits focused only on their own organizational sustainability).

The full report can be found at:
http://docs.geofunders.org/?filename=geo_pathways_to_grow_impact.pdf

“High Stakes Donor Collaborations”
Will Seldon, Thomas J. Tierney And Gihani Fernando
Stanford Social Innovation Review
Spring 2013

This article highlights research by the Bridgespan Group into “high stakes donor collaboration” – in which donors pool talent, resources and decision-making in pursuit of a shared multiyear vision. They argue that while collaboration in the form of information sharing and coordination is common, high stakes collaborations in which donors take intentional and unified action is infrequent. High stakes collaborations place results ahead of organizational or individual recognition, involve significant time and money commitments, and are typically characterized by unilateral decision-making authority.

The authors identify three strategies for high stakes donor collaboration:

- **Accessing expertise.** Such collaborations pool resources to develop collective expertise on specific issues or areas of interest. Examples include the Energy Foundation and Oceans 5.
- **Systems level change.** These collaborations use the reputations, networks, expertise and financial resources of funders in systemic change efforts. Examples include the Donors’ Education Collaborative and California Forward.
- **Aggregating capital.** Such collaborations are established primarily to pool large sums of money toward a common goal. Examples include Growth Capital Aggregation and Living Cities.

The authors suggest that funders working in high stakes collaboration can achieve more together than they can alone, but say that they are uncommon for a number of reasons. First, the scale or magnitude of most problems doesn’t justify the time, money and other resources required to make high stakes collaboration work. Second, philanthropy is often very personal and the incentives for collaboration are not always clear, particularly when the risks are high. Third, donors may fear not getting full credit for their involvement in high stakes collaboration or the consequence of the collaboration not working as planned.

For those who are contemplating high-stakes collaborations, the article provides some practical insights to make them work. These include: building productive personal relationships with those involved; bringing and keeping principals of donor organizations to the table; developing and following clear structures and processes to do the work; being flexible in the approach or strategy used; having a willingness to move beyond one’s comfort zone to achieve results; and creating an exit strategy if the collaboration fails to meet expectations. The article ends by asking donors to consider two questions before pursuing philanthropic strategies on their own: is high stakes collaboration strategically desirable? and if so, what is the best way to proceed?

The article can be found at:
http://www.ssireview.org/articles/entry/high_stakes_donor_collaborations

Gather: The Art and Science of Effective Convening
The Monitor Institute, Monitor Deloitte and the Rockefeller Foundation
June 2013

This guidebook is a practical toolkit to help “social change leaders” take on the role of designing and facilitating effective convenings. It came out of an internal examination by the Rockefeller Foundation about how to strengthen its own convening skills and was then adapted for a broader audience. The guidebook defines their use of the word “convening” to mean “a gathering in which participants are in a collective effort that serves a specific purpose”. The guidebook is divided into six parts.

1. **Choosing to convene**. Convenings require time and resources. Foundations should consider the following questions as they decide whether or not to convene: Can the purpose/opportunity be clearly articulated? Is the issue ripe for meaningful progress and is their energy around it to take action? Can the relevant stakeholders be assembled? Does the purpose call for collective action or intelligence? Is an extended block of time necessary to do the work? Are the necessary resources available? Does the foundation need to be the primary convener?

2. **Defining your purpose.** Any convening needs to at least achieve the goals of building networks and sharing learning, but the purpose should drive how it is organized and what your “design stance” is (i.e., whether it is a traditional, top-down convening or co-created with others). Possible purposes include influencing or shaping attitudes, innovating or exploring new approaches, developing foresight and anticipating potential challenges, and mobilizing stakeholders.

3. Forming your team. Three practical demands drive the creation of a convening: (1) setting the agenda and choosing content; (2) engaging and communicating with participants; (3) and arranging the underlying logistics. The work of designing a convening is best managed by a lead designer and a small team. Essential to the work is choosing the right facilitator, typically one with excellent facilitation expertise and a strong relationship with the group and topic.

4. Assembling participants. Identifying your stakeholders is a process that helps to ensure that the right people are in the room. Two fundamental questions are whether that person will help to achieve the intended purpose and whether or not they are likely to attend. Segmenting stakeholders can help to determine whether they should be consulted, included, involved or simply informed. The size of the group is contingent on the purpose of the convening; however, a convening of 50 to 80 people tends to be the largest size possible for a meaningful exchange.

5. Structuring the work. Using an agenda – one that includes the length, purpose and method of each segment of the convening – is crucial. As well, good convenings keep the participants at their center, create connections, pay attention to flow of the agenda, and establish clear ground rules.

6. **Planning the follow-through**. Short-term follow up for understanding a convening’s possible impact includes surveys, debriefing processes, personal follow up and emailing or using social media about things you heard or learned. Follow up might also include more concrete actions like making small seed grants to quickly develop ideas, putting dedicated resources towards solutions, or scheduling regular check-ins with participants.

The guidebook is available at the following link:
http://www.rockefellerfoundation.org/uploads/files/934f8c4a-866a-44bc-b890-7602cc99aefarockefeller.pdf

How Far Have We Come? Foundation CEOs on Progress and Impact
Ellie Buteau, Phil Buchanan, and Ramya Gopal
The Center for Effective Philanthropy
December 2013

This report focuses on how foundation CEOs view and measure progress in achieving impact. It is based on a survey of 211 CEOs from foundations across the country with annual grantmaking of at least $5 million; the median annual giving of those responding was $14.4 million. The response rate of the survey was 45 percent.
The four primary findings are:

1. **Few foundation CEOs think there has been much overall progress by all organizations (nonprofits, government entities, foundations and for profits) toward the primary program goal that their foundation is focused.** Only 25 percent believe there has been a lot of progress, which is about the same proportion that says there has been little or no progress. CEOs also think that more could be done to gauge progress – such as improved communication and more evidence-based information – with half somewhat or less confident in their assessment of overall progress.

2. **Foundation CEOs are more positive when it comes to gauging their own individual foundation's contributions toward the primary program goal that their foundation is focused.** Sixty percent believe their foundation has contributed a great deal, and 30 percent a moderate amount, towards the overall progress that has been made. Thirty-eight percent of all CEOs point to knowledge of a concrete result, and 36 percent of all CEOs point to measurable data, as the basis for their assessment of the foundation's progress.

3. **Foundation CEOs believe the greatest barriers to their ability to make more progress toward its primary program goals are issues external to foundations.** Seventy-six percent say that the current government policy environment is a significant barrier to their making progress. For instance, several pointed to cuts in traditional government services that have left philanthropy "filling gaps" and thereby stalling the foundation's progress. Another 76 percent say the economic climate is a barrier, particularly as the effects of the economic recession have lingered over the last five years.

4. **Most foundation CEOs say their foundation is already engaging in the practices they believe offer the greatest potential to increase their impact**. However, they see opportunities for changes in practice among foundations in general that could improve, such as publicly sharing information about where foundations have been less successful; being less risk averse; and increasing efforts to identify and raise up pathways and programs that have strong evidence of success. In response to an open-ended question about the future concerns of foundations, several themes emerge: foundation aversion to risk-taking; inflexibility in adapting and changing with the times; external government actions that lead to reduced autonomy among foundations; and the effect of the economic recession on foundation endowments, especially with increased demands and government cutbacks.

The report is available at the following link:
http://www.effectivephilanthropy.org/assets/pdfs/HowFarHaveWeCome_CEPreport%5B1%5D.pdf

"The Re-Emerging Art of Funding Innovation"
Gabriel Kasper and Justin Marcoux
Stanford Social Innovation Review
Spring 2014

While strategic philanthropy has helped funders better align their programs with theories of change and metrics of impact, it has also reduced philanthropy's appetite for risk-taking. Consequently, there is less funding for innovative and experimental approaches that have the potential to produce substantial social returns.

Funding innovative solutions requires funders to shift their thinking so that the probability of success is intentionally traded off for greater potential impact and that trial and error becomes a core part of the discovery process. Social change is non-linear and often messy and innovation requires an emergent approach that adapts strategies as learning about the issues and the leverage points occur.

They offer a five-stage funding model:

> 1. *Sourcing New Ideas* – innovation funders cast a wide net and engage unconventional problems solvers to find projects and organizations to support, such as using competitions to elicit new ideas across disciplines; building formal and informal networks of advisors to better understand emerging issues; and investing in innovative, imaginative leaders rather than specific ideas.
>
> 2. *Selecting New Ideas* – innovation funders still conduct thorough due diligence but don't let the need for proof and certainty screen out potentially transformative opportunities.
>
> 3. *Supporting Innovation* – innovation funders take an especially hands-on approach to helping shape and guide early stage ideas as they move from concept to implementation.
>
> 4. *Measuring Progress* – innovation funders play a formative role in helping those they fund to assess progress towards goals and to measure process milestones.
>
> 5. *Scaling Up Successes* – innovation funders work at the early stages to identify potential strategies for scaling.

A more optimistic and risk aware perspective on funding is necessary in order to ensure investment and solutions in areas with the potential for high impact. For example, Google allocates 70% of resources to core business tasks, 20% to projects related to core business, and 10% to radical innovation. These figures help to illustrate how a foundation might create a space for innovation.

The article is available at the following link:
http://www.ssireview.org/articles/entry/the_re_emerging_art_of_funding_innovation

"Smarter Philanthropy for Greater Impact: Rethinking How Grantmakers Support Scale" Supplement to *Stanford Social Innovation Review* Spring 2014

What Would It Take?
By Kathleen P. Enright, The president and CEO of GEO describes what the organization learned over the course of its *Scaling What Works* initiative.

Emerging Pathways to Transformative Scale
By Jeffrey Bradach and Abe Grindle, The cofounder of and a consultant at The Bridgespan Group elaborate on important strategies for scaling up social impact.

Pathways to Scale for a Place-Based Funder
By Katie Merrow, The VP of program at the New Hampshire Charitable Foundation explains how her organization supports local nonprofits.

The Road to Scale Runs Through Public Systems
By Patrick T. McCarthy, The president and CEO of the Annie E. Casey Foundation writes about the importance of working with public systems.

From Innovation to Results
An interview with Michael Smith, The director of the Social Innovation Fund explains how the fund balances innovation and support for proven programs.

Perspectives on the Social Innovation Fund
An interview with Carla Javits, The president and CEO of REDF elaborates on her organization's experience serving as a Social Innovation Fund intermediary.

Partners in Impact
By Daniel Cardinali, The president of Communities In Schools writes about the role funders played in helping his organization scale up.

We Need More Scale, Not More Innovation
By Dr. Robert K. Ross, The president and CEO of The California Endowment discusses the importance of engaging in advocacy and community organizing.

More Resources, More Co-Investors, More Impact
By Nancy Roob, The president and CEO of the Edna McConnell Clark Foundation elaborates on the vital role growth capital aggregation plays.

In Collaboration, Actions Speak Louder than Words
By Jane Wei-Skillern, The author of *Cracking the Network Code* discusses the important role of networks in scaling up solutions.

Leveraging a Movement Moment
By Lori Bartczak, The VP of programs at GEO writes about the opportunities for grantmakers in supporting social movements.

This supplement offers perspectives about how to scale for greater impact from 11 contributors. It begins with GEO's Kathleen Enright affirming that scaling is about increasing impact, not the size or capacity of organizations. She offers four pathways to scaling impact: increasing the reach of programs, advocating for policy changes, transferring technology or skills, and spreading ideas or innovation. For funders, this means providing longer term, flexible funding to nonprofits; supporting more advanced data and performance management capabilities; investing in leadership development; and supporting social movements and networks (as well as organizations). She also emphasizes the importance of government action in scaling and better coordination with other funders in how resources are utilized and deployed.

Bridgespan's Jeff Bradach and Abe Grindle then describe different approaches to what they call "transformative scaling," which seeks to solve problems as opposed to just treating the symptoms of them. One way they suggest to achieve such scale is by using existing distribution systems and platforms such as national nonprofits. Another approach is to find aspects of programs that have the greatest verifiable impact and scale those solutions, or alternatively to focus on changing a particular aspect of public policy or a system that will have a broader impact. For any of these approaches to work, funders need to narrowly define what it is they want to solve, rethink how they capitalize nonprofits, drive demand for permanent solutions within the market, and invest in new capabilities for nonprofits that they don't currently possess.

Essays from Katie Merrow of the New Hampshire Charitable Foundation and Patrick T. McCarthy of the Annie E. Casey Foundation provide examples of two different foundation approaches to scaling. One centers on building grantee and community capacity and the other on changing critical parts of public systems. The opportunities and challenges to scaling with government are then discussed with the Social Innovation Fund's Michael Smith and REDF's Carla Javits, one of the fund's intermediaries.

Daniel Cardinali of Communities in Schools (CIS) next shares his organization's pathway from a small nonprofit to a national organization. The organization's success was strongly influenced by early investors that allowed it to experiment and "fail forward." As CIS grew and spread to other states, the organization gave additional control to the local communities of operation in a federated model. At the same time, they began to tap public dollars – in addition to philanthropic investments – and to build volunteer networks to support the work. Following CIS's rapid expansion they saw that they were losing some of their original quality. With the support of philanthropy, the organization recalibrated and refocused on efficacy through evaluation and performance improvements – rather than further expansion – a process that is still ongoing.

Dr. Robert K. Ross of The California Endowment argues that foundations need to do more scaling of effective solutions by supporting community organizing and advocacy work rather than simply focusing on innovation. Using the problems with the criminal justice system as an example, he argues that political stasis impedes progress and that foundations need to use their influence to push large public systems to change.

Nancy Roob of the Edna McConnell Clark Foundation argues that philanthropy can better scale by pooling its resources together and focusing on common goals. She offers lessons from their experience doing this work such as: setting the same terms and conditions for each organization involved; securing all of the capital requirements in advance of the project; linking grantee growth capital to performance measurements; being transparent and accountable to co-investors about finances and outcomes; and, once scaled, finding reliable funding to sustain operations. Two final articles focus on collaborative approaches to problem-solving. Jane Wei-Skillern says that those leading successful collaborations put the overall mission above the organization, they build strong and trusting relationships, and they let go of control to maximize impact. Lori Bartczak of GEO describes how funders can support movements by investing money and time in the infrastructure they need to grow, helping to broker new partnerships, and advancing learning within the group.

