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The Foundation Review

A publication of the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University

THE PEER-REVIEWED JOURNAL OF PHILANTHROPY

Celebrating 15 Years of Knowledge Building for Transformation

15th Anniversary Celebration Partners

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The Foundation Review

A publication of the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University

The Foundation Review is the first peer-reviewed journal of philanthropy, written by and for foundation staff and boards and those who work with them implementing programs. Each quarterly issue of *The Foundation Review* provides peer-reviewed reports about the field of philanthropy, including reports by foundations on their own work.

Our Mission: To share evaluation results, tools, and knowledge about the philanthropic sector in order to improve the practice of grantmaking, yielding greater impact and innovation.

The Foundation Review is a proud product of the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University.

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Editor Introduction

Welcome to the first of two special issues commemorating the 15th anniversary of *The Foundation Review.* On this occasion, I must begin by expressing profound gratitude to the Dorothy A. Johnson Center for Philanthropy and Dr. Teresa Behrens, *The Foundation Review's* founding editor-in-chief. Dr. Behrens saw a clear need to make good, evidence-based research on philanthropy accessible to people working in the field who could use this knowledge to transform funder practice. Through her persistence and the Johnson Center's vision, *The Foundation Review* was launched in 2009, with early funding from the W.K. Kellogg Foundation.

The Foundation Review was founded at a time of economic upheaval that accelerated an awakening of philanthropy's power to positively impact society. During the journal's first 15 years, we witnessed philanthropy evolving to meet the challenges of the time. As reported by the Johnson Center, this period saw growth in the patterns of giving, nonprofit sector, and philanthropy-serving organizations, and growing demand for greater trust and accountability in philanthropy (Moody, 2022). The University of Southern California's Center on Philanthropy and Public Policy's analysis captured similar themes in its 20-year look back (Ferris, 2021).

As these trends unfolded, authors' writing for *The Foundation Review* generated an enduring collection of almost 300 articles. Of the 59 issues in which these articles appeared, 25 were themed and featured in-depth analyses of innovations and trends in philanthropy. For example,

- Themed issues on **Racial Equity** (2014), **Shifting Power in Philanthropy** (2021), and the **Equitable Evaluation Framework**™ (2024) delved deeply into funders' increasing interest in and prioritization of **equity, diversity, and inclusion** in reshaping foundation culture, governance, role, grantmaking, and learning and evaluation.

- A collection of themed issues on **Theory of Philanthropy** (2015), **Foundation Learning** (2019), **Collaborative Learning** (2019), **Inclusive Community Change** (2018), **Sustainable Development Goals** (2021), **Exiting with Impact** (2017), and **Implementation Science** (2016) reflected the movement towards **strategic philanthropy,** with its focus on **collaboration; capacity building;** strong networks and movements; increased engagement in **public policy, advocacy, and organizing; place-based funding;** adaptive systems change; and working with intention through theories of change, logic models, and outcome metrics.

- Additionally, themed issues on **Donor Intent and Legacy** (2018) and **Impact Investing** (2023) reflected foundations' tremendous interest in exploring investments that yield financial returns while also furthering a mission.

Celebrating the Most Popular Articles

The Foundation Review has served as a platform for authors to share expertise and insights and contribute to the collective knowledge base in philanthropy. To date, articles have been downloaded nearly 600,000 times by readers from more than 14,000 institutions around the world. Authors representing more than 450 universities, foundations, nonprofit organizations, consulting and research firms, and public organizations and institutions have contributed to the journal.

The two 15th anniversary issues of *The Foundation Review* commemorate the contributions of not only our authors, but also of more than 400 editorial advisory board members, reviewers, and funders. This first special issue presents the most well-received articles in the journal's history, each with author commentary contained in newly written prologues, introductory videos, and audio recordings. These articles gained traction when they were originally published and continue to resonate today because they share provocative, relevant insights that foster discussions and influence philanthropic practices. All of them, in my estimation, provoke opportunities to continue to address the issues facing philanthropy today.

To advance reflective practice in philanthropy:

- **Wei-Skillern and Silver** lay out four counterintuitive principles for success in networking and collaboration: mission before organization; manage through trust, not control; promote others, not yourself; and build constellations, not stars. These principles continue to resonate powerfully with our readers after more than a decade because they ground us in how communities want funders to lead and partner.

- **Dean-Coffey, Cassey, and Caldwell** truly raise the bar on integrating cultural competence and equity through opening a discussion of how philanthropy can use an equitable-evaluation approach. Their article has ignited deep conversations in the philanthropic and evaluation fields that changed the way evaluations are conceived in terms of rigor, validity, and objectivity.

- **Lynn, Stachowiak, and Coffman** skillfully debunk myths about causal analysis in philanthropy by exploring how and why philanthropy has largely rejected the rigorous examination of cause-and-effect relationships in social change strategies.

- **Celep, Brenner, and Mosher-Williams** argue that a key determinant of impact — the extent to which a foundation's internal culture is oriented toward making change in the world — is too often left out of strategy conversations.

- **Marks** argues that any discussion of foundations' embrace of impact investing must include one of the largest and fastest-growing sources of philanthropic capital: donor-advised funds.

Offering tools to philanthropy:

- **Darling, Smith, Stiles, and Sparkes Guber** introduce the innovative and intentional practice of "emergent learning." Their article inspires leaders to think about strategy and learning less as a chess grandmaster would and more like what happens among the members of a well-coordinated soccer team. Using the soccer team metaphor, we can better understand the difference between adaptive vs. emergent strategy and what it takes to create a whole that is greater and more sustainable than the sum of its parts.

- **Youker and Ballard** build upon the theme of "emergence" by offering a model for evaluation in which official or stated program goals and objectives are unknown by the evaluator. They argue that the recent trend toward trust-based philanthropy creates opportunities for foundations and nonprofits to consider pursuing goal-free evaluation.

- **Patton, Foote, and Radner** advocate that philanthropic endeavors should be undergirded by a theory of philanthropy that describes and explains how and why a particular foundation engages in philanthropy in the first place. A theory of philanthropy articulates a foundation's role in supporting broader theories of change to address complex societal changes with a collaborative stance, rather than going it alone.

- Additionally, **Vega** offers a review of David Peter Stroh's *Systems Thinking for Social Change,* emphasizing the importance of systems thinking in addressing complex social challenges and fostering long-lasting systemic and structural change.

Addressing issues that confront the philanthropic sector as a whole:

- **Stahl** calls attention to the urgent need for funder investments in the ability of grantee nonprofit organizations to support their staff. Such investments, when done well, can yield significant value for individuals, organizations, and fields of work or movements. Furthermore, the value of these investments can be evaluated and communicated.

- Finally, in a new article that will become an instant classic, **Lynn and Coffman** argue that while philanthropy's focus on systems change as a way to scale and sustain impact is now widely accepted, the sector largely fails to recognize that there are different mental models for how to change systems. They offer two models for us to consider that are dependent upon what we are trying to achieve and what conditions we face: strategies using the systems dynamics model involve targeted interventions at specific leverage points, while the systems emergence model focuses on experimentation and adaptation.

Looking to the Future of Philanthropy – Reflections From the Author Roundtable

Early in 2024, *The Foundation Review* hosted the first ever author roundtable. We invited the distinguished authors of this special issue of *The Foundation Review* to reflect on why their articles have continued to be read and cited, why the topics and issues explored in their articles matter, and what key trends and issues philanthropy needs to address going forward. We invite you to view a collection of anniversary videos created for the celebration which highlight these key themes raised by our authors:

- Philanthropy needs better strategy, more capacity, and more collaboration to address the "poly-crises" of today and tomorrow. Philanthropy is not adapting quickly enough to a world that is volatile, uncertain, complex, ambiguous, and rapidly changing.

- Foundations need to engage in authentic and effective networking and organizing practices in order to advance change. Foundation leaders promote the idea of collaboration and aligned action but rarely engage with the same intentionality within their own foundation roles.

- At the heart of all the change and transformation that philanthropy is trying to achieve are PEOPLE — the human capital component of our theories of change and our intended impact. We are not investing enough in the people who need to lean into the riskier change needed to advance and achieve impact.

- Foundations should better leverage the investment opportunities and market forces that could support and catalyze change and they should strive to create additional long-term and sustainable finance for nonprofits and change organizations.

Conclusion

This journal would not exist without the Dorothy A. Johnson Center for Philanthropy, where *The Foundation Review* was incubated, nurtured, and made to flourish. Particularly under the executive leadership of Dr. Lesley D. Slavitt, and long-serving associate editor, Pat Robinson, who, along with Dr. Behrens, nurtured the journal. Nor would it exist without the authors, reviewers, and funders who saw the value of such a journal to philanthropic knowledge and practice.

Personally and professionally, I owe a great deal to *The Foundation Review*. As an evaluation consultant, contributing author, reviewer, and foundation chief learning officer, I always found *The Foundation Review* to be fertile ground for my learning, professional development, and practice. The contributing authors and reviewers have been my teachers, coaches, and colleagues. They have been generous in sharing their inspiration, wisdom, deep experience, and key takeaways. This issue is dedicated to them for making sure that results, tools, reflective practice, and sector knowledge become fodder for learning and reflection to shape future generations of grantmakers. I invite our readers, to whom this work is dedicated, to celebrate with us and revisit, or discover anew, all that *The Foundation Review* has to offer.

Hanh Cao Yu, Ph.D.
Editor-in-Chief of Special Issues

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REFLECTIVE PRACTICE

15 | Four Network Principles for Collaboration Success (2013) – With 2024 Prologue

Jane Wei-Skillern, Ph.D., and Nora Silver, Ph.D., University of California at Berkeley

This article, originally published in 2013, identifies a set of four counterintuitive principles that are critical to collaboration success and offers insights into how nonprofit leaders can ensure that their collaborations can have an impact that is dramatically greater than the sum of the individual parts. A decade of research developing detailed case studies on a range of successful networks revealed to the authors a common pattern of factors that are essential to effective networking. The principles are to focus on mission before organization; manage through trust, not control; promote others, not yourself; and build constellations, not stars.

In the 2024 prologue, Wei-Skillern notes that there is now more interest in and need for this approach than ever, and there is still much work to be done. Funders can make a difference by modeling a different way of leading — building up community and the individuals within that community at all levels, not just investing in those who hold formal leadership positions.

25 | Raising the Bar — Integrating Cultural Competence and Equity: Equitable Evaluation (2014) – With 2024 Prologue

Jara Dean-Coffey, M.P.H., and Jill Casey, B.S., jdcPARTNERSHIPS; and Leon D. Caldwell, Ph.D., Equal Measure

This article was originally published in 2014 — a time when equity was not as frequently evoked as it is now. Social justice and human rights are part of the mission of many philanthropies. Evaluation produced, sponsored, or consumed by these philanthropies that does not consider the imperatives of cultural competency may be inconsistent with their missions. The American Evaluation Association's Statement on Cultural Competence provides those who produce, sponsor, and use evaluation an opportunity to examine and align their practices and policies within a context of racial and cultural equity and inclusion. This article seeks to open a discussion of how philanthropy can use an equitable-evaluation approach to apply the principles of the AEA statement, present the concept of equitable evaluation alongside an approach for building equitable-evaluation capacity, and apply equitable-evaluation capacity building to philanthropy.

In the 2024 prologue, Dean-Coffey describes how the research that led to this article stemmed from a foundation wanting to know how others were addressing equity — racial equity in particular — in their evaluation approach. A deeper curiosity led to the Equitable Evaluation Framework™ Framing Paper and "What's Race Got to Do With It? Equity and Philanthropic Practice." Both informed the purpose of the Equitable Evaluation Initiative, which is to seed a field of EEF practitioners who advance equity; expand notions of objectivity, rigor, and validity; and embrace complexity.

41 Lost Causal: Debunking Myths About Causal Analysis in Philanthropy (2022) – With 2024 Prologue

Jewlya Lynn, Ph.D., PolicySolve; Sarah Stachowiak, M.P.A., ORS Impact; and Julia Coffman, M.S., Center for Evaluation Innovation

This 2022 article explores how and why philanthropy has largely rejected the rigorous examination of cause-and-effect relationships in social change strategies. It outlines the myths that, the authors argue, stood in the way of this practice and calls for increased causal analysis in the sector and the use of new ways for doing it, particularly for strategies rooted in complex systems.

In the 2024 prologue, the authors describe how they launched Causal Pathways, a collaborative field-building initiative that is responding to the demand for more learning and practice on this topic. They identify two new myths about why more causal analysis is not happening: Evaluations are already causal and there is nothing that needs to change, and causality is not important in evaluations. The authors also encountered practical barriers to applying causal approaches. Funders and evaluators need in-depth and real-life opportunities to try and learn causal approaches.

55 Internal Culture, External Impact: How a Changemaking Culture Positions Foundations to Achieve Transformational Change (2016) – With 2024 Prologue

Amy Celep, M.B.A., Community Wealth Partners; Sara Brenner, M.B.A., Jewish Community Foundation of Greater Washington; and Rachel Mosher-Williams, M.P.A., RMW Consulting Group

Authors of this article, originally published in 2016, argue that a foundation's internal culture is critical to achieving large-scale social change, but that efforts to build a changemaking culture too often are left out of strategy conversations. While there is no one culture that suits every foundation, a particular set of characteristics must be present in those that seek large-scale social change: a focus on outcomes, transparency, authenticity, collaboration, racial equity and inclusion, continuous learning, and openness to risk. This article offers insights into why culture can be challenging for foundations to address and maintain, examines cases of successful culture change at foundations, and offers advice for foundations that aspire to it.

In the 2024 prologue, the authors note that philanthropy has evolved in some important ways since the article was written. One significant change has been an increase in the number of foundations that are shifting priorities and practices to center racial equity — this out of recognition that race is the biggest indicator of disparities on a range of social issues in the United States. For foundations working to build a culture centered on equity and inclusion, the authors offer three recommendations: be intentional with language, prioritize relationships and listening, and pay attention to power.

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Donor-Advised Funds and Impact Investing: A Practitioner's View (2022) – With 2024 Prologue

Sam Marks, M.P.P., FJC-A Foundation of Philanthropic Funds

In this 2022 article, the author argues that any discussion of foundations embracing impact investing must include some discussion of one of the largest — and growing — sources of philanthropic capital: donor-advised funds. These philanthropic accounts allow donors of all sizes to access many of the functions of a private foundation, including the potential to invest for impact. Sponsors of these funds, however, face unique challenges in catalyzing impact investments. Like the larger institutional foundations that have led the way as mission investors, sponsors must often educate and inspire governance boards and investment committees. Unlike foundations with professional program staff, sponsors of donor-advised funds are guided by multiple account holders — often numbering in the hundreds or thousands — in making decisions regarding philanthropic resources. This article takes a practitioner's view on the issue, reflecting on lessons learned by a sponsor of donor-advised funds that has long accommodated the impact investing interests of its donors.

In the 2024 prologue, the author notes that the process of writing the article helped him to reflect on FJC's own practices and put them into the context of where the field of philanthropy — and donor-advised funds in particular — is going. Accelerating impact investing means changing minds and attitudes about how we weigh risk, return, and impact, and centering nonprofits' business needs.

TOOLS

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Emergent Learning: A Framework for Whole-System Strategy, Learning, and Adaptation (2016) – With 2024 Prologue

Marilyn J. Darling, M.A., Jillaine S. Smith, B.A., and James E. M. Stiles, Ed.D., Emergent Learning Community Project; Heidi Sparkes Guber, M.P.S.

The original article, published in 2016, describes Emergent Learning as a "framework." In the 2024 prologue, the author argues that it is more a way of thinking and being in any situation — and the form it takes can look different from situation to situation. Emergent Learning is about understanding the difference between an adaptive strategy and an emergent one — what it takes to create a whole that is greater and more sustainable than the sum of its parts. Since 2016, the community of Emergent Learning practitioners has grown seven-fold and is bringing what they are doing, seeing, and learning back to the community. Over 60 community members recently came together to write a *Guide to the Principles of Emergent Learning* — a material example of what can happen when these ideas are brought to life. How and when their practices do or don't result in emergence, "What does it take?" is always their first question.

97   Goal-Free Evaluation: An Orientation for Foundations' Evaluations (2014) – Revised 2024

Brandon W. Youker, Ph.D., Western Michigan University; and Allyssa Ballard, L.M.S.W., M.P.A., Suppression Expression Counseling

The original article, published in 2014, introduced goal-free evaluation to the philanthropic community. A model in which official or stated program goals and objectives are unknown by the evaluator, goal-free evaluation serves as a counter to assessing impact solely according to goal achievement. Foundation-supported program evaluation, however, has historically focused on goal attainment as intuitively and inextricably linked to evaluation — a focus that has persisted despite the fact that goal-free product evaluations have been a norm for more than 75 years. The purpose of this article is not to advocate for the use of GFE per se, but rather to introduce it to the philanthropic community, present the facts of GFE use in program evaluation, and describe aspects of GFE methodology. These — along with sharing such potential benefits — demonstrate that goal-free evaluation is a perspective that belongs in a grantmaker's toolbox.

Since 2014, the authors note, there have been advances in GFE worthy of recognition. In this 2024 revised article, they briefly introduce and differentiate between the two types of GFE — intentional and goal-dismissive — and demonstrate that an intentional GFE can be fully goal-free throughout an evaluation or partially so when it becomes goal-based at some point in the evaluation. In their conclusion, the authors argue that the recent trend toward trust-based philanthropy creates opportunities for foundations and nonprofits to consider pursuing goal-free evaluation.

109   A Foundation's Theory of Philanthropy: What It Is, What It Provides, How to Do It (2015) – With 2024 Prologue

Michael Quinn Patton, Ph.D., Utilization-Focused Evaluation; Nathaniel Foote, J.D., M.B.A., TruePoint; and James Radner, M.Phil., University of Toronto

In the 2015 original article, the authors argue that philanthropic endeavors should be undergirded by a theory of philanthropy that describes and explains how and why a particular foundation engages in philanthropy, and they provide details about how to conceptualize a theory of philanthropy.

