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WHAT'S NEXT *for* PHILANTHROPY

**ACTING BIGGER AND
ADAPTING BETTER
IN A NETWORKED WORLD**

With support from the
W.K. KELLOGG FOUNDATION and the
ROBERT WOOD JOHNSON FOUNDATION

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July 2010

■ PREFACE

In 2000, we launched a multi-year project on the future of philanthropy, supported by the David and Lucile Packard Foundation and the W.K. Kellogg Foundation. The body of work was published in 2005 and is collected at futureofphilanthropy.org. It documented how long-term trends are combining to create a new reality for every gift and every giver, and presented a vision for how philanthropy might better fulfill its potential.

In the years since, we at Monitor worked on our own and with others to create additional portraits of the future of philanthropy and social investing: the new demands on community foundations; the promise of impact investing; the power of social innovation; and the transformative potential of shifting to a technologically enabled, networked mindset. And we have had the privilege of working with some of the most ambitious and innovative philanthropists in the world as they try to blend existing best practices with emerging next practices.

Along the way, we've learned a lot. But we've also felt a growing need to step back and try to separate the signal from the noise created by the changes in the field and in the world. So we launched a project with the support of the W.K. Kellogg and Robert Wood Johnson foundations to look at what the next decade could hold. We conducted interviews, read widely, did desk research—the usual components of a study. We convened more than 75 of the most thoughtful philanthropic leaders, practitioners, and experts we could find for a generative, day-long workshop focused on prototyping innovations in philanthropic practice. And we reflected on what we've learned from our experiences and countless other sources.

The essay that follows aims to update and advance our earlier work. Our purpose is to re-assess and re-imagine not only what is possible but also what will be necessary in the years ahead. Since most of our work so far has been in the United States, the piece is U.S.-centric, even as our own view and that of many funders we work with has become more global. In the pages that follow, we:

- Explain why so many innovators are challenging the status quo—and what change could look like in the next decade
- Examine why it's so hard to change philanthropy
- Describe and give examples of the 10 “next practices” that are emerging despite the barriers to change, as funders attempt to act bigger and adapt better
- Illustrate how funders can combine the next practices to achieve their goals through coordinated, diverse, open, and adaptive strategies
- Discuss the shifts in data, tools, incentives, and leadership that can accelerate progress toward the vision we lay out
- Conclude with a reflection about the spirit and the wisdom we hope will animate efforts to increase philanthropy's impact in the years ahead

Our motivation is simple: we want to know how to cultivate change more effectively in a world that sorely needs it. Our audience is you: philanthropic and civic leaders who share this desire and are determined to fulfill it.



INTRODUCTION: THE STATUS QUO IS NOT AN OPTION

Philanthropy today takes place in a context that is radically different from the environment in which many of its current practices and behaviors were developed.

An intimidating range of forces—globalization, shifting sectoral roles, economic crisis, and ubiquitous connective technologies, to name just a few—are changing both what philanthropy is called upon to do and how donors and foundations will accomplish their work in the future:

- Collectively, we face a growing sense of need, even crisis, on many fronts. And many of the challenges—climate change, education reform, pandemics, entrenched poverty, food security, and much more—don't adhere to political, geographic, disciplinary, or sectoral boundaries. These are often what design theorist Horst Rittel called “wicked problems”—complicated, continuously shifting issues where neither the problem nor the solution may be clear or stable.
- We will try to address these challenges wisely and effectively in a political and economic context likely to remain turbulent and difficult to navigate, with government resources constrained, nonprofits struggling under the weight of growing need, and businesses wrestling with relentless global competitive pressures.
- Fortunately, we can engage people in new ways, across boundaries of all kinds, and with unprecedented immediacy. Web 2.0 technologies make it easier than ever for people to access information on demand and to reach out to a previously untapped range of perspectives and expertise.
- But these new technologies create new pressures as well. Leaders face increased expectations for transparency, immediacy, and rapid decision-making, even as solutions to complex challenges require the will to sustain effort across many years, if not decades.

Simply stated, philanthropists operate today in a stressful, rapidly evolving, networked, and interdependent world.

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Yet many of philanthropy's core practices and principles remain essentially unchanged from the way they were done a hundred years ago, when Andrew Carnegie and John D. Rockefeller first created the foundation form. As we and other observers have been noting for some time, the world around philanthropy is changing much, much faster than philanthropy itself.

This is not to say that philanthropy hasn't responded to the shifting landscape. To the contrary. As the relevance and role of philanthropy has become a more urgent question over the past decade, newer actors and older institutions alike have been striving to be more *strategic* in a variety of ways. Long before the pain of the recent economic downturn, many funders were pushing to improve by clarifying goals; building theories; examining data; and, increasingly, consulting more often with their partners and beneficiaries. The bar for acceptable performance has likely been raised permanently, along with the rigor with which it is measured.

The most highly publicized actions in recent years have been taken by new leaders who have distanced themselves from the past while launching experiments of many kinds, including venture philanthropy, online giving platforms, competitions, market-based approaches, and a determined focus on narrower objectives.

Ultimately, some of these efforts to improve will turn out to be no more effective than past approaches. Some will result in unintended consequences. And some will result in lasting changes that make a real difference. It's still too early to know.

What is already clear though is that the last decade's changes will not be sufficient. Too little progress has been made, while the problems we face continue to grow. Time is running out on too many issues, and too many lives. In short, simply tweaking the status quo is not an option.

Surely part of the problem is that methods developed for addressing simpler, "tame" problems in a slower-moving time are—we're afraid—inadequate today and likely archaic for the tomorrow we will confront. The new context requires that funders adjust to the ways in which their actions are connected to others' actions, in a dynamic interplay with external events, in order to have a greater impact, faster.

Whereas the cutting edge of philanthropic innovation over the last decade was mostly about improving organizational effectiveness, efficiency, and responsiveness, we believe that the work of the next 10 years will have to build on those efforts to include an additional focus on coordination and adaptation:

- **COORDINATION**—because given the scale and social complexity of the challenges they face, funders will increasingly look to other actors, both in philanthropy and across sectors, to activate sufficient resources to

make sustainable progress on issues of shared concern. No private funder alone, not even Bill Gates, has the resources and reach required to move the needle on our most pressing and intractable problems.

- **ADAPTATION**—because given the pace of change today, funders will need to get smarter more quickly, incorporating the best available data and knowledge about what is working and regularly adjusting what they do to add value amidst the dynamic circumstances we all face.

In other words, the most successful funders in the future will do more than operate as effective, independent institutions. They will **ACT BIGGER** and **ADAPT BETTER**.

This is not to say that the work of building effective organizations is finished. Far from it. The capacity-building movement that has gained so much traction over the past 20 years is a key building block of any better future for social change. The work to improve performance—to execute with excellence—is a difficult and important endeavor. But just focusing on current best practice won't be enough. The definition of great execution is evolving to marry existing best practices with emerging “next practices”—principles and behaviors that are particularly well suited to the dynamic context for public problem solving.

The good news is that the very same global trends and forces that are pressuring funders to change are also opening up new opportunities for doing so. Today's most ambitious philanthropies are already beginning to pioneer the next practices of tomorrow. The ClimateWorks Foundation has helped more than 10 funders and scores of other actors work in concert as part of a \$1 billion coordinated global campaign to fight climate change. The Edna McConnell Clark Foundation rallied more than 20 other funders into a syndicate to support three particularly effective nonprofits and take their work to scale. And the Wallace Foundation is systematically testing and evaluating innovative educational and cultural programs around the United States, methodically sharing the results to broadly spread knowledge about effective approaches—with more than 200,000 report downloads a year.

But there is bad news as well. The barriers to change are maddeningly persistent.

The most successful funders in the future will do more than operate as effective, independent institutions. They will act bigger and adapt better.

THE BARRIERS TO CHANGE

Let's face it, philanthropy has its own unique set of learning disabilities that get in the way of change, no less vexing for the fact that they are familiar to anyone who has ever tried to break free of them:

Individual philanthropists and institutions can act without much reference to the success or failure of their efforts or to what others do. And they can shift priorities at any time, for any reason, from donor fatigue to a change in organizational leadership.

- **INDEPENDENCE AND CONTROL.** Because the field is both voluntary and independent by nature—unconstrained by the need to please political constituencies or maintain shareholder value—there is no system or pressure that forces any one actor to respond to another, to learn, or to change course. Individual philanthropists and institutions can act without much reference to the success or failure of their efforts or to what others do. And they can shift priorities at any time, for any reason, from donor fatigue to a change in organizational leadership. This independence gives donors and philanthropies a degree of control that isn't present in other industries. People like control, especially when we feel that so much is out of our control these days. But control also produces power imbalances that often disrupt the development of healthy, productive relationships between funders and their partners.
- **INSULARITY AND INWARD FOCUS.** In many cases, whether a grant or gift is “effective” may matter less than the values it represents to the donor, the personal commitments it reflects, or the web of relationships it helps to maintain. As scholar Peter Frumkin observed, “At its core, [philanthropy] is about expressing values, not outcomes. Philanthropy is a vehicle of speech.” This aspect of philanthropy is of course integral to its voluntary nature. But it can lead funders and their institutions to be excessively inward-focused, concentrating on pleasing a donor or board rather than on the real-world impact of the organization and its work. Even where there is impetus to change, philanthropy lacks adequate honest feedback loops that promote meaningful learning.
- **CAUTION AND RISK AVERSION.** Philanthropy is seen by some as the “R&D” wing of the government—one of society's only truly flexible sources of capital for social benefit. In fact, few other actors are better positioned to take risks and try new things that might yield outsized and transformative rewards. Yet most funders fail to do so, for a variety of reasons. Because they understandably want the gratification of knowing they made a difference, or are concerned not to waste precious dollars, they focus on short-term, measurable results. Because they aren't sure what will make the most difference, they spread their resources across many small grants, consistently underestimating how much money and how much time it will take to accomplish a goal. Because everyone loves a winner, they fear

failure and protect their institutional and personal brands. What's more, short attention spans and the realities of organizational life also conspire to make it difficult to place big bets and stick with them.

■ **TIME AND INERTIA.** At the same time, donors and funders face their own capacity limits—a sometimes overwhelming feeling that there is too little time, too much information, and too many demands on too few people. Most living donors have “day jobs” that put constraints on their time. And there are far fewer professionals in philanthropy than one might imagine. In 2009, the Foundation Center reported 19,672 staff positions in U.S. foundations—a handful fewer than the number of people working in a single innovative company, Google. For both donors and giving professionals, a surprising amount of time is focused on the mechanics of transactions—just writing checks and getting money out the door. Given that learning is optional in philanthropy, there is little incentive to overcome these capacity limitations. And it is far easier to decry the lack of time than to set true priorities for its use.

■ **COMPETITION AND CREDIT.** Although financial competition is not a significant factor in philanthropy, funders still compete with one another for ideas, reputation, and recognition. Many strive to find and occupy a unique niche, much as businesses look for the gaps in the marketplace to fill. In one sense, this is understandable; the philanthropy embodies the efforts and legacy of the donors/funders, and there are many gaps that need to be filled. But in striving for credit or building a brand, funders can actually get in the way of advancing their larger goals. Everyone wants to lead—attracting support to their cause—but far too few are willing to follow. The actions that most motivate the individual or institution may not be the ones that will actually have the most impact.

These factors combine today to create an environment that virtually ensures that philanthropy will not produce solutions that keep up with the dynamic realities of the world around it. *In fact, much of what makes philanthropy such a powerful voluntary vehicle for social change also stands in the way of greater effectiveness.*

The specifics may be unique to philanthropy, but the pattern is common wherever interdependence exists. As innovation theorist Bhaskar Chakrovorti explains in *The Slow Pace of Fast Change*, “The players in various networked markets appear to be prisoners of their own individualism. The problem is that the decisions that make sense at the individual or institutional level are not necessarily the best choices when viewed in the aggregate.”

The result in philanthropy is a system with no natural mechanism for coordinating effort, for learning, for sharing knowledge about what does

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BHASKAR CHAKROVORTI

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WHAT IS PHILANTHROPY?



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Change is experienced one life at a time. That’s why so much of giving throughout history has focused on helping individuals, whether by decreasing their suffering or increasing their opportunity. Such charity is important, not just for the recipient but also for the giver, and nothing in this essay is meant to demean this generosity. “Giving with the heart” is an essential part of healthy communities across the globe.

Of course, change is also driven by larger forces. That’s why the most ambitious philanthropy, particularly in the past century, has aimed to create systemic shifts that can affect thousands if not millions of lives. Think public health—inventing a new vaccine, or eradicating a disease—rather than paying for health care for one individual. These larger forces and systemic shifts are our subject here—“giving with the head,” if you will.

When we use the words “philanthropy” and “funder,” we intentionally mean actors of all sizes and types. We definitely do not mean just staffed foundations (though it is easier to cite evidence from these institutions, since it’s more routinely documented). Many individual donors are just as strategic—as thoughtful, intentional, and creative—as the most established philanthropic institutions. And there are many new forms of community giving. One of the past decade’s major innovations is that individual givers can now join together in new collectives, or use new technological platforms, to take actions that only large institutions could have attempted in the past. Still, the major institutions of what has long been called “organized philanthropy” continue to have outsized influence. Whether they will continue to, or slide into growing irrelevance, is one of our subjects.

and doesn’t work, or for adapting to shifting circumstances. Isolated successes are seldom replicated, and new innovations replace old ones before they have time to prove themselves, with the unfortunate byproduct that funders and their grantees are doomed to repeat the same mistakes again and again.

That’s the playing field, and no amount of critique alone will change it. ***As we have argued before, positive change in a voluntary field will take hold only when it can be embraced as an aspiration of the healthy, not when it must be accepted like a cure for the sick.***

Happily, we believe that philanthropy, and the world around it, has now changed enough to bring the two elusive aspirations we mentioned earlier—acting bigger and adapting better—within our reach in the next decade. These ambitions are by no means new; innovative funders have been working in coordinated, responsive ways for years. But the behaviors show new promise today as emerging tools and approaches catch up with the aspirations of funders in the new context.

NEXT PRACTICES

In the sections that follow, we explore what it will mean for funders to act bigger and adapt better over the next decade as they shift their behavior to match the emerging landscape of public problem solving.