The SSIR supplement is available at the following link:
http://scaling.ssireview.org/

“Strategic Philanthropy for a Complex World”
John Kania, Mark Kramer and Patty Russell
And “Up for Debate Responses” by
Christine W. Letts, Darren Walker, Kenneth Prewitt, Mark Speich and Zia Kahn
Stanford Social Innovation Review
Summer 2014

The authors – previously proponents of strategic philanthropy – argue that foundations seeking to address “complex problems” should move away from strategic philanthropy that is predictive toward a more emergent approach. Because complex problems arise from the dynamic interplay of multiple independent factors addressing them through strategic philanthropy, which assumes a linear chain of causation, is limiting and sometimes misleading. They instead recommend an emergent approach for dealing with complex problems which emphasizes organizational learning about what works through practice and acknowledges that specific outcomes often can’t be predicted.

They argue that core principles of complexity theory should inform this approach by:

- *Co-creating strategy:* This recognizes that complex problems and solutions are not influenced by any one actor or set of actors and that those in the system can’t be compelled by a funder to follow its preferred strategy. Therefore, strategies need to be co-created.
- *Working with attractors:* Funders should identify and leverage opportunities – whether they are people, ideas, resource or events – that lead the system to toward a particular goal.
- *Improving system fitness:* Funders need to focus on strengthening the systems and relationships that can generate solutions, rather than focusing resources on the solutions themselves.

Likely changes in foundations as a result of an emergent approach include:

- *Strategy*: Greater use of systems maps, stakeholder and network analysis, and scenario planning as well as an orientation to hypothesis testing and prototyping in how funders develop strategy.
- *Structure*: Greater flexibility in accountability structures that allow staff to take the initiative as conditions demand. As a result, boards will have to step back from expecting staff to follow detailed multi-year plans and organizations will move toward more developmental approaches to evaluation that focus on learning and sensing opportunities.
- *Leadership*: Leaders must be capable of creating the context and culture in which learning, reflection and evolution can occur, inviting staff, grantees and other system stakeholders into collaborative problem solving.

SSIR asked a number of philanthropic leaders to comment on the article. Most of the commentators said they welcomed the overall message that foundations need to become more curious and creative in their approach to philanthropy. They add that foundations need to better promote and protect a marketplace of ideas and embrace a spectrum of alternative approaches to problems, even when they are risky or seem counterintuitive. Several respondents said that too frequently problems that cannot be measured are viewed as less important, and that philanthropy needs to be more patient in its approaches to problem solving and evaluation, providing larger sums of multi-year support and additional flexibility to grantees. However, some respondents had reservations that any type of problem – simple or complex – could be solved through a rigid form of strategic philanthropy, noting that the nature of most problems are more complicated and difficult to solve than initially perceived. They say that in reality, the work described in the article is just an argument for using common sense and good judgment in how philanthropy addresses problems, and that a "new model" is not needed, suggesting that many of the emergent approaches prescribed are exactly what good program officers and foundations do every day.

The article is available at the following link:
http://www.ssireview.org/up_for_debate/article/strategic_philanthropy

Responses to the article are available at the following link:
http://www.ssireview.org/articles/entry/strategic_philanthropy

Re-constructing Philanthropy from the Outside-In
Paul Shoemaker
Social Venture Partners
February 2015

This essay argues that philanthropy has a lot of good resources, ideas and strategies, but that its practices are outdated, more grounded in an inside-out, funder-centric point of view. The author says that philanthropy needs to be more *outside in*, driven by external realities and signals of the grantees, programs, and systems that it is trying to change.

To achieve a more outside-in approach, philanthropy might:

- *Provide unrestricted, but accountable, funding*. Restricted funding does not allow nonprofits to pivot and move in ways that assure their effectiveness, and often damages the nonprofit's ability to have an impact. Unrestricted funds allow the space for nonprofit to make better, quicker decisions and to ensure their own success.

- *Provide funding for the long-term* (much longer than is currently practiced). One-time and short-term funding is, for the most part, dabbling. If philanthropy is serious about the goal of solving problems and not about the process of grantmaking, then it should restructure its thinking about how long-term it needs to be to create change.

- *Connect to peers in sustained, systematic wa*ys. Philanthropy has done much to encourage collaboration and mergers among nonprofits but too little collaborative undertaking itself, despite obvious benefits. Sustained relationships between funders should be a core, inherent practice for the field, not just nice to have.

- *Help to build more great strong boards*. Too many nonprofit and foundation boards either do not understand or cannot carry out their role correctly or effectively. Philanthropy has to increase its diligence about board leadership, thinking of the board as just as integral as staff, and therefore investing in strengthening it; and it must look at its own board and ask if they are practicing as would be expected of a nonprofit.

- *Listen to the beneficiaries of philanthropy more closely*. Because beneficiaries of philanthropy don't pay for the programs and services delivered, philanthropy is removed from and often doesn't hear what the beneficiaries have to say. Funders need to become more engaged in what the community or beneficiaries say they need by helping to build the capacity of nonprofit partners so they can listen in meaningful ways; and by developing more cultural competency and other skills within philanthropy so it can work with the community directly.

The essay is available at the following link:
http://www.ssireview.org/pdf/Re-Constructing_Philanthropy_FINAL.pdf

“Systems Change in a Polarized Country”
Stanford Social Innovation Review
Mark R. Kramer
April 2017

Mark Kramer argues that systems change work is critical to achieving large-scale social impact. While the term “systems change” is not new, definitions are often jargon-filled and hard to understand in practical terms. One key practical differentiator for foundations focused on systems change is that they are not focused on piloting small-scale programs so that government can take that program to scale, but rather they are trying to understand and influence the relationships and motivations of everybody in the broader system that is shaping the specific problem from the very start.

Based on interviews with 22 foundation CEOs, Kramer identifies five common practices that foundations engaged in systems change work have adopted to achieve large-scale social impact that are especially important given the current political climate.

1) **Working outside the nonprofit sector.** Systems change funders work inside and outside the nonprofit sector, leveraging market forces that drive for-profit companies and making efforts to improve the implementation and outcomes of existing government programs. They are trying to transform the profit motives of companies into an incentive for social progress and encourage better outcomes at lower costs of existing programs within government (rather than expecting or encouraging the launch of new programs).

2) **Forging cross-sector coalitions.** Systems change funders build common ground among key actors by forging cross-sector coalitions. They are often viewed as honest brokers that can command the attention of influential leaders across party lines, acting as diplomats and facilitating partnerships and coalitions across sectors.

3) **Changing the narrative.** Systems change funders understand that narratives shape how the public responds to a social problem. They are actively working to change the narrative by telling stories and reframing issues that can move policies forward that result in systems change.

4) **Trusting the lived experience to shape the solution.** Systems change funders elevate the voices of those with lived experiences especially the marginalized and disenfranchised. They try and empower these individuals so they can in turn shape the solutions required to influence the system.

5) **Reshaping the foundation.** Systems change funders examine their own staffing, budgeting, and operations to address racial and cultural blind spots. They also build capacity to focus on multifaceted problems rather than on separate program areas, they create new modes of evaluating their work, and they require active leadership roles for the CEO and board members.

The article is available at the following link:
https://ssir.org/articles/entry/systems_change_in_a_polarized_country

“Time to Reboot Grantmaking”
Michael Etzel and Hilary Pennington
Stanford Social Innovation Review
Summer 2017

Research from The Bridgespan Group suggests that grant-fueled program growth can hollow out nonprofit capacity and leave nonprofits – even large, prominent ones – vulnerable to insolvency. A review of the financial health of 300 grantees, accounting for a third of the combined spending of the largest 15 US foundations, finds that over half have frequent or chronic budget deficits; and 40% have fewer than three months of reserves (including 10% with no reserves at all). In response, Bridgespan and the Ford Foundation developed a grantmaking pyramid that “reframes how to build successful, resilient organizations,” beginning at the top with:

1. **Increasing Impact.** Funders focus too quickly on trying to deepen or scale nonprofit programs with nonprofits having to fill gaps in their core capacities and financial health themselves. Funders should focus on building resilient and capable nonprofits that can enhance their impact themselves.
2. **Organizational Resilience.** Funders need to help nonprofit accumulate unrestricted net assets so that operating reserves can cushion unpredictable shortfalls and create space for them to pursue strategic goals and priorities.
3. **Foundational Capabilities**. Funders need to help support core functions like IT, staff development, utilities, rent, and travel as well “differentiating capabilities” that help a nonprofit fulfill its particular mission (e.g., advocacy organizations that may need policy and communications expertise).

Funders can use the pyramid to prompt discussion with grantees, which is what Ford is doing via their BUILD initiative, a five-year, $1 billion effort to strengthen organizations and networks working to address inequality. Among the questions that funders and grantees can use to discuss organizational needs include:

- **Leadership.** Does the organization have the right programmatic and non-programmatic leadership? What types of opportunities exist to strengthen talent development?
- **Diversity, Equity and Inclusion.** Does the organization actively manage diversity, equity and inclusion? What investments support these forms of organizational cultural change?
- **Governance.** Has the organization recruited, trained and retained the necessary board leadership? Are the board’s skills and connections fully leveraged?
- **IT Systems and Infrastructure.** Are systems up to date and is data and information secure? Do employees often fill gaps where IT systems or software fall short?
- **Fundraising.** Do non-development staff spend too much time focusing on fundraising efforts? Would additional support unlock new revenue streams?
- **Communications and Marketing**. Who is the organization’s audience and how can it best reach them? Does it have a strategy for influence and a capacity to measure it?
- **Learning and Evaluation.** How does the organization assess its impact? How does it use information to inform continuous learning and improvement?

The article can be found at the following link:
https://ssir.org/articles/entry/time_to_reboot_grantmaking

Scaling Solutions Towards Shifting Systems
Heather Grady, Kelly Diggins, Joanne Schneider and Namah Paley Rose
Supported by Rockefeller Philanthropy Advisors
September 2017

This report looks at how funders can work toward supporting systems change and more sustained societal transformations by examining organizations that have been able to scale and achieve system-level shifts. It is based on interviews with nonprofits and social enterprises that have had success with systems change work, focusing on their experiences with funder behavior, as well as discussion with 100 funders about the issues that emerged from their conversations with grantees. As a result, the report offers some recommendations for funders that want to take action on systems change.

1) **Empower grantees by consciously shifting power dynamics toward them.**
   - Institute practices to enable grantees to pursue strategy based on learning and experience.
   - Ensure grant-term decision-making power is with those closest to the grantees.
   - Discuss power dynamics and decision-making with founders, boards and executive teams.

2) **Accelerate the work of grantees by holding active and honest discussions with them about strategic "non-monetary" support.**
   - Introduce grantees to aligned and interested funders and invite them to funder conferences.
   - Provide expertise to support communications, marketing, human resources, finance and IT.
   - Take board seats when the grantee see it as a good fit for the organization.
   - Give awards, create social media attention, and find other ways to boost grantees' profiles, including online and other published pieces on grantees' scaling capacity.

3) **Learn about shifting systems and when and how to support grantees to make changes.**
   - Work with grantees to map relevant systems for their work.
   - Identify and take action to help connect system actors with grantees.
   - Coordinate efforts with other funders in the same field about planning and implementation.
   - Explore support for organizations enabling systems change who may be doing less direct service work that is harder to measure.

4) **Collaborate and share intelligence with other funders.**
   - Share due diligence, financial checks, program audits, and site visit with other funders.
   - Participate in leading or creating donor collaboratives.
   - Coordinate with other funders and meet grantee needs by maximizing on respective strengths.
   - Connect impact metrics with other frameworks such as UN Sustainable Development Goals.

5) **Streamline and redesign grantmaking processes.**
   - Provide unrestricted funding, or allow a significant portion of the budget for overhead costs.
   - Extend grant periods – doubling and tripling the length of the grant.
   - Respond to grantees' pitch decks and allow them to be used with multiple funders.
   - Accept strategic plans or business plans rather than requiring a foundation proposal template.
   - Provide funding tranches by milestone achieved rather than by individual line items.

The report is available at the following link:
http://12982-presscdn-0-38.pagely.netdna-cdn.com/wp-content/uploads/2017/09/RockPA-ScalingSolutions-WebVersion.pdf

Being the Change: 12 Ways Foundations are Transforming Themselves to Transform their Impact
Abigail Stevenson and Valerie Bockstette
FSG
April 2018

This report focuses on what internal practices foundations need to create impact at scale. It is based on interviews with 114 practitioners – representing 50 funders with a range of annual giving from $1 million to $1 billion – along with eight philanthropic service organizations.
Themes that emerge in the interviews about strengthening the social sector and meeting the needs of communities and scaling impact include:

- A desire to affect the **underlying conditions** that are holding problems in place such as the distribution of power and money across systems.
- A commitment to making **diversity, equity and inclusion** central to their work.
- A more concentrated focus on the **intersection of issues** faced by people and communities.
- An expanded use of **assets beyond financial resources** – relationships, data and information and networks – to achieve impact goals.
- A willingness to lift up others and **make space for stakeholders** to work together, especially those who might not otherwise be included.

Foundations are rethinking and changing their internal practices to model what they seek externally, including:

- Collaborating with grantees and community members to co-create their impact strategy and to tap their funder networks for possible co-funding.
- Structuring teams for the specific and unique approach used rather than relying on formulas or benchmarks alone.
- Building the foundation's internal capacity to develop and deploy impact investments and use other market-oriented approaches.
- Supporting advocacy-related efforts by creating and using different legal structures to influence policy.
- Bringing the work of evaluation and learning, communications, human resources, grants management, finance and legal departments to the forefront and integrating it more into programmatic and strategic work.
- Breaking down silos by focusing staff on the interconnection of issues across programs and spending time to build trust and relationships across the organization.
- Seeking out and supporting staff who are curious, humble, strategic, collaborative and adaptable.
- Hiring more diverse staff, especially those with "lived" experiences.
- Carving out sufficient time for dedicated and tailored staff development and training; and encouraging staff to spend time away from their desks and out in the community with grantees.