In the 2024 prologue, Patton describes how different kinds of initiatives need different theory–practice frameworks. A theory of change hypothesizes how a specific intervention (grant, project, or program) is expected to achieve desired impacts. A theory of philanthropy, in contrast, articulates a foundation's role in supporting specific kinds of theories of change.

The theory of philanthropy framework led to two further theory–practice differentiations: a theory of philanthropic alliance, which explains and hypothesizes how several foundations working together can have greater collective impact than they could working separately, and distinguishing a theory of transformation from a theory of change. A theory of transformation incorporates and integrates multiple theories of change with diverse change agents operating at many levels that, knitted together, explain how major systems transformation can occur. What these various approaches to theory conceptualization have in common is a willingness to engage in serious and deep intellectual analysis of how change occurs, doing so to inform strategy and practice.

SECTOR

124 | ## The Soft Stuff Doesn't Have to Be Hard: Foundation Investments in Grantee Workers Are Necessary, Valuable, and Measurable (2022) – With 2024 Prologue

Rusty M. Stahl, M.A., Fund the People

In the 2022 original article, the author argues that there is an urgent need for funder investments in the ability of grantee nonprofit organizations to support their staff. Such investments, when done well, can yield significant value for individuals, organizations, and fields of work or movements. Furthermore, the value of these investments can be evaluated and communicated. This article explores the reasons for and implications of the inadequate response by funders, offers a path forward for designing investments in grantee staff, and documents how funders can capture and communicate the value of these "talent investments." Powerful myths serve as barriers to widespread funder investment in grantee staff, and the resulting environment is significantly harmful to wellness, morale, productivity, and equity for organizations and professionals in the social sector. One of these myths that has gone unchallenged is the assumption that it is impossible to assess how investments in grantee staff lead to greater social impact.

In the 2024 prologue, the author notes that the mission of Fund the People is to maximize investment in this country's nonprofit workforce. That will mean building a new way for funders to think about how they make change. Grantmakers often start by thinking about results. The author argues that they need to start further back in the process and support people to do their best work. This means addressing issues of pay, benefits, organizational culture, wellness, personnel policies, human resources infrastructure, and equity and inclusion. Funders are waking up to endemic burnout in the nonprofit sector. The overhead myth remains entrenched, but change is beginning to take hold.

142 | ## Passing in the Dark: Making Visible Philanthropy's Hidden and Conflicting Mental Models for Systems Change (2024)

Jewlya Lynn, Ph.D., PolicySolve, and Julia Coffman, M.S., Center for Evaluation Innovation

In this new 2024 article, the authors argue that while the need for philanthropy to focus on systems change as a way to scale and sustain impact is now widely accepted, the sector largely fails to recognize that there are different mental models for how to change systems. Sometimes the approaches foundations use are based on competing mental models or models that are not a good fit for the systems, problems, strategies, or practices they are using. The authors describe two mental models for systems change being used in philanthropy: systems dynamics and systems emergence. Strategies that use the systems-dynamics mental model aim at points of high leverage in a system and predict the kinds of changes that will occur. Strategies that use the systems-emergence mental model look for parts of the system that are under-resourced and experiment with ways to disrupt or reinforce them. This article explores these two mental models, provides examples of foundation strategies that use each approach, and offers tools for aligning mental models with philanthropic practice.

BOOK REVIEW

161 Systems Thinking for Social Change: A Practical Guide to Solving Complex Problems, Avoiding Unintended Consequences, and Achieving Lasting Results (2015)

Book review by Hilda Vega, M.A., Hispanics in Philanthropy

This book review notes that in the past decade or so, systems thinking has increasingly made inroads into the nonprofit sector as a more holistic approach to complex social challenges. Vega highlights that one of the most important messages in David Peter Stroh's *Systems Thinking for Social Change* is that in our efforts to do good, we often get so caught up in the immediacy of finding a solution that we misunderstand or put off the need for long-lasting systemic and structural change. The reviewer says that at times, Stroh rightly points out, our short-term choices can undermine our goals. Using examples, Stroh details the structure of systems thinking and how the set of tools offered by causal loop diagrams can be useful in understanding systems. For Stroh, this approach helps stakeholders see the big picture — the one we often forget to look for — and our role in it.

Four Network Principles for Collaboration Success – With 2024 Prologue

Jane Wei-Skillern, Ph.D., and Nora Silver, Ph.D., University of California at Berkeley

Keywords: Nonprofit strategy, foundation strategy, nonprofit networks, collaboration

Prologue

Jane Wei-Skillern, Ph.D.

When I started to publish case studies and research on high-impact nonprofit networks in the early 2000s, the interest in my work was lukewarm at best. In the post-dot-com era, social entrepreneurship, nonprofit innovation, scale and capacity, branding, and performance measurement were all the rage. The dominant thinking in the field was that if we could just run social impact organizations more like fast-growth, private-sector businesses, then we could finally get to mission impact. As a young academic just starting out, I often doubted whether I was on the right track at all with my research focus on nonprofit networks.

At the same time, I was so inspired and compelled by the amazing stories of nonprofit networks, whose leaders were not focused on any of these issues, but instead, were leading with the grandest of ambitions, yet with utmost humility. These leaders were catalyzing networks of trusted allies, investing in relational rather than organizational infrastructure, and were delivering on their missions without trying to be the brightest stars, but by building constellations.

And so, what a wonderful surprise it was to learn that "Four Network Principles for Collaboration Success" has been among the most popular in the 15-year history of *The Foundation Review!* Our article distills the lessons from many cases of network leadership that I have had the privilege to study and document over the past two decades. Those four principles — focus on mission before organization; manage through trust, not control; promote others, not yourself; and build constellations, not stars — are not my ideas. Instead, they are based on

> ### Key Points
>
> - This article identifies a set of four counter-intuitive principles that are critical to collaboration success and offers insights into how nonprofit leaders can ensure that their collaborations can have an impact that is dramatically greater than the sum of the individual parts.
> - Based on a decade of research developing detailed case studies on a range of successful networks, the authors have identified a common pattern of factors that are essential to effective networking.
> - The principles are to focus on mission before organization; manage through trust, not control; promote others, not yourself; and build constellations, not stars.

the wisdom of countless network leaders who have tirelessly pioneered this way of working long before I ever came along to study it. They continue to lead through networks because they intuitively saw that working in community with trusted partners was truly the most efficient, effective way to get to scalable, sustainable impact. At the same time, unfortunately, this approach is often countercultural in the philanthropic and social-impact space, which so often puts a premium on organizational-level success, top-down performance metrics, brand recognition, and "star" organizations.

Over the past two decades, my goal in sharing these stories of nonprofit networks has been to champion these unsung heroes whose work has often been a struggle, and to make it possible for these networks, and so many others, to thrive. Thankfully, there is now more interest in this approach than ever. Unfortunately, the need has

also never been greater and there is still much work to be done. And funders, as I noted in our Author Roundtable discussions, can make a tremendous difference here by modeling a different way leading — building up community and the individuals within that community at all levels, not just investing in those who hold formal leadership positions. When it comes to the reality on the ground, they're the experts. Provide them with leadership skills and training — and in a safe place, where the emphasis is on surfacing new ways of meeting community needs instead of meeting a funder's two-year performance standard.

My dream is that there will be a dramatic culture shift in the philanthropic and social-impact communities so that someday the ethos embodied by these four network principles will be the norm rather than the exception. Just as I have been inspired to share these examples of leadership, I aspire to lead in this way myself. If I can support your efforts to work in community with others to change the world, please do reach out. I would love to hear from you.

Introduction

Despite high hopes, hard work, and significant investment, the social sector has experienced countless partnerships that have failed to live up to expectations. How are some collaborations able to achieve spectacular results while others fail spectacularly? This article introduces four key operating principles that build a culture for collaboration success.

In developing these principles, we draw upon our own research and work with partnerships and networks. Jane Wei-Skillern (now on the faculty at UC Berkeley's Haas School of Business and Stanford Graduate School of Business) began her career studying nonprofit growth and became very aware of the many challenges to organizational scale as the primary path to mission impact. At the same time, she identified several examples of nonprofits that had dramatically increased their mission impact through a

strategy of cultivating external networks rather than organizational level growth. She has since focused on studying leading edge networks and published several articles and HBS case studies on the topic. Nora Silver is on the faculty of UC Berkeley's Haas School of Business and director of the Center for Nonprofit and Public Leadership. Before joining academia, she developed and supported a network of foundations and nonprofits to increase, strengthen, and diversify volunteerism for 13 years. Her research is on multisector leadership and nonprofit networks. The four principles emerged from our collective experience.

To illustrate the framework we use the case of the Energy Foundation, a $100 million foundation that is among the largest philanthropic funders advancing clean-energy policy, as a prime example of a foundation that has successfully catalyzed networks. Although a leading funder in the sector, EF may be the largest foundation that most people have never heard of. This is entirely by design. To advance its network, the foundation routinely acts to build the field of energy philanthropy, though not necessarily EF as an institution. And the Energy Foundation exemplifies those four principles.

A rich literature on applying networks in the nonprofit sector has emerged in recent years (Plastrik & Taylor, 2006; Monitor Institute & Grantmakers for Effective Organizations, 2011; Wei-Skillern & Marciano, 2008), with research on network structures (Grossman & Rangan, 2001; Huggett et al., 2010), systems (Kania & Kramer, 2011), and technological tools (Kanter & Fine, 2010; Scearce et al., 2010). The leadership skills and culture that are essential to successful network building, however, are often overlooked. We maintain that these skills are the critical factors that differentiate failed or mediocre collaborations from those that achieve transformational change. Yet, the leadership mindset and skills critical to the success of networks are the opposite of what is typically rewarded in the philanthropic sector. Since the skills for successful networking are

counterintuitive relative to common practice, they are worth highlighting here:

- Focus on mission before organization. Effective network leaders build strategies that advance the mission even when it does not result in direct benefits to their organization.

- Build partnerships based on trust, not control. Leaders depend upon shared values and trust rather than top-down controls and account-ability systems.

- Promote others rather than yourself. Network leaders exhibit a strong norm of humility above all else, sharing credit and foregoing opportunities for individual advancement and institutional growth and brand building.

- Build constellations rather than lone stars. Leaders who catalyze successful networks acknowledge their weaknesses as readily as their strengths. The goal is to build the larger system that is necessary for delivering on the mission, not to become the "market leader."

Network leaders have succeeded often not because of, but despite, the contexts in which they operate. Nonprofit leaders — whether funders, board members, or nonprofit executives — tend to focus on their organizations as the primary vehicle for delivering their ambitious missions despite the reality that working with other external actors is fundamental to mission success. It is often assumed that controls and performance-accountability systems ensure quality impacts, when in fact shared values and trust among funders, nonprofits, and beneficiaries can actually lead to superior results. Nonprofit leaders are routinely lauded for increasing budgets, expanding programs, and building their institutions. Garnering rec-ognition for organizational achievements and building organization brands are considered critical for fundraising success and, in turn, organizational sustainability. It should therefore be no surprise that humility is not the norm in the nonprofit sector. To harness the tremendous potential of networks, all nonprofit leaders must let go of conventional wisdom and shift

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their focus from organization level goals to network-level impacts. To show what this shift looks like in practical terms, we illustrate each of the four principles below using examples from the Energy Foundation case.

Principle 1: Strategy Is Determined by Mission Impact Before Organizational Growth

It is expected that nonprofit leaders grow their organizations in order to achieve significant social impact. Funders often seek short-term metrics to demonstrate the effectiveness of their grants. Boards, often populated with leaders from the corporate sector where growth is a key indicator of success, have a tendency to equate a nonprofit's growth with success. Nonprofit executives respond to the expectations and demands of their funders and boards, focusing on internal, organization-level activities such as program expansion, revenue growth, and orga-nizational replication.

Yet, there are limits and challenges to growth. Organizational capacity is often stretched to launch a growth effort, and funding for sustaining growth once it has been achieved is notoriously difficult. Even if scale is achieved, managing multisite organizations is often a struggle to coordinate activities between headquarters and the field (Grossman & Rangan, 2001; Huggett et al., 2010), disseminate knowledge and innovation (Smith Milway & Saxton, 2011), and foster collaboration and coordination between affiliates (Kramer, 2009), among other challenges.

By contrast, networked nonprofits set at the center of their work their missions, instead of organizational gains or their short-term organizational objectives. They forsake organization-level benefits, sharing or relinquishing control over program implementation, access to funding, and recognition in order to focus on achieving leveraged impact rather than organizational scale.

The MacArthur, Pew, and Rockefeller foundations exemplified this mindset in 1991 when they jointly established the Energy Foundation with a mission to help solve America's energy problems. The three foundations collectively committed $100 million over 10 years to develop a new, independent philanthropic entity that would act as a strategic intermediary to achieve leveraged impact by supporting grantees that influence policy. This, in turn, would spur the growth of new clean-technology markets.

The founding donors set the stage to enable EF to embrace this network principle as well. Although each foundation committed different amounts to EF, all agreed to work as equals. Each appointed a single board member, but stipulated that the foundation be governed by a board comprised of the world's leading energy experts instead of large donors. By committing substantial, unrestricted, patient capital, they enabled the founding executives to be entrepreneurial and focus on letting the work of the foundation speak for itself (and to other potential donors) rather than get caught up in growing a large staff or building the institution. With a long-term commitment from its

founding donors, EF kept a lean staff and began making grants right away. The founding donors' foresight enabled the foundation to help catalyze the growth of energy philanthropy such that billions of dollars have now been committed to clean energy industries worldwide, though EF's own annual budget has remained a relatively modest $100 million.

Rather than striving to build itself as an institution for its own sake, EF achieves leveraged impact because it advances its mission by building a network of powerful partners with other funders and grantees. The foundation aggregates philanthropic capital, works with the world's leading energy experts to synthesize strategies, and builds a portfolio of grants to advance clean-energy technology in the U.S. and China, the largest and fastest-growing energy markets in the world.

The results? Scientists and advocates funded by EF provided research, testimony, and other expertise that led California to adopt the nation's strictest fuel economy standards in 2004 — the first of many small victories of the EF network in advancing its mission. Thirteen other states soon followed California's lead and, in 2010, the Obama administration adopted clean car standards at the federal level. Since the adoption of federal fuel economy standards, innovation in the auto industry has exploded. In 1991 there were virtually no hybrid vehicles on American roads; now it is projected that there will be 55 hybrid models by 2015. By 2016, the U.S. vehicle fleet will reach an average of 35 miles per gallon, reducing global warming pollution by 400 million metric tons per year by 2030.

According to an independent evaluation, EF has been highly successful at advancing its goal of a sustainable energy future (Parzen, 1998). In the mid 1990s the foundation launched six regional campaigns to promote renewable portfolio standards that require minimum levels of renewable energy by power companies. In 15 of the 16 states that have adopted the renewable portfolio standards, 15 of the adoptions could be traced directly to EF campaigns (Kohler, 2007). By playing a role behind the scenes to weave together a

broad network of funders, grantees, and energy policy experts, EF was able to contribute to reaching these goals. Yet, rarely, if ever, was EF's role in these policies shared publicly, except when making the case for continued support to its own funders.

Successful network leaders often do the opposite of what conventional wisdom would suggest — forsaking organizational-level gains for mission impact. Although individual organization success contributes significant incremental impact on the ground, these organizations focus on the bigger picture and are aware that achieving mission impact requires vastly more than their own institutional growth. In the short term, this might mean a shift in focus from program expansion and replication to investing in peer networks to improve and broaden services. This can translate into expanding impact without necessarily bearing the burden of additional costs because the network as a whole is generating the value together and at greater efficiency (e.g., reduced duplication, leveraging expertise).

Principle 2: Build Partnerships Based on Trust, Not Control

Partner selection is of the utmost importance in successful networks. Selecting trustworthy partners lays the foundation upon which trust can be built. Many partnerships have failed because they have been forced from the top down, often by well-intentioned funders. Rather than identifying existing relationships in the field and investing to further support them, funders have tried to orchestrate new collaborations based on their own funding strategies. By ignoring the alignment of values and trust that is necessary among partners, funders often inadvertently sabotage their own efforts to promote collaboration. Consequently, partners often come to the table for the wrong reason — the promise of additional funding for their organization, rather than affinity toward their peers or desire to work collaboratively. These funder-driven relationships tend to focus on developing systems and processes for coordination rather than building the social capital that is essential to making the collaboration succeed over time.

Many partnerships have failed because they have been forced from the top down, often by well-intentioned funders. Rather than identifying existing relationships in the field and investing to further support them, funders have tried to orchestrate new collaborations based on their own funding strategies.

Networked nonprofits, in contrast, invest heavily in due diligence to select partners with whom they can work in the long term. They select a partner based not on how its credentials look on paper, but on its reputation for impact and its track record of commitment to working with others based on stated values. As the network develops, these shared values guide partners' decision-making and build in accountability to the shared goals. With these commonalities, participants are freed from trying to micromanage for every contingency and enjoy greater flexibility to respond to changing circumstances and strategic imperatives. Ongoing investment in the relationships further engenders trust among network participants.

One grantee described pursuing an EF grant as a substantial undertaking, but one that enabled grantee organizations to develop their organizations. Unlike foundations that make one-year grants and churn their portfolios, EF provided multiyear grants that enabled grantees to develop institutional capacity. Grantees received not only financial support, but also participated in convenings with peer grantees and received tactical and strategic support from independent third-party coordinators paid for by EF. A majority of EF's grants are offered to organizations with which EF has had a previous relationship.

According to Eric Heitz, president of the Energy Foundation,

> We try not to do anything ourselves that someone else could do better. We get excited when we find grantees that think the same way, and we support them. We believe people who are closer to the challenges are often in a better position to make the strategic call.