We take up the two ideas in turn, to highlight 10 emerging next practices—five ways of acting bigger and five approaches to adapting better—that we believe are likely to become the widely-accepted best practices of tomorrow. The diagram below illustrates how these next practices can begin to shift how funders influence, and are influenced by, the world around them.



For each of these next practices we highlight a few examples of what funders are already doing that may provide a glimpse of what it will look like to work differently in the decade ahead. Think of them as “precursors” of future practice, to use the language of our Monitor colleague Larry Keeley, a leading innovation expert who has influenced our thinking about how to change philanthropy. We believe practices such as these could easily become widespread in the coming years.

ACTING BIGGER

The landscape of private actors working for public good expanded quickly over the past decade, despite two financial downturns.

The number of foundations in the United States alone rose from 56,000 in 2000 to more than 75,000 in 2008, and the number of nonprofits ballooned from just over 800,000 to almost 1.2 million. Between 2007 and 2008, more than eight new U.S. foundations (and more than 160 new nonprofits) were created *every day*.

This growth, of course, is also global. And it's diverse. There are now more individual donors, more foundations, more community foundations, more donor advised funds, more giving circles, more socially responsible businesses, and a new cadre of "impact investors" working for social change in every region on the planet.

Good intentions fueled this growth, but along with them came the inevitable consequence of increased fragmentation. The experiments may be multiplying. The question is whether they will ever sum.

Rationally, many of us know that in a more crowded environment, individual action might not be optimal, and we readily acknowledge the importance of working together. Yet collaboration remains more the exception than the rule. That's because too often, working collaboratively means giving up individual control, being patient with group processes that feel slow and drawn out, and dealing with sometimes difficult interpersonal tensions, even as the benefits of doing so are often hard to see and measure.

But recent and precipitous declines in foundation endowments have served as a grim reminder that no individual organization or actor—no matter how large their assets or how efficient their processes—has the resources required to single-handedly produce meaningful change. Funders may not legally need to work with others, but if they hope to achieve significant impact on their communities—let alone tackle really wicked problems—they'll have to. And increasingly, the others they work with will be actors not just in the nonprofit sector but in business and government too.

In the coming decade, we believe the most successful funders will combine long-standing instincts toward independent initiative and action with an emerging “network” mindset and toolkit that helps them see their work as part of a larger, diverse, and more powerful effort overall. Resources and strategies will be coordinated to achieve common goals—within philanthropy, across sectors, across diverse cultures and geographies, and by uniting the efforts of individuals with institutions.

Increasingly, these new choices won’t just include old-style partnerships and collaborations. We see five primary interrelated approaches—some new and others already well tested—that funders can use to act bigger and increase their impact:



UNDERSTAND THE CONTEXT

Strong peripheral vision—seeing and developing a shared understanding of the system in which they operate—will be critical to helping funders build and coordinate resources to address large, complex problems.



PICK THE RIGHT TOOL(S) FOR THE JOB

Funders have a wide range of assets—money, knowledge, networks, expertise, and influence—that can be applied deliberately to create social change.



ALIGN INDEPENDENT ACTION

Philanthropies are developing new models for working together that allow for both coordination and independence. Funders don’t necessarily need to make decisions together, but they do need their efforts to add up.



ACTIVATE NETWORKS

Advances in network theory and practice now allow funders to be more deliberate about supporting connectivity, coordinating networks, and thinking about how the collective impact of all of their efforts can produce change far beyond the success of any single grant, grantee, or donor.



LEVERAGE OTHERS’ RESOURCES

Funders can use their independent resources as levers to catalyze much larger streams of funding and activity from other sources by stimulating markets, influencing public opinion and policy, and activating new players and assets.

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ACTING **BIGGER**

UNDERSTAND THE CONTEXT

Funders, like almost everyone, begin with a viewpoint that is focused on them: who they are and what they want to do in the world. But making progress on our most pressing problems in the next decade will require funders to begin to put the problem—not themselves and their organizations—at the center.

VOICES FROM THE FIELD

We need to understand how the individual investments our foundations make could map with the work of other philanthropies to create momentum and impact on issues we share a common interest in.

*These voices from the field are quotes drawn from our interviews and an anonymous survey of 75 philanthropic leaders and practitioners who were convened in San Francisco in March 2010.

Philanthropists are just one part of a larger ecosystem of actors, and in almost all cases they will need to engage many different stakeholders if they hope to address today's pressing social and environmental challenges. Seeing and developing a shared understanding of the system in which they operate is the first prerequisite to coordinating effort.

As a result, strong peripheral vision will be a distinguishing characteristic of the successful funder of the future. The growing accessibility of systems mapping, data visualization, and network mapping tools now makes it easier to see a collective whole that was previously only visible in pieces. Effective institutions and individuals will clearly understand their position and role within the ecosystem of actors, donors, and investors. And they will be able to work and strategize—both individually and collectively—from a rich understanding of the problem they hope to affect, the place where they work, and the full landscape of beneficiaries and other stakeholders.

RE-AMP

Developing a shared understanding of the levers for achieving clean energy in the Midwest by mapping the system of relevant forces and players.

- ▶ The Garfield Foundation launched RE-AMP in 2004 because many Midwestern funders and their grantees were trying to create a cleaner energy system in the region, but few were working together. Using systems mapping, Garfield helped the members of the group to establish a shared vision of the problem and to identify four high-level points of leverage: increasing energy efficiency, increasing the use of renewables, blocking new coal plants, and retiring the existing coal fleet.

Fighting coal hadn't been part of the funders' original agenda, but insights gained from the systems mapping clarified the importance of addressing coal-related issues.

Funders subsequently committed \$2 million dollars in new grant money to coal resistance work and began to adjust their individual portfolios to be better aligned with the RE-AMP goals. They have now given more than \$25 million in clean energy grants and the group recently created an annual pooled fund of approximately \$4.5 million.

The results have been dramatic: near-total success in blocking new Midwestern coal plants, greater unity among advocates in the region, stronger regulations in many states, and a growing number of members in the collaborative.

ROCKEFELLER FOUNDATION

Building a mapping tool to visualize the alignment between program strategies and grants, both within and across foundations.

► In late 2009 the Rockefeller Foundation and the Monitor Group developed a new tool for mapping philanthropic funding flows that helps foundations clearly see and understand the system in which they operate. This interactive, online tool allows funders to view at a glance who else is working on the issues they care about, what strategies they're using, and how they're allocating their resources across those issues.

The initial prototype mapped the climate change-related funding of more than a dozen foundations; maps of other issues will be developed in the next year.

The dynamic maps graphically present the distribution and relative scale of philanthropic dollars within and across foundations, grantees, geographies, and strategies. For the first time, funders have a single, accessible, consistently updated source of information that is also easy to use and understand. It enables them to strategize and act based on a common picture of the funding system, to identify critical overlaps and gaps in support for different strategies, and to coordinate efforts with a clear sense of what others are doing.

The same technology platform that shows giving to one issue across multiple funders can also be used within a single foundation to help visualize its efforts across multiple programs. This allows institutions to better understand how their own grants and strategies add up to a larger whole.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

Using social network mapping tools to strengthen the sense of shared purpose and community among local youth development organizations.

► The city of Salinas, California has many excellent youth service providers: afterschool sports leagues, arts and culture organizations, mentoring centers, and gang prevention programs. But they seldom saw themselves as part of a larger system until 2007, when the Community Foundation for Monterey County began using social network maps to visualize the local network of youth development actors.

The visual maps highlighted the connections and gaps among the web of providers and advocates working with young people in the area, helped actors see their place within the larger system, and promoted the development of new relationships between government agencies, nonprofit organizations, schools, and local funders.

When the Foundation took the maps into the community, they found that simply making the network visible helped local leaders see themselves in a new way—as part of a larger community dedicated to a common goal. As a result, city officials and community leaders have streamlined and expanded meetings to coordinate activities and share information in order to improve outcomes for youth.

ADDITIONAL RESOURCES

“CULTIVATE YOUR ECOSYSTEM”

Borrowing insights from the field of ecology, this article highlights the ways that social entrepreneurs can better understand the broad ecosystem in which they work, and can also try to shape that environment to support their goals.

Paul Bloom and J. Gregory Dees. Stanford Social Innovation Review, Spring 2008.

► Online: <http://bit.ly/auUXu6>

SCANNING THE LANDSCAPE: FINDING OUT WHAT'S GOING ON IN YOUR FIELD

This introductory guide helps funders learn how to scan the landscape around them in a way that informs their own work and is also useful to others in the field who might have similar interests.

GrantCraft.

► Online: <http://bit.ly/a6rFn7>

STRATEGIC MAPPING AND VISUAL DIAGNOSTICS FOR SCALING CHANGE

This paper and the associated blog provide insight into the different tools now available for mapping systems, seeing networks, and arriving at insights about the levers for creating large-scale change.

Steve Waddell et al. by iScale/GAN-NET, 2009.

► Online: <http://bit.ly/asl42j>

► Blog: <http://networkingaction.net>

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ACTING BIGGER

PICK THE RIGHT TOOL(S) FOR THE JOB

The simplest way for funders to act bigger is to start by looking inward, exploring how they can use all of the resources at their disposal to advance their missions. Philanthropies are beginning to move beyond the long-held metaphor that they are simply “charitable banks” and that grants are their sole product.

Philanthropists have a wide range of assets—money, knowledge, networks, expertise, and influence—that can be deliberately applied to create social change. This might mean making loans or equity investments that produce social as well as financial returns, acting as a neutral convener to promote collective dialogue and action, compiling and sharing accumulated knowledge with others, or getting engaged in the success of partners by explicitly working to provide technical assistance and build the capacity of key stakeholders.

Regardless of the specific approach, successful funders will recognize that grant dollars are only one tool among many that they can bring to bear in their work—and that the challenge will be picking the right intervention for the right circumstances.

VOICE FROM THE FIELD

An over reliance on money as a change agent prevents the possibility for real change.

W.K. KELLOGG FOUNDATION

Testing the potential of mission-driven investing to preserve the Foundation’s endowment while supporting additional social impact.

► Like most funders, the Kellogg Foundation has traditionally invested 95 percent of its assets in a diversified portfolio and used the remaining 5 percent of its funds each year to make grants. In 2008, following in the footsteps of early pioneers like the F.B. Heron Foundation, the Kellogg Foundation earmarked \$100 million of its endowment funds to experiment with mission-driven investing—investing its assets in a way that realizes both financial and social returns.

The pilot program aims to put the Foundation’s endowment assets to work by making a variety of investments in enterprises in the United States and Africa that produce social benefits connected to the Foundation’s grantmaking in education; economic security; and food, health, and well-being, while at the same time providing market-rate returns that preserve the Foundation’s corpus over time. The investments include private equity, loan funds, fixed-income securities, and cash deposits. As of April 2010, the Foundation had made 25 mission-driven investments, including

cash deposits in a number of credit unions and community banks and investments in social enterprises such as Acelero, a for-profit Head Start provider, and Revolution Foods, a supplier of school lunches to low-income students.

NIKE FOUNDATION AND NOVO FOUNDATION

Augmenting grantmaking with a world-class marketing campaign to raise public awareness and attract engagement from other players.

- ▶ The Nike and NoVo foundations came together in 2008 to try to create greater opportunities for the 600 million young girls living in the Global South, launching both a grantmaking strategy and a much larger campaign they called the Girl Effect to engage the broader public in the cause. The campaign used the world-class capabilities of the Nike marketing department to create an attention-grabbing “viral” video and other opportunities for online engagement.

Since the campaign began, the video has accumulated more than half a million views on YouTube and almost a quarter million dollars in contributions have been collected online. Its viral spread helped make the Girl Effect a major focus of the 2010 World Economic Forum and Clinton Global Initiative events in 2009 and likely contributed to recent initiatives for supporting girls in many international development programs.

CLINTON GLOBAL INITIATIVE

Using a founder’s reputation to attract attention and funding to pressing global priorities.

- ▶ After leaving office, President Bill Clinton didn’t have an enormous financial base to start a foundation with billions of dollars in assets, but he did have an outsized reputation and influence that he could wield to stimulate change. So he established the Clinton Global Initiative, a gathering where funders and social entrepreneurs meet to discuss the world’s most pressing problems—with the catch that every donor who attends the prestigious event must make a specific commitment. Since the Initiative’s founding in 2005, it has brought together approximately 1,200 attendees each year to discuss solutions to big global challenges like education, energy and climate change, global health, and poverty alleviation. This has resulted in more than 1,700 commitments as of April 2010, with an estimated worth of \$57 billion and impact on roughly 220 million people in 170 countries.

THE VERMONT COMMUNITY FOUNDATION

Ensuring that investment strategies complement program strategies to achieve the Foundation’s social mission.

- ▶ The Vermont Community Foundation has developed a comprehensive approach to connecting its for-profit investments to its goals for social impact. Its nine-year-old Vermont-focused investment portfolio includes low-interest community development loans, high-quality bonds made up of low-income mortgages, and equity in local start-up business ventures. This provides donors with the option to invest money in socially responsible businesses within the state. And as a shareholder the Foundation not only gives clear proxy voting guidelines to its investment managers but also now co-files shareholder resolutions almost every year, most recently in November 2009 when it asked ConocoPhillips to reduce toxic pollution.

ADDITIONAL RESOURCES

MORE THAN MONEY: MAKING A DIFFERENCE WITH ASSISTANCE BEYOND THE GRANT

This survey of foundations details 14 distinct practices that funders are using to offer additional support to their grantees.

The Center for Effective Philanthropy, December 2008.

👉 Online: <http://bit.ly/cQjKM3>

BEYOND MONEY & GRANTMAKING: THE EMERGING ROLE OF COMMUNITY FOUNDATIONS

This collection of case studies illustrates different ways that community foundations are using their unique positioning and resources to address local issues.

Avila Kilmurray and Lewis Feldstein. The Transatlantic Community Foundation Network, June 2009.

👉 Online: <http://bit.ly/bmV1BS>

INVESTING FOR SOCIAL & ENVIRONMENTAL IMPACT: A DESIGN FOR CATALYZING AN EMERGING INDUSTRY

This report offers a comprehensive view of the state of the impact investing movement and how funders can participate in a way that both serves their own goals and helps to expand the industry.