The full report, which contains resources, examples and tips for getting started, is available at the following link:
https://www.fsg.org/publications/being-change

<u>Support Strategies</u>

Public Policy Engagement

Policy: The Essential Investment
Elizabeth Russell and Kris Putnam-Walkerly
Blue Shield of California Foundation
June 2015

Stepping into the Fight: A Funder's Guide for Understanding and Supporting Legal Advocacy
Jared Raynor and Deepti Sood
TCC Group
June 2016

Core Support/General Operating

"Smart Money: General operating grants can be strategic – for nonprofits and foundations"
Paul Brest
Stanford Social Innovation Review
Winter 2003

GEO Action Guide: General Operating Support
Grantmakers for Effective Organizations
July 2007

"The Nonprofit Starvation Cycle"
Ann Goggins Gregory & Don Howard
Stanford Social Innovation Review
Fall 2009

Capacity Building and Leadership Development

GEO Action Guide: Supporting Next-Generation Leadership
Grantmakers for Effective Organizations, February 2008

Capacity Building 3.0: How to Strengthen the Social Ecosystem
Jared Raynor, Chris Cardona, Thomas Knowlton, Richard Mittenthal, and Julie Simpson
TCC Group
November 2014

Leveraging Social Sector Leadership
Laura Callanan, Nora Silver and Paul Jansen
GEO and Haas School of Business University of California Berkeley
April 2015

Policy: The Essential Investment
Elizabeth Russell and Kris Putnam-Walkerly
Blue Shield of California Foundation
June 2015

This report describes how Blue Shield of California Foundation (BSCF) has approached public policy engagement, informing policy-related conversations before legislative debates occur and after as the policies are implemented. The report further outlines what BSCF has learned that might have implications for other foundations interested in policy-related efforts.

A focus for the foundation's policy work is to create an environment in which substantive and deliberative policy action can occur. It does this by funding non-partisan policy research and analysis; bringing in different stakeholders and perspectives to inform the policy development process; focusing policy debates on outcomes and not just immediate cost or funding implications; investing in pilot programs that test policies in action and how they might be scaled up; and building the capacity of nonprofits and government agencies through leadership training and development programs. Once a policy has been enacted, BSCF then works to support its implementation. This work often takes place at the local level where the foundation helps to gather information about what is working and what the challenges are and sharing that with various stakeholders.

In addition to the difficulty of assessing policy work, some of the challenges of this work are:

- Understanding the regulatory boundaries that guide foundation advocacy.
- Navigating issues where there is a potential conflict of interest with its corporate parent and the perceptions and misperceptions about its role as a corporate-sponsored foundation.
- Facilitating policy discussions that meaningfully address current issues while helping to set the stage for tackling future or anticipated challenges.
- Maintaining the balance between allowing space and time for stakeholders to formulate ideas and pushing them to action.
- Adjusting to the turnover of elected officials and the pace of government in general.

Some of the lessons learned that may have implications for other foundations are:

- A narrow policy focus (in BCSF's case, on the healthcare safety net and domestic violence) allows one to accrue a deep understanding of the issues and the relevant stakeholders.
- Understand the policymaking process and cultivate a range of policy tools to map the right strategy with the right tool at the right time.
- Find the areas that best fit the mission, approach and expertise of the various stakeholders.
- Work with other funders to amplify how quickly policies are developed and implemented and the depths of policy change that can be reached.
- Be transparent and clear with all stakeholders about what the foundation hopes to accomplish to avoid unwanted confusion or unrealistic expectations down the road.
- Be humble and respectful with various stakeholders to create more productive relationships.
- Delve deeply into the policy issues internally without relying too much on consultants.
- Find common ground by thinking through the foundation's policy goals holistically.

The full report is available at the following link:
http://www.blueshieldcafoundation.org/sites/default/files/covers/BSCF%20Policy%20the%20Essential%20investment%20report%20%202015-08-14.pdf

Stepping into the Fight: A Funder's Guide for Understanding and Supporting Legal Advocacy
Jared Raynor and Deepti Sood
TCC Group
June 2016

This report examines legal advocacy – "using the law as a means to effect change" – as a tool for foundations to advance a variety of issues, particularly those relevant to justice and equality. It is based on interviews with staff of foundations supporting legal advocacy work and legal advocates themselves. Examples of legal advocacy includes: developing research and publications, writing draft policy, administrative or executive advocacy, legal support, writing amicus briefs, and litigation.

Legal Advocacy as a Grantmaking Strategy

- Funders should defer to legal advocates for a proper assessment as to whether or not the legal environment is appropriate, but should themselves seek to understand what is at stake, what harm is being done, and what other legal activity has occurred (e.g., past or pending cases).
- Funders should examine whether advocates have the legal capacity to move the issue forward; determine whether there are other forces at play to galvanize the issue; and look for partners that can help to support a broader movement.
- Funders should examine the different options and venues for legal advocacy work to determine what roles they might play including: identifying issues/causes; developing and promoting a narrative; building the capacity of legal advocacy organizations or non-legal advocacy organizations that support the work; conducting background research; providing counsel/legal aid support; securing amicus briefs; supporting initial filings or discovery activities; and supporting litigation and appeals.
- Funders should determine whether the legal work is aligned with an issue the foundation cares about; how the foundation's involvement might affect other strategies it supports; and a prognosis of what happens if the strategy is or is not successful.

Making Legal Advocacy Grants

- Funders should consider the organizational capacities of potential legal advocacy partners including: a proven track record, strong leadership, clear strategic alignment with the goals, and a good reputation.
- In making grants, most funder prefer using general operating support, which provides flexibility to design and execute a strategy tied to a particular case.
- Funders should help their boards understand legal advocacy and get their buy-in for such work by linking the legal advocacy strategy to complementary approaches and goals for the foundation.

Framing Outcomes of Legal Advocacy

- Securing a desired legal verdict/result or a desired legislative/executive result
- Increasing the visibility of the issues at play
- Changing the media narrative about the issue
- Empowering the affected community
- Changing the public perception or understanding of an issue
- Improving the effectiveness or visibility of other advocacy strategies

The full report is available at the following link:
http://www.tccgrp.com/pdfs/FunderGuidetoLegalAdvocacy.pdf

"Smart Money: General operating grants can be strategic for nonprofits and foundations"
Paul Brest
Stanford Social Innovation Review
Winter 2003

This essay discusses the competing funding strategies of strategic grantmaking and core operating support and concludes by proposing general principles for reconciling the potential competition between the two grantmaking philosophies.

The article describes two basic models of general operating support. The first model of general operating support is unrestricted grants with "no strings attached" and minimal donor engagement. Donors of this type do not seek to influence the grantee's actions directly and often rely on newsletters or annual reports to learn of the organization's accomplishments. In contrast, negotiated general operating support is based on an agreed-upon strategic plan with outcome objectives. In this case, the funder engages in a due diligence process and forms an agreement with the grantee regarding outcomes and reporting. The funding supports the organization's operations as a whole and the grantee maintains considerable autonomy over how the money is spent. Operating support contrasts with project support when grants provide support to specific programs already in existence or to new programs.

Brest argues that strategic philanthropy is generally more suited to project support or negotiated general operating support, but notes that engaging in strategic philanthropy does not necessarily mean that a funder will only conduct project support. He recognizes, however, that there are tensions between the different interests of funders, grantees, and funders and grantees together.

The funder's interests include a strategic focus, accountability, evaluation, and making an impact. Grantee organizations are interested in maintaining autonomy, coherence, and sustainability. Together the interests of funders and grantees include: optimal deployment of expertise, flexible responses, advocacy, and creating a robust nonprofit sector. Brest argues that the real issue then is not general operating support versus project support, but how best to accommodate all of these different interests.

He proposes three principles for achieving this outcome. First, funders should actively consult with others in the field when designing grantmaking strategies. Second, funders should have a presumption in favor of negotiated general operating support. Finally, project support should presumptively include the organization's indirect costs, so as not to "free ride" on others' general support.

The full text can be accessed via the following link:
http://www.ssireview.org/articles/entry/smart_money/

GEO Action Guide: General Operating Support
Grantmakers for Effective Organizations
July 2007

In July 2007, Grantmakers for Effective Organizations released the following action guide in order to help grantmakers in their decision to provide general operating support to grantees. The report draws upon the existing literature on operating support, interviews with grantmakers (executive directors and staff), nonprofit executives, and academics studying philanthropy in order to argue the case for operating support as opposed to program specific support.

Argument for Operating Support
Operating support provides the overhead that nonprofits need to build capacity and a stronger organization. Nonprofits are typically underfunded in terms of overhead costs, and without adequate infrastructure organizations cannot run effective programs. Operating support also increases an organization's ability to focus on its mission rather than design programs that are perceived as being fundable. It enables nonprofits to take advantage of new opportunities and challenges and brings transparency and trust to the relationship between grantmaker and grantee.

Challenges
Traditionally, grantmakers and their boards have preferred program support above operating support because it is easier to connect to performance and impact. Furthermore, overhead has become a proxy for effectiveness, and nonprofits are rewarded with grants by reducing overhead costs. As a result, nonprofits typically underestimate overhead costs associated with programs when applying for grants. Moreover, no standard formula exists for calculating overhead costs and instead arbitrary percentages are used. The report cites a study that shows nonprofits lack the systems to track whether a cost is for a program, administration, or fundraising.

When is operating support appropriate?
Some grantmakers have chosen only to offer operating support. These grants tend to be larger and longer-term, but as a result serve fewer grantees. Other grantmakers make the decision to fund operating costs on a case-by-case basis.

Grantmakers should consider the following in their decision to offer general operating support.

- Alignment of the goals of the nonprofit with their own.
- Prior success of the organization and impact on its constituency.
- Confidence in organization leadership and systems.
- Relationship between the grantee and the grantmaker.

The full text can be accessed via the following link:
http://www.geofunders.org/generaloperatingsupport.aspx

“The Nonprofit Starvation Cycle”
Ann Goggins Gregory & Don Howard
Stanford Social Innovation Review
Fall 2009

Gregory and Howard argue that a vicious cycle of unrealistic expectations and misrepresentations of costs on the part of nonprofits has created a situation in which many nonprofits lack the financial resources necessary to pay for essential infrastructure and well-trained personnel. The nonprofit starvation cycle is the result of deeply ingrained behaviors that will be difficult to break. The cycle is very likely to continue given the current recession and the increased pressure to appear efficient in order to remain competitive for grant funding.

The authors stress that while both sides of the relationship bear responsibility, they feel that the starvation cycle begins with unrealistic expectations about how much overhead is required to properly operate a successful nonprofit. The result is that nonprofits then skimp on vital infrastructure and abuse discretionary accounting practices, which only feeds funders’ skewed perceptions. Gregory and Howard also argue that the starvation cycle has “disastrous effects” on the nonprofit sector’s ability to achieve its mission.

In addition, the researchers compared the overhead rates reported on tax filings by nonprofits and noted that more than a third reported no fundraising costs whatsoever, while one in eight reported no management and general expenses. The underreporting of costs becomes even more apparent when compared to for-profit industries, which have overhead rates of 25 percent of total expenses on average. The impact of this cycle is also reflected in attitudes of the general public. A study by the Better Business Bureau’s Wise Giving Alliance showed that the general public ranked overhead ratios and financial transparency as more important than the success of the organization’s programs in determining their willingness to give. The cycle is exacerbated by that fact that many grants set limits on overhead expenditures so low that reimbursements do not even cover the cost of administering the grants themselves.

Gregory and Howard’s principal recommendation is that funders take the lead and require accurate representations of overhead costs on the part of grant recipients. Funders must initiate this process because the power dynamics between funders and grantees make it difficult, if not impossible, for nonprofits to address the cycle themselves. Furthermore, if recipients initiate the discussion about the real infrastructure costs, they run the risk that other organizations will not follow suit and that they will be punished for more accurately reporting their cost structures. The authors also suggest that funders encourage the development of more unified standards in defining what constitutes overhead.

Full text can be accessed via the following link:
http://www.ssireview.org/images/articles/2009FA_feature_Gregory_Howard.pdf

GEO Action Guide: Supporting Next-Generation Leadership
Grantmakers for Effective Organizations
February 2008

By synthesizing the empirical work done on next-generation leadership, Grantmakers for Effective Organizations produced an action guide to give grantmakers an overview of the challenges facing the nonprofit sector as it recruits next-generation leaders and offers specific ways in which they can attract, cultivate, and retain new leaders. The action guide also shares anecdotal experiences of grantmakers already working to support next-generation leadership.

Why the Concern?
The case for cultivating next-generation leadership is made by referencing several studies on the anticipated "leadership gap" along with the attitudes towards nonprofit leadership amongst emerging leaders. Despite a willingness and readiness to lead, the vast majority of nonprofit staff feels underpaid and has reservations about committing to a career in the nonprofit sector due to financial considerations. Furthermore, next-generation leaders differ from the current generation of leaders in their desire for a more balanced work-life schedule. In order to address this, GEO suggests rethinking basic assumptions about how nonprofits embrace diversity and what to expect from their leaders.

Make the Case
GEO recognizes that national studies about leadership challenges will not be enough to motivate grantmaking organizations to support next-generation leadership. In response they recommend grantmaking organizations do the following:

1. Open a dialogue with grantees about the specific leadership challenges they face.
2. Gather data specific to your community in order to identify gaps and highlight the real issue.
3. Use this research along with convenings to engage grantmakers in supporting new-generation leadership strategies.
4. Focus on strategies that build consensus such as boosting nonprofit salaries and promoting diversity in leadership.

Get to Work
Nonprofits generally lack a human resources division and therefore struggle to nurture future leaders through skill development, mentoring and succession planning. Therefore, the greatest leverage grantmaking organizations have to ensure grantees have the capacity to identify and develop next-generation leaders is to invest in general operating support, capacity-building support dedicated to leadership development, and proven approaches to recruitment and retention of next-generation nonprofit leaders.