Thus, EF sometimes makes grants to coalitions of nonprofits that are then able to regrant the funding according to how the local nonprofit leaders believe the resources can best be utilized across the coalition. This is the ultimate in unrestricted funding — allowing the grantee full flexibility to use the funds not only internally, but also through its peers. The networked approach employs a bottom-up way of solving a problem: relying on local and community experts, beneficiaries, and trusted partners to build joint solutions, and distributed systems to deliver the solution.

The founding business plan for EF reflected input from more than 100 interviews with the world's leading energy experts across all sectors. Extensive peer reviews continue to shape EF's program sectors and strategies. Energy Foundation staff regularly host workshops on different issues, bringing together experts from across the spectrum. Their third-party coordinators working in the field often bring back information about potential gaps and additional funding needs. Foundation staff is reminded to "never pretend to be the smartest in the room," but rather to regularly seek out experts who can raise questions and critique EF's strategy so that it can adapt to the field. The foundation deliberately does not publish its funding strategy in detail because it does not want to miss potential innovations from current and future grantees by defining it too explicitly.

High-impact networks are comprised of organizations that see the work of others in their network as integral to their ability to achieve impact. There is no hierarchy as to the value of various resources or skills that are brought to bear on the problem. For example, despite

bringing the majority of the financial capital to the table, EF readily acknowledges that strategic insights into how to deploy funds can be gained from grantees, board members, and other experts in the network. This dynamic enables less restricted and more frequent communication and greater learning and coordination across network participants. Indeed, mutual accountability among peers is often found to be a more powerful lever for ensuring high performance than top-down approaches, across a range of contexts (Hiller et al., 2006; Sarason, 1990; Torre & Voyce, 2007). Trust-based relationships among network partners allow more holistic, coordinated, timely, and realistic solutions to rise to the surface. This approach requires a fundamental rethinking of prevailing managerial approaches, in which hierarchy and top-down controls are the norm.

Principle 3: Promote Others Rather Than Yourself

Humility is a hallmark of successful network catalysts. Networked nonprofits recognize the enormity of the problems that they seek to address, and are aware that it is folly to go it alone. By acknowledging one's own limitations, leaders focus less on developing their own competitive advantages and become more open to learning and engaging with others in the field. Networked nonprofits understand that when it comes to recognition, giving can be more powerful than receiving. Sharing or even eschewing recognition for contributions to the network builds a reservoir of goodwill that motivates all participants to fully invest and lend their ongoing support to the network. This dynamic requires a dramatic mindset shift from one in which leaders try to exert maximum control over strategy and programs and focus on gaining recognition for themselves and their organizations. Highlighting the contributions of one's peers engenders high performance throughout the network.

The Energy Foundation deliberately plays a behind the scenes role, supporting groups that play a more public role. While its grantees routinely appear in the press and in public forums, EF does not see that as its role or as how it can add the most value. Thus, EF actively seeks to

FIGURE 1 Build Constellations, Not Stars

Stars: Traditional organizational level approach

Constellations: Build network with mission at the center, no dominant institutional or programmatic approach

Government

Industry Groups

Donors

Private Sector Leaders

Energy Foundation

Grantees

Foundations

Other

Academia/ Energy Experts

Other Nonprofits

Government

Industry Groups

Donors

Private Sector Leaders

Advance Clean Energy Policy

Grantees

Foundations

Other

Energy Foundation

Academia/ Energy Experts

Other Nonprofits

NOTE: Concept attributed to Marty Kooistra.

give credit to grantees, instead of trying to take the credit for itself.

This approach has served EF particularly well in its China Sustainable Energy Program, whose goal is to support the country's efforts to increase energy efficiency and renewable energy. CSEP, whose staff are indigenous Chinese, utilizes a service-oriented model, offering assistance to Chinese agencies, experts, and entrepreneurs to address energy challenges. The program links Chinese experts with best-practices expertise from around the world. As China emerges as one of the world's sustainable energy leaders, CSEP is beginning to share best practices from China with the rest of the world. The Energy Foundation's approach with CSEP is to elevate local champions and to play a support role wherever possible; its president has quipped that the foundation is "servant to many, master to none." He describes the EF approach as based on the thought of the ancient Chinese philosopher Lao Tse: "The leader is best when people barely know we exist. When the work is done, people will think they did it themselves."

To get work done effectively through a network, participants routinely strive to help others do their best and make others look good. Networked organizations see the work of others as integral to their own ability to achieve mission impact. As a result, they look to the strengths of their partners and seek to support and empower them. The synergies among partners' respective skills, knowledge, and resources, in turn, generate superior results.

Principle 4: Build Constellations, Not Stars

Networked organizations do not strive to be the brightest star, but rather to build the constellation that will enable achievement of the shared vision. They see themselves as nodes within an array of equal, interconnected partners, rather than as the center of their universes. The goal is not to become the leaders in their fields first and then engage in collaboration to further establish dominance. Instead, the goal is to mobilize the various organizations and resources that together can deliver more impact. Resources of all types — leadership, money, talent — can have dramatically more impact when leveraged across organizations, fields, and sectors. Not only does this approach save each organization from trying to do everything on its own, it promotes a dynamic in which resources are allocated where they can make the most impact. If another organization is better able address an issue, then it makes sense to invest in that effort rather than to reinvent the wheel in one's own organization. This is the approach the EF takes. (See Figure 1.)

Alongside the results that EF has seeded on the ground, it has played an instrumental role in developing the broader energy philanthropy field. Although EF has no endowment and must fundraise annually for its own operations, it routinely suggests that donors give directly to others in the field if it is not able to add the most value. Furthermore, EF often invests its own resources in field building with no expectation of a direct benefit. For example, EF has lent its executive staff for months at a time to peer organizations to develop capacity for working through networks among their counterparts globally. EF executives will often give presentations to educate other donors to give to the energy philanthropy field, even if funding for EF is not forthcoming. The foundation's goal is to grow the market, rather than to become the market leader. Success is measured by reductions in tons of carbon dioxide emissions and not by EF's own institutional success. Other networked nonprofits share this approach to orchestrate the array of actors that together can deliver a more effective, more efficient, and more sustainable impact.

The Energy Foundation's strategy illustrates the shift from building a great institution to making its role less necessary. While the EF case illustrates the four network principles, other successful networks that we have studied in microfinance, international development, environmental conservation, and human services exhibit these principles as well. Indeed, these principles were derived from identifying patterns of strategy and leadership across a portfolio of network cases and contexts.

But it should be kept in mind that even with these similarities, every network is unique and emerges from its particular context and circumstances. Thus, we offer the essential principles that form the DNA of a successful network culture. The Energy Foundation was able to flourish as a network in part because it was explicitly created by its founding donors as a network; the MacArthur, Pew, and Rockefeller foundations offered significant patient capital and the support of an expert board (rather than a donor board) to building the network and the

energy philanthropy field more broadly. As a newly established institution in an emerging field, EF did not have to fight the turf battles that are more common in established fields.

The mandate has never been to build EF as an institution, but rather to promote the global transition to a sustainable-energy future. With the support of its founding donors, EF had the flexibility to experiment and innovate. From the beginning, it was clear that the only way to achieve its goal was to achieve significant leverage on its own limited resources. Mobilizing a network of institutions in which EF was just one of many important actors seemed to be the only logical path to success.

While each network may emerge out of idiosyncratic circumstances, they share a relentless focus on the vision and mission as the primary driver and motivator of action. In the long term, nonprofit leaders should strive to make themselves less relevant — even go out of business — because they have achieved their mission or built capacity into the system to deliver the mission sustainably. Heitz even tells his staff that their job is to "lose": Once they have supported initiatives or organizations to succeed, their job is to let them go and apply EF's resources to the next big challenge. While few organizations are close enough to meeting their missions that they are actually at risk of putting themselves out of business, nonprofit leaders should aspire to nothing less.

Network Opportunities for Funders

The urgency and scale of the problems facing society today, coupled with the limited results to date, argue for a new approach. (See Table 1.) Networks hold the potential for meeting the challenge. To ensure collaboration success, leaders at all levels must go in with a fundamentally different mindset, letting go of conventional wisdom and shifting their focus from organization-level gains to mission and field-level impact. Leaders must find trusted partners with whom they are willing to invest while sharing control and recognition. The norm of humility must replace self promotion. The quest for the

TABLE 1 Network Mindset Shift

From	To
Focus on growth	Focus on the mission
Focus on control	Focus on trust
Focus on yourself	Focus on others
Forcus on garnering resources	Focus on sharing resources
Focus on the particular	Focus on the whole

organizational success must be relinquished for the real potential of solving problems.

While there are funders that encourage collaboration among their grantees, the number that live and breathe these principles in practice is rather small. If funders expect to see more collaborative behavior in the field, a good place to start is with themselves. It is often said that he who pays the piper calls the tune. Armed with these principles, funders are in the unique position to "be the change that they want to see in the world."

To begin on this path, funders might consider:

- Selecting grantees that embody the leadership capabilities to work through networks with a track record of working through networks. Invest in these leaders and their existing networks rather than trying to create new networks among grantees that might not have the inclination or ability to collaborate.

- Providing unrestricted, long-term support to enable grantees to experiment with and develop networks that have the greatest impact. If sufficient due diligence is done in selecting network leaders, it is likely that fruitful networks will emerge. Funders are infusing additional support into networks that developed organically: They are going with the flow rather than trying to redirect the river.

- Rethinking performance metrics, shifting from organizational-level to network-level impacts, allowing grantees and beneficiaries themselves to help identify performance metrics and develop accountability systems, and at the same time remaining realistic about the timelines required for achieving network-level impacts. Often, performance-measurement systems are developed from the funder's interests and needs when, in fact, much of the expertise for understanding performance is dispersed throughout the network. Tapping into this resource can enable dramatic improvements in measurement systems.

- Working in networks themselves for greater impact, with networks of other funders or even across sectors. For funders, walking the talk is powerful at multiple levels, not the least of which includes aggregating capital, sharing expertise, leveraging resources, and strengthening the norms and culture for working through networks among grantees. The virtually untapped potential of networks in the philanthropic sector paints a hopeful picture of what the sector has the power to achieve.

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Raising the Bar — Integrating Cultural Competence and Equity: Equitable Evaluation – With 2024 Prologue

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Prologue
by Jara Dean-Coffey, M.P.H.

In 2011, the American Evaluation Association adopted a Statement of Cultural Competence.[1] "Raising the Bar" was published in 2014 — a time when equity was not as frequently evoked as it is now. The research that led to that article stemmed from a foundation wanting to know how others were addressing equity — racial equity in particular — in their evaluation approach.

In hindsight, the question rested on two assumptions: that the answer is out there, and that there is a singular and preferred way to do "it," whatever "it" is. Regardless of the intention, the question and the assumptions that underlie it reinforce a problem/fix mindset omnipresent in the U.S. settler-created philanthropic industrial complex. Equitable Evaluation as offered in our article did as asked: Do this. It presented a capacity-building frame to fix the problem of a lack of attention to equity.

For me, a deeper curiosity was sparked: How did we (and who were, and remain, the "we") get here — a place where evaluation falls short? Why does evaluation not embrace the complexity of our reality and the multiplicity of the human experience as default? What might a different evaluative practice hold as core? And

in what ways could this be an entry into how we co-create knowledge in the 21st century?

This line of inquiry produced, several years later, the *Equitable Evaluation Framework™ Framing Paper*[2] and "What's Race Got to Do

> ### Key Points
>
> - Whether implicit or explicit, social justice and human rights are part of the mission of many philanthropies. Evaluation produced, sponsored, or consumed by these philanthropies that doesn't pay attention to the imperatives of cultural competency may be inconsistent with their missions.
>
> - The American Evaluation Association's Statement on Cultural Competence provides those who produce, sponsor, and use evaluation an opportunity to examine and align their practices and policies within a context of racial and cultural equity and inclusion. The use of such a lens is paramount when evaluating a program whose goals touch on issues of equity or inclusion.
>
> - This article seeks to open a discussion of how philanthropy can use an equitable-evaluation approach to apply the principles of the AEA statement, present the concept of equitable evaluation alongside an approach for building equitable-evaluation capacity, and apply equitable-evaluation capacity building to philanthropy.

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[1] See https://www.eval.org/Community/Volunteer/Statement-on-Cultural-Competence-in-Evaluation

[2] Center for Evaluation Innovation, Institute for Foundation and Donor Learning, Dorothy A. Johnson Center for Philanthropy, & Luminare Group. (2017, July). *Equitable Evaluation Framework™ framing paper.* Equitable Evaluation Initiative. https://static1.squarespace.com/static/5a73584b8fd4d2dbcaa08405/t/5fbdb0633c02f22b9dc97d37/1606266980696/Equitable+Evaluation+Framework+Framing+Paper_200904.pdf

With It? Equity and Philanthropic Practice." [3] The first offers an initial set of grounding principles for evaluation, while the latter shares the history of the relationship between evaluation and philanthropy. Both informed the purpose of the Equitable Evaluation Initiative,[4] which is to seed a field of Equitable Evaluation Framework (EEF)[5] practitioners advancing equity; expanding notions of objectivity, rigor, and validity; and embracing complexity. Evaluation was an entry point. The practice of EEF was always intended to evolve how we co-create knowledge and has become a robust emergent praxis for present times currently in the sustain and maintain phase as a field of practice.

Definitions and decisions that predate all of us shape our belief systems. We have a responsibility as those here now to determine if they still serve our current context, align with our values, and are relevant to our purposes. And if not, then it is for us to evolve them and find different ways (some new and some old) and to be in relationship with each other as we do so.

Some things have changed since 2014, when our article was published; others remain as they always have been on this land. I am not the same as when "Raising the Bar" was co-written with Jill Casey and Leon Caldwell. What is offered in this prologue is from my perspective, knowing that others will have theirs.

Overview

The American Evaluation Association's Statement on Cultural Competence (2011) serves as an impetus for introspection about why and how work is done in the social and philanthropic sectors. In particular, it provides those who produce, sponsor, and use evaluation a precious opportunity to examine and align their practices and policies within a context of racial and cultural equity and inclusion. For philanthropy in particular, it opens the door for analysis of both the form and function of evaluation and the degree to which it forwards aims that reflect the core definition of philanthropy. [6]

Philanthropy has a complex relationship with evaluation (Coffman et al., 2013; Hall, 2003; Wales, 2012). For purposes of this discussion, however, three primary roles capture how philanthropy intersects with professional evaluation. They are, in order of influence:

- Producers. Philanthropies produce evaluations related to their investments for three reasons: to demonstrate accountability to governing bodies and other stakeholders, to measure success, and to guide quality improvement. As a producer, the philanthropic organization is invested in both the process and products of evaluation.

- Sponsors. Philanthropies often finance evaluation because they are interested in the change that occurred and what was learned as a result. As sponsors, they are removed from the process but invested in the product.

- Consumers. Philanthropies read, disseminate, and use the results of evaluations to inform their work and that of others. As consumers, they are one of the many audiences that benefit from published evaluations.

The perspectives of ethics, validity, and theory laid out in AEA's rationale for the importance of cultural competence apply in each of these roles. Whether implicit or explicit, social justice and human rights are part of the mission of many philanthropies. Evaluation produced, sponsored, or consumed by these philanthropies that doesn't pay attention to the imperatives of

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[3] Dean-Coffey, J. (2018). What's race got to do with it? Equity and philanthropic evaluation practice. *American Journal of Evaluation, 39*(4), 527–542. https://doi.org/10.1177/1098214018778533

[4] See https://www.equitableeval.org

[5] https://www.equitableeval.org/framework

[6] Merriam-Webster.com defines philanthropy as "the practice of giving money and time to help make life better for other people." See http://www.merriam-webster.com/dictionary/philanthropy

TABLE 1 Cultural Competence and Equity-Focused Evaluation

AEA Statement on Cultural Competence Essential Practices	Definition of Equity-Focused Evaluation
Acknowledge the complexity of cultural identity. Cultural groupings are not static. People belong to multiple cultural groups. Navigating these groups typically requires reconciling multiple and sometimes clashing norms.	A judgment made of the relevance, effectiveness, efficiency, impact, and sustainability — and, in humanitarian settings, coverage, connectedness, and coherence — of policies, programs, and projects concerned with achieving equitable development results. It involves a rigorous, systematic, and objective process in the design, analysis, and interpretation of information in order to answer specific questions, including those of concern to worst-off groups. It provides assessments of what works and what does not work to reduce inequity, and it highlights intended and unintended results for worst-off groups as well as the gap between best-off and worst-off groups. It provides strategic lessons to guide decision-makers and to inform stakeholders. Equity-focused evaluations provide evidence-based information that is credible, reliable, and useful, enabling the timely incorporation of findings, recommendations, and lessons into the decision-making process.
Recognize the dynamics of power. Culture is not neutral. Cultural groupings are ascribed differential status and power, with some holding privilege that they may not be aware of and some being relegated to the status of "other."	
Recognize and eliminate bias in language. Language is powerful. It is often used as the code for prescribed treatment of groups.	
Employ culturally appropriate methods. The methods and tools used for collection, analysis, interpretation, and dissemination of data are not culture free. … Culturally competent evaluators seek to understand how the constructs are defined by cultures.	

Source: Bamberger & Segone, 2011, p. 9

cultural competency may be inconsistent with their missions. Too often, the analytical framework used to assess the efficacy or effectiveness of interventions developed for vulnerable populations[7] lacks a racial or cultural equity lens.

The AEA statement invites the philanthropic sector to align its evaluation functions with its programmatic mission. Because the act of evaluation is itself part of the intervention, an equity lens is paramount when evaluating a program whose goals touch on issues of equity or inclusion. Only then can evaluation and equity be properly aligned. Drawing on equity and evaluation literature and interviews with leaders in evaluation and philanthropy, this article seeks to open a discussion of how philanthropy can use an equitable-evaluation approach to apply the principles of the AEA's statement, present the concept of equitable evaluation alongside an approach for building equitable-evaluation

capacity, and apply equitable-evaluation capacity building (EECB) to philanthropy in its producer function. The authors intend to continue this work by exploring how this framework applies to philanthropy's consumer and sponsor roles.