Jessica Freireich and Katherine Fulton. Monitor Institute, January 2009.

👉 Online: <http://bit.ly/9qhm5J>

SOLUTIONS FOR IMPACT INVESTORS: FROM STRATEGY TO IMPLEMENTATION

A practical handbook that gives step-by-step instructions to guide funders through the ins and outs of impact investing.

Steven Godeke and Raúl Pomares et al. Rockefeller Philanthropy Advisors, November 2009.

👉 Online: <http://bit.ly/9FwbYx>

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ACTING BIGGER

ALIGN INDEPENDENT ACTION

Coordinating resources to achieve common goals no longer just means developing a consensus-based collaborative. Funders are forging new ways of working together that fit different purposes and circumstances—allowing individual funders to aggregate and amass resources of all kinds and effectively “punch above their weight.”

VOICE FROM THE FIELD

Too often I see funders working independently from each other and key partners. Everyone feels the need to define the problem and the theory of change so they can ‘own’ the solution.



In the recent Grantcraft report, *Funder Collaboratives: Why and How Funders Work Together*, Cynthia Gibson lays out three alternative models to formal collaborative structures. Funders can choose among them based on the degree to which they share 1) an interest (learning networks), 2) a common frame for looking at the problem (strategic alignment networks), or 3) a common vision of the solution (pooled funds). Exploring this range of choices will help funders learn when it is best to lead and when they can have a greater impact by following the lead of others.

The challenge for the impactful funder will be to find—or be found by—the right partners to help them accomplish their goals. This may mean working with a range of new stakeholders, reaching across sectors to businesses and government agencies, or involving grantee partners, academics, and others that might hold part of the solution. Together, the groups can identify critical overlaps and gaps in support and can surface and act on new opportunities for impact. They don’t necessarily need to make decisions together, but they need their efforts to add up.

CLIMATEWORKS FOUNDATION

Fighting climate change with a shared vision and a \$1 billion pool to support a network of NGOs and researchers that share best practices and innovate together.

- The ClimateWorks Foundation is a pooled fund that originated from *Design to Win*, an influential 2007 report that laid out a comprehensive plan for tackling climate change, highlighting the most critical regions and sectors to target.

The Hewlett, McKnight, and Packard foundations launched ClimateWorks a year later to implement the report's strategy, and in 2009 the funders pledged an astounding total of \$1 billion over the next 5-10 years to support the new Foundation's efforts. Since that time, the initial supporters have been joined by others, who are pooling their resources to fund a set of regionally focused climate foundations, aligned NGOs, and "best practices networks" of researchers and practitioners that work together to identify the most effective strategies for addressing different aspects of climate change and diffuse them across organizations.

This group of actors aims to carry out a shared strategy by supporting effective efforts that address global energy efficiency standards, forest conservation and agriculture, and low-carbon energy supply. They believe this joint approach will ultimately allow them to achieve a greater impact than would have been possible working independently.

GAVI

Coordinating international efforts to increase access to vaccines and immunizations in the developing world.

- ▶ In 2000 the Gates Foundation set out to increase vaccinations in the Global South. In analyzing the vaccine marketplace, it discovered deep dysfunction as well as great potential for aligning the interests of the various actors to shift vaccine delivery onto a steady upward trajectory.

So Gates facilitated the launch of the Global Alliance for Vaccines and Immunization (GAVI) with a public announcement of seed funding and the commitment to provide \$1.5 billion in grants over 10 years. Its goal is to help donor governments, recipient governments, civil society organizations, research and technical institutes, vaccine-producing companies, and multilateral organizations such as the World Health Organization (WHO) and the World Bank develop coordinated strategies to improve vaccine markets and distribution.

Working together, Alliance members have been able to transform vaccine delivery in the developing world, achieving objectives that no single agency or group could have ever realized alone. WHO estimates that through its collaborative work GAVI has prevented four million premature deaths, immunized over 250 million children, and dramatically increased vaccine production in the developing world.

KEEP ANTIBIOTICS WORKING

Fighting the complex issue of antibiotic resistance with a cross-cutting coalition.

- ▶ The issue of resistance to antibiotics exists at the juncture of three traditional silos: ecology, animal rights, and public health. When a group of advocates formed Keep Antibiotics Working (KAW) in 2000, they created a novel collaborative structure to embrace this diversity. Nonprofits targeting each of the issues formed one collaborative while concerned funders formed another. The nonprofits defined a coordinated strategy, the funders provided aligned support, and the nonprofits carried out the work. This arrangement responded to the systemic, multi-faceted nature of the challenge: because today's widespread resistance to antibiotics results from their overuse in both medicine and agriculture, funders and grantees focused on just a single issue could not have hoped to have an impact alone.

In 10 years, KAW has grown to include a dozen funders and advocacy groups representing more than 11 million members. It has raised public awareness of the dangers of antibiotic resistance and has led to critical action, such as persuading McDonalds to require reduced antibiotics usage by its suppliers and supporting an aggressive slate of proposals on the 2010 Congressional docket.

ADDITIONAL RESOURCES

FUNDER COLLABORATIVES: WHY AND HOW FUNDERS WORK TOGETHER

This thoughtful field guide looks at the strategic, practical, and often very human issues involved in funder collaboration, and provides simple steps and tools to help philanthropies get started on working together.

Cynthia Gibson for GrantCraft, fall 2009.

👉 Online: <http://bit.ly/aFDHqt>

MOVING IDEAS AND MONEY: ISSUES AND OPPORTUNITIES IN FUNDER COLLABORATION

This early, comprehensive whitepaper still holds up as one of the best, examining the range of forms that funder collaboratives can take and the challenges that can emerge—illuminated by an extensive set of case studies.

Ralph Hamilton, February 2002.

👉 Online: <http://bit.ly/bQOvkZ>

COLLABORATIVE PHILANTHROPIES: WHAT GROUPS OF FOUNDATIONS CAN DO THAT INDIVIDUAL FUNDERS CANNOT

Anchored in the experience of the Los Angeles Urban Funders collaborative, this book provides a wealth of examples illustrating how and why funders collaborate.

Elwood Hopkins, March 2005.

👉 Online: <http://bit.ly/cTiGOF>

HOW TO START A MOVEMENT

This quick and entertaining talk highlights the power and importance of follower-ship in getting movements started.

Derek Sivers. The TED Conference, February 2010.

👉 Online: <http://bit.ly/bbNONO>

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ACTING **BIGGER**

ACTIVATE NETWORKS

In addition to seeing and working with networks of other funders, philanthropists can also act bigger by building connectivity across networks of grantees and community members.

Although the individual grant is the typical unit of analysis for most foundations, the success of any grant or organization is rarely sufficient to move the needle on a complex problem. We have all felt the irony when successful programs are lauded while the system they aspire to change continues to fail. The most effective funders of the future will not be satisfied with the philanthropic equivalent of “the operation was a success, but the patient died.”

The only way a whole system can be changed is by engaging and connecting the parts. Funders are well positioned to support connectivity and to coordinate and knit together the pieces of a network of activity that can have impacts far beyond the success of any one grant, grantee, or donor. This has long been the basis for initiative grantmaking, but advances in network theory and practice now allow funders to be much more deliberate about supporting and participating in networks, and in thinking about how the collective impact of a coordinated portfolio of grants can produce more significant change.

VOICE FROM THE FIELD

“One key problem is believing that we can solve complicated social problems through a series of organizational or project grants alone.”

BARR FOUNDATION

Using “network weavers” to build lasting connections among youth service providers as a way to coordinate effort and drive long-term impact.

► The Barr Foundation has taken an explicitly network-focused approach in its efforts to improve the availability and quality of after-school programming for youth in Boston. Concerned that past efforts by foundations to stimulate collaboration among grantees rarely succeeded beyond the duration of a funder’s support, Barr wanted to build lasting connections between youth service providers that would allow them to coordinate effort and drive long-term impact.

To do this, Barr funded the placement of “network weavers” in the community who focused on facilitating relationship building and knowledge sharing among service providers and community leaders, and on identifying and promoting opportunities

for partnership and collaboration. The work has helped to dramatically strengthen the connectivity of the network, enabled improved access to resources (including a comprehensive directory of youth service providers), and facilitated the spread of new ideas and best practices across the community.

ANNIE E. CASEY FOUNDATION

Building networks to create stronger social support and greater leadership opportunities in lower-income communities.

- ▶ The Annie E. Casey Foundation's Making Connections initiative was a 10-year effort, ultimately operating in 10 communities across the United States, to strengthen communities at the neighborhood level. The initiative was based on the belief that mobilizing social networks could help connect local residents and families to each other, to economic opportunities, and to public services and other types of social support. Each Making Connections site supported programs that facilitated relationship and community building, community leadership, civic engagement, and connections between low-income and middle-income families in the service of building stronger local social networks. At the Louisville, Kentucky site, for example, the initiative seeded a 2,300-member community network that links residents to one another and to a range of local opportunities (such as jobs, childcare, financial planning, and other services). The network has helped find jobs for more than 400 local residents, generating more than \$4 million in salaries in the community.

DAVID AND LUCILE PACKARD FOUNDATION

Explicitly helping to build the "network effectiveness" of grantees, as well as their individual organizational effectiveness.

- ▶ The Packard Foundation has long managed an organizational effectiveness program to build the capacity of its grantees to accomplish their goals. But an increasing number of the Foundation's grant recipients now function as networks or use network-based strategies, and Foundation leadership recognized that the supports and approaches required to help a network grow and thrive were actually quite different from the ones required to build the capacity of an organization. So the Foundation launched the three-year "Philanthropy and Networks Exploration" (PNE) in partnership with the Monitor Institute to learn about and experiment with networked strategies and social media tools. Since then, the organizational effectiveness unit has begun to incorporate network effectiveness principles into its work, using new training curriculum and tools designed by the PNE to help grantees better understand and use network-centric approaches and to allow funders to more effectively participate in networks.

ADDITIONAL RESOURCES

NET GAINS: A HANDBOOK FOR NETWORK BUILDERS SEEKING SOCIAL CHANGE

This report was one of the first to explore how networks can be used to achieve better leverage, performance, and results in the face of increasingly complex social challenges.

Peter Plastrik and Madeleine Taylor, 2006.

👉 Online: <http://bit.ly/gTPkq>

"WORKING WIKILY"

This article draws the connection between the concepts of network theory, the promise of Web 2.0 tools, and the growing potential to use networks as a way to increase social impact. An associated blog, *workingwikily.net*, provides ongoing news, perspectives, and dialogue on the subject.

Diana Scarce, Gabriel Kasper, and Heather McLeod-Grant. Stanford Social Innovation Review, Summer 2010.

👉 Online: <http://bit.ly/d98g0a>

BETH'S BLOG: HOW NONPROFIT ORGANIZATIONS CAN USE SOCIAL MEDIA TO POWER SOCIAL NETWORKS FOR CHANGE

This blog, an open notebook of insights about nonprofits and social media, is one of the best resources available to activists and funders interested in experimenting with new network tools and technologies.

Beth Kanter.

👉 Online: <http://bethkanter.org>

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ACTING BIGGER

LEVERAGE OTHERS' RESOURCES

In addition to finding new ways of working together toward collective goals, some funders are also exploring how they can use their independent resources as levers to catalyze much larger streams of funding and activity from other sources.

In many cases, the best way for a funder to get more bang for its buck is to invest in getting others to throw their resources into the mix. Effective funders are learning to activate resources beyond their control by investing in and stimulating markets to produce social benefit; by influencing government funding flows through public policy advocacy; by shifting opinions and attitudes through public education and media efforts; and by activating other players, funders, and resources of all kinds.



VOICE FROM THE FIELD

These public-private partnership things, they're really messy and they're really hard and they're really complex. And they're also the only frickin' way that things are going to get solved.



WOMEN MOVING MILLIONS

Rallying women to give more to promote women's and girls' issues.

- ▶ When the two daughters of oil magnate H. L. Hunt decided to use their giving to support the advancement of women, they went beyond traditional donations. They started a global campaign in partnership with the Women's Funding Network aimed at breaking the trend of female donors giving only small amounts to women's causes. Under the name Women Moving Millions, they have rallied more than 100 women to give upwards of \$1 million each, and have raised \$181 million as of February 2010 for women's funds around the world.

KAISER FAMILY FOUNDATION

Influencing individual behavior to improve public health through a new multi-platform model for media partnership.

- ▶ The Kaiser Family Foundation complements its health policy education work with an aggressive media strategy to raise public awareness and change individual behavior. These campaigns have pioneered a comprehensive multi-platform model of public service programming that involves using new media and partnering with major media networks. Their Peabody and Emmy award-winning efforts combine targeted public service messages with longer-form special programming, integrate information and messaging into popular shows, and provide places to go for more information. Current partners in the U.S. include MTV, BET, Univision, Viacom/CBS, and Fox; with each, Kaiser works collaboratively to provide both expert guidance on the media content and assistance with day-to-day program management.

PARTICIPANT MEDIA

Building awareness of important social issues and stimulating public action by producing theatrical feature films and documentaries.

- ▶ Jeff Skoll founded Participant Media to produce feature films and documentaries about important social issues and then use the resulting groundswells of interest to promote social change. The company's films—including *An Inconvenient Truth*, *Syriana*, *The Cove*, and *Food, Inc.*—are shown in mainstream theaters and have garnered more than a dozen Academy Award nominations. Alongside each of these films, Participant works with social sector organizations, nonprofits, and corporations to create social action campaigns. Often organized online through Participant's social action portal TakePart.com, these campaigns engage audiences in thoughtful conversation through screening programs, educational curricula and classes, house parties, seminars, and panels, providing a deeper understanding of the issues and encouraging personal involvement.

CLIMATE POLICY INITIATIVE

Strengthening government responses to climate change through real-time dissemination of the best practices in climate policy implementation.