The full text and commentaries can be accessed via the following link:
http://www.geofunders.org/geopublications.aspx

Capacity Building 3.0: How to Strengthen the Social Ecosystem
Jared Raynor, Chris Cardona, Thomas Knowlton, Richard Mittenthal, and Julie Simpson
TCC Group
November 2014

The next evolution of capacity building (3.0) includes developing individual knowledge and skills and organizational functionality to meet internal capacity needs *as well* as contributing to the capacity needs of the larger social ecosystem, comprised of nonprofits, funders, businesses, governments, management support organizations and their various interrelated networks. This wider framework translates into three capacities that are important to strengthen and develop:

1. The capacity to understand the social ecosystem in which organizations are embedded, including shifting perspective and skills around data collection and evaluation, analyzing power structures, and ensuring sensitivity to broader issues and organizational lifecycles.

2. The capacity to respond to an ever-evolving ecosystem, including developing change-management skills, engaging the ecosystem through advocacy, and creating shared value across stakeholder groups.

3. The capacity to structure the organization itself in response to the wider ecosystem, including formal and informal coalition and network designs and other forms of collective governance and shared leadership approaches.

Capacity building 3.0 goes beyond providing resources, training and consulting support and professional technical assistance that have been hallmarks of past capacity building approaches. It includes sophisticated and tailored methods of helping organizations and ecosystems "actualize their performance.” Some of the methods for this new form of capacity building include:

- Creating effective consumers of capacity building that help actors integrate various capacity building activities across sectors and fields and networks.
- Creating targeted approaches to the work that are contextual and tailored to individual capacity needs as well as where the organization has come from, where it is going and how it fits into the larger system.
- Engaging diversity, equity and inclusion across the ecosystem in a more deliberate and dedicated way so that it can be leveraged for better outcomes.
- Understanding the effects of status quo structures, cultures and practices on organizational behavior and how to use change management support to soften these elements.
- Assessing capacity building progress to determine what is not working through ongoing and continuous feedback and assessment.

The full report can be found at the following link:
http://www.tccgrp.com/pdfs/11-18-14_TCC_Capacity_3.pdf

Foundation/Grantee Relationship

Foundation Communications: The Grantee Perspective
Judy Huang
The Center for Effective Philanthropy
February 2006

Working Well with Grantees: A Guide for Foundation Program Staff
Center for Effective Philanthropy
August 2013

Relationships Matter: Program Officers, Grantees, and the Keys to Success
The Center for Effective Philanthropy
November 2017

Foundation Communications: The Grantee Perspective
Judy Huang
The Center for Effective Philanthropy
February 2006

The challenge of foundation communications with grantees is complicated by the vast power differential: foundations have money, grantees need money. Clarity of communication is a key dimension that contributes to grantees' perceptions of satisfaction with foundations, as well as to perceptions of foundations' impact. Survey responses from 17,000 grantees of 142 foundations over the period 2003-2005 indicate that a more holistic approach to communications is valuable.

The three keys to effective communication of foundation goals and strategies are:

- Ensuring *consistency* among communications resources (i.e. personal and in writing, including electronic).
- Maintaining *high quality interactions*, focusing especially on the responsiveness of foundation staff.
- Implementing selection and *reporting/evaluation processes that are helpful* to grantees.

Because grantees are typically a foundation's chosen agents of change, the better a foundation can communicate its goals and strategy, the greater impact a foundation can have. Foundations can consider the following steps to improve communications:

- Conduct an audit of communication resources, and if necessary, revise goals to ensure alignment.
- Implement a regularly scheduled formal review process of communication resources.
- Establish and communicate common standards for program officers.
- Assess workload to allow for high quality staff interactions with grantees.
- Ensure that reporting/evaluation processes reinforce foundation goals.
- Make clear to grantees how the grant process will unfold and what reports will be required throughout the process.
- Be proactive and transparent in communicating changes that will affect grantees.

The two essential communication resources that are most valued by grantees to shape their understanding of foundations' goals and strategy are *individual communications* and *funding guidelines*. Foundations can consider the following to provide what grantees value most:

- Conduct pre-application conversations with nonprofits.
- Share individual communication practices internally and train staff in pre-application conversations.
- Ensure that funding guidelines reflect the foundation's current goals and strategy.
- Create highly detailed funding guidelines that are also available on the Web (which can serve to reduce the time spent on unproductive interactions with prospective applicants who have little chance of success).

Grantees that understand clearly what their funders seek to achieve will have a much better chance of helping them do so.

The full text can be accessed via the following link:
http://www.effectivephilanthropy.org/images/pdfs/CEP_Foundation_Communications.pdf

Working Well with Grantees: A Guide for Foundation Program Staff
Center for Effective Philanthropy
August 2013

This report provides suggestions for foundations to better understand and improve working relationships with grantees. The findings are based on 10 years of accumulated data from two surveys conducted on behalf of 285 foundations: the grantee perception report, which has been completed by 50,000 grantees of foundations that range in size from $314,000 to $34.6 billion in assets; and the applicant perception report, which includes applicants to foundation that range in size from $33.3 million to $8.6 billion in assets. Data is also drawn from interviews with eight foundation program officers.

Previous findings from CEP suggest that foundation-grantee relationships are heavily influenced by their perceptions of foundation staff. In particular, strong relationships are characterized by grantees feeling positively about their interactions with foundation officers. To form them, foundations should:

- Understand the grantee's goals and strategies, ask questions and spend time with them
- Provide a clear and open selection process that does not pressure grantees into new areas
- Understand what they fund by learning from grantees, research and professional development
- Have the right balance and frequency of interaction with grantees

Grantees perceive assistance from foundations that go "beyond the grant" as important, which half of respondents reported receiving. Such support includes a focus on organizational management and technical assistance as well as convenings, information sharing about research and best practices, and making introduction to other field leaders. Before proceeding, foundations should:

- Ask themselves how such assistance might contribute or align with foundation goals
- Evaluate whether they are well-positioned to provide the needed assistance
- Assess the impact they could have beyond the grant

Providing multi-year operating support is seen by grantees to be important. It may make sense when the mission of the grantee is well aligned with the goals of the foundation. Foundations should:

- Have open, internal discussion about the value of providing operating support
- Evaluate their portfolio of grantees to determine which, if any, might benefit from longer, larger operating grants and why

Making a foundation's reporting and evaluation process useful to grantees helps to maintain better relationships. Almost half of survey respondents spend more than 15 hours on foundation-required monitoring, reporting, and evaluation processes for each grant. To expedite things, foundations should:

- Be clear with grantees up front about what needs to be accomplished and how it will be assessed
- Develop trusting relationships with grantees, while recognizing that the process can be messy

It is important for foundations to preserve relationships with nonprofit that they decline for funding. Two-thirds of nonprofit applicants that were declined by a foundation believed they had fit with the foundation's funding guidelines and were frustrated by the result. This suggests foundations could do more to ensure they do not encourage applications from those who don't fit the foundation's profile. To this end, foundations should:

- Work to create open and trusting relationships with nonprofits, including providing information to those that are declined as to the reason they are not being funded
- Make sure the foundation's website and written materials provide clear and specific information about funding priorities and the application process

The report is available at the following link:
http://www.effectivephilanthropy.org/assets/pdfs/Working_Well_With_Grantees.pdf

Relationships Matter: Program Officers, Grantees, and the Keys to Success
The Center for Effective Philanthropy
November 2017

This report synthesizes past information gathered from CEP's grantee perception surveys and previous reports to examine what it takes for funders – and their program officers – to have strong relationships with grantees. The report relies on interviews with 11 "highly-rated program officers" to better understand how they view their role, how they spend their time and what they think it takes to be a good program officer.
There are three primary findings:
1) **Program officers play an important role in shaping the funder-grantee relationship.** These include the types of interactions that occur between the funder and grantee during the selection process, in the context of reporting and evaluation and how the grantee perceives the foundation overall. There is substantial variance in how grantees perceive the same foundation based upon the program officer with whom they are in contact.

2) **Understanding grantee organizations and transparency are key to a strong relationship.** By understanding the grantee's strategies and goals, organizational challenges and the context in which the grantee works, program officers are better positioned to reach mutually agreed-upon goals. Transparency is about clarity, openness and honesty. When foundations are transparent with grantees, grantees can better obtain information important to their success.

3) **Program officers can further strengthen funder-grantee relationships by sharing information in the selection process and by actively listening to the ideas of grantees.** The ideal selection process should not only help the foundation in its grant selection, but should also help grantees gain more clarity about the foundation and its priorities, activities and values. In addition, by actively listening to grantees about their ideas and how they can collectively approach the work, including how the foundation's strategy or approach is viewed or affects grantees, program officers open up new pathways to effectively address issues related to their work and build up trust for grantees to reach programmatic goals.

The full report is available at the following link:
http://research.cep.org/relationships-matter_program-officers_grantees_keys-to-success

Investment Approaches

"The Power of Strategic Mission Investing"
Mark R. Kramer & Sarah E. Cooch
Stanford Social Innovation Review
Fall 2007

Foundations for Social Impact Bonds:
How and Why Philanthropy Is Catalyzing the Development of a New Market
Social Finance
March 2014

Mission Possible: How Foundations are Shaping the Future of Impact Investing (Series)
Stanford Social Innovation Review in Partnership with Mission Investors Exchange
Spring 2017

“The Power of Strategic Mission Investing”
Mark R. Kramer & Sarah E. Cooch
Stanford Social Innovation Review
Fall 2007

This article discusses ways in which foundations can be more strategic in their mission investing, selecting investments that directly advance their core missions, align their investments with their grantmaking, and leverage market forces to achieve large-scale social change. Just as corporations are increasingly aligning grantmaking with their parent companies’ overall business strategy, so too must private foundations. For example, foundations concerned about global warming should not give grants to environmental nonprofits as well as invest in venture capital funds for clean energy start-ups, finance energy-efficient retrofitting of commercial properties, and buy municipal bonds that fund mass transit systems.

Adopting a strategic mission investing approach, however, is not easy. Foundations must make fundamental shifts in how they operate. They must study how the flow of capital affects the social issues that they address. They must integrate their grantmaking and investing operations, building systems that report simultaneously on social and financial returns. And, they must impose financial discipline on grantees that receive investments, and even reach out beyond the nonprofit universe to work with a new set of partners in the commercial sector.

A study of 92 U.S. foundations, undertaken by the authors, revealed that very few foundations are using their endowments in this holistic manner, although their numbers are growing. The majority of private foundations’ mission investing has been concentrated in program-related investments (PRIs) and focused on four issue areas: economic development, housing, education, and environment.

Among the reasons that foundations are not pursuing mission investing with the same degree of vigor and imagination as they are pursuing unconventional investments like hedge funds and private equity are the lack of staff with the combination of program and financial experience that is necessary for finding and managing mission investments, and the associated the compensation incentives for those who do manage a foundation’s investments are based solely on financial returns, not social returns.

As foundations create a demand for mission investments, a more robust set of investment options will be developed. This will make mission investing easier, encouraging more foundations to enter into the practice. At the same time, as mission investing becomes more mainstream, foundations will attract staff and develop the internal processes necessary to support it.

The article can be found at:
http://www.ssireview.org/images/articles/2007FA_feature_kramer_cooch.pdf

The full report upon which this article is based, “Compounding Impact: Mission Investing by US Foundations,” can be found at: http://www.fsg.org

Foundations for Social Impact Bonds:
How and Why Philanthropy Is Catalyzing the Development of a New Market
Social Finance
March 2014

This report looks at what foundations might do to support the further development and expansion of social impact bonds (SIBs) – a financing tool designed to raise private-sector capital for social service programs. It is based on interviews with leaders at 30 different foundations and organizations with early experience or interest in supporting the social impact bond ecosystem.

These foundations say they are attracted to using SIBs because: they are focused on prevention, rather than remediation; they have the potential to encourage government efficiency with their focus on outcome and performance measurement; they are inherently collaborative since they require coordination across sectors; and they can be used to scale or amplify impact to benefit more individuals than might be possible through traditional means.

There are several ways foundations are engaging in the expansion of the SIB market:

- *Grantmaking*. Grants can be provided to service providers, intermediaries, and government to build their capacity to devise, implement and evaluate programs ripe for SIBs. Grants can also fund market research about the SIB ecosystem, feasibility studies about worthwhile investments or dissemination of useful information about SIBs. Grants can also help to prove a concept or program by funding demonstration projects or to subsidize early stage implementation that may have high start-up costs. Finally, foundations can help to pay for achieved outcomes to supplement government payments or to mitigate the risks to private investors.
- *Investment*. Foundations can use program related investments to invest in the SIB market. These can be used to fund entire projects or combined with commercial capital or grants to finance the transactions.
- *Advocacy*. Foundations can advocate and educate key stakeholders about SIBs, especially lawmakers and government officials on how SIBs work and why they are important.

Challenges related to the entry of foundations into the SIB market include: a perception that the SIB market is overhyped; the difficulty in changing how foundations think about their role as change agents; and that by participating in the market, foundations are not helping to grow the resources available for social services.

The report concludes with ways foundations can contribute to building a stronger market ecosystem for SIBs: (1) educating potential stakeholders about SIBs through convenings, training programs, market outreach and technical assistance; (2) helping to establish market standards for SIBs such as contract templates, timelines and guidelines for selecting service providers or measuring outcomes; and (3) improving the accessibility and availability of good quality data so SIBs can be developed, priced and launched with the best information possible.

The report is available at the following link:
http://www.socialfinanceus.org/pubs/foundationssocial-impact-bonds-how-and-why-philanthropy-catalyzing-development-new-market

Mission Possible: How Foundations are Shaping the Future of Impact Investing (Series)
***Stanford Social Innovation Review* in Partnership with Mission Investors Exchange**
Spring 2017

This series of short essays, produced in partnership with Mission Investors Exchange, asks different foundation leaders to describe how their foundation is approaching impact investing.
Four themes driving the growth of impact investing are reflected across the essays:

1. **Impact investors are looking at their overall portfolios and individual investments along a spectrum that takes into account varying levels of risk, return and impact.** Foundations are using more flexible approaches and expecting a wider range of returns than before. Some of the strategies being used include grants that "de-risk" transactions, program-related investments that provide catalytic capital, and mission related investments that seek competitive returns out of the endowment. They are also developing more diverse financial products such as loans and equity guarantees. *See essays by: Matt Bannick and Paula Goldman, Omidyar Network, Rip Rapson, The Kresge Foundation, Clara Miller, Heron Foundation and Carol Larson, the David and Lucile Packard Foundation*.