Linking Cultural Competence and Equity-Focused Evaluation

The "essential practices" laid out in the AEA statement underlie our approach to equitable-evaluation capacity building, buttressed by the description of equity-focused evaluation emerging from the analysis of international development efforts (Bamberger & Segone, 2011). (See Table 1.) The EECB approach seeks to connect culturally competent practice with a deliberate and systematic focus on equity across evaluation design, data collection, analysis, and reporting. We use the term "equitable evaluation" to recognize the act of linking cultural competence with a focus on equity across all

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[7] The Urban Institute defines vulnerable populations as "groups that are not well integrated into the health care system [or any system] because of ethnic, cultural, economic, geographic, or health characteristics." See https://web.archive.org/web/20081029074326/https://www.urban.org/health_policy/vulnerable_populations/

FIGURE 1 Equitable-Evaluation Capacity-Building Approach
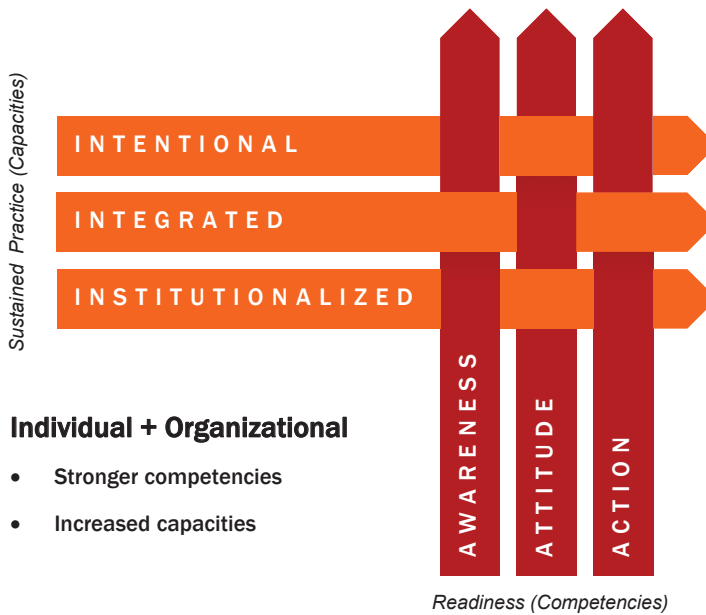
elements of evaluation. As a capacity-building approach, we situate the equity focus and culturally competent practices within the context of an organization. In this case, that context is philanthropic organizations that produce evaluation.

An Equitable-Evaluation Capacity-Building Approach

The first part of the EECB approach is a continuum toward adopting practices that institutionalize equitable evaluation as the norm. (See Figure 1.) It builds from 18 field leader interviews that elicited descriptions of practices, processes, and resources in terms of their potential to promote evaluation practices within foundations primarily concerned with equity. Themes that emerged from the interviews included the importance of:

- recognizing that an equity lens shapes worldview and professional practice,

- leadership commitment to the focus on equity,

- EECB building on and being relevant to current work,

- building the pipeline of evaluators to include more people of color, and

- expanding views on and skills related to the practice of equitable evaluation.

The EECB approach is further informed by the literature regarding organizational learning, culturally responsive evaluation, and philanthropy. It attempts to address myriad considerations, including individual and organizational capacities and competencies, emergence of equitable evaluation within the philanthropic sector and evaluation practice, and the frame of persistent structural racism in the United States.[8]

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[8] As defined by K. Lawrence and T. Keleher (2004) in "Structural Racism" for the Race and Public Policy Conference, "Structural racism in the U.S. is the normalization and legitimization of an array of dynamics — historical, cultural, institutional, and interpersonal — that routinely advantage whites while producing cumulative and chronic adverse outcomes for people of color. It is a system of hierarchy and inequity, primarily characterized by white supremacy — the preferential treatment, privilege, and power for white people at the expense of Black, Latino, Asian, Pacific Islander, Native American, Arab, and other racially oppressed people." See https://www.intergroupresources.com/rc/Definitions%20of%20Racism.pdf

The Relevance of Organizational Learning

Research regarding organizational learning recognizes the link between individual learning and organizational change. It highlights the realization that when individuals learn together, socially constructing meaning, the pace and magnitude of growth outstrips what can be attained individually (e.g., Garvin, 1993; Kim, 1995; Preskill & Torres, 1999; Senge, 1990). Given the complexity of social conditions, the long-term focus of change, and the reality that these issues often go undiscussed, EECB necessitates anticipating barriers to organizational learning (Argyris, 1990). In addition, literature and experience tell us that four important organizational principles (Gill, 2000) are essential to building equitable-evaluation capacity:

1. Organizations are systems.

2. Improving organizational processes requires enhancing and effectively disseminating knowledge.

3. Smaller-scale interventions support internal change.

4. Employees are responsible for the systems in which they work.

The EECB approach seeks to integrate these elements of organizational learning with the key practices, processes, and resources described by interviewees and in the culturally responsive evaluation literature as critical to establishing and sustaining equitable evaluation. It recognizes that philanthropic organizations operating as producers of evaluation are systems that must attend to both individual competencies and organizational capacities in order to advance an explicit understanding of and focus on equity. Weaving together individual competencies and organizational capacities strengthens the approach and the attainable results.

As Thomas (2011) and Samuels and Ryan (2011) point out, practices that recognize the

[W]hen individuals learn together, socially constructing meaning, the pace and magnitude of growth outstrips what can be attained individually.

complexity and multidimensionality of context, culture, and power as fundamental elements to be addressed in evaluation design and implementation are increasingly well-documented in evaluation literature (e.g., Botcheva et al., 2009; Chouinard & Cousins, 2007; Greene et al., 2004; Hood et al., 2005; Hopson, 2009; Hopson et al., 2000; LaFrance, 2004; Kirkhart, 2005; Manswell-Butty et al., 2004; Reese & Vera, 2007; Smith & Jang, 2002; Mertens, 1999; Thomas & Stevens, 2004; Thompson-Robinson, 2004). The practices within this established and growing body of literature highlight examples and explicate the perspectives of ethics, validity, and theory and the essential practices articulated in the AEA statement. For example, Hopson (1999) recognizes the potential benefit of participatory approaches, but cautions that without rethinking "the conceptual lenses through which we see and evaluate groups of color (and other marginalized groups)" (p. 447), these models fall short of their promise. Kirkhart (2013) makes the case for centering validity in "culture, context, and values" and offers nine considerations to attune evaluations to culture.[9] Recognizing the need for diverse perspectives and lived experiences, Hood (2000) calls our attention to the need for more evaluators of color, noting that calls for inclusion and fairness fall short if we do not expand their ranks. Thinking more specifically about EECB within foundations, the approach recognizes the call to foundations to build organizational understanding of and enter into initiatives that recognize systemic barriers and racial disparities, support the pipeline of diverse evaluators,

[9] For Kirkhart's nine considerations, see Slide 20: A Culture Checklist at https://uofi.app.box.com/s/3d1scxp5eaiy3jj7ix9dzor8 65u9ygw9

FIGURE 2 Equitable-Evaluation Capacity-Building Approach: Readiness/Competencies

Individual

- Recognize as fundamental and "mission critical"

- Shift from personal to structural

- Address general attitudes about evaluation and its role

- Build internally on processes and practices

- Expand EE practice among grantees

Readiness (Competencies)

AWARENESS   ATTITUDE   ACTION
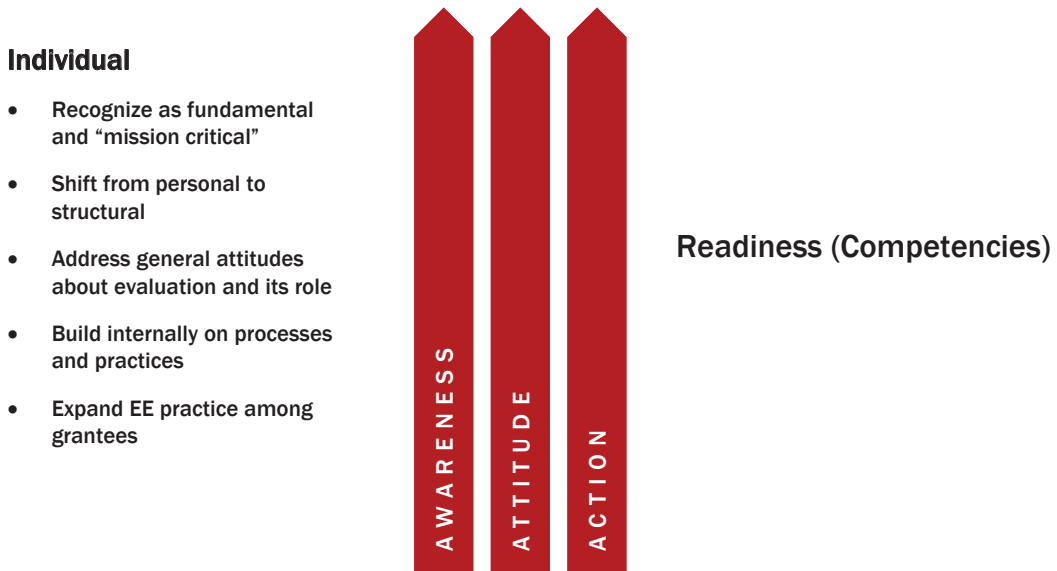
develop tools to promote a consistent equity focus, and approach each with specific organizational investment and intention (Greene et al., 2004; Millet, 2011; Villarosa, 2010). Furthermore, the EECB graphic draws upon Symonette's point that "culture is dynamic and ever-changing" (2004, p. 96). Hence, the weaving of the continuum and the continued arrows of each strand demonstrate that this process is neither linear nor finite, but instead one in which individual competencies and organizational capacities are overlapping and ongoing in their development.

Readiness: Individual Competencies

The second portion of the EECB approach is an individual readiness continuum, from awareness to action. (See Figure 2.) From one point of view, it reflects an individual transformation, one that must be grounded in an individual's cultural competency and understanding of equity. From the organizational perspective, it requires awareness of oneself in relation to others. This ability to view issues that perpetuate inequity through a structural and professional lens, as opposed to individual and personal, is vital (Powell, 2010; Quiroz-Martinez et al., 2004). The competencies that follow are not intended to reflect the full set of knowledge and skills

required by individuals to lead, manage, or produce culturally competent and equity-focused evaluations. Rather, the competencies speak to how a philanthropic organization can promote individual readiness for building organization-wide equitable-evaluation capacity.

Awareness: Why Cultural Competence and Equity Focus Matter

Reflecting AEA's essential practice of "recogniz[ing] the dynamics of power" — that "cultural groupings are ascribed differential status and power" — EECB calls upon individuals to understand how race and ethnicity operate with respect to equity and how race and ethnicity intersect with other socially defined characteristics, such as sexuality, class, nationality, and age (Jung, 2010). This is no small task, nor is this awareness static and finite. Interviewees were clear that this elemental understanding is integral to progress. They were also clear that the burden of expanding organizational understanding rests not with people of color or employees from traditionally marginalized communities. This is not about exposing individual experiences; it is about developing shared recognition of structural barriers and the dynamics of power and privilege.

Fortunately, existing resources such as the Annie E. Casey Foundation's "Race Matters" toolkit,[10] "Structural Racism and Community Building" (Lawrence et al., 2010), and Equity in the Center's "Racial Equity Tools"[11] are available to assist philanthropic organizations with internal dialogues that examine the historical barriers and privileges that perpetuate disproportionality and disparity. This awareness weighs heavily on what is valued in evaluations, the methods used, and the questions asked. Therefore, philanthropic organizations must determine a course for promoting and sustaining individual competency in understanding these barriers and disparities (Leiderman, 2005; Chelimsky, 2012; Hall et al., 2012).

This is likely to require structured facilitation of what can be challenging conversations; if facilitated deftly, these conversations present opportunities for individuals to express their truth and to hear another's truth. It is the time to listen for understanding. It is not the time to apologize or to "get comfortable," but to accept that multiple truths co-exist in an organization. These conversations must encompass issues that are simultaneously individual, organizational, and systemic. Failing to address the fundamental competency of awareness perpetuates the social conditions that philanthropy seeks to change. Individuals skilled in group process design, facilitation, conflict resolution, and mediation have much to add in these situations.

Questions related to addressing awareness competencies include:

- Are we clear about who is most affected by the issues we intend to address?

- Do we have the right people in the room to accurately diagnose or understand the issue we seek to address? If not, how we do get them here?

Shifting attitudes requires individual, organizationwide participation in professional development activities that help people understand the context of structural barriers and the potential for evaluation to challenge or perpetuate barriers. Philanthropic leadership must clearly and directly relate this understanding to people's professional roles.

- Do we fully understand the systemic and structural barriers and challenges that contribute to the issue we seek to address?

Attitude: Shift the Focus From Individual to Structural Barriers

Building individual awareness of the factors underlying the power dynamics associated with persistent inequity can shift thinking toward institutionalized and structural barriers to equity. By making it possible for staff to have conversations that explicitly address race and equity with an emphasis on structural barriers, philanthropies support the personal and professional development that underpins equitable evaluation.

For equitable evaluation to fulfill its potential to improve the effectiveness of philanthropic investments and activities, this understanding should not be limited to evaluators. Shifting attitudes requires individual, organizationwide participation in professional development

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[10] See https://www.aecf.org/series/race-matters-collection

[11] See https://www.racialequitytools.org/resources/fundamentals/resource-list

activities that help people understand the context of structural barriers and the potential for evaluation to challenge or perpetuate barriers. Philanthropic leadership must clearly and directly relate this understanding to people's professional roles (Annie E. Casey Foundation, 2009).

Questions related to addressing attitude competencies include:

- What is our understanding of the implicit bias and prejudice that has, and does, shape Western culture?

- Do we understand the role of power and privilege in relationship to the issues we address and the outcomes and goals we seek?

- How will we hold ourselves accountable for this understanding as a matter of professional development and professional expectation?

Action: Build on Existing Practices and Recognize Where Standard Practice Must Change

Some areas of philanthropic organizational investment (i.e., juvenile justice, access to health care, education) may be more experienced in or hold themselves to higher standards of cultural competence and conducting evaluations with an equity lens, although they may not use these terms explicitly. Some interviewees noted that foundation staff who work in areas that consistently address disproportionality or disparity may be more comfortable than others discussing specifically how structural barriers and their implications relate to evaluation. Engaging a range of staff members in discussions of disparity builds evaluative capacity by allowing one group the opportunity to share its experiences regarding the impact of an equitable-evaluation approach and can explicitly inform evaluation efforts in other areas where equity has been less of a focus.

Alternatively, new efforts undertaken by philanthropy can establish the expectation that the principles of equitable evaluation will be upheld. One standard area of practice that is likely to

change, and warrants early attention to relationships and processes, is the nature of stakeholder collaboration. An organizational shift toward equitable evaluation requires deeper collaboration with stakeholder communities and the use of more participatory approaches (Campilan, 2000). However, the appropriateness and effectiveness of these approaches — that is, being both culturally competent and equity-focused — depends heavily on progress in awareness and attitude (Lee, 2007; Fine, 2010; Frierson et al., 2010).

Questions related to addressing action competencies include:

- What existing efforts have a clear focus on equity?

- In which existing efforts are race, ethnicity, or other socially defined characteristics associated with disproportionality?

- Do we have specific examples of how an equitable-evaluation approach or lack thereof has made a difference in project implementation or policies?

Sustained Practice: Organizational Capacities

Organizational capacities refer to the sustained practice and internalization of an equitable-evaluation approach to the inner workings of a philanthropic organization. (See Figure 3.)

Intentionality: Decisions Reflect the Centrality of Equity

Philanthropies have much to consider when building organizational capacity for equitable evaluation. An explicitly articulated goal, one that informs both evaluation process and product, is paramount to a sustained practice of equity. It must be espoused by leadership and held by the whole of the organization. For instance, the home page of the W.K. Kellogg Foundation website in 2014 (at the time of this article's original publication) featured a clear statement about racial equity:

FIGURE 3 Equitable-Evaluation Capacity-Building Approach: Sustained Practice/Capacities

Sustained Practice (Capacities)

INTENTIONAL

INTEGRATED

INSTITUTIONALIZED

Organizational

- Leverage opportunities to build internal and external competencies and capacities

- Recognize/adopt/resource practices appropriate to equitable evaluation

- Mitigate barriers to authentic practices

- Establish policies that reflect centrality of equity in outcomes and performance measure

We believe that racial healing and racial equity are essential if we are going to accomplish our mission to support children, families, and communities in creating and strengthening the conditions in which vulnerable children succeed. We actively support efforts to dismantle racial and structural inequities that limit opportunities and hold some children back.[12]

This is a powerful message that conveys a commitment for the whole of the foundation, not just a particular program area or the interests of an individual staff member. Speaking explicitly and transparently to the priority of equity is essential for equitable-evaluation practices and processes to gain traction.

In the near term, such intentionality may be demonstrated by expanding grantee and consultant opportunities to include practitioners who are most closely connected to and aware of the issues facing communities intended to benefit from philanthropic investments. This means moving beyond the usual suspects and being more mindful of outreach and communication strategies to initiate relationships with community partners, potential grantees, and

professional evaluators who possess the requisite equity-focused mindset, practice, or cultural competency (The Colorado Trust, 2012). At the time of this article's original publication, "New Connections: Increasing Diversity of RWJF Midcareer Consultants" and the "Bay Area Consultants of Color Directory" were examples of efforts to increase the visibility of practitioners, many of whom are evaluators, to philanthropic organizations. Other barriers to embracing a more diverse group of practitioners may include administrative hurdles such as limitations on with whom an organization can contract or the practitioner's size, scope, or location.