- ▶ George Soros founded the Climate Policy Initiative (CPI) in 2009 to improve climate-related policy using an unorthodox approach. Rather than launching a campaign to pass a particular piece of legislation, Soros funded the CPI to serve as standing “consultants” that can advise governments in the United States, Europe, China, India, and Brazil on the implementation of climate policies that appropriately regulate and leverage markets in the service of public good. The effort aims to capture and share best practices to build stronger institutions for enforcing and implementing policies instead of simply influencing the development of the policies themselves.

CLINTON HEALTH ACCESS INITIATIVE

Stimulating markets to make HIV/AIDS treatment affordable in developing countries by aggregating demand, improving efficiencies, and reducing volatility.

- ▶ The Clinton Health Access Initiative (CHAI) has eschewed traditional philanthropic approaches in its efforts to improve access to HIV/AIDS treatment in Africa, Asia, Latin America, and the Caribbean. Instead, CHAI has taken a market-based approach to HIV/AIDS treatment: it cut out the middlemen responsible for distribution (and mark-ups), aggregated the demand for HIV/AIDS treatment in the regions, and helped generic drug manufacturers become more efficient. The resultant reduction in volatility, aggregated volume, and increase in efficiency allowed CHAI to enter into purchase agreements with select drug manufacturers to provide lower prices. It is important to note that CHAI never asked the drug manufacturers for charitable donations but rather created an appealing value proposition for all parties that allowed the market to sustain the delivery of lower-priced drugs.

ADDITIONAL RESOURCES

THE NONPROFIT MARKETPLACE: BRIDGING THE INFORMATION GAP IN PHILANTHROPY

This whitepaper sketches a compelling vision for a social capital marketplace that helps donors make better decisions and directs more capital to high performing nonprofits.

Hewlett Foundation and McKinsey & Company, November 2008.

👉 Online: <http://givingmarketplaces.org>

EMERGING MARKETS, EMERGING MODELS: MARKET-BASED SOLUTIONS TO THE CHALLENGES OF GLOBAL POVERTY

This report describes the different approaches that innovative actors are now using to shape commercial markets to help alleviate poverty.

Ashish Karamchandani, Michael Kubzansky, and Paul Frandano. Monitor Group, March 2009.

👉 Online: <http://bit.ly/aXoguE>

FOUNDATION PRACTICES FOR PUBLIC POLICY ENGAGEMENT

This report gives an up-to-date view of the work of 19 foundations that have taken a leading role in shaping public policy, describing both their reasons and their practical strategies for using policy as their path to impact.

James Ferris and Hilary Harmssen. Center on Philanthropy and Public Policy at the University of Southern California, December 2009.

👉 Online: <http://bit.ly/caFldV>

ADAPTING BETTER

Once organized philanthropy truly embraces acting bigger, the work will only be half done. Mistakes made at a grand scale are still mistakes, and potentially very destructive ones.

Ambitious efforts that demonstrably fall short of expectations are still failures. Most philanthropy of the future will make judgments based on the best evidence available and then learn and adjust rapidly and publicly. In addition to acting bigger, the field will need to adapt better.

The positive pressures to support these new behaviors are building. Grantmakers can no longer assume that they occupy a safe and quiet haven where people are given the benefit of the doubt simply because they are doing charitable work. As a *New York Times* headline proclaimed some years ago, the public is now “asking do-gooders to prove they do good.”

Much progress has been made in this regard over the past decade due to the extraordinary efforts of many dedicated people and institutions. The hard work will continue in the years to come, and will almost certainly take interesting new directions—in some cases with great promise, and in others, with real risks. A number of funders, for example, are beginning to refocus their efforts on the big picture, working in partnership with others to test whether they are moving the needle on pressing problems rather than simply conducting small, individual program evaluations after the fact. Others, however, faced with the complexity and messiness of today’s challenges, may succumb to the temptation of false precision, setting simplistic proxies for impact just because they can be easily measured, even if they miss the mark in assessing real progress on complicated social problems.

Further complicating matters is that in today’s dynamic landscape of public problem solving it often no longer makes sense to develop strategy using purely linear approaches: identifying a problem, formulating a theory, deciding on a solution, and executing a clear plan. Nuanced theories of change and the resulting action plans can be out of date almost as soon as they’re printed. Strategies today must evolve on the basis of judgment that

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Grantmakers can no longer assume that they occupy a safe and quiet haven where people are given the benefit of the doubt simply because they are doing charitable work.

is actively and continuously cultivated, using multiple inputs and sources. Otherwise a leader is in danger of lashing the funding rudder in place only to find that the tide, the wind, and the current have pushed the effort way off course. Funders will succeed in this rapidly shifting environment if they continuously improve their ability to learn, shift, and adapt in real time—or they risk becoming irrelevant at best or, at worst, actually hurting the cause.

Fortunately, new technologies allow us to share information and gather input in real-time, more easily and cheaply than ever before. The question for the coming decade will be whether funders can learn to use these new tools to figure out what works, share what they know and do, get feedback quickly, and then be ready to act on what they learn in ways that add up to meaningful impact on public problems.

As we see it, there are five additional next practices that can help funders adapt better:

6

KNOW WHAT WORKS (AND WHAT DOESN'T)

Effective funders will develop systems to learn from their successes, and their failures, in ways that can help everyone—funders and grantees alike—develop the judgment to guide and improve efforts in the future.

7

KEEP PACE WITH CHANGE

As the speed of change accelerates around us, funders will need to build feedback loops that help them change and shift behavior based on dynamic realities and lessons learned in real time.

8

OPEN UP TO NEW INPUTS

New tools and approaches now allow funders to solicit points of view from diverse cultures and perspectives, to access new and wildcard ideas, and to get buy-in and engagement from stakeholders.

9

SHARE BY DEFAULT

In a more crowded playing field, there is tremendous value in reflecting on your work and conveying your lessons to others. It makes sense to start from a place of sharing everything and then make a few exceptions, rather than a place of sharing little where transparency is the exception.

10

TAKE SMART RISKS

The most effective funders will recognize when innovation is necessary, and will be willing to make high-risk, high-reward bets that have the potential to create transformative change.

6

ADAPTING BETTER

KNOW WHAT WORKS (AND WHAT DOESN'T)

In an evaluation landscape cluttered with distinct and warring methodologies, it's nearly impossible to see the forest for the trees. Despite the myriad approaches and tools available, it is still difficult to get a reliable answer to the question, "Did we make a difference?"

It's high time to trade in the false comfort and overprecision of evaluating individual programs and projects against linear logic models for a context-based approach to cultivating better and better judgment over time for multiple actors in complex systems. Effective measurement in the future will evolve in ways that parallel the new paradigm for philanthropy more broadly: it will be fully contextualized, aggressively collective, real-time, transparent, meaningful to multiple audiences, and technologically enabled.

The goal is to learn from past successes and failures in ways that can help everyone—funders and grantees alike—develop the judgment to guide and improve efforts in the future. The challenge is not to avoid mistakes. Failures are inevitable when confronting wicked problems. The challenge is to make only new mistakes. Funders and nonprofits that admit their wrong turns and share what they learn will advance the whole field in the process. In this way, the lessons from failure become the essential building blocks for future success.

VOICE FROM THE FIELD

Funders need to learn from what has already been done. We have a tendency to dive in without looking at what came before and what comes after.

ROBERT WOOD JOHNSON FOUNDATION

Partnering with government to conduct and evaluate a demonstration project aimed at developing a more flexible and effective Medicare treatment system.

- Cash & Counseling offers Medicare patients with disabilities new flexibility and control over their own care by giving individuals the power to direct monthly allowances to purchase assistance and services from sources other than the traditional home care agencies. The Robert Wood Johnson Foundation's willingness to test this new approach, thoroughly examine whether it was effective, and then support its widespread adoption illustrates the power of establishing proof of concept—knowing that something works—and then applying it on a wider scale.

Started with support from the Foundation and the U.S. Department of Health and Human Services, Cash & Counseling was first launched as a demonstration project

in Arkansas, Florida, and New Jersey. An in-depth evaluation used control groups to study approximately 2,000 adults from each state to investigate the effects of the experiment on consumers, unpaid caregivers, and hired workers. Researchers found large favorable effects on unmet needs, satisfaction with care, and quality of life in all three geographies. The demonstration also showed that costs could be reasonably controlled. The findings were disseminated broadly through publications, congressional briefings, press releases, webcasts, and other approaches, ultimately helping to promote the program's expansion into more than a dozen other states and the adoption of similar alternatives to traditional services in numerous others.

WALLACE FOUNDATION

Testing new approaches and then publishing and widely sharing the results as a way to spread evidence, insights, and best practice.

► The Wallace Foundation believes that very often a lack of knowledge is an even greater barrier to change than a lack of money. So the Foundation's approach to advancing its goals—whether strengthening education leadership to improve student achievement, enhancing after school learning opportunities, or building appreciation and demand for the arts—takes an unusual form.

Wallace uses a two-pronged strategy. First it develops innovation sites, working closely with states, school districts, and cities, as well as nonprofit organizations, to help them plan and test new approaches. It then develops and shares knowledge from the innovation sites' work, assessing the results and lessons of the innovations through a range of evaluation methods, sharing that knowledge with others, and encouraging the use of the ideas and practices that seem most promising. The Foundation makes its results widely available through its online "knowledge center," which logs more than 200,000 report downloads each year, and maintains partnerships with organizations serving the fields in which it works to get relevant lessons into the hands of policymakers and practitioners. The goal is that by developing, capturing, and sharing knowledge the Foundation can help improve practice and policy in far more organizations than it could ever afford to reach through grantmaking alone.

BILL AND MELINDA GATES FOUNDATION

Redesigning a multi-billion dollar initiative to focus on college readiness when a previous strategy failed to deliver sufficient results.

► After spending almost a decade and more than \$2 billion promoting a small-school strategy for education reform, the Bill and Melinda Gates Foundation discovered that their approach to increasing high school achievement was not ensuring success in college. For a number of years, small schools appeared promising on a number of short-term metrics: attendance, grade progression, and graduation rates all climbed. But when the data on those students' ability to succeed in college finally arrived, it showed that the Foundation's goals had not been met.

Rather than continuing along the same path, Gates chose to reassess its situation, carrying out new research into the most important elements of a high-quality high school education. It discovered that high expectations for students, high teacher quality, and assistance in graduating college were all more critical than previous research had suggested. Now the Foundation is taking a new course, with a focus on building the effectiveness of individual high school teachers and helping under-prepared college students graduate.

ADDITIONAL RESOURCES

EVALUATION IN PHILANTHROPY: PERSPECTIVES FROM THE FIELD

This brief but insightful survey conveys practical advice from grantmakers who are actively working to use their organizations' evaluations as a means for ongoing improvement.

Grantmakers for Effective Organizations, December 2009.

👉 Online: <http://bit.ly/9OOqch>

BREAKTHROUGHS IN SHARED MEASUREMENT AND SOCIAL IMPACT

This synthesis highlights 20 different examples of how evaluation is being carried out collaboratively across multiple stakeholders and in ways that tap today's technologies.

FSG Social Impact Advisors, July 2009.

👉 Online: <http://bit.ly/99AQJd>

LEARNING FOR SOCIAL IMPACT: WHAT FOUNDATIONS CAN DO

This comprehensive report and its accompanying web portal document current best practices in learning and impact assessment and provide a wide range of related materials.

McKinsey & Company, March 2010.

👉 Online: <http://lsi.mckinsey.com>

"THE ROLE OF FAILURE IN PHILANTHROPIC LEARNING."

This essay focuses on the often-taboo topic of philanthropic failure, contending that the field cannot begin to learn effectively without failures being discussed openly and mined for insights.

Robert Hughes. The Robert Wood Johnson Anthology, Volume XIII. November 2009.

👉 Online: <http://bit.ly/aaUv7z>

ADAPTING BETTER

KEEP PACE WITH CHANGE

New technologies have increased the rate at which information is communicated; the speed at which it can be incorporated into other processes; and the number of people who can use that information to generate new ideas, make new discoveries, and produce new inventions.

The accelerating pace begets further acceleration. And not only is the creation and diffusion of knowledge accelerating, but so is everything that depends on it: science, technology, commerce, fads, culture, and efforts to create social benefit.

VOICE FROM THE FIELD

“We continue to learn, share information, collaborate, and adjust strategy at a glacial speed that would guarantee failure in any other sector.”

Unfortunately, except in the rare cases of major disaster relief efforts, funders typically operate at their own pace, a speed that can often be grossly mismatched with the urgency of need and the rate of change in the world around them. Funders give on their own timelines—often more closely correlated with arbitrary deadlines and periodic board meetings than with the realities of community needs and the shifting context of a problem. As a result, funders can frequently miss critical opportunities simply because they are too slow to see changes or to act in a timely way once they’re visible. In today’s dynamic environment, it will be critical for funders to learn to keep up and adapt with the changing circumstances around them. As Peter Drucker has explained, “The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday’s logic.”

But most funders have neither systematic feedback loops nor mechanisms for adapting their processes and programs based on changes in the world or new learning that emerges. More often than not, evaluation is done after the fact, and answers about what works arrive too late to be of use to the program that was assessed. The ability and willingness to change and shift behavior based on dynamic realities and lessons learned in real time—either first hand or from others—will be critical to philanthropy in the next decade. If the field can develop systems that allow it to get accurate feedback, the next challenge is to be ready to act on it.

GLOBAL GREENGRANTS FUND

Using the experience and intuition of local grassroots leaders to make grants to organizations on the cutting edge of change.

► Global Greengrants makes small grants—ranging from just \$500 to \$5,000—to grassroots environmental groups working in developing countries around the world. To ensure that these small grants are tailored to the dynamic needs in communities around the world, the fund harnesses a self-organizing network of regional and global advisory boards made up of local scientists and activists, leaders of small networks and coalitions, teachers, journalists, engineers, physicians, and international environmental leaders to find grantees and make grant decisions.

These advisory boards are responsible for grantmaking in each of their regions, leveraging local expertise and creating a system that puts grant decisions in the hands of people closest to the action. They know the local culture, history, and politics, enabling them to identify those who will use the money most effectively.

Since it was founded in 1993, Global Greengrants Fund has successfully responded to shifting needs on the ground, channeling almost \$25 million in funding to thousands of places and organizations that are rarely visible thousands of miles away—at transactional costs that are a fraction of those of most other cross-border grantmakers.