2. **Foundations are helping to leverage dollars and make markets by building "on-ramps" for new and unconventional partners in the private and governmental sectors.** Foundations are taking on more risk so that others can assume less to increase the likelihood of success and the capacity for impact. For example, some funders are helping to develop new investment platforms to bring in new investors by taking the lead in syndication efforts (like loans) and creating managed funds. Funders are also providing new kinds of credit and liquidity support to social enterprises, nonprofits and mission driven funds. *For one approach, see the essay by Julia Stasch, the MacArthur Foundation.*

3. **Foundations are deploying different assets, beyond their dollars, to help build the field.** Foundations are harnessing people, communities, policies and ideas that can increase the power of each dollar invested. For example, some funders are focusing on building the field's human capital by supporting interns, fellows, and MBA students interested in pursuing impact investing at both for-profit and nonprofit organizations. Others are investing in local residents to build their sense of agency and equipping them with knowledge and skills to build community capacity and economically empower communities. *See essay by: Jesse Fink, Fink Family Foundation, Kelly Ryan, Incourage Community Foundation, and Kate Woford, McKnight Foundation.*

4. **Foundations are developing the impact investing eco-system.** Foundations are inherently more open, transparent and collaborative than conventional investors and can share both their successes and failures, which allows the field to build on their experience. *See essays by: Patrick McCarthy, The Annie E. Casey Foundation, Jean Case, the Case Foundation, and Darren Walker, The Ford Foundation.*

The full series of essays are:

- “Now Is the Time for Foundations to Invest for Mission and Impact” by Matt Onek
- “Unleashing the Power of Endowments: The Next Great Challenge for Philanthropy” by Darren Walker
- “Strengthening the Impact Investing Movement” by Matt Bannick and Paula Goldman
- “Increasing Impact: People and Place at the Center” by Kelly Ryan
- “Arriving at 100 Percent for Mission. Now What?” by Clara Miller
- “Funding the Momentum of Impact Investing” by Jean Case
- “When Impact Investing is All About the People” by Jesse Fink
- “Leveraging All Assets for Social Good” by Patrick McCarthy
- “Taking Our Rightful Seat at the Institutional Investor Table” by Kate Wolford
- “Market Making for Mission” by Julia Stasch
- “Constancy and Thoughtful Realignment: The Next Era of Social Investing” by Rip Rapson
- “Amplifying Impact with Mission Investments” by Carol Larson
- “Philanthropic Pioneers: Foundations and the Rise of Impact Investing” by Matt Onek

The essays are available at the following link:
https://ssir.org/mission_possible_how_foundations_are_shaping_the_future_of_impact_investing

Networks and Collaboration

Working with Government: Guidance for Grantmakers
GrantCraft
2010

Cracking the Network Code: Four Principles for Grantmakers
Jane Wei-Skillern, Nora Silver and Eric Heitz
Grantmakers for Effective Organizations
July 2013

Building Collaboration: From the Inside Out
Lori Bartczak
Grantmakers for Effective Organizations
November 2015

Lessons in Funder Collaboration: What the Packard Foundation Has Learned about Working with Other Funders
Judy Huang and Willa Seldon
The Bridgespan Group
July 2014

Working with Government: Guidance for Grantmakers
GrantCraft
2010

With collaboration between philanthropy and government on the upswing, this report provides an overview of the advantages and pitfalls of collaborating with government. It includes stories and case studies from partnerships involving foundations and government agencies at all levels as well as tips for maximizing the value of partnerships from government's point of view.

Collaborations are as unique as the parties involved. They can range from highly structured, multi- faceted initiatives to loose agreements to share information about common objectives. Decisions about what kind of partnership to undertake depend on the particular strategy, objectives, and goals being advanced, as well as on what the participants believe to be feasible. Generally, foundations partner with government in one of the following ways:

- *Teaming Up* – In this type of relationship, a foundation and government partner work directly together to develop and implement a project.

- *Working Through an Intermediary* – In this type of collaboration, a foundation and government agency work together through an organization that brings special expertise or the independence that comes from being a third party to an issue, project, or plan.

- *Exchange and Learning* **–** Another way to work with government is by supporting discussion or exchange that enables public officials to learn, plan, and make connections.

- *Supporting Civic Engagement* – In this role, a foundation serves less as a partner to government than as a facilitator between government and constituents in community problem solving.

A key to these government-philanthropic partnerships is good relationships. Unexpected twists and turns, arbitrary starts and stops, arcane bureaucracies, and ever-present (but often unacknowledged) issues of influence, loyalty, and public perception can leave grantmakers feeling disoriented. To help stay the course, grantmakers should be clear about why they are interested in partnering and realistic about the motivations and interests of their government partners.

For grantmakers interested in advancing systemic change or addressing root problems, working with government can be an important opportunity – even an essential one. But it can also mean venturing into territory where the rules are new and the power dynamics unfamiliar.

The full text of the report can be accessed via the following link:
http://www.grantcraft.org/index.cfm?fuseaction=Page.ViewPage&pageId=1547

Cracking the Network Code: Four Principles for Grantmakers
Jane Wei-Skillern, Nora Silver and Eric Heitz
Grantmakers for Effective Organizations
July 2013

Foundations are increasingly looking to network models to create and grow impact. This report examines how foundations can be effective network participants, emphasizing the shifts that are needed in how foundations think about and approach their work. It is organized around four principles that constitute "the network code," each of which is followed by recommendations for funders.

Principle 1. Mission, not organization suggests that the network's mission is to be prioritized above that of advancing an individual organization. Recommendations include the following:

- Give the network your unwavering commitment
- Ensure that boards and grantmaking staff embrace the network mindset
- Fund network-level costs including facilitation, information infrastructure, and the administration of the networks
- Build on existing network relationships
- Adapt evaluation approaches to network processes including metrics that look at how the network is developing and its impact

Principle 2. Trust, not control promotes the idea of using trusting relationships, rather than traditional models of formal control, to achieve the network's vision. Recommendations include the following:

- Vet partners, including how they've worked with others in the past
- Test relationships with pilot projects to help structure the interactions
- Expect networks to grow organically by identifying and cultivating existing grantees with a readiness to adopt a network mindset
- Demonstrate your trustworthiness by being flexible and transparent in your approach
- Let the network make decisions for itself, but offer support when needed

Principle 3. Humility, not brand encourages the act of learning and deferring to peers when appropriate. Recommendations include the following:

- Cultivate empathy, curiosity and commitment for network partners
- Direct recognition to the parts of the network that can best benefit
- Be open with your resources and experiences, as well as what you can and cannot do

Principle 4. Node, not hub reflects the idea that network members think of themselves as parts of an interconnected network rather than as its central point. Recommendations include the following:

- Understand the ecosystem of the network and how all of the pieces and players fit together
- Seek out and leverage other peer groups to get involved in a networked way
- Take time to listen and learn from participants to identify where the gaps are

The report is available at the following link:
http://www.geofunders.org/geo-publications/680-network-code

Harnessing Collaborative Technologies: Helping Funders Work Together
Gabriel Kasper, Kristi Kimball, Steven Lawrence, & Lisa Philp
Monitor Deloitte and Foundation Center/Grantcraft
November 2013

Though many grantmakers believe that collaboration increases efficiency and effectiveness such efforts are not as prevalent or strong as they could be. Greater collaboration is limited by factors such as a reluctance to relinquish control, the additional time required for working with others, the need to develop protocols for sharing information, and the costs of identifying new partners.

The report suggests that there are many new technologies (or tools) that can help to address the "collaborative needs" of working with others. These include the following:

- **Learning.** Activities include the work that funders do to operate in informed ways and to stay current on issues. Tools include IssueLab, which helps to gather, index and share reports and other data; and Gapminder, which helps to easily visualize complex data.
- **Finding.** Activities include sourcing, vetting, and making connections with key stakeholders to address problems. Tools include the i3 Foundation Registry, which was specifically designed to connect funders with organizations improving education; and Philanthropy In/Sight, which is a customizable tool to identify giving trends.
- **Designing Strategies**. Activities include developing and shaping the approach to solving problems as well as the potential metrics for assessing progress. Tools include The Strategy Landscape, which provides information on grantmaking strategies and individual grant data; and competIQ, which is a marketplace for collective information.
- **Community Building.** Activities include facilitating dialogue and communications, building personal connections, and developing governance systems and processes. Tools include the GEO Listserv, which provides a forum for peers to exchange information; and Facebook, Google+ and LinkedIn, which can help build community amongst a variety of geographically-dispersed networks.
- **Transacting.** Activities include scheduling, holding meetings, maintaining collaborative communications, conducting shared due diligence, making decisions, and managing financial transactions. Tools include Doodle, which provides an easy way for people to do scheduling; and Dropbox, which allows collaborators to easily share files.
- **Assessing.** Activities include developing common approaches to data collection and reporting and implementing collective evaluation. Tools include Survey Monkey, which is an easy way to create an online survey; and The Cultural Data Project, which provides a shared data system for tracking arts and cultural activities.
- **Influencing.** Activities include sharing and disseminating results and lessons learned, and communicating with boards, policymakers and other actors. Tools include Blogger and Twitter, which are self-publishing tools; and the Learning Registry, which provides an online platform to harvest and analyze data.

The report is available at the following link:
http://foundationcenter.org/gainknowledge/research/pdf/collab-tech.pdf

Building Collaboration: From the Inside Out
Lori Bartczak
Grantmakers for Effective Organizations
November 2015

This report examines how foundations can adopt a "collaborative mindset" and align values and practices to be better collaborative partners. It is based on interviews with grantmakers, nonprofits and technical assistance providers.

Necessary conditions for collaboration include:

- **Get clarity on both organizational goals and how they are linked to the collaboration.** Create opportunities for staff and board to reflect and develop organizational goals and determine whether and how they are linked or fit into a potential collaboration, making clear where and what is the added value to the organization participating.
- **Determine how the organization fits into the landscape and what role or roles it is willing and able to play.** Create opportunities for staff and board to discuss the different roles that the organization might play and under what conditions and what other partners and potential partners bring to the collaboration.
- **Lay the groundwork for collaboration by building relationships.** Prioritize relationship building to help strengthen trust by seeking opportunities to engage with partners in one-on-one conversations, eliciting feedback from partners and examining the application, reporting requirements and other processes for grantees and other stakeholders to ensure they are signaling trust; and taking stock of cultural fluency and addressing issues of power dynamics.

Changes that may be necessary to ensure an organization is ready for collaboration include:

- **Build diverse and committed leadership across the organization.** Consider how the organization's board and executive leadership can model relationship building and engage more with other funders, grantees and the communities served.
- **Focus on internal and external communications that contribute to strong relationships.** Build regular and frequent updates and check-ins with stakeholders and partners erring on the side of over-communicating.
- **Provide the resources – both time and money – that are necessary for the given collaboration.** Examine workloads and the degree of flexibility that staff members have to engage in the collaboration as well as what skills, behaviors and capacities are needed to advance collaboration.
- **Ensure collaboration remains a priority for the organization.** Review job descriptions and consider what revisions might be necessary to ensure that collaboration is a priority by building collaboration into staff performance goal and creating opportunities to build professional skills such as facilitation and relationship building.

The full report is available at the following link:
file://ppd3.sppd.usc.edu/users$/npwillia/Desktop/geo_2015_collaboration_inside_out.pdf

Lessons in Funder Collaboration: What the Packard Foundation Has Learned about Working with Other Funders
Judy Huang and Willa Seldon
The Bridgespan Group
July 2014

This report looks at themes and insights from an examination of various funder collaborations undertaken by The David and Lucile Packard Foundation. It is based largely on interviews with program directors and other staff at the foundation as well as their funding partners.

Philanthropic collaborations vary in how they are structured and their level of integration. Less integrated collaborations in which individual funders have more control include projects or initiatives where funders exchange ideas or raise awareness and where funders agree to shared strategies and coordinate investments around aligned causes while still controlling their own grantmaking. More integrated collaborations – referred to as "high-stakes donor collaborations" – include co-investments in existing initiatives where money is raised around a specific initiative or organization; co-creation with other funders of a new entity or initiative that in turn gives grants or operates programs; and a model in which funders themselves invest in another funder with strong expertise in a content area.

The report points to some commonalities across all different types of funder collaborations:

- There is a time to lead, a time to follow and a time to say no.
- They require an assessment of whether the potential benefits outweigh the time and resource necessary to develop and sustain them.
- Most require that the CEO be engaged in the collaboration at some point along the way.

Strategic considerations when developing a funder collaborative include:

- Getting alignment on a common vision and shared goals.
- Being clear about how the collaboration fits with each foundation's strategy.
- Creating a governance structure that fits each foundation's interests and expertise.
- Developing partnerships that are adaptable and flexible.
- Considering exit planning up front.
- Using evaluation results to adapt and improve.

Practical considerations when developing a funder collaborative include:

- Balancing ambition with realism.
- Knowing your partners.
- Answering four key questions:
  - What is our goal?
  - Do we need to collaborate to succeed?
  - What are we willing to invest in time and money?
  - How do we achieve results?

The report concludes by suggesting that collaboration can be a powerful means to amplify resources and impact, but good intentions aren't sufficient to ensure a collaboration's success.

The full report is available at the following link:
http://www.bridgespan.org/getmedia/c34a9b65-85f4-4858-b035-3304782d0577/Lessons-in-Funder-Collaboration.aspx

Evaluation, Assessment and Learning

Evaluation in Philanthropy: Perspectives from the Field
Grantmakers for Effective Organizations and Council of Foundations
2009

Evaluating Complexity: Propositions for Improving Practice
Hallie Preskill, Srik Gopal, Katelyn Mack, Joelle Cook
FSG
March 2015

Learning Together: Actionable Approaches for Grantmakers
Grantmakers for Effective Organizations
June 2015

Reimagining Measurement: A Better Future for Monitoring, Evaluation and Learning
Monitor Institute
March 2018

Evaluation in Philanthropy: Perspectives from the Field
Grantmakers for Effective Organizations and Council of Foundations
2009

This report provides a look at evaluation through an organizational learning and effectiveness lens, as oppose to simply a means to for accountability. In this way, evaluation is seen as a means to provide grantmakers and grantees with the information and perspective to achieve better results. It is based on a review of current literature on evaluations and learning as well as the experiences of 19 members of Grantmakers for Effective Organizations (GEO), and is intended to help funders become "deliberate" actors that identify goals, develop specific plans for reaching those goals, measure progress, and build organizational learning into their work.