In the longer term, this intentionality would encompass support for greater competency within the evaluator pipeline.[13] The field needs to better reflect the variety of shared life experiences, culture complexities, and historical experiences of the professionals engaged to design and implement evaluations. From an organizational perspective, the field must expand its capacity to understand and integrate issues of equity and diversity in the design and

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[12] The statement reflects what was shared on the W.K. Kellogg Foundation's website at the time of this article's original publication in 2014. More on WKKF's commitment to racial equity and ways in which this is now expressed can be found at https://www.wkkf.org/priorities/our-dna/

[13] In 1999 the AEA launched the Building Diversity Initiative, which produced recommendations for the AEA and the evaluation field as a whole. One important outcome of the two-year initiative was the creation of the Graduate Education Diversity Internship Program at Duquesne University.

interpretation of analyses. Efforts to promote greater and more explicit consideration of the factors of race, ethnicity, and lived experiences in evaluation, including the Robert Wood Johnson Foundation Evaluation Fellowship and the AEA Diversity Internship, reflect the importance of developing a pool of professionals who can close the gap between believing equitable evaluation is the right thing to do and knowing how to do it (Geisz, 2013; Peak et al., 2007).

Questions related to addressing intentionality include:

- How do outreach and communications strategies and administrative and other expectations serve as barriers to people who might best serve the mission of the philanthropy?

- To what degree is the philanthropy willing to nurture relationships with new and different types of partners with demonstrated cultural competence or an equity frame?

- How is the philanthropy prepared to respond to the issues of power and privilege likely to surface in discussions with those who lead with an equity frame?

Integration: Recognize, Adopt, and Resource Practices Appropriate to Equitable Evaluation

To foster and integrate equitable evaluation internally and among the groups they invest in, philanthropies will have to do things differently. For example, to ensure that AEA's essential practices are honored and implemented, philanthropies must examine staff roles and commit to ongoing staff development. Creating an organizational capacity for equitable evaluation will encourage a more participatory environment, including deeper collaboration with stakeholder communities (Brunner & Guzman, 1989; Cousins & Earl, 1992; Cousins & Whitmore, 1998; Fetterman & Wandersman, 2005). Participatory approaches typically require attention to time frames and resources. Examples and considerations include the need to:

- identify and include individuals with shared experiences related to the issue at hand when considering evaluation design and implementation, meeting structures, time durations, and locations;

- build and sustain a representative team throughout the life span of the evaluation, paying attention to the process of group development and what it takes to support the group's effectiveness (Wanous et al., 1984); and

- translate materials into languages and formats designed to assure that everyone can participate fully in the evaluation and plan to share data in meaningful ways to all populations.

Equitable-evaluation practices may fail if they are not appropriately resourced. More than financial support, this means having the right people, time, and political will. This is a good place to repeat Hopson's cautionary note on rethinking "the conceptual lenses through which we see and evaluate groups of color (and other marginalized groups)" as critical to participatory processes (1999, p. 447). It speaks to the importance of EECB's weaving of individual competencies and organizational capacities.

Equitable evaluation calls upon us to bring considerations of culture directly into validity and theory in evaluation. Kirkhart (2013) introduces the idea of multicultural validity and challenges evaluation to recognize validity as a "construct of legitimization that occupies a position of privilege" (p. 2). In this space, equitable evaluation follows AEA's recognition that culture is not neutral and Kirkhart's recognition of our need for tools, such as "A Culture Checklist" to "support evaluators' ability to attend actively to aspects of cultural experience that surround assessment and evaluation" (2013, p. 9). Additionally, expanding an organization's understanding of statistical rigor requires applying a complex set of considerations and competencies (Leiderman, 2010). These include:

- consciousness regarding issues of disproportionality, disparity, and underlying factors;

- knowledge of the methodological tools and statistical tests available to examine differences;

- understanding how using a different set of tools or tests might allow evaluators to raise and answer new questions; and

- persistence and capacity to look critically at data to question how it is analyzed and interpreted.

Integrating equitable evaluation also means deliberately recognizing and paying attention to:

1. context, which has implications for understanding and interpreting data in a manner meaningful and appropriate to the culture and circumstance of the effort and its intended outcome. For instance, if the historical context for the under- or overrepresentation of a particular subpopulation in a public data set (e.g., African American males in the juvenile justice system or Native American children in foster care) is not understood, inaccurate assumptions about the incidence or prevalence of a particular social condition might be inaccurate, rendering the proposed solutions or interventions less effective if even relevant (McKenzie, 1997; LaFrance & Nichols, 2008);

2. fairness, which often corresponds to social norms, rules, and ethics that may not be consistent with equity. For example, organizational practices regarding fairness tend to mean everyone has an equal voice. This disregards the historical and present-day oppressions that prevent particular populations from fully expressing their experiences or engaging in open dialogue with those in or perceived to be in power. This might manifest in settings that bring together community members and funders, or in situations within an organization where staff — whether by position, class, or culture — feel less able to contribute to the conversation;

Without attention to equity from the outset, evaluation can bring blame and disinvestment. It can sustain or exacerbate inequity in the very communities that were intended to benefit.

3. use of evaluation findings or the process itself to move policy and practice that can either promote or inhibit equity; and

4. harm — intended or unintended — resulting from the evaluation process, which may manifest as physical, social, or economic and that may disproportionally affect particular populations.

With points 3 and 4, it is important to recognize that evaluation is a political action in that it "creates alternate ways of thinking and talking about society and its purposes, and the relation between people and social institutions" (Kushner, 2000, p. 39-40). Without attention to equity from the outset, evaluation can bring blame and disinvestment. It can sustain or exacerbate inequity in the very communities that were intended to benefit.

The individual competencies of equitable evaluation and the principles of culture competency should not be limited to evaluators; they should be fostered and taught to staff across the organization (Lee, 2007). When that happens, it opens the door for principles of equity to manifest across all functions of the philanthropy, including human resources, governance, budget and resource allocation, and grantmaking. Preskill and Torres (1999) speak to four elements and practices of an organization that facilitate or mitigate its ability to function as a system that constructs and uses evaluative information effectively: culture, leadership, communication, and systems and structures. Certain practices

Equitable evaluation must not be viewed as ancillary to a philanthropic organization's work. It must be known and understood across all areas of investment and function.

within these four elements have particular relevance for equitable evaluation, including but not limited to:

- valuing employee diversity and seeking pluralistic understanding,

- valuing information from inside and outside of the organization,

- eliminating structural barriers to face-to-face communication,

- disseminating information that captures a diversity of voices, and

- helping staff members understand how their role relates to other roles and to the organization's mission.

This alignment increases an organization's ability to leverage its collective assets in service of solutions that are sustainable and support equity (VeneKlasen & Miller, 2006).

Questions related to addressing integration include:

- In what ways are the questions that drive actions and decisions related to the organization's strategy and investments aligned with evaluation design, implementation, and use?

- How are evaluation findings shared beyond program staff with others in the organization?

- What commitments are the philanthropy willing and able to make in terms making an equity frame at the core of all decisions?

Institutionalization: Resist Silos and Assess Equitable Evaluation as Part of Philanthropic Function

Equitable evaluation must not be viewed as ancillary to a philanthropic organization's work. It must be known and understood across all areas of investment and function. Identifying the key elements of equitable evaluation to which the organization consistently holds itself accountable reinforces the centrality of cultural competence and equity. As evaluation producers, philanthropies can speak to their progress and learning. They can share with the field and colleagues — including those who may be sponsors or consumers of evaluation — the value of equitable evaluation.

Questions related to addressing institutionalization include:

- What are the opportunities to share the successes, struggles, and failures across the philanthropic organization with regard to its efforts to practice equitable evaluation?

- What type of messaging, reinforcement, and culture change are needed to create a safe place to talk about the implications of an equitable-evaluation frame?

- How will the organization share its learnings with others, so collective efforts across philanthropic organizations might be more effective and lead to sustained changes in support of equity?

Conclusion

The history of evaluation is long, but as a profession it is less so (Shadish & Luellen, 2005; Worthen, 1994). Its practice in the philanthropic sector is even shorter (Hall, 2003). As evaluation evolves, philanthropy in its role as producer can advocate for theory and practices that advance notions of rigor and relevance pertinent to evaluation's usefulness — not only to

document impact, but also to inform strategy and investment.

This is particularly important for organizations whose missions touch upon equity issues, which are inherently complex and underpinned by social norms internalized at the individual, organizational, and systemic levels. These are norms that perpetuate advantages for some and disadvantages for others. Thus it is all the more disheartening when evaluation is done without an equity lens, running the risk of extending the very disparity that an organization seeks to remedy.

Equitable evaluation weaves the principles of cultural competence outlined in the AEA statement throughout the entire evaluation process. It affects everyone engaged in the process, including those who use evaluation findings. Its primary aim is not only to shed light on the factors that impede equity, but also to analyze and assess interventions, investments, and strategies through a lens of promoting equity.

The journey toward equitable evaluation has begun. Scholars and practitioners have formed a solid base from which it can continue to develop. The journey for organizations will not be short and will require the development and adoption of a set of individual competencies and organizational capacities that reinforce one another and alter a philanthropic organization's very cultural and strategic fabric.

The authors offer this equitable-evaluation capacity-building approach to the philanthropic field as a way to get ready to engage in equitable evaluation. We invite dialogue regarding both equitable evaluation and EECB in the hope of stimulating individual philanthropic organizational introspection and broader reflection in the field on how to deepen evaluation functions so they align with and support the values of equity.

It affects everyone engaged in the process, including those who use evaluation findings. Its primary aim is not only to shed light on the factors that impede equity, but also to analyze and assess interventions, investments, and strategies through a lens of promoting equity.

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Lost Causal: Debunking Myths About Causal Analysis in Philanthropy – With 2024 Prologue

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Prologue
by Jewlya Lynn, Ph.D.

Our 2022 article explored how and why philanthropy has largely rejected the rigorous examination of cause-and-effect relationships in social change strategies. It outlined the myths we think are standing in the way of this practice and called for increased causal analysis in the sector and the use of new ways for doing it, particularly for strategies rooted in complex systems.

We did not realize how much this conversation would resonate. After the article was published, foundation staff and evaluators across the sector reached out about their strong desire to better understand how, why, and under what conditions change is happening. As a result, we launched Causal Pathways, a collaborative field-building initiative that is responding to the demand for more learning and practice on this topic.

Two New Myths

The article's immediate uptake and the initiative's launch led to our discovery of two new myths about why more causal analysis is not happening.

Myth 1: My evaluations are already causal; there is nothing I need to change. We heard, "Isn't all evaluation about examining cause-and-effect relationships?" and "My methods and findings are causal." Many skilled evaluators and evaluation commissioners are using methods that provide strong descriptions of change, but they

> ## Key Points
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> - What if philanthropic evaluations told us that changes in the world had occurred, as well as how and why they occurred, including whether what foundations funded and grantees did contributed to those changes? What if evaluations made change pathways more visible, tested hypotheses and assumptions, and generated new insights based on what happened in the "black box" of systems change strategies? This type of learning comes from causal analysis — inquiry that explores cause-and-effect relationships.
>
> - Yet currently in philanthropy, particularly for strategies and initiatives that feature high complexity, few evaluations use robust techniques for understanding causality. Instead, philanthropic evaluation tends to rely on descriptive measurement and analysis. These descriptions often are rich, meaningful, and in-depth, but they remain merely descriptions nonetheless. This article challenges the myths that hold us back from causal inquiry, allowing us to embrace curiosity, inquiry, and better knowing, even (or especially) if it means learning that our assumptions and theories do not hold up.
>
> *(continued on next page)*

are not interrogating causality. Few evaluators are familiar with the broad range of approaches available for making causal claims[1] or how to

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[1] For example, causal inference can be approached with a basis in counterfactuals, regularity, configurational, or generative evidence. Each of these have different methods that support the evidence generation, with the last type — generative — aligning well with discovering causality amid complexity. Lynn, J., & Apgar, M. (in press). Exploring causal pathways amid complexity: Understanding when and how causality can be made visible. In K. Newcomer & S. Mumford (Eds.), *Handbook for Evaluation.* Edward Elgar Publishing.

Key Points (continued)

- We argue that philanthropy more frequently needs to examine causal relationships, using a growing suite of methodological approaches that make this possible in complex systems. Causal methodologies can challenge and strengthen the often uncontested beliefs that underlie philanthropic interventions, while offering evidence about enabling contexts and system drivers. Strong causal analysis considers not only the funder's model and assumptions, but also the beliefs others hold about how and why change occurs, opening the door to more equitable and less biased ways of understanding change.

use them with rigor, which results in causal claims without sufficient evidence to support them.

Evaluations that use several types of data, confer with a mix of informants, capture details about what happened (strategies) and what emerged (outcomes), and describe the larger context are not, by default, causal. A high-quality causal approach:

- triangulates data sources about specific causal relationships, not just outcomes;

- codes and analyzes for causality in the data, not just assuming causal connections between observed actions and outcomes; and

- interprets causality with those closest to what happened, making visible what they understand about relationships that may be hidden in the data.

Myth 2: Causality is not important in my evaluations. Some evaluators and, more often, commissioners, express doubt that causal analysis is even meaningful to their work. We agree that

examining causality is not always important. We do not agree with its wholesale rejection.

Most philanthropic decisions and investments are about cause and effect. Foundations are regularly making decisions based in explicit or implicit hypotheses about how their investments in a strategy or in a place, in a particular way and with a specific set of partners, will lead to specific changes. Sometimes, the cause-and-effect story seems so obvious that it makes sense to question the need for causal evaluation. But these observations and interpretations are based on our assumptions about how change can, should, or did happen. Without interrogation, our assumptions are open to numerous biases. We are not necessarily wrong in our interpretations, but we miss the full picture without realizing it.

Additionally, Myth 8 in the original article (that causal methods are grounded in white supremacy) may be closely tied to the myth about causality being unimportant. Some view causality as a Western and colonizing concept. While the scientific approach to causation is grounded in Western concepts, causal thinking is common across cultures, though it may differ by culture in the mechanisms used to test it, the directionality of cause to effect, or the complexity of causes considered.[2] How causality is explored and defined can make a causal approach culturally relevant; and the question of whether it should be explored is not just a Western one.

Barriers Beyond the Myths

We also encountered practical barriers to applying causal approaches. Funders and evaluators need in-depth and real-life opportunities to try and learn causal approaches. Too many evaluation trainings focus on methods alone, without revealing what it takes to use them in complex settings. There are also few opportunities for mentorship and apprenticeship. More hands-on experiences and peer-learning spaces are needed.

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[2] Le Guen, O., Samland, J., Friedrich, T., Hanus, D., & Brown, P. (2015, October). Making sense of (exceptional) causal relations: A cross-cultural and cross-linguistic study. Frontiers in Psychology. https://doi.org/10.3389/fpsyg.2015.01645; Morris, M. W., Nisbett, R. E., & Peng, K. (1995). Causal attribution across domains and cultures. In D. Sperber, D. Premack, & A. J. Premack (Eds.), *Causal cognition: A multidisciplinary debate* (pp. 577–614). Clarendon Press/Oxford University Press.

Some evaluation commissioners also struggle to communicate the need for causal analysis internally with foundation program officers, directors, and leaders. While there are clearly champions in the sector, the narrative about why we need to pay attention to causality and how we can do so with rigor has yet to take hold more broadly.

Our article remains highly relevant as is, but these additions further explain the problem as we see it. The Causal Pathways initiative is working on the solutions. It is a time-limited effort to combat myths, address practical concerns, and build broader momentum, all while building and strengthening relationships among a global network of evaluators and evaluation commissioners who are working on the solutions together.

Introduction

When philanthropy seeks to drive change — especially in messy, complex, and dynamic systems — it can feel like strategy development and implementation takes place in the proverbial "black box." We select ideas that are promising, have reasonably high confidence that positive short-term outcomes will occur, and then hold out hope that the strategy will eventually add up to more than the sum of its parts.

In our experience as evaluators in philanthropy, we observe that evaluations of complex philanthropic strategies often do little to unpack assumptions about what happens in the black box of change once strategies are unleashed. More often, we see evaluations that describe observed changes without investigating how or why they occurred, including the relationships between what was funded, what was implemented, and what resulted. Even more problematic, we see evaluations that simply assume, without investigation, that relationships exist between implemented strategies and observed outcomes.

What if, in addition to learning that change happened, we also learned how and why? What

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if our evaluations made change pathways more visible, tested assumptions and hypotheses, and generated new insights based on what happened in the black box of a systems-change strategy? What if we understood cause-and-effect relationships not just in more controlled programmatic work, but also in dynamic and emergent strategies that include network building, field building, advocacy, organizing, or movements? This type of learning comes from causal analysis — inquiry that explores cause-and-effect relationships.

Before diving in further, we want to be clear about our focus here — or rather, what our focus is not. First, by causal analysis we do not mean root cause analysis, or the process of discovering the root causes of problems in order to identify appropriate solutions. Second, we are not debating the utility of randomized controlled trials or quasi-experimental designs, which is where conversations about causal analysis often go in philanthropy and among evaluators. While we do address the myth that RCTs and QEDs are the only way to do causal analysis, our purpose here is not to debate their merit or use. Finally, we do not rehash much of the existing literature in this space that covers philosophical theories associated with causal analysis, or its technical aspects, including relevant mathematical models, statistical equations, or machine learning challenges (e.g., Cartwright, 2004; Pearl & Mackenzie, 2018; Rubin, 2005).

Our purpose is to open the conversation about causal analysis so that we can better see what is possible. As we describe in this article, there are many ways to conduct rigorous nonexperimental causal analyses. Causal analysis is possible for strategies that play out in more controlled conditions and settings, as well as strategies situated in complex and dynamic systems, where causes and effects are interrelated and interdependent.

We think shedding light on these possibilities will help philanthropy to see the value in causal analysis and when to use it, rather than avoiding it altogether or deploying it in ways that can do harm when the method does not fit the context or the intent.

In this article, we aim to dispel misconceptions about causal analysis that we regularly encounter in philanthropy, including among evaluators. We find these myths get in the way of evaluations that can lead to deep learning and support greater, more equitable impact. By naming and addressing these myths, we hope to increase demand for evaluations that use causal analysis in order to go beyond answering what change happened and delve more deeply into how change happened. (See Text Box 1.)