ROCKEFELLER FOUNDATION

Regularly identifying pressing new issues created by globalization and organizing in flexible, time-limited initiatives that can shift and adapt to external needs.

► The Rockefeller Foundation recognized that responding to the dynamic issues emerging from globalization required a more nimble and flexible organization than its established, siloed programs allowed. So in 2007, the Foundation restructured, replacing its fixed “programs” with a set of interconnected “initiatives” that aim to address specific, measurable goals in clearly defined time frames. The reorganization is intended to allow the Foundation to quickly respond to unanticipated opportunities, to shift tactics when necessary, and to regularly recalibrate its approach to fit external needs. Alongside the new structure, Rockefeller is also developing a “search” function that helps it regularly scan for and identify emerging issues and inequities that may later become new initiatives.

DAVID AND LUCILE PACKARD FOUNDATION

Applying real-time evaluation techniques to a preschool program in order to support a flexible strategy and continuous improvement.

► Instead of solely conducting evaluation for proof of impact after a program’s work is complete, the Packard Foundation has shifted over the past five years to conducting evaluation in real time so that programs receive guidance regularly as they progress and can adapt their strategy to fit changing circumstances.

This practice has been in place in the Foundation’s Preschool for California’s Children program since 2003, which developed a flexible logic model that is revisited regularly for adjustment. Evaluators act as the sensors for the program’s strategy team by gathering data regularly, issuing learning reports when there are important issues to consider, and conducting rapid-response research to investigate new strategic options as they emerge. The Foundation staff found that this learning-focused practice has netted noticeable benefits. In particular, the real-time feedback has helped them better target their communications and public engagement strategies.

ADDITIONAL RESOURCES

SCANNING THE LANDSCAPE: ROUTINES FOR DISCOVERING THE UNEXPECTED

For those who want to build a permanent external scanning capacity, this advanced guide explains how to use learning networks to find innovative organizations and fresh ideas.

GrantCraft.

👉 Online: <http://bit.ly/dvW4DJ>

WHAT IF? THE ART OF SCENARIO THINKING FOR NONPROFITS.

This how-to book—a comprehensive guide to adopting a forward-leaning mindset in social-sector organizations—is equally applicable to funders and grantees.

Diana Searce, Katherine Fulton, and the Global Business Network community, 2004.

👉 Online: <http://bit.ly/cXqs6L>

“THE WORLD IN 2010”

Every year, *The Economist* produces a report that describes the major trends and uncertainties that the editors believe will be most important in the coming 12 months, helping readers keep a finger on the pulse of globalization and development.

The Economist.

👉 Online: <http://www.economist.com/theworldin>

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ADAPTING BETTER

OPEN UP TO NEW INPUTS

Because funders technically don't have to listen to others, in many cases, they simply choose not to, especially when they already have a well-developed point of view.

There is also a natural reticence to open up the doors, which could invite a flood of requests for help or new ideas that can't be easily managed. As a result, many funders tend to insulate and protect themselves. But by doing so, they can end up protecting themselves from learning what is working or what is needed most.



VOICE FROM THE FIELD

There's a dark side to expertise. It can sometimes close you off to new viewpoints and new perspectives. Big ideas may come from unexpected places.



Today there are many ways to get better answers to almost any question by soliciting external input. Opening up has become an essential competency for working as part of a complex system. Virtually every aspect of organized philanthropy's business—adjusting organizational strategy, choosing how to approach an issue, surfacing new innovations, identifying good grantees—can benefit from collecting outside expertise and diverse perspectives. Although the quality of external inputs can be uneven (and expectations about control over who ultimately gets to make funding decisions need managing), the benefits far outweigh the costs.

The yield: points of view from diverse cultures and perspectives, access to new and wildcard ideas, stakeholder buy-in and engagement, and the public legitimacy that comes with taking the time to listen before taking action.

CASE FOUNDATION

Using an online competition to surface new ideas and transfer grantmaking power to outside experts and members of the public.

- The "Make It Your Own Awards" launched in 2007 at the Case Foundation gave concerned citizens a strong voice in generating and evaluating ideas for Foundation initiatives to improve their communities. Soliciting public input brought in new ideas, created a reason for individuals to engage in the conversation about how to carry their communities forward, and increased public backing for the Foundation's final choices.

In the opening phase of the contest the Foundation accepted proposals for \$10,000 grants and chose 20 winners. This paralleled the typical grantmaking process but

used a diverse panel of outside experts and community leaders in the place of dedicated program officers. The Foundation then held an open vote in which the public was given complete control over which four of the 20 applicants would receive an additional \$25,000. It also provided further non-monetary support.

The process went off smoothly and earned accolades from social entrepreneurs, the citizen voters, and the *New York Times*, which praised the Foundation for its experimental spirit. It has since lent inspiration to a variety of other crowd-directed giving programs.

CENTER FOR EFFECTIVE PHILANTHROPY

Measuring success by soliciting feedback from end users on the ground.

- ▶ Funders rarely hear directly from the end users of their programs, instead tracking outcomes through reports and conversations with the grantee organizations. But an effort led by the Center for Effective Philanthropy (CEP) called YouthTruth aims to elevate the voices of beneficiaries and take outcomes assessment to the ground level. Piloted in 2008, YouthTruth surveyed 5,300 students at 20 high schools supported by the Gates Foundation, and their input has been used by the Foundation and by school leadership to make strategic decisions.

The responses were broadly valuable because they focused not on the specific effects of the Gates funding, but on the students' impressions of their school experience, such as their relationships with teachers, how much they're challenged, and the obstacles they face in reaching their goals.

CEP expanded the program for 2009-2010 and has now polled more than 20,000 students at 86 high schools across the country, giving them substantial input into their schools' direction for the first time and providing the school leaders with concrete datasets to guide their decisions.

DAVID AND LUCILE PACKARD FOUNDATION

Gathering input on program strategy from a large and diverse group by inviting contributions to a public wiki site.

- ▶ When the Packard Foundation set out in 2007 to design a strategy for reducing agricultural nitrogen pollution, it wanted to cast a wide net for ideas. The team decided to experiment with using a public wiki instead of expert interviews to gather input, hoping that the ease of contributing would attract a wider range of contributors and spark creative ferment.

Over the course of the six-week experiment, 85 participants joined the process, representing the many facets of nitrogen pollution as an ecosystem-wide concern: ecologists, environmentalists, climatologists, horticulturalists, academics, scientists, agriculturalists, state and federal government regulatory agency personnel, and private sector industry professionals. About half were new voices that had had no prior connection with the Foundation.

At the end of the process, Foundation staff determined that the strategic input they received via the wiki was as effective as that obtained through more traditional approaches. There were important added benefits as well: engaging new stakeholders and the potential for radical ideas that wouldn't otherwise come to their attention.

ADDITIONAL RESOURCES

AIMING FOR EXCELLENCE AT THE WALLACE FOUNDATION

This case study is a concrete illustration of the value of feedback loops, showing the benefit that Wallace Foundation has realized through repeated grantee surveys.

Judith Ross. The Center for Effective Philanthropy, September 2009.

👉 Online: <http://bit.ly/a4anKo>

"THE CASE FOR STAKEHOLDER ENGAGEMENT"

This article shows how input from outside stakeholders can be not only valuable but essential to the success of foundation initiatives.

Kathleen Enright and Courtney Bourns. Stanford Social Innovation Review, Spring 2010.

👉 Online: <http://bit.ly/bCkjlY>

OPEN INNOVATION

This seminal book demonstrates how organizations can now tap the knowledge and expertise of external talent throughout the world, countering the traditional notion that good ideas can only be accessed by bringing the best specialists in house.

Henry Chesbrough, September 2005.

👉 Online: <http://bit.ly/bdKjvU>

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ADAPTING BETTER

SHARE BY DEFAULT

If opening up to new input is essential for functioning as part of a collective system then sharing information and knowledge is the flip side of the same coin. With distribution costs plunging closer and closer to zero for online media, traditional barriers to sharing information are shrinking.



VOICE FROM THE FIELD

Foundations sit at the center of so much knowledge—from grantees, from research, from experts, from evaluations—but we just lock it away in our filing cabinets and it doesn't do anyone any good.



Speeches and conversations can be shared through podcasts and digital video. Data now stored in databases can be turned into public libraries with a simple web interface. And in a more crowded playing field, there is tremendous value in reflecting on your work and conveying your lessons to others. By increasing the amount of information that is available, funders can create an environment where stakeholders can find what they need to make smarter decisions, grounded in the experience and knowledge of others. For mission-driven organizations like foundations, it makes sense to start from a place of sharing everything and then make a few exceptions rather than a place of sharing little where transparency is the exception.

GIVEWELL

Making due diligence transparent in order to provide donors with analysis of nonprofits' efficiency and effectiveness.

► GiveWell was established in 2007 to provide high-quality research to individual donors after its two founders discovered that nonprofits were generally unwilling or unable to describe where their donated dollars would go or provide evidence that the work being funded was helpful. They began GiveWell in order to openly share their due diligence with other donors facing similar questions, thereby making better information available to the public.

Their website now offers their analyses of effectiveness for nonprofit organizations working on a wide range of causes. These analyses, which include both research and a simple three-star rating score, have been criticized by some for representing only one view, but the founders argue that their in-depth research and use of transparent criteria add value to the field.

Their secondary goal is to model transparency by blogging about their plans, successes, and setbacks. That aspect of their image was tarnished by a scandal in late 2007 but remains central to their project, as witnessed by their recent public release of a self-evaluation and updated long-term strategy.

ASHOKA

Designing a competition not only to pick a winner but to share all of the submissions with the field.

- ▶ Alongside a growing number of other efforts like the X-Prize, Pepsi Refresh, and Innocentive, Ashoka's Changemakers initiative aims to harness competition to help solve pressing social and environmental problems. But Changemakers differentiates itself as a "collaborative" competition for good reason. Social entrepreneurs entering ideas into the Changemakers competition place their proposals on an open messageboard for public commentary, allowing others to discuss the ideas, make suggestions, and offer resources that help refine, improve, and build on the proposals. A panel of experts then chooses a short list of finalists, and the winner is selected in an open vote.

Since the initiative began in 2002, the competition's "open source" forum has allowed the community not only to identify and advance winning projects but to strengthen all of the proposed efforts in the process, to share a range of different ideas with the field to help spur new thinking and innovation, and to give participants a chance to sharpen their own understanding of the issues while connecting with potential collaborators.

PEERY FOUNDATION

Sharing a conversation about strategy in public via Twitter, attracting input from experts and social entrepreneurs.

- ▶ The Peery Foundation recently conducted its strategy development process using Twitter. After experimenting with Twitter, Dave Peery believed that by opening up their discussions to other philanthropy professionals and consultants in real time, they would benefit from a broad range of ideas and advice.

Through the Twitter conversation, the Foundation was rewarded with links to new resources relevant to the topics they were discussing and helpful tips from philanthropy practitioners and social entrepreneurs. The experience strengthened the young Foundation's dedication to remaining experimental and maintaining a high standard for openness and trust with the social entrepreneurs it intends to support.

JAMES IRVINE FOUNDATION

Reporting on the failure and redirection of a \$60 million education initiative so that others could avoid making similar mistakes.

- ▶ In 2007, the James Irvine Foundation released a groundbreaking report entitled "Midcourse Corrections to a Major Initiative." The piece was notable not for its eloquent tale of philanthropic success, but because it openly described the difficulties that led to a significant midpoint redirection of one of Irvine's initiatives, an effort to improve educational achievement through after school programming in five California cities. Instead of quietly hiding its missteps over the course of the initiative, Irvine chose to publicly share and reflect on its failures and challenges, drawing out lessons that might be applicable to others so that the whole field could learn from its mistakes.

ADDITIONAL RESOURCES

"HERE COMES THE SUN"

This commentary makes a powerful case for foundations to follow other sectors in embracing transparency in order to magnify their impact, increase the quality of their work, and strengthen relationships with their stakeholders.

Mario Morino. Venture Philanthropy Partners, September and November 2009.

👉 Online: <http://bit.ly/gjOCAg> (part 1) and <http://bit.ly/cpWS03> (part 2)

"CHRISTINE DEVITA SHARES VALUE PROPOSITION OF WALLACE FOUNDATION"

This interview highlights the Wallace Foundation's core mission of developing and sharing effective ideas and practices and discusses how this aligns with its three issue-specific grantmaking programs.

Christine DeVita. Cornell University eClips, February 2005.

👉 Online: <http://bit.ly/a11HJR>

LUMINA FOUNDATION: GOAL 2025

When the Lumina Foundation developed an ambitious new strategic plan it shared the results on this website, accompanied by a YouTube channel where the public could comment.

Lumina Foundation.

👉 Online: http://www.luminafoundation.org/goal_2025 and on YouTube at <http://www.youtube.com/LuminaFoundation>

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ADAPTING BETTER

TAKE SMART RISKS

At some point since the early patrons of seafaring exploration sent Columbus and his peers on their way to the new world, philanthropy has lost its understanding of the upside of risk.

Instead of seeing the potential for reward and opportunity, funders seem to see only downside—risk as something that needs to be avoided and minimized. Even when venture philanthropists attempted to adapt the venture capital model to charitable giving in the late 1990s, the more “venturesome” notion of risk got left out of the equation.

The most successful funders of the next decade will recognize that failure is a natural part of creating breakthroughs, since the problems that philanthropy often aims to address rarely have clear and technical solutions. It isn't always possible to know the most effective course of action at the outset. Innovative funders will take risks and experiment with new approaches, learn quickly, and adjust as they go. They will reclaim the upside of risk, using a portion of their resources to make high-risk, high-reward bets that have the potential to be truly transformative. To use the old venture capital measure of success, if one out of every 10 smart, big bets that a philanthropist makes can succeed, the outcomes could be game changing.

VOICE FROM THE FIELD

The whole system is set up to keep people from taking risks. No foundation president or program officer has ever been fired for *not* trying some crazy new idea. In fact, the only thing that can get someone fired is if something big and crazy goes publicly wrong.

THE DIAMOND FOUNDATION

Focusing single-mindedly on research to combat the newly emerged epidemic of HIV/AIDS in order to maximize impact.