The report underscores that importance of organizational learning – systematic information gathering and research about grantmaker-supported activities that informs learning and drives continuous improvement. Specifically: (1) evaluations are about improvement not just proof; (2) evaluations contribute to the grantmaking mission through providing information and insights; (3) evaluations should form the basis for learning communities that involve staff, grantees, and the broader community; (4) evaluations should provide insights beyond a single grant; and (5) meaningful evaluations embrace failure as an opportunity to change and achieve better results. Such learning happens at three levels: within grantmaking organizations, across grantmaking organizations, and in partnership with grantees. This learning is a continuous process that requires a sustained commitment involving regular, honest communication. This type of evaluation is essential to effective strategy as it produces the data, information, and understanding that enable grantmakers to develop and fine-tune their strategies.

The report concludes by laying out specific steps that grantmakers can take to strengthen their evaluation process. First, they argue that grantmaker should undertake a comprehensive review of their evaluation practices. Second, grantmakers should hold board and staff discussions about how to strengthen evaluations work. Third, grantmakers must connect evaluation and grantmaking strategy. Fourth, grantmakers must talk with grantees to obtain their perspectives on how to leverage the power of evaluations as a core learning practice. And fifth, grantmakers must use their power to convene in order to share perspectives, ideas, challenges, and solutions.

Full text can be accessed via the following link:
http://www.geofunders.org/storage/documents/Evaluation_in_Philanthropy_--_GEO_COF.pdf

Evaluating Complexity: Propositions for Improving Practice
Hallie Preskill, Srik Gopal, Katelyn Mack, Joelle Cook
FSG
March 2015

This report addresses the gaps between the understanding and practice of complex evaluations. It describes the characteristics of complex systems and then offers propositions as to how evaluations can and should be developed and designed to accommodate them.

- *A complex system is always changing and evolving and they are often unpredictable.* As a result, evaluations should be designed and implemented through an adaptive, flexible and iterative process.

- *Systems are made up of interacting, interrelated, and interdependent components.* Thus, evaluations should attend to how the system's components interact with and influence one another and how they contribute to the initiative's overall impact.

- *Information is the fuel that drives learning in systems.* Thus, evaluations should support the learning capacity of the system by strengthening feedback loops and improving access to information in timely and actionable ways.

- *Systems adapt in response to changing conditions so understanding context is critical.* Evaluations should therefore study context, including the demographic, social, economic, organizational and political dynamics and monitor changes that affect the system as they occur.

- *Each situation is unique with initiatives in complex settings occurring according to a set of principles rather than a predetermined set of activities.* Evaluations should consider what "minimum specifications" are desired to guide behavior in a way that allows for adaptation.

- *Different sources of energy and convergence can be observed at different times.* Identify points of energy and influence, as well as ways in which momentum and power flow within the system.

- *Relationships between entities are equally, if not more, important than the entities themselves.* Focus on the nature of relationships and interdependencies within the system.

- *Cause and effect are not a linear process.* Explain the non-linear and multi-directional relationships between the initiative and its intended and unintended outcomes.

- *Patterns emerge from several semi-independent and diverse agents.* Watch for patterns, both one-off and repeating, at different levels of the system.

The report also includes applicable tools that can be used to gather data for each of the propositions, along with examples and cases for the propositions in practice.

The report can be found at the following link:
http://www.fsg.org/Portals/0/Uploads/Documents/PDF/Evaluating_Complexity.pdf

Learning Together: Actionable Approaches for Grantmakers
Grantmakers for Effective Organizations
June 2015

This publication provides ideas and practices to help foundations make learning with other partners – such as grantees, other foundations, community members and government agencies – a priority. It is based on research and interviews with two dozen staff members from foundations and other related organizations that are engaged in work GEO describes as "learning together" or "collective learning," which occurs when "organizations or groups use evaluation and evaluative thinking to learn in real time and adapt their strategies to changing circumstances."

It is critical that any collective learning efforts have a clear set of intentions or goals and a rationale for why it is important. Among the most common objectives cited:

- Analyzing and building a better collective understanding of a specific issue and in the process helping to shape a better solution.
- Developing a new plan or initiative – such as a grant, program or shared activity – that reflects a genuine understanding of what is happening on the ground and enlists stakeholders that will be critical to its lasting success.
- Assessing current activities to identify course corrections by gathering ongoing feedback and guidance from people and organizations that are affected by a program or initiative.
- Understanding outcomes from completed projects to inform strategy moving forward, including the degree to which the initiative or activity lived up to its goals and what can be learned.

The core values and principles that should be kept in mind to ensure the success of shared learning include the following:

- Decide together the guiding questions and how the overarching process will unfold.
- Be open and flexible so that "give-and-take" and adaptation can occur to enhance learning.
- Create an authentic partnership that actively engages all the stakeholders to design learning activities, identify goals and make meaning of data and information.
- Be inclusive and create wider circles of individuals and organizations beyond the "usual suspects" asking the question "who else should be at the table?"

The key steps to making shared learning successful include the following:

- Prioritize shared learning so that it is not an "add-on" but an essential component of the foundation's work.
- Allocate the necessary resources to convene partners, support high-quality research and evaluation, communicate findings, and set aside internal staff.
- Build trust to create open dialogues and candor among partners to explore difficult issues.
- Build capacity and skills by ensuring that grantees and partners have the tools, resources, systems and human capital to formulate and answer shared learning questions.

The full report is available at the following link:
http://docs.geofunders.org/?filename=2015_learning_together.pdf&utm_source=20150618-GEONews-Members&utm_medium=email&contactid=0036000000sK6ZYAA0

Leveraging Social Sector Leadership
Laura Callanan, Nora Silver and Paul Jansen
GEO and Haas School of Business University of California Berkeley
April 2015

While strong leadership in the social sector is critical to achieve impact, the sector "chronically underinvests" in this area. This report looks at new research findings – largely survey and interview data – about what leaders need to succeed and stay in the social sector; and what grantmakers can do to support social sector leaders – senior leaders at nonprofits, foundations, social enterprises and impact investing funds. The report says that leadership development in the social sector lags behind others and creates a "vicious cycle" that makes it more likely to lose good employees and harder to attract good ones. Whereas the private sector invests $120 per employee a year, the social sector invests $29.

The report provides a framework of leadership skills for today's social sector leaders, which emphasize collaboration and working with others.

- *Problem solver.* Unrelentingly puts the problem and needs at the center; agnostic to the solution and which organization or individual receives credit.
- *Generous collaborator*. Recognizes problems must be solved at a systems level by nurturing the growth and effectiveness of external partner organizations and their own.
- *Motivated mentor.* Commits to the professional development and success of all colleagues; intentionally seeks to build skills for others, while recognizing their commitments and contributions.
- *Responsible steward.* Prudent fiduciary with funds in the public trust; makes management decisions in strategic ways; and seeks out best practices.
- *Applied researcher.* Anchors strategy and approach in data and evidence; brings a learning mindset and hears the constituents' voice; and committed to accountability.
- *Savvy networker.* Taps colleagues to build alliance and networks; uses skills to influence others and reach out for what may not otherwise be possible.

The report also provides lessons and recommendations for grantmakers. Among them:

- Develop talent and the talent pipeline by listening to others, building relationships and seeking out opportunities for leadership investment.
- Focus on collaboration by supporting collaboration capabilities; modeling collaboration in program design and support; building cohorts; supporting coaching; and connecting across generations.
- Be attentive to "white space and blue sky" by creating opportunities for leaders to explore and develop skills and experiences via sabbaticals, mini-residences and board service.

The full report is available at the following link:
http://docs.geofunders.org/?filename=leveraging_leadership_2015.pdf&utm_source=20150423-GEONews&utm_medium=email&contactid=0036000000sK6ZYAA0

Reimagining Measurement: A Better Future for Monitoring, Evaluation and Learning
Monitor Institute
March 2018
This report lays out a vision for what evaluation and learning for greater impact can look like based on interviews and other engagements with 125 foundation executives and program staff, evaluation experts, and nonprofit leaders.

1) **More effectively putting decision-making at the center of monitoring, evaluation and learning.**

Best Practices
- Information for on-the-ground decision-making is prioritized by creating new ways to share results and differentiating the roles of funders and nonprofits in developing evidence.
- Learning is embedded and continuous so that organizations better understand what barriers can impede organizational learning and can quickly adapt as circumstances change.
- Greater investment in monitoring, evaluation and learning capacity including training board members to set more realistic evaluation expectations.
- The data and methods needed to inform decisions are available, integrated with one another and embedded in emerging technological tools.

2) **Empowering beneficiaries and promoting diversity, equity and inclusion.**

Best Practices
- Equity is consistently considered in and supported by monitoring, evaluation and learning including resources and standards for cultural competence and equity-focused evaluation.
- Constituent feedback is an essential practice including tools that help organizations collect and measure constituent insights to better hold organizations accountable.
- Constituents are empowered to make their own choices including developing a better infrastructure for decision making and connecting constituents with each other.
- Data rights are secured including data standards that ensure the integrity of their appropriate use.

3) **More productive learning at scale.**

Best Practices
- Knowledge is shared openly and widely by addressing disincentives for sharing knowledge among nonprofits and expanding the scope of “what works” directories.
- Knowledge gaps and learning agendas are collaboratively undertaken including a diagnostic for groups to learn together and promote issue-level, action oriented learning.
- Data is integrated at the scale needed to assess social impact to enable better sharing through common data hubs.
- Evaluation synthesis, replication, and meta-evaluation are supported to test different large-scale approaches and synthesize empirical literature.

The full report is available at the following link:
https://www2.deloitte.com/us/en/pages/monitor-institute/articles/re-imagining-measurement-strategic-learning-toolkit.html

THE PHILANTHROPIC SECTOR

General

Criteria for Philanthropy at its Best: Measurable Benchmarks to Assess Foundation Performance
National Committee for Responsive Philanthropy
2009

The Source Codes of Foundation Culture
Tom David and Kathleen Enright
Grantmakers for Effective Organizations
October 2015

Looking Back at 50 Years of U.S. Philanthropy
Hewlett Foundation
Benjamin Soskis and Stanley N. Katz
December 2016

Criteria for Philanthropy at its Best: Measurable Benchmarks to Assess Foundation Performance
National Committee for Responsive Philanthropy
2009

This report from the National Committee for Responsive Philanthropy (NCRP) provides a collection of essays, discussion questions for foundation boards, and other more general suggestions designed to encourage more effective giving, or "Philanthropy at its Best." Using recent research and policy data, the report represents an in-depth data analysis to improve and increase the practice successful philanthropy that has the largest positive impact on the public good. The report also identifies specific field leaders of the foundations that are finding success, providing direct example for other organizations to explore and replicate.

NCRP worked with the Foundation Center to analyze and organize current giving patterns, including information on 1,200 of the largest national foundations. Through this in-depth examination of past giving and grants, NCRP uncovered four different benchmark criteria areas and attached to each area of focus are specific metrics that were found in grantmaking organizations having the biggest impact in the communities they seek to serve.

- **Values –** A successful grantmaker serves the public good by contributing to a strong, participatory democracy that engages all communities.
    - Provides at least *50 percent* of grant dollars to benefit lower-income and marginalized groups as well as communities of color
    - Provides at least *25 percent* of grant dollars for advocacy, organizing, and civic engagement to promote equity and justice in our society

- **Effectiveness –** The impact of the grantmaker is increased by investing in the health, growth and effectiveness of its nonprofit partners.
    - Provides at least *50 percent* of grant dollars for general operating support
    - Provides at least *50 percent* of its grant dollars as multi-year grants
    - Ensures that the time to apply for and report on the grant is commensurate with grant size

- **Ethics –** A successful grantmaker improves its impact by demonstrating accountability to the public, its grantees and constituents.
    - Maintains an engaged board of at least five people who include among them a diversity of perspectives and who serve without compensation
    - Maintains policies and practices that support ethical behavior
    - Discloses information freely

- **Commitment –** A successful grantmaker serves the public good by engaging a portion of its financial assets in pursuit of its mission.
    - Pays out at least *6 percent* of its assets annually in grants
    - Invests at least *25 percent* of its assets in ways that support its mission

Full text can be accessed via the following link:
http://www.ncrp.org

The Source Codes of Foundation Culture
Tom David and Kathleen Enright
Grantmakers for Effective Organizations
October 2015

This publication aims to prompt discussion in philanthropy about creating and nurturing a positive and productive organizational culture. While good stewardship of philanthropic resources has tended to focus on persevering and growing foundation assets for future generations, there is growing recognition that stewardship should also focus on how effectively a foundation is able to tackle an issue (or set of issues) that are central to its mission. Culture is central to overall performance.

Culture is viewed as a "set of basic assumptions that defines: what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations" (Ed H. Schein, *Organizational Culture and Leadership*, 2010). There are many tacit dimensions to culture that make it both powerful and difficult to see and understand. A positive culture can reinforce and align values and efforts, creating a shared sense of cohesion and purpose, just as a negative culture can constrain and control behavior that detracts from mission.

The publication suggests that there are three underlying "source codes" – derived from other fields or institutions – that shape foundation culture:

1) Banks – The influence of banks on foundation culture is seen in the language that foundations use, the seriousness with which boards take their fiduciary responsibility, their careful assessment of risk, and the highly structured grant and approval processes. Like banks, many foundations have a reputation for exclusivity and lack of transparency that tends to isolate staff from their communities and leads to practices such as invitation-only grant applications.

2) Universities – The roots of universities in foundation culture can be seen in the priority by which many foundations seek to gain knowledge through written analysis and assessments, intellectual stewardship and deep analytical thinking. Like universities, foundations can be hampered by overemphasis on rigor and analysis that can slow experimentation and they can create silos that are divisive and discount the ideas and experiences of practitioners.