TEXT BOX 1 Tales of Two Analyses: How Causal Analysis Can Change the Conversation

Late on a Thursday afternoon, Jamie, a senior program officer at a community foundation, arrived at the community center where community members had been invited to discuss the results of an evaluation. The first participants were arriving alongside the two co-facilitators, a community leader, and the evaluator the community had selected. As she helped to set up the presentation and discussion materials, Jamie felt excitement. Something important was going to happen tonight.

With the dozen regular participants in the room, the meeting kicked off. After some grounding, everyone dug into a large visual on the wall — the story of how their community had tackled homelessness through an antiracist lens, ultimately increasing food and shelter access and the number of affordable housing units, and decreasing the number of people reporting housing insecurity.

The Tale of Descriptive Analysis

There was some pride and joy in the room as a description of the years of work was explored, with a sense of "Yeah, you got that right" and an occasional, "That isn't how I remembered it." By the meeting's end, there was general agreement that the description resonated and would be useful to share with the foundation board, future funders, and the media.

It was a good story about how community members and advocates all worked hard to drive change, with community members taking many small actions they could advance right away while advocates pushed upstream change with local government that took longer to come to fruition. It was a story about how media advocacy mattered and how the work had impact.

By the time the meeting was done people were tired, and many were glad the evaluation had ended. It had used up a lot of their time, but it was important that their story was told in the right way, particularly to their primary funder.

The Tale of Causal and Descriptive Analysis

There was some pride and joy in the room as the evaluation's causal and descriptive analysis was investigated, along with some pushback when interpretations differed, as well as acknowledgement of how much of the success depended on outside factors they appreciated but could not control.

When the meeting was over, participants had come to some conclusions about how change had happened. A number of those conclusions challenged what Jamie believed coming into the work. The biggest was her assumption that investing deeply in nonprofit advocacy was foundational, given the government's large role in housing. Some evidence supported that advocacy had helped, but stronger evidence suggested the direct actions of local community members and organizations (and the media coverage they earned) had influenced policymaker actions.

In fact, it had been hard to find much evidence that supported advocacy's role, in part due to the credibility challenges many advocates had with policymakers. The broader racial justice movement that had gained visibility during the same time had also helped, bringing to light deep inequities in the housing system.

As the participants walked out the room, they agreed the evaluation had taken their time, but they also acknowledged it had led to insights and new ways of talking to the foundation about where resources were most needed. As one participant said, "I had a gut sense of what was happening, but it wasn't what everyone was saying, so I stayed quiet. It wasn't until I saw the story on the wall that I felt OK talking about my perceptions openly, and even then, I learned a lot about what was less visible to me in my work. We really have a full picture now."

The Case for Causal Analysis

Philanthropic grantmaking requires that foundations make decisions based on assumptions about how to drive change. Grantee selection, the offering of additional supports, and general deployment of philanthropic resources are then based on these decisions. These decisions typically are documented in strategies and theories of change that lay out the short-, intermediate-, and long-term outcomes that are expected to occur as a result of choices made.

Some of these choices are better grounded in research and evidence than others. In complex systems-change work, they more often are based on a combination of experience and intuition. While this is understandable for complex problems and strategies where what you do in one setting does not always translate to another, it is rare that cause-and-effect assumptions for strategies situated in complex systems get tested through evaluation. More commonly, foundations commission descriptive studies about these strategies that feature rich depictions of the context, how strategies were implemented, and any observed changes, but contain little to no causal analysis. The consequence is that the philanthropic sector is not developing knowledge about how change happens (or does not) in systems as a result of different types of interventions.

Given the volume of philanthropic resources devoted to solving problems rooted in complex systems (e.g., criminal justice reform, democracy reform, climate change, education reform), we worry about the lack of causal insight that is emerging. Our concerns are based on the prevalence of:

- strategies based on how people think change ought to occur rather than a clear-eyed look at how it actually occurs;

- evaluations that look only for predefined outcomes without testing whether alternative pathways to change or different, equally important outcomes are emerging;

- foundations that expend all of their evaluative energy on landscape scans, descriptive

In our experience as evaluators in philanthropy over the last two decades, we have observed a growing number of foundations that are tackling highly complex problems rooted in deeply dysfunctional systems (e.g., improving the ability of Congress to function in spite of political polarization; supporting an economic paradigm shift away from neoliberalism).

narratives, or predefined metrics to explain what happened, without rigorously examining why it happened; and

- descriptive stories about change that fail to contest philanthropic thinking, and that simultaneously fail to surface and test the assumptions, experiences, and beliefs of those closest to the problems that philanthropy seeks to solve.

How did we get here, where descriptive evaluation is the norm? We think it has something to do with how philanthropic strategy and focus has shifted in the sector.

In our experience as evaluators in philanthropy over the last two decades, we have observed a growing number of foundations that are tackling highly complex problems rooted in deeply dysfunctional systems (e.g., improving the ability of Congress to function in spite of political polarization; supporting an economic paradigm shift away from neoliberalism). In doing so, foundations are embracing complexity principles and systems thinking, recognizing that many

actors and factors interact in unpredictable and often invisible ways to create the problems that foundations seek to address (Kania et al., 2014). They are treating strategy as more dynamic and emergent and profoundly affected by context, rather than as a series of well-considered and predictable steps that can be forecast in a long-term plan (Coffman, 2016).

As strategy has become more emergent, and as the complexity of context has increased, the relevance of well-known causality evaluation methods has decreased. Instead of leaning into new causal methods that are appropriate for complexity, many foundations and evaluators have accepted descriptive designs as the best that they can do.

In addition, because constant adaptation must be an essential component of strategy in complex systems, evaluators have shifted to approaches like developmental evaluation (Patton, 2011) that are designed to support emergence. Many

evaluators using these approaches, as well as evaluation users, assume that causal analysis is too retrospective and takes too long to be useful in evaluations that support real-time learning.

Complexity is becoming even more relevant now that philanthropy is wrestling explicitly with systemic racism, white supremacy, and how to advance racial equity (Daniels, 2020). Foundations are asking new questions about root causes, who is harmed by the status quo, and ways to produce change that do not reinforce existing inequities and injustices. These shifts have led to funding approaches that are highly dynamic and emergent and designed to tackle upstream drivers of systemic problems, such as advocacy, power building, networks, movements, and field building.

We believe this increasing movement toward complexity in philanthropy is precisely why we need more causal analysis in addition to the good descriptive work already happening. If we seek

TEXT BOX 2 Does Causal Analysis Matter When Our Focus Is Equity?

Philanthropy's increasing commitment to advancing racial equity will benefit from an increased use of causal analysis. This argument is being made by proponents of critical race theory, intersectionality theory, and evaluators working in real-world settings where equity is a focus. The need for causal evidence related to equity comes from multiple current gaps in our knowledge related to the programs and population-level work we fund, the systems in which we intervene, how we define problems and their potential solutions, and even how we understand pathways to change.

Programmatic interventions: While the evaluations of many programmatic interventions have used causal analysis, there is an absence of causal evaluations for programs designed to be culturally relevant, as has been documented in the education field (Dee & Penner, 2017). Lacking the same evidence base as other types of interventions, culturally relevant approaches are less likely to be funded and adopted.

Population level interventions: Often, when intervening to address inequities observed in a variety of social systems, "descriptive statistics highlight important outcome differences between groups, but they may do little to establish underlying causes or motivations that can guide policy change or the implementation of interventions" (Sablan, 2019, p. 185). The absence of causal findings means that the causal mechanisms that drive or address inequities remain grounded in theory and assumptions but are not being tested. We lack evidence about which interventions truly work to advance equity at a population level, and the mechanisms by which they work.

Pathways to change: While philanthropic strategies rarely dig deeply into the academic literature on critical race theory, intersectionality, and other ways of deeply understanding inequities, many philanthropic frameworks, theories of change, and other tools are grounded in these concepts. The theorists behind them recognize that causal analysis is needed to move them from theory to evidence. A deeper understanding of the complexity of how multiple identities and needs intersect "is vital for understanding social injustice and intervening on behalf of oppressed groups" (Murphy et al., 2009, back cover). Similarly, systems dynamics that drive inequities and interventions that seek to disrupt them need to be tested in order to move from observing racial differences in opportunities and outcomes to testing theories and assumptions and building an evidence base about how change can happen (Sablan, 2019).

to advance equity and justice, understanding how change happens and the contribution of specific approaches are critical so that the status quo can be shifted and inequities truly addressed. (See Text Box 2.) In addition, if we don't get better at making our assumptions about change explicit and investigating them, we risk continuing to do harm by replicating processes and activities that allow inequities to persist.

When done well, causal analysis can lift up and leverage the power of stories, lived experiences, and multiple ways of knowing. It can generate powerful ways to create shared understanding across many people involved in the work. When we do not use causal analysis, we have a more cursory understanding of what we did and what happened under a certain set of circumstances and we lose the ability to test our assumptions, create knowledge about effectiveness that can drive future work, and break through our cognitive and implicit biases.

Myths About Causal Analysis

In our conversations with both philanthropists and evaluators, we find that misunderstandings and misinformation are at the root of much of

the sector's hesitancy to focus evaluation on cause-and-effect relationships. These misunderstandings are repeated so often that they have become a powerful set of myths about causal analysis and its relationship to rigor, usefulness, and equity. It is past time to debunk these myths.

Myths About Rigor and Causal Analysis

Myth 1: RCTs or quasi-experiments are the only ways to test cause-and-effect relationships. Any time the phrase "cause and effect" or the word "causality" comes up in an evaluative context, instantly, the conversation tends to go to the (often polarizing) topic of experimental designs or RCTs. In fact, many evaluators have long argued that RCTs are the best method for assessing causality, with little attention to context (Gates & Dyson, 2017).

We see no need to argue the merits of RCTs or other QEDs. They are useful causal analysis tools in certain contexts. Rather, we want to draw attention to a set of nonexperimental methods that give us a wide range of rigorous options to choose from, many of which are a much better fit for complexity. (See Text Box 3.)

TEXT BOX 3 Three Types of Evaluation Designs

Experimental	Quasi-experimental	Nonexperimental
Experimental designs (also called RCTs) have a defining characteristic: the random assignment of individuals or targets to intervention and control groups (also called the counterfactual, or the condition in which an intervention is absent). The intervention group participates in the program or intervention, while the control group does not. Random assignment results in intervention and control groups that do not systematically differ, creating a situation where any differences between the groups that are observed after the intervention takes place can be causally attributed to the intervention with a high degree of confidence.	Quasi-experimental designs are like experimental designs in that they aim to make cause-and-effect statements about an intervention or strategy's impacts, but they do not use random assignment. Most QEDs construct comparison groups or other types of counterfactuals to examine an intervention's impacts for those who do and do not participate. While attempts are made to make sure that intervention and comparison groups do not systematically differ, some differences may exist.	Nonexperimental designs, like experimental and quasi-experimental approaches, examine relationships between variables and draw inferences about the possible effects of an intervention, but they do not have counterfactuals that control subjects or conditions. They are most commonly used with interventions or strategies situated in complex systems. Nonexperimental designs that explore causality often incorporate validation, or checking back with key informants on the accuracy of data and reasonableness of interpretations; and counterfactual thinking, exploring whether alternative explanations could have caused or contributed to observed relationships or outcomes.

Philanthropy's movement toward "contribution not attribution" signals an increasing understanding that attribution — definitively isolating whether an outcome would not have happened without a particular effort — is difficult to impossible to attain in complex and dynamic settings. The standard instead is on contribution and determining whether a credible and plausible case can be made, based on evidence, that causal connections exist. This has led to new thinking on the concept of causality itself. For example, evaluator John Mayne (2012) introduced the idea of a "causal package" as a useful way to think about how one organization's strategy must interact with a broader mix of complementary interventions, actors, events, and contextual factors to increase the probability that desired changes will occur. The core premise of a causal package is that multiple causal factors must work together in order to produce a change. Each cause alone is necessary but not sufficient. A "package" of necessary causal factors acting together, however, can be sufficient. Especially with ambitious long-term goals that require complex solutions, interventions or initiatives should be designed with an assessment of the full causal package thought to be necessary to effect change.

The widespread understanding in philanthropy that contribution is the appropriate standard for complexity paves the way for the use of nonexperimental designs and methods that test whether a strong enough contribution case can be made. But both a lack of awareness that these approaches exist and faulty assumptions about their rigor cause them to be rarely used in practice.

Myth 2: There are no rigorous nonexperimental designs for examining causality. There are many nonexperimental causal design options. Gates and Dyson (2017) place the array of nonexperimental options for assessing causal relationships (many of them developed in the last 10 to

15 years) into four main categories: (1) theory-based, (2) participatory, (3) case-based, and (4) systems-based. (See Table 1.)[3]

We think about rigor here not as a particular method or design, but as the practice of embedding sound evaluation principles and practices into an evaluation. This means, for example, systematically collecting and analyzing data to make sure the conclusions drawn are accurate and credible, openly discussing and exploring possible alternative conclusions, and using participatory approaches for interpreting results and identifying their implications.

An example of a rigorous implementation of causal analysis is the study that ORS Impact and Spark Policy Institute conducted on collective impact, a form of cross-sector collaboration to address complex social and environmental challenges (Kania & Kramer, 2011). The evaluators used a nonexperimental theory-based approach for examining causality (Stachowiak et al., 2020). Their use of process-tracing methodology sought to answer a fundamental causal question: To what extent and under what conditions does the collective impact approach contribute to systems and population changes? The study examined 25 collective impact initiatives via interviews and document review, examined eight initiatives via site visits and process tracing to rigorously test the approach's contribution to demonstrated population changes, and conducted virtual focus groups with three equity deep-dive sites to better understand equity work in the collective impact context.

Myths About the Usefulness of Causal Designs

Myth 3: Causal designs focus on the past and do not help with future decision-making. In some ways, this myth has merit — to explore how something happened, we must observe a change that already has occurred. However, this does not mean that causal analysis is only useful in

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[3] While some of the methods in Table 1 exclusively focus on examining cause-and-effect relationships, others can be implemented in ways that are more descriptive than causal. For example, case studies are commonly and usefully used in philanthropic evaluation. For case studies to be causal designs, they need to incorporate methodological approaches that examine cause-and-effect relationships (e.g., using contribution analysis within a single case study design; qualitative comparative analysis across multiple cases).

TABLE 1 Nonexperimental Causal Designs and Methods

Approach	Methods	Basis for Making a Causal Claim	When and Why to Use It
Theory-Based Approaches	• Contribution analysis • Process tracing • Realist evaluation • General elimination methodology • Qualitative impact assessment protocol • Multiple lines and levels of evidence • Innovation history	In-depth theoretical analysis of causal processes or mechanisms in context	• When there is a strong theory of change • When differences in context are likely to matter • When it is important to examine effects for specific groups
Participatory Approaches	• Most significant change • Outcome harvesting • Collaborative outcomes reporting • Collaborative yarning • Rapid outcome assessment	Validation by participants that their actions and experienced effects are "caused" by the intervention	• To capture multiple understandings of change and unintended consequences • More timely and affordable • Sample size is small
Case-Based Approaches	• Within-case • Across-case	Analysis of causal processes within a case or across multiple cases	To identify causal factors across cases when effects are known
Systems-Based Approaches	• Causal link monitoring • Causal loop diagramming • Statistically created counterfactual	Building a conceptual model of the causal relationships at work, and verifying it with empirical data for each variable, mathematical formula, or computer simulation	To example multiple interdependent causal and nonlinear feedback processes

Source: Gates & Dyson, 2017

hindsight. Having better evidence about how change happened has a number of benefits for future decision-making.

Building a stronger base of knowledge about complex change can strengthen future strategy decisions in related work. While causal analyses in complex, systems-change examples do not seek to create replicable program models that can be implemented regardless of setting, they help to build a better body of knowledge about what has worked, when, and why than descriptive studies alone can achieve.

Having evidence of how change happened can also help other funders and public-sector actors lean into specific approaches to systems change

with more confidence. Many evaluators who use causal analysis promote greater uptake precisely because the approaches increase the confidence of policymakers and funders about what has worked and why (Barrett et al., 2020).

An example of how causal analysis affected future decisions comes from the Agricultural Research Center for International Development, which sought to help winemakers achieve a geographical designation that they believed would help Brazilian producers increase their income (Blundo-Canto et al., 2020). An impact analysis alone would have shown that the geographical designation was achieved, and that the producers increased their sales and margins. However, a participatory causal analysis explained the

mechanism by which income increased — efforts to support learning and motivation across producers led to a virtuous cycle of ongoing learning and increased professionalism, which improved the quality of the wine and increased their income. It was this set of mechanisms, not the geographic designation, that made the difference. The causal analysis also found that the changes experienced by producers made them more resilient to fluctuations in political and institutional support. Identifying these mechanisms had significant implications for future programming and resources dedicated to building capacity for innovation and learning.

Myth 4: Causal designs are summative only and cannot be used for real-time decision-making. If an evaluation's goal is to conduct real-time learning that uses data-informed feedback loops to explore how a system is changing, it is true that some causal methodologies cannot be used. Other approaches, however, are appropriate for ongoing implementation, capturing insights about specific interim outcomes and other types of systems changes as they emerge.

Outcome harvesting is an example of an approach that supports continuous learning. This method collects (harvests) evidence on what has changed, and then, working backwards, determines whether and how an intervention has contributed to these changes. It is useful with complexity, when it is not possible to define in advance with precision what an intervention will achieve over time. Outcome harvesting implemented with processes for validating causal pathways can be repeated over time, providing systems-sensing information combined with evaluative information about how change has happened. This is how Humanity United's Peacebuilding Portfolio is using the method, with biannual debriefings as it harvests and validates outcomes along the way. It allows the foundation team to observe steadily how and why the system is changing, both in response to their interventions and to other factors (J. Heeg, personal communication, May 13, 2021).