- ▶ In 1987, early in the trajectory of the HIV/AIDS epidemic, Irene Diamond insisted that her new foundation put all of its eggs in one basket, placing its entire medical research budget of \$20-25 million in efforts to fight the disease.

Her courageous bet paid off. In the 10 years before it spent down its endowment, the Diamond Foundation supported 25 postdoctoral research fellowships, founded 30 research programs, and led the launch of the largest center for AIDS research in the world. That center was the birthplace of the protease inhibitor, a drug that suppresses the disease in newborns and also eases adult suffering.

HEINZ ENDOWMENTS, GRABLE FOUNDATION, AND THE PITTSBURGH FOUNDATION

Taking a risk by cutting funding to the city's failing school district in order to spark the public engagement necessary for reform.

► After supporting Pittsburgh's troubled school district with \$12 million over the previous five years, three foundations—the Heinz Endowments, the Grable Foundation, and the Pittsburgh Foundation—abruptly suspended their funding in 2002. They took this dramatic step in the most public fashion possible, announcing to local and national news that they had completely lost confidence in the school board. This controversial stance raised the school board's ire but earned support from many in the community, including the mayor, who formed a commission to carry out the city's first-ever independent assessment of the school system.

A year later the commission released a scathing report that diagnosed dysfunction in the school board and recommended drastic reforms. This led to major changes in the 2004 board elections, producing a new majority that moved quickly to implement many of the commission's recommendations. The foundations' bold and catalytic move had set this entire transformation in motion.

BILL & MELINDA GATES FOUNDATION

Supporting new directions in public health research based on their potential for breakthrough results.

► It is hard for researchers to secure government grant money with ideas that challenge the consensus view in their field. Recognizing this issue, the Gates Foundation launched the Grand Challenges Explorations to provide seed funding to researchers based not on their proven likelihood of success but on their potential for transformative change. The program invites submissions that address a topic related to "grand challenges in global health," such as developing needle-free delivery systems, designing antigens for immunity, or creating therapies for latent infections. Judges choose to champion ideas that they believe have the greatest breakthrough potential. The winners receive an initial seed grant of \$100,000 and a chance at \$1 million in further funding if their initial work shows promise. Since its 2008 launch, the program has awarded grants to 262 researchers for such radical ideas as mosquito-delivered vaccines, nanoparticles that soak up viruses, and bacteria that are living antibiotics.

ROBERT WOOD JOHNSON FOUNDATION

Creating a "Pioneer Portfolio" explicitly focused on opportunities that are high-risk and potentially high-reward.

The Robert Wood Johnson Foundation has devoted part of its program budget to explicitly support pioneering efforts: innovations that could lead to radical changes in health and health care. The Foundation's Pioneer Portfolio seeks out high-risk, high-reward efforts that could fundamentally change health systems. RWJF staff acknowledge that many of the Pioneer grants may not succeed but feel that even one or two real breakthroughs will make huge contributions to the field.

In order to ensure that it is making intelligent "bets" with its grants, the Foundation has worked closely with scenario practitioners at Global Business Network to clarify their assumptions and think productively about emerging uncertainties. It is now supporting the use of prediction markets for anticipating the spread of disease, the application of games to many aspects of healthcare, and next-generation personal health records and other forward-looking projects.

ADDITIONAL RESOURCES

"A DELICATE BALANCE BETWEEN RISK AND REWARD"

This editorial reminds us to look up from our focused pursuit of proven strategies and remember that taking risks is essential to seizing great opportunities.

Eamonn Kelly and Steve Weber. The Financial Times, September 8th 2005.

👉 Online: <http://bit.ly/cl3Zjl>

BUSINESS ENTREPRENEURS & PHILANTHROPY: POTENTIAL AND PITFALLS

This keynote address is notable not only for its perspective on the value of a risk-taking entrepreneurial mindset in philanthropy but also for the honest *mea culpa* it offers for Morino's own missteps upon entering the field.

Mario Morino. The Legacy Convening, 2007.

👉 Online: <http://bit.ly/gyfAbY>

"THE WRONG RISKS"

This article reminds foundations that demanding too much predictability and accountability can mean shying away from innovative approaches that are untested but might lead to outsized impact.

Sheela Patel. Stanford Social Innovation Review, Winter 2010.

👉 Online: <http://bit.ly/bp9s5S>

ADDING IT ALL UP: PRACTICING BIGGER AND BETTER PHILANTHROPY

Imagine what it might look like if philanthropy really acted bigger and adapted better, using all of the next practices that we've described here to take on some of the most pressing problems of the coming years.

Take for example what could happen if funders decided to tackle a challenge like the looming issue of Baby Boomer health.

Born between 1946 and 1964, nearly 80 million U.S. Baby Boomers are now between 46 and 64 years old. Today they are the backbone of our economy, but tomorrow they could easily break the back of the health care system in fairly short order. We need to ensure that Boomers age in healthy ways and that the burden they place on our healthcare and other public systems remains manageable.

With this problem on the horizon, what would happen if a funder or group of funders hit the pause button to rethink how to approach Boomer health, embracing the principles of acting bigger and adapting better?

Although we don't pretend to know all of the elements of an effective strategy, let's walk through our framework of next practices to start picturing some of the practices that a bigger and better approach might use in the future:

- **UNDERSTAND THE ECOSYSTEM.** Come together to jointly develop systems maps, resource flow maps, and social network maps to build a shared understanding of existing players, strategies, and investments so everyone can visualize and grasp key leverage points, where dollars are going, and the human relationships that underlie the system.
- **PICK THE RIGHT TOOL(S) FOR THE JOB.** Convene (online and offline) diverse leaders and friendly critics from all sectors (including nonprofits, as well as patients and consumers) to discuss the local capacity to handle Boomer health issues or to develop a policy agenda. Or use endowment capital and donor assets to seed a venture capital fund to invest in "wellness

Baby Boomers are now between 46 and 64 years old. Today they are the backbone of our economy, but tomorrow they could easily break the back of the health care system in fairly short order. What would it look like if funders really acted bigger and adapted better to address Boomer health?

companies” that promote healthy activities among Boomers, while also creating a market-rate financial return.

- **ALIGN INDEPENDENT ACTION.** Support research and organizing efforts to develop a shared, coordinated plan for Boomer health that allows individual funders to act independently on the issues they care about within a clear, shared framework for action.
- **ACTIVATE NETWORKS.** Coordinate and connect networks of heart disease, diabetes, and Alzheimer’s researchers using a technology platform for sharing findings in real time. Or use social media tools to develop self-organizing online “communities of interest” to share information about different Boomer health issues.
- **LEVERAGE OTHERS’ RESOURCES.** Experiment with market-based solutions for promoting Boomer health, such as an insurance industry coalition to offer reduced premiums for individuals with healthy lifestyles or a credit card alliance that allows Boomers to get “points” for healthy purchases. Or work with advocacy organizations to push for policy change that supports tuition assistance and retraining programs to help Baby Boomers start “encore careers” rather than retiring.
- **KNOW WHAT WORKS (AND WHAT DOESN’T).** Establish collective goals and indicators for tracking wellness, develop a scorecard for measuring overall progress, and co-design and co-fund an evaluation that assesses progress on Boomer use of health services. Co-convene regular cross-sector meetings to preview results, share learning, and adjust strategies.
- **KEEP PACE WITH CHANGE.** Fund an ongoing network of investigators to continuously monitor new research and experimentation at universities that may be relevant and applicable to Boomer health and to help bring the innovations to market more quickly.
- **OPEN UP TO NEW INPUTS.** Launch a wiki to get ideas about and build consensus on broadly accepted standards for wellness among Baby Boomers. Hold a contest to develop catchy new marketing strategies that encourage Boomers to stick with a healthier diet.
- **SHARE BY DEFAULT.** Post the results of due diligence on investment and grant opportunities in real time so that others can invest along with primary partners through online “sidecar” funds.
- **TAKE SMART RISKS.** Commit to devoting 10 percent of grantmaking to “high-risk, high-reward” grants that could fundamentally change the systems for providing care for Boomers.

The idea here is not to discuss the substantive merits of any one—or all—of these activities. Nor is it to suggest that any single funder could take on such a large, complex, and dynamic agenda alone. The point is to illustrate how

fundors can use next practices to approach their work with a new mindset that re-imagines individual efforts, interwoven within a tapestry of the efforts of others and situated in the context of a rapidly changing world.

In the future initiative we have sketched, small-scale individual investors could play a critical role in supporting an online sidecar fund. High net worth donors could help to set up the venture capital firm to invest in companies that support healthy behaviors. Community foundations could coordinate local networks of researchers and neighborhood groups. And so on. Donor networks, corporate funders, small family foundations, large private foundations... all could take on different parts of the endeavor. ***The key would be working in a way that connects all of the actions and all of the actors into something bigger, something that adds up to more than just the sum of its parts.***

Although any one of these next practices could prove fruitful on its own, they could have exponentially more impact together. Each effort could compound the impact of others.

Although any one of these next practices could prove fruitful on its own, they could have exponentially more impact together. Each effort could compound the impact of others. Creating a systems map to develop a shared picture of key leverage points related to promoting Boomer health, for example, would help participants see their place and role in the ecosystem. This shared understanding could then be used to help coordinate and align the individual efforts of participating funders through a strategic alignment network. That network could guide the development of a field-level scorecard that regularly assesses the collective impact across multiple funders. And the scorecard could then guide and inform the future strategies of each individual actor.

In this way, many actors, each sharing a larger goal, can together act bigger and adapt better—creating a self-reinforcing loop that helps to continuously push the desired change forward.

CONCLUSION: PAVING A PATH TO THE FUTURE

“Acting bigger” and “adapting better” represent a set of practices that can make philanthropy a more powerful and transformative force for positive social change in the twenty-first century.

We are far from alone in seeing this need, or the characteristics of many of the new approaches that may be taken. In fact, we have been struck by the common themes in recent work by many leaders, advisors, researchers, and publications, including Blueprint R&D, Grantcraft, FSG Social Impact Advisors, Cambridge Leadership Associates, Venture Philanthropy Partners, Bridgespan, the Center for Effective Philanthropy, Arabella Advisors, Tactical Philanthropy Advisors, the Philanthropic Initiative, Grantmakers for Effective Organizations, the Stanford Social Innovation Review, La Piana Consulting, and McKinsey & Company.

But even if congruent ideas are emerging about what can help funders act bigger and adapt better, how to make the actions more commonplace remains stubbornly elusive. On some level, the approaches we have outlined feel like common sense: natural adjustments required to remain relevant and nimble in the modern world. But they remain frustratingly uncommon in philanthropy, and difficult to do.

The most obvious reason is that the practices we have outlined will require many leaders, at all levels, to change their behavior—donors, boards, foundation presidents, staff members. And changing behavior is always hard. Anyone who’s ever tried to go on a diet or to stop obsessively checking their iPhone for messages knows the problem well. And of course the normal difficulties involved in changing behavior are compounded in philanthropy by many of the inherent obstacles we discussed earlier.

Nevertheless, we are hopeful that positive change can accelerate in the years to come because the pressures and enablers from outside philanthropy are growing in scale and scope, alongside the rapid changes in the world. These external forces are already chipping away at some of the internal barriers to change, providing wind at the backs of innovative leaders inside

External forces are chipping away at some of the internal barriers to change, providing wind at the backs of innovative leaders inside philanthropy who are already trying to work in new ways.

philanthropy who are already trying to work in new ways.

The challenge and the opportunity for the next decade is to make it easier for individuals and independent institutions to choose what is best for the collective whole without setting aside their own goals and interests.

We believe this can happen through a combination of: new data and tools, enabled by new technology; ***new incentives***, provided by changes from outside philanthropy; ***and new leadership***, sophisticated about what it takes to succeed in a networked world.

■ NEW DATA AND TOOLS

The means to make it easier to change

We have long believed that the new connective technologies are the Trojan Horse of change in philanthropy and the social sector as a whole.

We have long believed that the new connective technologies are the Trojan Horse of change in philanthropy and the social sector as a whole. It's been fun over the last 15 years to help leaders discover the potential for transformation hidden within seemingly simple technologies. The changes that have already shaken the media and music industries now are sweeping into and through the social change world.

Perhaps the most comprehensive and original look at the changes underway can be found in the new paper by Lucy Bernholz, written with Edward Skloot and Barry Varela of Duke University, *Disrupting Philanthropy: Technology and the Future of the Social Sector*.

"Our claim is that information networks are transforming philanthropy," they write. The new information infrastructure being built through many independent actions "has the potential to open up and systematize processes and decision-making practices that have heretofore occurred exclusively behind closed doors."

Bernholz and her co-authors argue that the increased availability of data provides the platform for more-informed decision-making and, in turn, creates demand for more data and increases expectations for transparency and openness. Over time, access to the data allows people to make new connections; to create new information; and, to investigate, understand, and act on the information in new ways.

This argument builds on the case that the Center for Effective Philanthropy has made over the past 10 years as it has endeavored to create new rigor and new data upon which to base decisions in philanthropy. Now external forces outside philanthropy are turbo-charging existing data streams, creating a powerful force that will mitigate the insularity and inward focus that characterizes so much of philanthropy today.

It's clear that data alone isn't enough. In many respects, we're already drowning in data. We also need tools that help us use the data to make

good decisions. If data is the raw material for change, it is tools that allow us to understand the implications of the data and make it useful. Netscape and Google were revolutionary because they made it easy to access and use information to make better, more-informed decisions.

Right now, it's still hard for philanthropy as a field to adopt and use new tools. Top-down, centralized, sector-wide tools and infrastructure are often rejected, even if they could improve performance. And at the same time, bottom-up innovations—individual foundations creating specific solutions to their particular problems and circumstances—rarely spread or scale. One foundation's innovation remains just that: one foundation's innovation.

As funders begin to act bigger, we will see a merger of top-down and bottom-up mindsets driven by new tools and platforms that help funders do their own work and their collective work better. These tools will be designed with interoperability in mind, so that data and knowledge gathered by one actor can be integrated with that gathered by others, with modest investments of money and time. Broad use of common tools can then promote widespread adoption of standards and conventions that cross institutional lines, which, in turn, improve both the data and the tools even further. The payoff for those committed to better coordination and adaptation will be clear. Or at least that's what we believe and are now testing with a new strategy landscape tool, supported by the Rockefeller Foundation (see the write-up on page II).