3) Corporations – Foundation culture is often an offshoot of for-profit cultures since the origin of foundation wealth is frequently linked to successful businesspeople. This is reflected in the power that many foundations give to the investment committee of their board, the focus and dedication boards pay to financial matters, the emphasis foundations place on metrics and ratios, and the deference to (and expectations of) dynamic, charismatic leaders who can "fix" things.

The publication concludes by emphasizing that foundations need not accept the "self-imposed limitations of traditional foundation culture," but should instead try to adopt a culture that is better aligned to tackle complex emergent problems.

The full publication is available at the following link:
http://docs.geofunders.org/?filename=2015_source_codes_foundation_culture.pdf&utm_source=20151008_Marketing_Enright_SeniorLeaders&utm_medium=email&contactid=0036000000sK6ZYAA0

A "discussion starter" is also available for foundations to begin a conversation about culture:
http://www.geofunders.org/storage/docs/2015_culture_discussion_starter.pdf

Looking Back at 50 Years of U.S. Philanthropy
Hewlett Foundation
Benjamin Soskis and Stanley N. Katz
December 2016

This paper reflects on what has changed in the last 50 years, when the Hewlett Foundation was created. Key reflections include:

1) **Foundations have become more diverse and less homogenous.** The most apparent and well-documented facet of this is the geographic diffusion of foundations from New York and the mid-Atlantic to the west coast and to other parts of the country. It is no longer possible to talk about a single "philanthropy establishment," as was the case in the 1950 and 60s. The sector has also changed demographically from a sector almost exclusively led by white males to one that has a more equal, though still inadequate, representation of women and people of color.

2) **Philanthropy has grown larger in assets and giving.** While the relative dominance of a small number of very large foundations has remained constant over time, the identities of those at the top has changed dramatically. Following a two-decade period of slower growth after Hewlett's establishment, the field of philanthropy has grown exponentially since the 1990s. Today, the sector skews bigger and younger than ever before with many more foundations having a billion dollars or more in assets and a noticeable surge in foundation "mega-gifts," those of more than $100 million in a single gift.

3) **Philanthropy is operating in an age of inequality and also trying to address it.** In the mid-1960s, the United States was enjoying a period of generally distributed economic growth. Over the following decades the middle class shrank while the wealth controlled by the rich captured an increasing share of the nation's economic growth. As a result, there is more suspicion of philanthropy's wealth and influence than at any point before (save the first part of the 20th century). However, unlike then, prominent foundations today are themselves beginning to address the causes and consequences of inequality.

4) **Philanthropy's relationship with government is continually shifting.** In the 1960, a select group of foundation became more active in funding policy advocacy work bordering on political. This led to the passage of the Tax Reform Act of 1969, which put the policy activity of many foundations on the defensive for decades. Since the early 2000s, philanthropy has developed a new relationship with government that accepts the idea that philanthropic resources are limited compared to government but at the same time acknowledges that philanthropy can be more entrepreneurial relative to government.

5) **Philanthropy has become more donor-centric and market oriented.** In the last half century, particularly in the last 20 years, philanthropic practice has increasingly incorporated market-oriented principles, leading to the rise of strategic philanthropy that is more donor-centric. As a result, foundations are more fully engaged in the idea of improving a grantee's effectiveness and have become more proactive – with specific agendas, identities and preferred approaches to creating change – than before.

The report is available at the following link:
http://www.hewlett.org/wp-content/uploads/2016/12/50-Years-of-U.S.-Philanthropy.pdf

THE NONPROFIT SECTOR

General

"Delivering on the Promise of Nonprofits"
Jeffrey L. Bradach, Thomas J. Tierney and Nan Stone
Harvard Business Review
December 2008

"Four Futures"
Paul Light
The Nonprofit Quarterly
2008

Costs, Complexification and Crisis: Government's Human Services Contracting "System" Hurts Everyone
National Council of Nonprofits
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Beyond the Cause: The Art and Science of Advocacy
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The State of Scaling Social Impact: Results of a National Study of Nonprofits
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Spring 2014

"Delivering on the Promise of Nonprofits"
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Harvard Business Review
December 2008

Increasingly nonprofit directors and boards are committed to improving and better understanding their organizations' social impact, but they are also facing mounting pressure by funders to orient the sector more toward market forces.

Every organization faces unique challenges and opportunities, and it is important for nonprofit leaders to reflect those realities during the direction and decision-making process. To develop pragmatic plans for making a difference, nonprofit leaders should answer several interdependent questions, suggested as a framework for change:

- *Which results will we hold ourselves accountable for?*
  To encourage accountability a strong *intended-impact* statement will help identify both the beneficiaries of a nonprofit's services and the real benefits the organization will provide, including the change in behavior or knowledge its programs are designed to effect. Important aspects to consider in an intended-impact statement are the organization's values, available data, and a willingness to make tough decisions regarding programmatic change.

- *How will we achieve them?*
  The *theory-of-change* is a detailed explanation of how the organization will achieve its intended impact and is critical to answering the question of achievement. The process ensures that stakeholders understand why strategic decisions are being made as they are. Throughout this iterative process assumptions about programs and services that can then be tested and revised as necessary are unearthed. Also, it is critical that a strong theory-of-change is broad enough to show the scope of an organization's beliefs about how social change occurs but specific enough to allow decision makers to map programs and resources against it.

- *What will results really cost, and how can we fund them?*
  It is important to understand the full costs of current programs and how each is affecting the organization's overall financial health. Knowing details of a program's costs, if it requires a subsidy, or it is self-sustaining can inform the nonprofit of its strength and impact. In short, nonprofit leaders should bring both funding and strategy into alignment in order to develop a secure funding base. This can be done by clearly articulating the specific programs in need of financial support, and identifying appropriate funding sources to meet those needs.

- *How do we build the organization we need to deliver results?*
  When it comes to delivering and sustaining results, it is more important to have a well-trained staff than to have the right strategy or a reliable source of funding. Nonprofits tend to be led by passionate individuals, but they are also often undermanaged. Correction can be made regarding leadership by creating better processes that encourage support and professional development and building leadership capacity by recruiting and retaining skilled managers.

Together, these questions create a framework that executive directors can use in conversations with funders and other stakeholders in developing more specific plans for making a tangible difference.

Full text can be accessed via the following link:
http://hbr.harvardbusiness.org/2008/12/delivering-on-the-promise-of-nonprofits/ar/1

“Four Futures”
Paul Light
The Nonprofit Quarterly
2008

During these troubled times, what lies in store for the nonprofit sector, and what do we need to do about it? This article presents four potential futures as well as suggestions on how the nonprofit industry can move ahead.

- *The Rescue Fantasy* – in this scenario the American people realize the even greater need during tough economic times and continue their generosity that sustains nonprofits into the future. Unfortunately however, most nonprofits are heavily reliant on government grants for overall support, a funding source that is unreliable even if donors themselves are more generous.

- *A Withering Winterland* – every nonprofit in the sector suffers from the economic downturn with decreased amounts from both fundraising and foundation support. In this more likely scenario, nonprofits will be forced to scale back operations and lay off staff members, ironically contributing too many of the social problems they seek to repair.

- *An Arbitrary Winnowing* – in this most likely scenario, a rebalancing of the sector occurs moving toward larger, richer, and fewer organizations. Some nonprofits lose funding and will shut doors while the larger and more visible organizations receive more focus and support.

- *Transformation* – with a faltering economy, nonprofits are presented with an opportunity to creatively reinvent themselves by focusing on their most productive areas of service.

The sector’s infrastructure is left with several tasks to help aggregate decisions into a best possible future. Through these changes, nonprofits should ensure there is always a voice for the less powerful in decision making, that public advocacy and dialogue regarding philanthropy will continue, and that the sector always stays flexible to keep pace with a new era.

Full text can be accessed via the following link:
http://www.nonprofitquarterly.org/content/view/5/26/

Costs, Complexification and Crisis: Government's Human Services Contracting "System" Hurts Everyone
National Council of Nonprofits
October 2010

This report by the National Council of Nonprofits provides additional context to the findings in the Urban Institute's report on government contracts and grants with human service nonprofits in the United States. It explains how the contracting problems affect everyone in America, not just nonprofits. The report also identifies specific practices that contribute to the problems nonprofits are experiencing, and proposes solutions that nonprofits, government officials, funders, and citizens can adopt to improve services, restore value for taxpayers, and provide better benefit to communities.

The five major problems that human service nonprofits are experiencing:

1. *Governments Failing to Pay the Full Costs:* When governments do not pay the full costs of the services, nonprofits must divert time and resources trying to make up the difference, thus limiting attention on delivery of services to those in need.

2. *Governments Changing the Terms of Contracts Mid-Stream:* When governments change the terms of their written agreement mid-way through performance, it hurts the people the programs are designed to help, weakens communities by undercutting trust in government, and destabilizes the organizations that governments and taxpayers rely on to fulfill their obligations.

3. *Governments Paying Late:* Failure by governments to pay their bills when they are due amounts to an unreasonable taking – essentially forcing nonprofits to involuntarily bankroll the government services they provide.

4. *Complex Contracting Processes:* Red tape and other government contracting policies and bidding practices routinely impose avoidable inefficiencies on nonprofits, thereby creating waste, eroding productivity by diverting staff time from serving individuals, and reducing the amount of services actually delivered to individuals and communities in need.

5. *Complex Reporting Requirements:* Reporting and oversight processes that once made sense can run amuck when needlessly duplicated, resulting in higher costs to taxpayers without adding value and diverting resources from delivery of needed services.

There is no simple "one size fits all" solution, but addressing these problems will not necessarily require big investments of money. Most of the dozens of solutions offered require intent and discipline in follow-through to make things happen. Stakeholders at each level of government – federal, state, and local – will need to decide which solutions would provide the most relief.

The full text can be accessed via the following link:
http://www.govtcontracting.org/sites/default/files/Costs%20Complexification%20and%20Crisis.pdf

Beyond the Cause: The Art and Science of Advocacy
The Independent Sector
September 2012

This comprehensive, 268-page report looks at how philanthropy and the nonprofit sector can influence public policy. Specifically, it examines what approaches and strategies lead to successful advocacy efforts and how well nonprofits engaged in sector-wide advocacy perform. Findings are based on surveys, over 100 interviews, and public information from 528 nonprofits.

Five essential elements of successful advocacy are reported:

1. *Sustain a focus on long-term goals*. It often takes 10-25 years for nonprofits to advance their policy agenda. Keys to success are to work backwards from long-term goals, to be proactive, and to alter tactics as necessary.
2. *Prioritize "building" elements for successful campaigns*. "Campaign" activities should be considered distinct from "building" activities – and priority should be placed on the latter. This ensures that an organization's relationships, reputation, and expertise accumulate over time and can be deployed when opportunities arise. Campaign activities are efforts to promote or block a specific policy proposal, executive order, or government action. Building activities include such things as: cultivating relationships, securing resources, researching issues, developing communications systems and creating processes to mobilize constituents.
3. *Consider the motivations of public officials.* Invest time in understanding the federal policy environment and the players, both elected and appointed. Conduct analyses that identify which public officials to target, who has the power, as well research into the backgrounds of select officials, including their connections and the priorities of their constituents. Research results should seek to answer what is likely to motivate public officials to action.
4. *Galvanize coalitions to achieve short-term goals.* Coalitions can be useful to aggregate the diverse elements needed to be effective including: a strong research capability, stakeholders in key states, access to targeted administration officials, a politically connected community, media access, staff expertise, etc. Successful coalitions tend to form around a specific issue at a given time and then disband or retool for the next issue.
5. *Ensure strong, high-integrity leadership.* Leadership is important to effective advocacy. Honesty, sincerity and being viewed as an "honest broker" of information enhance the credibility of campaigns. Leaders of effective organizations have access to and relationships with public officials, allies, and others on different sides of the ideological spectrum. Leaders also motivate staff, volunteers, colleagues, and others to action.

The full report can be found at:
http://www.independentsector.org/uploads/advocacystudy/IS-BeyondtheCause-Full.pdf

The executive summary and report highlights can be found at:
http://www.independentsector.org/advocacy-study/Highlights/

The State of Scaling Social Impact: Results of a National Study of Nonprofits
Cynthia W. Massarsky & John F. Gillespie
Social Impact Exchange and Veris Consulting
January 2013

This report details how nonprofits view scaling, their motivations and readiness to grow, and the strategies they are deploying to achieve scaled impact. It also serves to highlight the challenges they face as well as the information and support they need to move forward. The report is based on 436 responses to an online survey distributed by email to Social Impact Exchange members, 96% of respondents reported that they were "engaged in scaling impact."

The report's key findings are as follows:

- Nonprofits are heavily engaged in scaling and believe that scaling impact is one of the most important activities to address the social problems they are working to solve. For them, scaling impact is about helping more people in need and facilitating systemic change.
- Nonprofit scaling efforts are focused on traditional avenues for growth — expanding target audiences or replicating their models — and an overwhelming percentage are past the assessment stage in scaling their initiatives and expect to complete implementation in less than six years.
- Both funders and nonprofits need more information about the effectiveness and return on investment of various approaches to scaling and growth planning.
- There is a strong need for better information and more funding dedicated to impact measurement, so organizations can evaluate their programs and scale only those innovations with proof of results.
- Though often overlooked, investments in nonprofit boards can be highly impactful to strengthen organizations and support their scaling efforts, through their role in strategy formation and decision-making.
- On average, nonprofits require a significant amount of funding to finance their growth, yet raising capital continues to be a challenge. Nonprofit leaders identify securing sufficient capital as most helpful to their growth efforts, with those conducting scaling campaigns having raised an average of only 17% of the funds required.

The report highlights two areas that are a particular challenge to scaling social impact. First, there is a lack of information about what it takes to scale, noting the importance of high-quality, accessible information that can be captured, shared, and leveraged for both planning and decision-making. Second, there is an absence of structured, accessible capital that would enable initiatives to evaluate their work and build their operational and financial capacity to support their spread or growth. The report encourages sector-wide focus on the challenges and on better understanding about what is needed to scale social impact.