Myth 5: Causal designs are not appropriate for complex settings. Because many people think about RCTs when the topic of causal designs is raised, it is easy to believe that causal approaches are appropriate only for situations in which RCTs are most commonly deployed — for programmatic efforts or models that provide replicable or semi standardized solutions for problems that can be addressed using similar methods and procedures. Randomized controlled trials are less applicable to adaptive initiatives like systems-change efforts that offer flexible and often emergent strategies to address problems that require unique, context-based solutions (Britt & Coffman, 2012).

We recognize that for dynamic adaptive initiatives that take place in complex settings, it is difficult to discern cause and effect, and rarely does any one person hold the whole story of change. Many nonexperimental causal methods explicitly recognize this complexity, seeking to validate causal pathways through multiple perspectives and to understand the impact of larger system dynamics. (See Table 1.)

In the study by ORS Impact and Spark Policy Institute referenced earlier, collective impact's contribution to population-level change was examined across many sites. Collective impact as an approach is complex and deeply context dependent. The sites in the study ranged widely across geographic scope, topical area, target populations, and more. The use of process tracing to understand the degree to which the approach plausibly contributed to population-level impacts across settings provided practical advice about which aspects of the approach mattered most. The causal findings helped to build confidence among implementers about the pathways to change they were assuming. The study also helped to illuminate where additional inquiry could further bolster the work, including around equity and the use of data. While the study did not prove collective impact would always create population-level change, it did find that it can contribute meaningfully impacts across different sites, settings, and topics (Stachowiak et al., 2020).

Myth 6: Causal designs are too burdensome for participants. For the four main nonexperimental causal designs identified by Gates and Dyson (2017), deep understanding of how change occurs requires engagement with key stakeholders involved in the work. (See Table 1.) It is through this inquiry that different experiences, vantage points, and pieces of information can be brought together to create a nuanced understanding of change. While some secondary or extant data can be additive, strong implementation of causal methods in complex settings does require stakeholder participation.

Rightfully, philanthropy and evaluators are regularly mindful of the burden associated with nonprogrammatic asks of grantees and partners on the ground, including participation in evaluation. In our experience, engagement around questions of causality is additive to the work and worth the time invested. Burden should not just be assessed not just based on the time required for participation; it should also be judged on the value received from the output. Too often, work that merely describes what happened and which outcomes resulted does not lift up lessons that can inform future efforts. In these cases, the cost of participation can outweigh the value returned for the efforts participants put in.

Myths About Causal Designs and Equity

Myth 7: Causal designs cannot be implemented in ways appropriate for working with communities. Another assumption often made is that causal designs are too inherently complex in their design, implementation, interpretation of findings, and reporting of results. This complexity is a barrier, so the myth goes, for communities engaging in participatory evaluation processes.

This myth assumes that community partners lack the ability to engage with and understand an evaluator's analytical approaches. At the same time, we often assume that evaluators have the ability to understand sufficiently the depth and complexity of a community's experiences, cultures, systems, and history. We argue that causal methods, being merely technically complicated, are less complex to understand in this equation.

> *The solution here is not to pick simplified methods (any more than communities should simplify their context and culture), but rather to give space, time, and opportunity for learning across methods and culture.*

The solution here is not to pick simplified methods (any more than communities should simplify their context and culture), but rather to give space, time, and opportunity for learning across methods and culture. Evaluators can use some of the same methods to bring causal designs to communities as communities use to bring their culture and experience to evaluation — through stories, metaphors, visuals, and shared dialogues. Evaluators can also listen for and explore how communities are testing their own causal assumptions, including their ways of measuring and telling stories about how and why change happens over time.

For example, Jeph Mathias' approach to outcome harvesting centers the lived experiences of those in the most marginalized parts of complex systems, not just as data sources, but as part of the study team. In Kenya, he engaged street youth as partners in collecting stories, supporting them to learn from their peers and to listen to other system actors. Independent of the external evaluation team, street youth listened to other street youth. They also accompanied evaluation team members to interviews with leaders at UNICEF and Kenya's Ministry of Youth Affairs, for example. As "insiders," the youth could hear stories that were inaccessible to the external evaluation team and act as "contextual experts." This enabled the evaluation team to see otherwise hidden parts of the system and to understand motives and meanings that were underneath the surface (J. Mathias, personal communication, Oct 8, 2021).

An evaluation that explores causal relationships to understand the drivers of inequity and the effectiveness of interventions is unlikely to make claims that race is a driver of specific outcomes. Instead, such a study is likely to find the ways in which race is a characteristic of who is affected and how by a system and an intervention.

Perhaps the myth here actually gets at a very different barrier than the inaccessibility of causal designs. Instead, the real cause of this myth may be the lack of evaluator skills, time, or resources needed to engage in causal analysis in ways that are accessible and meaningful to communities.

Myth 8: Causal designs are rooted in white supremacy. We recognize that some causal designs use a statistical research practice that is grounded in a history of white supremacy (Bonilla-Silva & Zuberi, 2008). There are legitimate, serious concerns with these analytical tools that seek to explain differences among humans and human experience through mathematical analyses that simplify and reduce people. Equally legitimate are concerns about research tools that assume there is one factual reality, as opposed to multiple truths that need to be understood. In addition, concerns abound about how these methods define concepts like rigor, objectivity, and validity (Dean-Coffey, 2018).

Fortunately, causal designs are not limited to methods with this historical (and contemporary) set of challenges. The nonexperimental causal designs that appear in Table 1 include methods designed by Indigenous researchers (Shay, 2019);

qualitative methods that seek to explore the full story, not simplify it; and mixed methods that seek to understand multiple dimensions through different lenses. Additionally, many of these methods either explicitly acknowledge different ways of knowing or are designed so that the sources of evidence are not limited to one way of knowing.

Causal analysis done well also addresses a fundamental problem with many studies that seek to explain causality in relationship to race. Too many social scientists have described the "effect of race" in their findings, implying causal relationships between race and other outcomes (Bonilla-Silva & Zuberi, 2008). An evaluation that explores causal relationships to understand the drivers of inequity and the effectiveness of interventions is unlikely to make claims that race is a driver of specific outcomes. Instead, such a study is likely to find the ways in which race is a characteristic of who is affected and how by a system and an intervention.

Myth 9: Causal designs center philanthropy's ideas about change. Evaluation, as practiced now in philanthropy, tends to take a positivist approach that accepts a foundation's strategy as is and looks at whether the foundation's strategy and related theory of change is playing out as expected. As with strategy, most foundations set or approve all evaluation terms for their strategies: what the questions are, who the evaluator is, what the scope of inquiry is, what the design should be, which data matter, and most importantly, what constitutes success.

While this practice of centering the foundation's ideas about change is typical, it is more about traditional power dynamics in philanthropy and long-standing foundation-and-evaluator routines and habits than it is about evaluation methods. The habit we have of centering foundation priorities in evaluation is just that — a habit. It is changeable. While we acknowledge that foundations have centered their strategies and points of view in philanthropic evaluation, we also recognize that this is the result of the questions we ask (and who is asking them), not the result of the methods we choose. Causal analysis can

center anyone's ideas about change, not just the foundation's.

Techniques like process tracing or contribution analysis can focus on outcomes that emerged, whether intended or not, and build an evidence base for a pathway to change that may or may not match the funder's assumptions, depending on what the evaluator discovers through data collection and analysis. Outcome harvesting, similarly, can be implemented with a focus on the types of outcomes in a funder's theory of change. Alternatively, it can be implemented the way Humanity United's Peacebuilding Portfolio is using it, where the adaptive theory of change offers a general sense of the universe of outcomes to be harvested but does not limit that universe. The foundation actively seeks the harvesting of outcomes that emerge, regardless of whether it predicted them.

Causal analysis can also be a powerful way to challenge assumptions that there is a "right" pathway. It can demonstrate when these assumptions do not hold true or surface complementary pathways or conditions in the larger context that are necessary parts of the change process. In this sense, causal analysis methods that leave room for emergence can actually feel quite risky for some in philanthropy, as they become a means by which a philanthropic strategy or theory of change can lose its credibility. Yet, this decentering and challenging of the foundation's point of view is an important part of shifting power in philanthropy as well as increasing philanthropic impact.

Call to Action

Repeated and reinforced often enough, myths are notoriously challenging to dispel. Given the number and variety of myths named in this article, it is no surprise that causal analysis tends to be the rare evaluative exception in philanthropy more than the rule.

We write this article during a time of profound disruption, when the opportunity to change and transform both philanthropic and evaluation practice feels possible. The COVID-19 pandemic and issues like climate change have brought into

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stark relief the interconnectedness of systems, while the racial reckoning taking place in the United States makes clear that continuing with the status quo will not lead to meaningfully different outcomes and futures. These issues, along with broader questions about power and privilege, are leading to shifts in philanthropic priorities, strategies, and approaches to both grantmaking and evaluation.

We believe that part of evaluation's role in supporting transformative change in this moment is to help the sector get smarter about how change happens in complex systems. Engaging in evaluative work in complex settings should include the use of causal analysis, alongside the active revision of our ideas about change as we learn from these analyses.

Imagine yourself as the program officer in Text Box 1. Do you want to facilitate dialogue and learning about change and what can drive it further, or do you want to describe what happened to the people who have already lived through it? We need to let go of the myths that hold us back from using every possible tool that we can, including causal analysis, to both understand and effect change.

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Internal Culture, External Impact: How a Changemaking Culture Positions Foundations to Achieve Transformational Change – With 2024 Prologue

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Keywords: *Philanthropy, foundations, foundation culture, culture, internal organizational culture, changemaking culture, large-scale change, transformational change, scaling impact, foundation impact, accountability, norms, behaviors, values, foundation norms, building culture, culture-building, shared accountability*

Prologue
by Amy Celep, M.B.A., Sara Brenner, M.B.A., and Rachel Mosher-Williams, M.P.A.

Since "Internal Culture, External Impact" was written in 2016, philanthropy has gone through some important evolutions. One significant change has been an increase in the number of foundations that are shifting priorities and practices to center racial equity, out of recognition that race is the biggest indicator of disparities on a range of social issues in the United States. A 2021 study from the Center for Effective Philanthropy found that nearly three quarters of foundations interviewed said they are increasingly thinking about how race is relevant to their programmatic goals.[1]

As the field deepens awareness and understanding of racial equity and inclusion, we are seeing heightened interest in new approaches: engaging the people closest to the issues in foundations' work, shifting power and decision-making, and trust-based philanthropy.[2] At the same time, as Generation Z — those born between 1997 and 2012 — enters the workforce, some organizations have as many as five generations represented on their staff and board, and each generation holds different expectations about what strong leadership looks like, how organizations should live their values, and ways organizations can foster inclusion and belonging for teams that are becoming increasingly diverse across a range of aspects of identity.

> **Key Points**
>
> - This article argues that a foundation's internal culture is critical to achieving large-scale social change, but that efforts to build a changemaking culture too often are left out of strategy conversations.
>
> - While there is no one culture that suits every foundation, a particular set of characteristics must be present in those that seek large-scale social change: a focus on outcomes, transparency, authenticity, collaboration, racial equity and inclusion, continuous learning, and openness to risk.
>
> - This article offers insights into why culture can be challenging for foundations to address and maintain, examines cases of successful culture change at foundations, and offers advice for foundations that aspire to it.

[1] Buteau, E., Orenston, N., & Morotta, S. (2021). *Foundations respond to crisis: Lasting change?* Center for Effective Philanthropy. https://cep.org/wp-content/uploads/2021/11/CEP_Foundations-Respond-to-Crisis_Lasting_Change.pdf

[2] See https://www.trustbasedphilanthropy.org/

Amid all these shifts, culture still matters — perhaps even more now. We've seen from our experiences that culture can either accelerate or stall the results for racial equity. For the many foundations focusing externally on advancing racial equity, it is critical to intentionally build an internal culture that prioritizes equity and inclusion. For example, culture will impact a foundation's efforts to attract and retain more diverse staff or engage differently with grantees and other stakeholders.

As foundations work to build a culture centered on equity and inclusion, we offer three recommendations.

1. *Be intentional with language.* Clear, specific language is important for ensuring alignment around an organization's values, norms, and behaviors.[3] Specific language about race and why an organization is centering it is also important for ensuring the organization stays true to its aspirations.

2. *Prioritize relationships and listening.* Place a high value on listening to build empathy for grantees and community. When things get difficult (and difficult moments will happen), build trust by staying at the table, sitting with discomfort, striving to understand where different perspectives are coming from, being self-reflective, and working through tensions. Stronger relationships can lead to different decisions that can create better outcomes.

3. *Pay attention to power.* Building an equitable and inclusive culture requires awareness of power dynamics and intentionality to shift power. Consider ways to shift decision-making power within your organization and to grantees and other stakeholders. Another way to shift power is to rethink what counts as "expertise" and to honor lived experience as important expertise that guides decisions.

In the years since this article was published, our experiences have shown us repeatedly that focusing on culture is not a nice-to-have: It is critical to a foundation's success and well worth the time and investment.

Further Reading

Since this article was published, we have continued to learn from the work of others in the field. The following resources, tools, and organizations have been especially helpful in advancing our collective thinking and practice related to culture.

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[3] For more about how these things contribute to culture, see Community Wealth Partners, *Creating a Change-Making Culture: A Field Guide,* 2021. https://communitywealth.com/wp-content/uploads/2019/02/Culture-Field-Guide.pdf

Introduction

Foundations increasingly are expected to operate more transparently, accountably, and collaboratively while delivering greater results. At the same time, foundation leaders are reporting pressures from internal challenges that include recruiting and retaining the best talent amid a generational shift, as baby boomers retire and greater numbers of millennials — with new expectations, norms, and behaviors — join foundation staffs.

The common element in addressing this range of demands is culture. Foundations have a tremendous untapped opportunity to more intentionally build culture — both inside and outside their walls – in order to respond to these calls to action, address internal organizational issues, and ultimately create transformational change.

Research into foundation staff and grantee perceptions conducted by Ellie Buteau at the Center for Effective Philanthropy established a strong connection between what goes on inside a foundation and how grantees experience working with that foundation — findings suggesting that internal culture matters (Buchanan, 2015). Organizational theory also suggests that delivering a consistent, reliable experience to stakeholders is critical to winning the trust of those you need to succeed: customers, partners, and employees in the case of business, grantees and communities in the case of philanthropy. Misalignment between the world inside a foundation and perceptions from outside it can also lead to frustrated employees and high turnover. Delivering an experience on which everyone involved can rely — and, ultimately, delivering results — starts with intentional culture building.

Culture represents far more than "the way we do things around here." Culture is a critical strategy for large-scale change. It involves the articulation and consistent, long-term promotion of the values, norms, and daily behaviors that allow people, organizations, and communities to align their actions in a disciplined way that contributes to progress.

> *Culture is a critical strategy for large-scale change. It involves the articulation and consistent, long-term promotion of the values, norms, and daily behaviors that allow people, organizations, and communities to align their actions in a disciplined way that contributes to progress.*

Ford Foundation President Darren Walker (2015), discussing his foundation's recent decision to focus on global inequality and building healthy organizations, acknowledged that Ford's culture must change if its new strategy is to succeed:

> Many have fairly pointed out that the Ford Foundation culture is unnecessarily hierarchical and bureaucratic, and our decision-making slow and opaque. (para. 5) … We will continue to evolve our internal culture to be more responsive and problem solving, ambitious but humble, bold and transparent. (para. 41)

Ford's journey is just beginning, and culture change can take years. While the influence of foundations like Ford is significant and other grantmakers are also engaged in building organizational culture to support changemaking strategy, too often these efforts are left out of strategy conversations.

Foundations represent a widely diverse group of organizations. Most are very small or unstaffed (Boris et al., 2006). Some, like operating foundations, do not generally make grants; others, like community foundations, function like, and are technically classified as, public charities. A great deal of philanthropy is channeled through donor-advised funds rather than the organizational structure of private foundations.

To create the type of transformational change to which they aspired, change agents and organizations often had to disrupt prevailing cultural norms and behaviors and establish new ones.

So while there is no one culture that suits every foundation, we maintain that a particular set of characteristics must be present in those that wish to help achieve large-scale social change.

While we are still investigating these qualities, our research and experience suggest that change-making cultures are characterized by a focus on outcomes, transparency, authenticity, collaboration and partnership, racial equity and inclusion, continuous learning and improvement, and openness to risk and change. When the work of a foundation's staff is aligned with the values of the organization and those values are evident in relationships with the grantees, networks, and communities necessary to create change, trust and loyalty are established. Only then can the authentic collaboration that is required to achieve transformational change occur.

Following a summary of the research that led us to focus on culture, this article offers insights into why culture can be challenging for foundations to address and maintain. We conclude with cases of successful culture change at foundations and advice for foundations that aspire to it.

A Connection Between Culture and Social Change

In 2011, our social-sector consulting firm set its sights on contributing more powerfully to solving social problems "at the magnitude at which they exist." This stated mission remains the inspiration for us, as individuals and as a team, to engage fully in our daily work with foundations and nonprofits. We aspire to a day

when hunger, homelessness, and poverty no longer exist.

Putting forth such a bold assertion led us to ask what it really takes to solve social problems — not merely to make incremental improvements — and how we as consultants play a role in those efforts. Our discovery began with research to answer one vital question: Why do some social change initiatives achieve transformational results when others do not? We developed multiple hypotheses about the commonalities across transformative historical or present-day initiatives that had eradicated or made dramatic progress in addressing a social problem. We tested our hypotheses through in-depth inter-views with change agents inside nearly a dozen of these campaigns — from global efforts, such as the anti-malaria movement, to local efforts to eliminate homelessness in a number of American cities.

In retrospect, noticeably absent from our initial list of hypotheses was any mention of culture. We talked about specific characteristics of the leaders of these efforts: vision, authenticity, tenacity, willingness to take risks, a learning orientation. But we didn't talk about the norms, normative structures, and behaviors of the broader set of stakeholders in these initiatives.