The challenge is to build tools that make it easier for people to do the right things and harder to do the wrong things. We all have so much on our plates that it's difficult to make the time to try to do something differently. The status quo is the easiest road to follow. But if we can make the path to new behaviors easier—and perhaps ultimately save time—we have a better shot at getting people to change their behavior, especially if there are new incentives to do so.

■ NEW INCENTIVES

The drivers for change

Change in philanthropy may be facilitated by technology, but it's not ultimately a technical challenge. It's a very human one. Nothing will change until people change.

Unfortunately, one of the biggest barriers to individual change in philanthropy is a misalignment between the desired behaviors we've highlighted and the incentive systems that support (or discourage) their adoption. Funders want to encourage risk-taking and systems change but then demand immediate results and don't tolerate failure. They want to promote learning and knowledge sharing but then provide no benefits for doing so. They talk about collaboration but then resist sharing or ceding

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power to others. Without rethinking the incentive systems that guide behavior, change in philanthropy will likely remain elusive.

So what incentive do people and institutions have to change, given such barriers to transformation?

We have consulted many experts on this subject, none more persuasive than organizational theorist Edgar Schein. He argues that the only time organizations learn and change is when the normal level of “learning anxiety”—the anxiety produced by having to shift and learn something new—is trumped by “survival anxiety”—the anxiety produced upon realizing that if something doesn’t change, they will not survive. Among endowed philanthropic institutions, there is almost never a threat that raises survival anxiety, which means, in turn, that there is nothing that forces philanthropic organizations to get over their learning anxiety in any consistent way.

The result is a field in which many of the most powerful players have limited (if any) incentives to prompt adaptation and behavior change. But once again, external forces are providing an assist to determined philanthropic innovators.

The first and most obvious external pressure is persistent economic turbulence, which is forcing everyone to rethink their spending, their investments and their priorities. One commentator calls this “The No Good Options Era.” Another has pegged this the era of “Root Canal Politics,” after a long era in the West of “Tooth Fairy Politics.” Yet others argue that we have now entered an era of permanent crisis.

For philanthropy, the incentive may not be survival, but rather aspiration. Anyone hoping to have more impact in this new context is going to have to work smarter in the years ahead, looking at practices such as the ones we have outlined.

During the recent severe recession, many funders lost as much as 30 to 40 percent off their endowments and faced difficult choices as a result. Most funders have responded in one of two ways: they have *retrenched*, cutting back and conserving resources as they hunker down to weather challenging times, or they’ve *redoubled*, scaling up their activities and potentially spending down their resources to expand efforts to meet escalating need.

Many of the most strategic foundations, however, are also exploring a third alternative, using the crisis as an incentive to *reinvent*, looking for new ways of doing their work that take advantage of the new context and new possibilities. Hard times have helped leaders push through the normal

Many of the most strategic foundations are using the financial crisis as an incentive to reinvent, looking for new ways of doing their work that take advantage of the new context and new possibilities.

barriers to change and get on with shifts they have long wanted or needed to make.

If philanthropy doesn't reinvent itself, government may well force it to. In fact, one can imagine many new kinds of regulation facing foundations and other types of giving in the years ahead, from required transparency all the way through to required actions, as revenue-starved federal, state, and local governments look for relief and help. The Obama administration has so far chosen the positive incentive of public-private partnerships, with its new Social Innovation Fund and other efforts to leverage private dollars in education reform.

In the past, economic and political turbulence of the type we are now experiencing has resulted in long-lasting shifts in the roles between the sectors. The Great Depression ushered in the New Deal and more than 50 years of government prominence in public problem solving. The oil crises of the 1970s, followed by the international debt crisis and subsequent stagflation, led to decreasing confidence in the effectiveness of the public sector, a retrenchment of government under Reagan and Thatcher, and the rise of the market and corporate sector as the driving force in the United States and beyond.

What will happen next in this era is anyone's guess. All we're sure of, as we said before, is that the status quo is not an option. And that will be incentive enough for ambitious leaders who want to leave a legacy.

■ NEW LEADERSHIP

The human system behind change

New data, tools, and incentives will not really matter without new leadership and the will to change. The best ideas and most thoroughly proven solutions will fall flat if they encounter a human system that is not ready to embrace them.

Once again, there is reason to hope, because the human system in and around philanthropy has taken on a different complexion in the past decade.

We now live in a social change landscape that is both more diverse and more fluid. The emerging cast of characters comes in many flavors: non-profit sector leaders, scientists, entrepreneurs, movement leaders, corporate executives, celebrities, finance experts, donors, ex-politicians, software engineers, economists, ministers, and amateurs of all kinds, who can now play the game that used to be open only to big institutions. Plus, it's all global.

Perhaps this has always been true. Perhaps all these actors, actions, passions and projects simply are visible now in a way they were never before. But

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The best ideas and most thoroughly proven solutions will fall flat if they encounter a human system that is not ready to embrace them.
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we think something more is going on, driven at least in part by basic demographic shifts, unfolding at a particular moment in history.

Leadership in the United States today spans at least three generations: the Baby Boomers, who came of age during the civil rights, women's rights, gay rights, environmental, and anti-war movements; the Gen-Xers, who came of age post-Reagan, as identity politics and culture wars, right and left, took hold and entrepreneurialism of all kinds swept the culture; and the Millennials, who are much more ethnically diverse and bring very different expectations about technology, transparency, and connectedness.

Mix together the different training and life experiences of these stakeholders from different generations, and the result is many new leaders asking many questions that challenge the status quo, all at once. *It's no accident that we are witnessing the outline of a new division of labor among government, business, and civil society—even a new social contract—starting to emerge.* The relationship between philanthropy and markets is changing, and the relationship between philanthropy and government is changing, in a dynamic battle of approaches and ideas.

.....
Old models of hierarchical, heroic leadership work well in an organizational context but aren't as good a fit for a more networked environment in the early twenty-first century.
.....

In the new social change landscape, it's no longer surprising when an Irish rock star makes friends with the U.S. religious right while receiving funding from global corporations, all in the service of battling global poverty. Such are the strange bedfellows that will become more and more common in the years to come, forcing mainstream philanthropy to adapt or lose its relevance.

All of which raises the question: What do philanthropic leaders need to do in order to be effective and to achieve their goals? The answer, we believe, is to start by asking what qualities of leadership are most needed.

We have had the privilege of helping many innovative leaders in civil society, government, and business ask this question in recent years, in many contexts, and on several continents. They always touch on many of the same themes. Leaders have to be comfortable bridging boundaries of all kinds—especially across sectors. They have to be comfortable with technology and with speed. They have to be skilled at listening, sharing control, and empowering others. They must be comfortable with ambiguity.

In other words, our clients say, old models of hierarchical, heroic leadership work well in an organizational context but aren't as good a fit for a more networked environment in the early twenty-first century.

The reason is that so many of the problems the leaders face, inside and outside their organizations, can only be addressed by involving more of the people who must solve them.

Roger Martin, dean of the Rotman School of Business at the University of

MORE SHOULDERS TO THE WHEEL: THE FUND FOR OUR ECONOMIC FUTURE



.....

You get more done with more shoulders to the wheel. One could take the old model of command-and-control, put out a plan for fixing northeast Ohio, and assign tasks to different institutions in a linear fashion. That's the formula that countless metro areas have been using throughout the twentieth century... But that doesn't work today. We don't try to control everything... It's about moving towards more flexible models that create the conditions for collaboration.

CHRIS THOMPSON

.....

In their new book, *Switch: How to Change Things When Change is Hard*, Chip Heath and Dan Heath zero in on the importance of what they call “bright spots—successful efforts worth emulating.” One bright spot we have been particularly impressed with is the work of an Ohio collective that highlights many of the ways that funders are beginning to act bigger and adapt faster.

Starting in 2001, a series of stories in *The Cleveland Plain Dealer* highlighted what the paper called a “quiet crisis” in the region. The Cleveland-Akron region's economy had declined steadily for decades. From 1990 to 2002, the Cleveland-Akron metropolitan area was frequently ranked dead last out of the 61 cities in the National Policy Research Council's annual assessment of small-business development and growth.

But in 2004, the Cleveland Foundation and four other local foundations recognized that they couldn't stem the economic tide individually. So they began to reach out to other local funders to promote the concept of a collaborative. The message was clear: no matter what any given funder was focused on—arts, education, the environment—no one in the area was going to be able to achieve their goals without a healthy economy in place.

The group set a minimum contribution of \$100,000 and promised one vote per member, with open debate on funding decisions. First 17, then 21, then 30 members attended the Fund's early meetings and agreed to join. Today, 83 entities are involved with the collaborative.

The Fund established a framework focused on four priorities that research and citizen input identified as critical to

transforming northeast Ohio: business growth, talent development, inclusion, and government efficiency. By creating alignment around the direction and goals for the regional recovery, each individual participant—whether a foundation, a community college, a legislator, or a manufacturer—could imagine for themselves what they needed to be doing. According to the Fund's Chris Thompson, the need for independent but coordinated action was clear. “You get more done with more shoulders to the wheel. One could take the old model of command-and-control, put out a plan for fixing northeast Ohio, and assign tasks to different institutions in a linear fashion. That's the formula that countless metro areas have been using throughout the twentieth century... But that doesn't work today. We don't try to control everything... It's about moving towards more flexible models that create the conditions for collaboration.” Operating in a coordinated way, the funders set about each doing their part in supporting efforts to attract new companies, support entrepreneurs, launch minority-owned businesses, and prepare local residents for employment.

The results speak for themselves, even in the midst of the economic downturn. The collaboration has played an important role in generating more than \$1 billion in venture-capital investments in the region since 2004 and in attracting nearly 30 companies to the area in the last three years, creating thousands of new jobs.

And they're not done yet.

Toronto and a former Monitor colleague, has written especially eloquently about the future of leadership. He joins many other contemporary thought leaders in arguing for more emergent and adaptive approaches, which he sometimes calls “design thinking.”

It’s not simply a matter of coming up with the right answer; it’s about recognizing and engaging the people who will have to act, working together to test a range of possible solutions, creating feedback loops to facilitate learning, accepting and learning from failures, and practicing continuous adaptation.

It’s not simply a matter of coming up with the right answer, he argues; it’s about recognizing and engaging the people who will have to act, working together to test a range of possible solutions, creating feedback loops to facilitate learning, accepting and learning from failures, and practicing continuous adaptation.

Martin’s work is echoed in the compelling body of work from Ronald Heifetz, Alexander Grashow, and Marty Linsky of Cambridge Leadership Associates. In times of great uncertainty, “leadership is an improvisational and experimental art,” they write, encouraging leaders “to create a culture of courageous conversations.”

The ubiquity of such advice in the early twenty-first century doesn’t make it any easier to follow, of course. And it may be especially difficult for philanthropic leaders, whether they are new donors or established foundations, as this behavior directly challenges some of the norms that permeate philanthropy—the caution, the risk aversion, and the competition for credit that we discussed earlier.

Still, success in today’s networked age will require change on the part of living donors, boards, and foundation presidents, and from the program experts executing on the front lines. As one president of a large foundation told us, in the future it won’t be enough for foundation staffers to know their field; they’ll have to be comfortable learning continuously from constantly expanding networks that span all three sectors. That, in turn, will require new performance and compensation systems to attract and retain the talent that is needed.

We derive hope and inspiration from the small but growing number of philanthropic leaders who already are taking steps to behave in new ways, opening themselves up and looking at how they can better align their actions with those of others. Warren Buffett set a powerful example when he did just this, by joining forces with Bill and Melinda Gates rather than setting out on his own. So have many other individuals who have linked up in the past decade through organizations such as New Profit, Acumen Fund, Social Venture Partners, Women Moving Millions, and local community foundations too numerous to name.

For an example that is particularly inspiring in these times of painful unemployment, see the short story on the previous page, “More Shoulders to the Wheel” about a collective effort to create economic growth in northeastern Ohio.

The most innovative leaders find the time to broker larger solutions and the resources to build the capacity to link actors. They stay resilient enough to continuously adapt to new knowledge and new conditions. They work hard to assess what is working and assume they have something to learn from what others have already done. They know they will need partners and can find them. They understand that the best strategy may be to follow or join a network rather than to occupy a unique, individual niche.

They are the pioneers on the frontier of acting bigger and adapting better. They represent the emerging human system that is the best hope for change in the years ahead.

AVOIDING THE TRAP OF FALSE DICHOTOMIES

The project that yielded this essay has not only helped us understand the road ahead. It has also helped us get ever clearer about how we'd like to walk it: with curiosity, openness, humor, and humility.

It is in this spirit that we offer one final reflection about what's next for philanthropy.

We hope that the years ahead turn out to be a time when the best philanthropic leaders reject the "either/or" thinking that has characterized so much of the past 10 years, too often devolving into silly debates and artificial polarities.

Perhaps this is already occurring. The distinction between "old" and "new" philanthropy is fading, we're glad to say, as it's slowly been dawning on "old" philanthropists what is new, while gradually occurring to the "new" philanthropists what is not new. Convictions that were once trumpeted confidently are now more lightly held. That's good, and speaks well of a growing sophistication and maturity that can shape the years ahead.

As we all ask ourselves what will be needed, we find ourselves agreeing with our colleague Eamonn Kelly, who argues that the wisest leaders have to learn to reckon with what he calls "creative tensions."

In philanthropy, this means, among other things:

- Feeling the urgency for short-term results *and* having stamina for the long-term
- Holding onto autonomy *and* looking for every opportunity to coordinate and align with others

.....

We hope that the years ahead turn out to be a time when the best philanthropic leaders reject the 'either/or' thinking that has characterized so much of the past 10 years, too often devolving into silly debates and artificial polarities.

.....

- Insisting on rigor and evidence *and* taking risks despite uncertainty
- Adopting strategies that maintain some top-down direction *and* letting go enough to unleash bottom-up energy
- Looking for solutions that combine great analysis *and* unbridled creativity
- Understanding that execution is important because we know what works *and* that innovation is important because what we already know isn't yet enough

Rejecting false dichotomies is the philosophy that underlies the next practices we outline here. And it's one way around many of the barriers to change that have held philanthropy back from reaching more of its potential.