The full report can be found at:
http://www.verisconsulting.com/Documents/TheStateofScalingImpact_NationalNonprofitStudy_Jan2013.pdf

Nonprofit-Government Contracts and Grants: Findings from the 2013 National Survey
Sarah L. Pettijohn, Elizabeth T. Boris, Carol J. De Vita, Saunji Fyffe
Urban Institute
December 2013

This report provides a context for understanding current trends in government contracting with nonprofit organizations and offers recommendations for improving efficiency in the public funding process. The report's findings are based on a random sample survey of 20,000 nonprofit organizations from all 50 states and Washington, DC. There were approximately 7,800 survey responses (39% response rate); 4,024 surveys were completed in their entirety.

Key highlights of the study are:

- Non-human services nonprofits have seen a decrease in government contract funding from 2009 to 2012 and have responded primarily through the use of reserve funds and staff reductions.
- Compared to 2009, human services nonprofits have received the same or more funding from states and localities, but a moderate decrease in funding from the federal government.
- Nonprofits report a number of issues in their dealings with government contracts. For instance, 68 percent of human service nonprofits reported governments do not pay the full cost of services; 75 percent of all nonprofits indicated that the complexity and time involved in applying for and reporting on contracts and grants is problematic; and 58 percent said the government changes existing contracts and grants in ways that create additional challenges.

Governments could improve the contracting process if they would:

- Standardize and simplify applications, financial reporting formats, and outcome reporting across levels of government, with input from nonprofits.
- Implement document repositories that are accessible across government agencies so that commonly required paperwork (e.g., audits, proof of nonprofit status, licenses and other commonly required documents) can be provided once and updated at specified times.
- States and localities should follow the federal government and implement transparent online systems (such as grants.gov) that lists all grants and contract opportunities available
- Involve nonprofits in working groups to identity and agree on mutually beneficial accounting processes.

The report says nonprofits should more actively encourage both government and foundations to enact reforms that simplify and standardize applications and reporting requirements; provide additional feedback to government funders and develop and improve their organizational capacity to successfully implement government contracts and grants by more closely tracking staff time and identify performance indicators and ways to collect and assess performance and measure outcomes.

The report is available at the following link:
http://www.urban.org/UploadedPDF/412962-Nonprofit-Government-Contracts-and-Grants.pdf

“Why Nonprofit Mergers Continue to Lag”
Katie Smith Milway, Maria Orozco, and Cristina Botero
Stanford Social Innovation Review
Spring 2014

This article – based on an analysis of legal mergers in four states and a series of interviews with nonprofits, funders and intermediaries involved in merger activity – looks at factors that may inhibit nonprofit mergers and offers some strategies for addressing them. According to their analysis, rates of nonprofit mergers from 2007-2012 were similar to the rates from 2001-2006, despite the economic downturn and increased support for nonprofit mergers by foundations.

They say that three challenges are preventing more mergers. First, board members find it hard to look beyond their own organizations and work on the broader mission of a new organization, especially in aligning interests that might be in conflict. Second, not all senior staff members may have a clear or defined role in the new organization or they may have less authority than before. Third, each organization has its own brand and identity, which can cause friction as the new organization tries to determine how they want to communicate their mission and values.

To address these challenges, they suggest the following:

- Develop a formal and recurring practice for board members and senior staff to look for opportunities to merge or partner with other organizations.
- If an opportunity arises where interests align, get to know the senior staff and board members of each organization.
- Create a plan with formal roles and responsibilities for the merger process to follow, paying particular attention to the development of the due diligence process.
- Once a plan is in place, prioritize transparency, especially about finances as early as possible.
- Don’t move too quickly or get pushed into arbitrary deadlines by those outside the organizations.
- Identify the toughest issues – like roles for senior staff and board members and issues of culture and identity – of the new merged organization and address them head on.
- Create roles and potential opportunities for senior staff and board members in the new organization that fit their skills and abilities.
- Recognize that not all board members and senior staff may fit in the new organization.
- Use facilitators and outside help to broach difficult conversations or issues.
- Think through all the possible options of the brand, including using different brands for different purposes, blending the brands together as one, or creating a new brand entirely.

The conclusion notes there are other opportunities short of mergers – such as coalitions, formal partnerships, joint ventures, and sharing back office services – that offer some of the same benefits of a merger. These allow for greater familiarity and trust between the organizations to develop that may ultimately lead to a merger later on.

The article is available at the following link:
http://www.ssireview.org/articles/entry/why_nonprofit_mergers_continue_to_lag

Nonprofit Leadership and Capacity-Building

Ready to Lead? Next Generation Leaders Speak Out – A National Study
Marla Cornelius, Patrick Corvington, Albert Ruesga
CompassPoint Nonprofit Services, the Annie E. Casey Foundation and the Meyer Foundation, 2008

Daring to Lead 2011: A National Study of Nonprofit Executive Leadership
Marla Cornelius, Rick Moyers, and Jeanne Bell
CompassPoint Nonprofit Services and the Meyer Foundation, 2011

Underdeveloped: A National Study of Challenges Facing Nonprofit Fundraising
Jeanne Bell and Marla Cornelius
Compass Point and Evelyn and Walter Haas, Jr. Fund
January 2013

Strengthening Nonprofit Capacity: Core Concepts in Capacity Building
Grantmakers for Effective Organizations
September 2016

Ready to Lead? Next Generation Leaders Speak Out – A National Study
Marla Cornelius, Patrick Corvington, Albert Ruesga
CompassPoint, Annie E. Casey Foundation and Meyer Foundation
2008

This report follows-up the findings in *Daring to Lead 2006* which found that three out of four nonprofit executive directors planned to leave their position within the next five years due to factors such as inadequate compensation, burnout and heavy fundraising responsibilities. Emerging nonprofit leaders are aware of these challenges and over two thirds reported having financial qualms about committing to nonprofit careers. Respondents also cited a lack of support and mentorship from incumbent executives. This is bolstered by recent data indicating that less than one third of nonprofit chief executives are internal hires. Despite this hesitancy, one in three respondents aspires to be an executive director someday. Of those, 40 percent report being "ready to lead" within five years. People of color were 10 percent more likely than whites to desire to hold nonprofit leadership positions.

The report recommends current executive directors:

1. Replace dated power structures that alienate emerging leadership.
1. Empower staff to build strong external networks and mentor emerging leaders.
2. Be a good role model by maintaining a healthy work-life balance.
3. Pay reasonable salaries and provide benefits.
4. Engage in succession planning to cultivate future leaders and plan for leadership change.
5. Recognize generational differences in attitudes and work experience.

The report recommends that next generation leaders:

1. Take initiative in controlling their careers.
2. Develop broad management skills including budgeting, grant-writing, and supervision.
3. Join a board, find a mentor, and work with a coach.
4. Respect generational differences and focus conversations on solutions.

The report recommends that boards of directors:

1. Pay reasonable salaries and provide benefits.
2. Ensure strong leadership beyond the executive director by developing other staff in the organization.
3. Hire younger leaders with diverse backgrounds and leadership styles that differ from the board.

The report recommends that nonprofit training and leadership capacity builders:

1. Update training to be relevant to your audience and focus training on "hard" skills like budgeting, grant-writing, and supervision.
2. Help next generation leaders build their external networks.

The report recommends that funders:

1. Support leadership and training programs.
2. Ask your grantees about their efforts to support emerging leaders.

The full text can be accessed via the following link:
http://www.compasspoint.org/assets/521_readytolead2008.pdf

Daring to Lead 2011: A National Study of Nonprofit Executive Leadership
Marla Cornelius, Rick Moyers, and Jeanne Bell
CompassPoint Nonprofit Services and the Meyer Foundation
2011

Since publication of *Daring to Lead 2006*, executives are challenged by the deep recession that has resulted in fewer resources for most of their nonprofits while many are responding to increased demands for the services they provide. On the other hand, there are some more favorable policies adopted by the Obama administration and nonprofit-led progress on various social movements that are providing these executives greater opportunities.

This report discusses three key findings:

1. Though slowed by the recession, projected rates of executive turnover remain high and many boards of directors are not well prepared to select and support new leaders.
2. The recession has amplified the chronic financial instability of many organizations, causing heightened anxiety and increased frustration with unsustainable financial models.
3. Despite the profound challenges of the role, nonprofit executives remain energized and resolved.

The survey found that a number of key practices associated with effective executive transition are not widespread. Executives and boards are still reluctant to talk proactively about succession and just 17% of organizations have a documented succession plan. Even more problematic is the extent to which many boards are unfamiliar with the dimensions of the roles and responsibilities of their executives.

The report finds that the recession has only exacerbated an endemic challenge of leadership in the nonprofit sector: developing a sustainable business model that fully finances a nonprofit's desired impacts and allows for strategic organizational development and growth over time.

The survey also found that executive time invested in working with boards of directors was notably low. Sixteen percent of executives reported spending fewer than five hours per month on board-related activity and 39 percent spend between 5-10 hours per month, just 6 percent of their time overall.

In response to these key findings, the report provides four specific "calls to action:"

1. Plan for successful transitions.
2. Advance understanding of nonprofit financial sustainability.
3. Expand and diversify the professional development options available to executive directors.
4. Find new ways to improve the performance and enhance the composition of boards.

The full report can be found at:
http://www.meyerfoundation.org/newsroom/meyer_publications/DaringtoLead2011

Underdeveloped: A National Study of Challenges Facing Nonprofit Fundraising
Jeanne Bell and Marla Cornelius
Compass Point and Evelyn and Walter Haas, Jr. Fund
January 2013

Based on a national survey of 2,700 executive directors and development directors, as well as a series of focus groups, the report highlights the significant challenges nonprofits face in fund development and provides general recommendations for addressing them.

Fundraising challenges include the following:

- High turnover of development directors – 50% of development directors expect to leave their current position/organization within two years
- Lack of commitment by development directors to fundraising – 40% of development directors indicated that they would likely leave the field of fundraising within two years.
- Long vacancies – the median length of vacancies among agencies without a current development director was 6 months
- Weak talent pool of qualified development directors – 53% of executive directors report not having a sufficient pool of high-quality candidates for a candidate
- Underperforming development directors – one in three executive directors are "lukewarm about" or "dissatisfied with" their current executive director's performance
- Lack of fundraising skills – 24% of executive directors say their development directors have no experience or are novices in current or prospective donor research; and 26% say they have no experience or are novices in securing gifts
- The culture of nonprofits frequently undervalues the importance of fundraising – 23% have no fundraising plans; 21% have no fundraising database; and only 9% say they have sufficient capacity to meet their fundraising goals
- Lack of board engagement in fundraising – 75% of executive directors say board member engagement in fundraising is insufficient; 1 in 4 have no board fundraising committee
- Lack of CEO engagement in fundraising – 26% of CEOs say they are novice fundraisers; only 41% of development directors say they partner with the CEO in fundraising efforts.

The report provides ten "calls to action" for the sector to better support nonprofit fundraising: (1) embracing fund development organizationally by creating a "culture of philanthropy" within each organization; (2) elevating the field of fundraising by promoting it as an attractive and rewarding career critical to social change; (3) strengthening and diversifying the pool of development directors available by creating a career pipeline of next generation fundraisers; (4) educating boards in effective strategies that address what it takes to systematically create and sustain successful development efforts; (5) developing a plan for the development director position to help transition roles and assess its strategy and capacity; (6) investing in grantees' fundraising capacity to support the skills and systems that organizations need to fundraise; (7) leveraging technology to support fundraising efforts including social media, online fundraising and other tools to cultivate and retain donors; (8) setting realistic goals for development that are ambitious and achievable; (9) sharing accountability for fundraising results across the organization; and (10) exercising fundraising leadership at both the development director and executive director levels.

The full report can be found at:
http://www.compasspoint.org/sites/default/files/images/UnderDeveloped_CompassPoint_HaasJrFund_January%202013.pdf

Strengthening Nonprofit Capacity: Core Concepts in Capacity Building
Grantmakers for Effective Organizations
September 2016

Capacity building is about assisting nonprofit leaders (staff and board) in attaining skills and resources to develop and sustain effective, efficient, and resilient organizations. This report looks at how grantmakers can best provide that assistance to nonprofits.

Key Principles for Grantmakers that Seek to Build More Effective Nonprofits:

1. *Make it Contextual*: capacity building must meet the unique characteristics and needs of each organization and be able to address challenges in real time.
2. *Make it Continuous*: ongoing support builds mutual trust and transparency between grantmakers and grantees and recognizes that capacity building takes time.
3. *Make it Collective*: approaches should coordinate support with other funders and create networks for peer-to-peer learning and collaboration.

Lessons for Grantmakers for Successful Nonprofit Capacity Building:

- Listen to grantees before investing in capacity building to understand how the nonprofits themselves feel about their own needs and capacities; this requires a trusting relationship with the nonprofits that allows for honest conversations to occur.
- Capacity building is hard, time-consuming work that requires buy-in from across the grantmaking organization and its board; therefore, it is important to clarify why nonprofit capacity building is important to meeting the grantmaker's mission.
- Assess nonprofit readiness and interest in capacity-building in ways that are not burdensome to the nonprofit.
- Determine the type of support that best meets the needs of the grantee and the grantmaker's own funding approach; different types of support – general operating, organizational capacity building grants, technical assistance – have their benefits and limitations.
- Don't impose capacity-building on nonprofits but rather try and build trust by engaging with grantees and making sure they own the capacity building goals.
- Keep communication channels open and check-in often to identify what is working and discuss areas of improvement.

Principles for Grantmakers to Assess the Impact of Capacity Building

- Set realistic expectations through candid conversation with grantees that recognizes the difficulty of measuring organizational changes.
- Identify clear goals with grantees to help measure progress and, where appropriate, engage nonprofit trustees in the development of the capacity-building goals.
- Assessment tools should not be used as "report cards" but rather to spark conversation and learning for both grantees and grantmakers.
- Avoid overly burdensome or time-consuming assessments.
- Grantmakers should ask for feedback along the way to ensure alignment of goals and resources.

The full report is available at the following link:
http://bit.ly/2dOcCWZ

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The Center on Philanthropy and Public Policy

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