So in closing, we offer one last "both/and" observation.

If the early signs of philanthropy's more coordinated, more adaptive, and more impactful future are already present, it's equally clear that the hard work of learning how to cultivate change in our newly connected world is just beginning. As the forecaster Paul Saffo is fond of saying, "Never mistake a clear view for a short distance."

The What's Next Innovation Toolkit:

DO-IT-YOURSELF RAPID PROTOTYPING FOR PHILANTHROPY

Want to get serious about developing and implementing next practices that help you act bigger and adapt better? Our Do-It-Yourself toolkit is designed to help funders think about and apply the ideas from this report in their own philanthropic efforts.

The **WHAT'S NEXT INNOVATION TOOLKIT** will help you plan and deliver a workshop-based rapid prototyping exercise aimed at surfacing innovative solutions to real problems facing you today.

THE TOOLKIT INCLUDES:

- **INTRODUCTION** to the Toolkit and the process of rapid prototyping
- **DISCUSSION** of the **10 KEYS TO A SUCCESSFUL RAPID PROTOTYPING EXERCISE**
- **SAMPLE WORKSHOP AGENDA**
- **FACILITATOR'S GUIDE**
- **EXAMPLE PRE-READINGS**
- **INNOVATION PLAYING CARDS**
- **TEMPLATES** for small group work



THE TEMPLATES: Three templates are included in the Toolkit. Each is a graphic protocol to help guide small group conversations that start with identifying problems and move to the design of a specific innovation.

ROUND 1

***INNOVATE - PART 1!**
-FIND THE FOCUS-

- What's NOT working in your philanthropy?

Choose ONE to work on today and name it -

Why hasn't it ALREADY BEEN FIXED?

Why is it RIPLE NOW?

INNOVATION: SOLVING REAL PROBLEMS. NEW IDEAS THAT WORK.

ROUND 2

***INNOVATE - PART 2!**
-CONSIDER THE POSSIBILITIES-

- Describe the SPECIFIC OPPORTUNITY
- What NEXT PRACTICES are RELEVANT?

ACTING BIGGER

- Understand the context
- Pick the right tools
- Hire independent actors
- Include networks
- Leverage others' resources

BRAINSTORM WHAT'S NEEDED

- NEW DATA-TOOLS-
- NEW INCENTIVES-
- NEW LEADERSHIP-

ADAPTING BETTER

- Escalate efforts
- Build upon successes
- Guard to new inputs
- Start by default
- Take smart risks

Choose ONE that could help you : help the field

INNOVATION: SOLVING REAL PROBLEMS. NEW IDEAS THAT WORK.

ROUND 3

***INNOVATE - PART 3!!!**
-PROTOTYPE THE INNOVATION!

- Sketch or Design the Innovation?
- WHO should be INVOLVED?
- What DIFFERENCE will it make?
- What ELSE will it take?
- What could GET in the WAY?

A Newspaper HEADLINE you will see in 2022 -

INNOVATION: SOLVING REAL PROBLEMS. NEW IDEAS THAT WORK.

READY? GET IT AT: www.monitorinstitute.com/whatsnext/innovationtoolkit

CREDITS AND SOURCES

There are still writers, thinkers, and artists who create original works locked away in solitude. But for us, a work like this is inevitably the product of conversations, reading, encounters, and engagements too numerous to name.

We are very grateful to our most important partners and influences, and do our best here to name them.

Our funding partners were two of the largest and best American foundations, the W.K. Kellogg Foundation and the Robert Wood Johnson Foundation. Both were incredibly generous, not just with financial support, but with their time and ideas. The partnership was shaped and led by Kellogg's Anne Mosle (vice president for programs) and by Robert Wood Johnson's Bob Hughes (vice president and chief learning officer) and Robin Mockenhaupt (chief of staff), all of whom modeled many of the practices we outline in this essay. In addition, many leaders and staff members at both foundations participated in interviews and discussions with us and are named later in this section. We particularly want to thank Sterling Speirn, Kellogg's president, and Tom Reis, Kellogg's director of mission-related investments, for their interest in and support of our work for much of the past decade. Risa Lavizzo-Mourey, president of Robert Wood Johnson, shaped the early stage of this project with her questions about how great foundations will operate in the future, and she also gave us an interview that particularly influenced our thinking. Our deepest thanks to them all.

The authors were joined on the Monitor core team by Noah Flower, whose many roles over the past nine months can probably best be described with two baseball metaphors: utility infielder and designated hitter. Noah did most of the desk research, wrote many of the case studies and did a great job anchoring our team day-to-day. Edward Wexler-Beron, as well, was a critical member of the research team. We are also especially grateful for the close, ongoing partnership with Andrew Blau, now co-president of Global Business Network (GBN), and co-author of our earlier work on philanthropy's future; Andrew led the Monitor scenario project for the Robert Wood Johnson Foundation that launched this project. The core team also relied on the able help of other great Monitor colleagues at various stages, particularly in supporting our large San Francisco convening, including Larry Keeley, Taylor Oatis, Alex Kinnebrew, Diana Scarce, Fabiana Tice, Lynn Carruthers, Amy Yamner, Kelly Spann, Chris Ertel, Brie Linkenhoker, Owen Stearns, Heather McLeod-Grant, Avon Swofford, and Tony Siesfeld.

We especially want to thank the philanthropic leaders and advisors whose close reading and insightful feedback on earlier drafts helped to shape our final argument and point of view, including Ted Chen, Cynthia Gibson, Chris DeCardy, Jacob Harold, Brian Trelstad, Stephanie Clohesy, Rachel Newton Bellow, and Suzanne Muchin.

GBN's Nancy Murphy is truly a wonderful editor and friend. And designers Julie Sherman and Jennifer Feller, of J Sherman Studio LLC, are always a delight to work with, and once again made us look good.

Much of our learning over the course of the project has come from the great many conversations, interviews, and group dialogues we've had with leaders and practitioners in and around philanthropy. We do our best below to list those who helped us in these ways.

**THE W. K. KELLOGG
FOUNDATION**

Kara Carlisle
Ted Chen
Gail Christopher
Jessica Coloma
Val Johnson
Joanne Krell
James McHale
Anne Mosle
Thomas Reis
Ricardo Salvador
Paula Sammons
Marjorie Sims
Sterling Speirn
La June Montgomery Tabron
Alandra Washington
Ali Webb
Karen Whalen

**THE ROBERT WOOD
JOHNSON FOUNDATION**

Nancy Barrant
David Colby
Pamela Dickson
Stephen Downs
Margaret Einhorn
Katherine Hatton

Bob Hughes
Andrew Hyman
David Krol
Risa Lavizzo-Mourey
Jane Isaacs Lowe
John Lumpkin
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BLUEPRINT RESEARCH +
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Diana Campoamor
HISPANICS IN PHILANTHROPY
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NEWSCHOOLS VENTURE FUND
Eleanor Clement Glass
SILICON VALLEY COMMUNITY
FOUNDATION
Stephanie Clohesy
CLOHESY CONSULTING
Kristin Cobble
COURION GROUP AND
NEXT AGENDA
Julia Coffman
THE EVALUATION EXCHANGE
Kriss Deiglmeier
CENTER FOR SOCIAL INNOVATION,
STANFORD UNIVERSITY
Cyrus Driver
FORD FOUNDATION
Kari Dunn Saratovsky
THE CASE FOUNDATION
Robert Eckardt
CLEVELAND FOUNDATION

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GLOBALGIVING

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TRANSPORTATION REFORM FUNDERS
GROUP

Erica Wood
SILICON VALLEY COMMUNITY
FOUNDATION

FURTHER RESOURCES

We consulted more reports, articles, books, and blogs during this project than we have space to mention. But we want to acknowledge many of the core references and periodicals of the field that were consistently helpful in our work, including resources from the *Chronicle of Philanthropy*, *Alliance* magazine, the *Stanford Social Innovation Review*, Grantcraft, and the Foundation Center. In addition, three key blogs—Lucy Bernholz’s *Philanthropy 2173*, Duke University’s *The Intrepid Philanthropist*, and Sean Stannard-Stockton’s *Tactical Philanthropy*—were essential reading as we worked to keep pace with all that’s going on in the field. And of the many other sources that we drew inspiration and ideas from during our work, we’d like to call attention to the following resources, which have particular relevance to the core arguments we make in this essay.

Looking Out for the Future: An Orientation for Twenty-First Century Philanthropists. Our first report on the future of philanthropy outlines the trends that are shaping the world in and around the field and what they will mean for how philanthropists do their work.

Katherine Fulton and Andrew Blau. Monitor Institute, 2005.

👉 Online: <http://futureofphilanthropy.com>

Cultivating Change in Philanthropy. This companion piece to *Looking Out for the Future* examines the barriers that make philanthropy difficult to change and explores how those hurdles might be overcome to create a more diverse, integrated, and effective system of giving.

Katherine Fulton and Andrew Blau. Monitor Institute, 2005.

👉 Online: <http://bit.ly/a6FGCg>

“Catalytic Philanthropy.” This article highlights a set of proactive practices that could lead to greater philanthropic impact: taking responsibility for achieving results, mobilizing campaigns for change, using all available tools, and creating actionable knowledge.

Mark Kramer. Stanford Social Innovation Review, Fall 2009.

👉 Online: <http://bit.ly/cerTbn>

Convergence: How Five Trends Will Reshape the Social Sector. This report documents the national and global forces that are transforming the social sector, distilling them into five distinct trends to consider for the opportunities and challenges they might present for a social change organization.

La Piana Consulting, November 2009.

👉 Online: <http://bit.ly/bRBaYo>

Disrupting Philanthropy: Technology and the Future of the Social Sector. This paper explains how networked information technologies are affecting the practice of philanthropy and how they might continue to change the field in the years to come.

Lucy Bernholz with Ed Skloot and Barry Varela. Center for Strategic Philanthropy and Civil Society, May 2010.

👉 Online: <http://scr.bi/cXuqVD>

“Galvanizing Philanthropy.” The authors of this whitepaper offer a cogent reminder that strategic leadership and disciplined execution remain the table stakes for making headway against tough social challenges.

Susan Ditkoff and Susan Colby. Harvard Business Review, November 2009.

👉 Online: <http://bit.ly/d4nDZx>

“Leadership in a (Permanent) Crisis.” Some of the leading theorists of leadership give their advice on the mentality and practices that will best serve a leader in these times of recurrent crises and external stresses.

Ronald Heifetz, Alexander Grashow, and Marty Linsky. Harvard Business Review, July-August 2009.

👉 Online: <http://bit.ly/baOGtg>

“The New Socialism: Global Collectivist Society Is Coming Online.” This thought-provoking essay discusses how Web 2.0 tools are enabling new forms of collective action that can be brought to bear on social problems.

Kevin Kelly. Wired, May 22nd 2009.

👉 Online: <http://bit.ly/9oqRlq>

Organizing Foundations for Maximum Impact: A Guide to Effective Philanthropy. The opening chapters of this often overlooked book are one of the best introductions to the core characteristics and inherent tensions of organized philanthropy.

Denis Prager. Chapters 1 through 5. 2003.

👉 Online: <http://foundationimpact.com>

Philanthrocapitalism: How Giving Can Save the World. The authors of this widely read book illustrate how today’s wealthiest donors are using business and market-oriented principles and approaches to tackle the world’s biggest social challenges.

Matthew Bishop and Michael Green. 2008.

👉 Online: <http://philanthrocapitalism.net>

“Strategy as a Wicked Problem.” This article emphasizes how strategy development at large organizations has undergone marked improvements but still often fails to adequately deal with the complexity and dynamism of the context in which they operate.

John Camillus. Harvard Business Review, May 2008.

👉 Online: <http://bit.ly/bMmCtv>

Switch: How to Change Things When Change Is Hard. This colorful bestseller provides practical wisdom about how to accomplish behavior change at any level—the world, your community, your organization, or even yourself.

Chip Heath & Dan Heath. February 2010.

👉 Online: <http://bit.ly/92cBii>

“Wicked Problems & Social Complexity.” This introductory piece discusses how wicked problems and social complexity are together producing fragmentation in the world and provides insight into how to make progress against them.

Jeff Conklin. Chapter 1, Dialogue Mapping: Building Shared Understanding of Wicked Problems. October 2005.

👉 Online: <http://bit.ly/9z12xC>

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BARBARA KIBBE is a partner at Monitor Group and vice president of client services for Monitor Institute. She leads the global philanthropy practice from the Group's San Francisco offices. She has more than 25 years of experience in social change and philanthropy as an executive, a consultant, a grantmaker, and a foundation program director/vice president. Barbara was twice selected by *The Nonprofit Times* for its annual list of the 50 most powerful and influential people in the nonprofit sector. Barbara is the coauthor of two books—*Succeeding with Consultants* and *Grantmaking Basics*—and her essay “Reflections on the Journey” is included in the 2004 collection *Funding Effectiveness: Lessons in Building Nonprofit Capacity*. She is a founder of Grantmakers for Effective Organizations (GEO), a group of more than 600 funders dedicated to building knowledge, promoting learning, and encouraging dialogue on nonprofit and grantmaker effectiveness.

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HOW MANY of these **NEXT PRACTICES** do you use?

ACTING **BIGGER**

- 1. UNDERSTAND THE CONTEXT
- 2. PICK THE RIGHT TOOL(S) FOR THE JOB
- 3. ALIGN INDEPENDENT ACTION
- 4. ACTIVATE NETWORKS
- 5. LEVERAGE OTHERS' RESOURCES

To find out more, see pages 8-19

ADAPTING **BETTER**

- 6. KNOW WHAT WORKS
(AND WHAT DOESN'T)
- 7. KEEP PACE WITH CHANGE
- 8. OPEN UP TO NEW INPUTS
- 9. SHARE BY DEFAULT
- 10. TAKE SMART RISKS

To find out more, see pages 20-31

For more information, or to download the report and its executive summary, please visit <http://monitorinstitute.com/whatsnext>
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