From our interviews, 10 insights emerged as the core tenets of creating transformational change; one of those was building intentional culture. While our research confirmed that, as expected, the initiative leaders themselves had certain characteristics, it also suggested that the many stakeholders involved in these efforts shared an intentionally crafted and reinforced set of values. Ultimately, the change agents involved in these efforts proactively and thoughtfully built a culture that guided the interactions of all partners engaged in achieving the sought-after change. This culture was an active, critical changemaking strategy — the consistent, long-term promotion of values, norms, and daily behaviors that allow people, organizations, and communities to solve problems at scale.

But those engaged in these efforts went beyond simply naming values; they clearly articulated specific norms and behaviors that would drive the results needed to make progress on solving a social problem. They were relentless in upholding these behaviors, holding people accountable to them and rooting out unproductive behaviors. They institutionalized the behaviors, making them central to recruitment, talent development, performance evaluation, and decision-making protocols. To create the type of transformational change to which they aspired, change agents and organizations often had to disrupt prevailing cultural norms and behaviors and establish new ones.

Literature on Foundations and Culture

The business literature has looked extensively at culture — the importance of focusing on and building corporate culture intentionally and its central role in delivering on a brand promise. In *Forbes,* Chris Cancialosi (2015) describes the importance of establishing an internal culture:

> When you develop a brand image before firmly establishing it within your organization, you create a potential disconnect between your internal culture and the face of your brand. When your brand promise doesn't measure up to your audience's expectations, you won't just disappoint; you'll also lose their trust and loyalty. (para. 2)

Cancialosi also argues that this misalignment frustrates employees when they realize that the culture isn't what they thought it was, leading to dissatisfaction, poor performance, and high turnover.

While the issue of organizational culture has been prioritized in other domains, it is for the most part strikingly absent in both the practice of and academic literature on philanthropy. Very recently, however, a conversation about the need to address culture within foundations seems to be gaining ground. New thinking from organizations like Grantmakers for Effective Organizations and the Center for Effective Philanthropy is adding to the research.

In our day-to-day work with organizations and communities, we've observed that leaders often overlook culture as an important factor. Foundation teams tend to focus on defining missions, goals, and strategies — certainly important — without talking about the behaviors required for driving change internally and, ultimately, achieving change externally.

One challenge to developing the research on the connection between foundations' internal culture and their external impact is that, with the exception of operating foundations or direct foundation programming in communities, foundations essentially serve as intermediaries. Foundation outcomes are inextricably linked to the aggregate outcomes achieved by their grantees, so the transformative change they seek to achieve relies on their role in collaborating with and influencing grantees and peers. This article does not explicitly distinguish between the impact of foundations' work and that of their grantees, but we feel strongly that building an internal culture oriented to accomplishing greater external change will yield much stronger outcomes for all stakeholders.

Why Foundations Don't Focus on Changemaking Culture

In our day-to-day work with organizations and communities, we've observed that leaders often overlook culture as an important factor. Foundation teams tend to focus on defining missions, goals, and strategies — certainly important — without talking about the

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behaviors required for driving change internally and, ultimately, achieving change externally. People shy away from confronting how to work together inside their organizations and across their grantee relationships and partnerships. This oversight leads some foundations — and the collaboratives, networks, and communities within which they work — to become stuck, unable to move forward in realizing the large-scale change they seek.

Foundation leaders have admitted that they didn't focus enough on culture. Patty Stonesifer, founding chief executive officer of the Bill & Melinda Gates Foundation, has said she did not pay enough attention to organizational culture when she led the foundation (Twersky, 2014). Anne Warhover, former CEO of the Colorado Health Foundation, shared a similar sentiment:

> I wish I had realized earlier on that creating a changemaking culture is more than putting changemaking strategies in place. It requires hiring people who passionately want to make transformational change, and thus they embrace, rather than fear, the risk taking and measurement that real change requires. (A. Warhover, personal communication, November 24, 2015)

So why is there such a lack of focus on culture within foundations? We assume that most foundation leadership and staff would say that culture matters. Still, our experience suggests that too few foundations actually focus on strategically developing an internal culture that drives their outcomes and that can be described with consistency and clarity by their leaders and team members on the program and nonprogram (e.g., legal, HR, evaluation) sides. With little focus on culture in general, foundations are unlikely to build changemaking cultures. We propose that there are several reasons for this disconnect.

Lack of Market Forces and Accountability

Foundations are not subject to market forces; they are uniquely sovereign institutions in the United States, with limited accountability to external stakeholders. While some foundations may relish this freedom, it can become a disadvantage in terms of accountability to maximize social outcomes. Under market pressures, organizations learn to create value for others and look beyond themselves to meet the needs of others. Market forces can drive innovation, transparency, and accountability. Corporations focus on culture because it drives customer and employee retention and the short-term performance and long-term sustainability of their businesses. Still, market forces have contributed to the creation of harmful, unsustainable organizational cultures; one of the most egregious recent examples, of course, being Enron Corp.

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When you operate with limited external checks and balances, accountability also looks different from the inside. Foundations are accustomed to creating missions and identifying values, but often do not translate them into ways of working with clear accountability. Staff who are new to foundations commonly report spending

their early years trying to understand unwritten rules of the game and behaving according to what is and isn't enforced. Tom David and Kathleen Enright (2015) describe these rules as the "basic underlying assumptions … that are so taken for granted that there is generally little variation within an organization" (p. 6). Equally as prevalent are foundations that make norms and behaviors explicit to staff, but do not share accountability for enforcing those behaviors. "Accountability isn't in our DNA" is something we've heard too many times.

While several market-based practices have emerged in philanthropy, these approaches have neither become mainstream nor dramatically influenced the culture of foundations. Some foundations are engaging in impact-investing strategies, from mission- and program-related investments to social impact bonds and pay-for-success contracts, that create measurable social and environmental impact alongside financial returns. Yet these practices don't appear to be affecting the culture of foundations at large; they often remain within silos inside institutions. Thus, the dominant culture characterized by the power dynamic between grantmaker and grantseeker prevails, with few external forces demanding change.

Valuing Expertise Above All Else

If there is one common norm we observe across many foundations, it is valuing academic, policy, and research-based expertise. Expertise is an extremely valuable asset; it is often at the center of new business ideas and social innovations and movements. When foundations validate one type of expertise over others, however, it can be detrimental to the organization's culture and health. As David and Enright (2015) report, cultures that favor academic knowledge can breed elitism and expertise can be used to leverage power over other colleagues. Furthermore, these cultures may be dominated by individuals who attempt to champion solutions rather than engage outside perspectives. This can perpetuate a distance between departments and programs inside foundations as well as between foundation staff and grantees and can severely limit innovation and the application of solutions.

In such cultures, leadership may retain experts even when those experts fail to embrace other espoused values, such as collaboration or teamwork. When staff perceive expertise is valued more highly than the team, they feel devalued and high turnover results.

As foundations work to engage the next generation of leaders who want to make change, overvaluing expertise may be one of the biggest challenges in fostering new talent. Honoring expertise as the end game may, in fact, seriously limit leadership. Transformational leadership, which focuses on solving social problems, requires collaboration, trust building, and empowerment of others. It also calls for a deep engagement of diverse perspectives, including from those with lived experience rather than more traditionally prized forms of expertise.

Research on leadership supports this approach. David Rooke and William R. Torbert (2005) argue that leaders can grow across seven dimensions of leadership; "expert" is one of these, as experts typically seek to achieve outcomes and control work by perfecting their knowledge. "Experts are great individual contributors because of their pursuit of continuous improvement, efficiency and perfection," they write. "But as managers, they can be problematic because they are so completely sure they are right" (para. 18). And, as senior leaders, they "see themselves as chiefs and their 'teams' as an information-gathering formality. Team life is bereft of team problem-solving, decision-making, or strategy-formulating efforts" (para. 61). If leaders are unable to move beyond the dimension of expertise to other forms of leadership, they are less likely to lead groups of people to innovate and to achieve transformational results and will not focus on creating a changemaking culture.

Changemaking May Not Be Seen as the Core Purpose

Historically, foundations were created to support their communities or specific groups of people rather than to make sweeping social change. As a result, foundations may not initiate conversations about how culture aligns with

Elements of Culture
• **Values:** what we care about
• **Norms:** rules and supporting structures and processes that define how to live the values
• **Behaviors:** actions to take that follow the rules

their work because they may not think of themselves as being in the changemaking business. Instead, they may see themselves as in the business of helping grantees, financing nonprofits, or helping a field of practice. Time spent focusing on internal needs might seem self-indulgent or in some other way not the best use of a foundation's time and resources, so conversations about "the way we work" are often shelved.

Our experience as consultants also suggests that conversations about creating a changemaking culture happen even less frequently than general culture conversations because they can be extremely uncomfortable. Change requires working differently. These conversations force everyone to take a hard look at why they do what they do. If the organization is not already set up as a learning organization designed to accept and receive continuous input and to reflect and improve, changemaking culture conversations are the antithesis of the current culture and may be difficult to force.

Challenges to Implementing a Changemaking Culture

Even for foundations that are focused on culture, myriad challenges may block creation of a truly changemaking culture. Many leaders assume culture is simply a set of values that, if teams espouse them, will lead to behavior changes and, ultimately, the results to which the organization aspires. Even when organizations embark on an intentional culture redesign, they may fail to fully implement and maintain this culture over the long term. Our hypotheses about why this occurs — for so many organizations, not only foundations — is a starting point for charting a path to address it.

1. *There is no explicit articulation or shared understanding of the behaviors that reflect the organization's espoused values.* Very few foundations get specific enough about the behaviors that will lead to change. Respect, for example, may be a value, but the organization hasn't named specific behaviors for living this value, such as seeking to understand before stating an opinion, inviting differing opinions into every conversation, recognizing other points of view, or honoring people's time by starting and ending meetings promptly. Articulating behaviors increases the likelihood that they will be adopted and sustained. Given that many foundations have programs that focus on different kinds of change and strategies, allowing for some flexibility across the foundation in how the behaviors manifest can be important.

2. *People are clear about the behaviors but hold subconscious beliefs that conflict with and keep them from demonstrating them.* Staff members may have conscious or subconscious beliefs that conflict with the culture. For example, an organization may value incorporating grantee perspectives into grantmaking strategy, but if a staff member believes, deep down, that grantees don't have sufficient expertise to engage in the discussion, the staffer might fail to engage in the behavior. To surface and overcome subconscious beliefs, accepted behaviors must be made clear and the overriding culture must support self-reflection and growth. Foundations that build the capacity of their teams and provide coaches for their staff are more likely to overcome the influence of these subconscious beliefs.

3. *People are clear about value-aligned behaviors, but they have not internalized them because they were not part of shaping them.* Culture most often is perceived as a top-down set of values prescribed by leadership. People may understand norms and behaviors and believe their values align with them but are less likely to consistently live the behaviors if they do not engage in creating the culture. Therefore, culture is much more likely to be sustained when an organization combines

input from the entire team — using a bottom-up approach — with that of the leadership. Organizations with a team-driven culture-building process that allows staff to inform the culture and discuss how it is actualized are more likely to help team members internalize the desired culture, as well as surface and address conflicts between behaviors and beliefs.

4. *People are clear about the behaviors, but there is no shared accountability for enforcing them.* Lack of shared accountability is one of the biggest obstacles to implementing a successful culture. Foundations that may not uphold accountability as a norm in their culture can find it difficult to create shared accountability to enforce culture. Performance systems must be set up to incentivize and enforce behaviors. That said, the only way the culture is truly realized is when all participants in the organization hold one another accountable to behaviors that lead to specific results.

5. *People don't know how to have conversations that are key to holding others accountable.* Simply put, what stops us is often the fear of a difficult conversation. Foundations, like many organizations, may not equip their teams with the skills and tools to have productive conversations that change behavior, overcome conflict, or challenge team dynamics. Few organizations make difficult conversations a cultural norm and support their teams in having those conversations. When you train your staff to address challenging topics in productive ways, you have a stronger chance of sustaining culture.

6. *The organization isn't making the change it seeks, which may suggest it has chosen the wrong values, norms, or behaviors.* Finally, we recognize that a foundation may have a clear, consistent culture with named and aligned values, norms, and behaviors as well as shared accountability for enforcement, but these aren't resulting in change. For such a case, we hypothesize that the foundation's behaviors and norms may be more aligned with grantmaking than changemaking. The

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foundation may not have deeply evaluated the behaviors needed for changemaking and how they differ from those needed for grantmaking. Or, it may have conflicting norms and behaviors — some that support making social change and some that work against it. Organizations facing these challenges need to re-evaluate required ways of operating to make the change they seek.

Helping Foundations Institute Changemaking Culture

Wanting to be authentic partners in helping to build more transformational organizations prompted a check on our own internal culture. Our process for establishing an internal changemaking culture has become an effective framework that foundations can use to assess and reframe their specific cultural contexts.

We started by avoiding a top-down-only approach. While leadership should set the tone, we believe that a bottom-up approach yields

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Changemaking culture is established through:

- A powerful question to start the process — "What are the behaviors you expect of your peers that you're also willing to hold yourself accountable to?

- A co-creative process engaging the full team and leadership

- Articulating norms and behaviors

- Behaviors selected for their contribution to driving results

- Simple, memorable taglines that make it easier to hold ourselves and others accountable

- Behaviors enforced inside and outside the organization

- An adaptable ongoing journey

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the best results, leading to full team ownership and accountability. We began by engaging one of our mid-level managers to lead our culture work, as these "social intrapreneurs" have great leverage to effect change and achieve scale by influencing leadership, catalyzing the team to execute plans, and serving as a bridge between leaders and staff.

We also used one powerful question to ground the work: What are the behaviors you expect of your peers that you're also willing to hold yourself accountable to? We started by identifying through a co-creative process our values — what we care about as an organization — including respect, ambition, innovation, and excellence. Then, we set out to articulate norms for how we live those values. First, small groups of team members across levels of the organization worked together to prioritize the norms governing our work. Small groups made recommendations to the full team, which then identified the best four to five norms. We created taglines for these norms to help us remember and refer to them in daily work: for collaboration we coined the tagline, "No one can whistle a symphony."

Then, small teams identified the specific behaviors required to uphold each norm. Those

groups kept the original grounding question in mind and also asked two additional important questions: How would we know if we were living the norm of collaboration? How do we live those behaviors with each other and with our partners and clients?

The full team then reconvened to discuss recommended behaviors. As leaders, we listened to those conversations and shared our views on the most important behaviors. As a group, we discussed the obstacles to implementing the norm: Are there ways of working in the organization that would hinder us from adopting these behaviors consistently? What do we need to do to overcome those challenges? The team also discussed how the norms were mutually supportive.

We quickly realized that while the process was empowering for the team, it was not a one-time exercise. To sustain the culture, we would have to embrace an ongoing journey of learning and adapting our culture, just like we respond to changes in the environment and market for our business. We've taken various steps to institutionalize culture in an adaptive way. While our values and norms are constants, we hold quarterly discussions to assess how we are living the culture. At each meeting, we examine our behaviors: How consistently are we living them? Are these the right behaviors to achieve our results? What behaviors are missing for how we do our work today? Are there new norms we should add? How are these norms interacting to achieve our results? We follow the same bottom-up approach when adapting our culture. We've also embedded the culture in key systems, including performance management and recruiting, to drive outcomes and sustain our culture.

Case Examples of Culture Change
In our work with foundations, addressing culture has often helped them make more progress on solving problems than they would have otherwise. While we don't always name the primary issue as a "culture problem," opportunities to address culture emerge when teams seek alignment and engage in creating something

together, make decisions, and then execute their plans as a coordinated group.

Major moments of change are in fact the perfect opportunity to build culture. Leaders can build culture intentionally at natural inflection points, including strategic planning, pivoting the organization's impact or changing one's role, embarking on big-bet projects, participating in collaborative work with grantees, and making major leadership, team, or organizational changes. When culture is introduced naturally into the flow of work tied directly to important external outcomes, it has a much greater likelihood of being adopted and sustained. In all of these circumstances, we've observed culture-building to be a powerful tool that aligns the organization and encourages progress on a particular goal.

Here are three examples of foundations and foundation-led collaboratives that leveraged moments of change to build culture.

Collaboration Leads to New Ways of Working

Newman's Own Foundation set out to learn if by building trusting relationships, sharing learnings, and collaborating in other ways, six food-access and nutrition-education grantees could collectively affect system change and achieve better programmatic results. The foundation decided to make collaboration and peer-to-peer learning a central part of its capacity-building grants to each organization. It required the grantees to collaborate, but decided that the form of collaboration (e.g., creating a learning network, sharing information, working together toward a common goal, adopting a collective impact approach) would be entirely driven by the grantees.

As the work unfolded, Newman's Own learned that it would have to adopt new ways of working to achieve its desired outcomes, including facilitating relationships and conversations for purposes of learning; recognizing when to withhold and when to assert the foundation's point of view; talking more with grantees about the foundation's goals, motivations, and

Actions to Sustain Culture
• CEO conversations with new recruits
• Modeling by organizational leaders of named norms and behaviors
• Incorporation of behaviors into performance reviews and hiring practices
• Quarterly team conversations about how the organization is living — or not living — the culture
• Culture shoutouts in staff meetings and other forms of public recognition
• Asking for feedback from grantees/partners/constituents on specific behaviors

intentions; and altering the board's expectations regarding certainty and control over outcomes. This required new levels of transparency and communication with the grantees and new ways of managing the board's expectations. While the board took risks regularly, like funding pilot programs, it was asked to embrace a grantee-driven process that was key to the initiative's success but also gave the foundation a different level of control.

Building new ways of working opened the door to greater learning and risk-taking at Newman's Own. The grantees formed a learning network to accelerate impact; they have already formed deeper partnerships and are putting together a learning agenda. Among the topics they may explore are how to collaborate to raise awareness of their cause, source collective funding, and strengthen leadership development practices.

Exemplifying a New Culture of Equity

The Whitman Institute, a grantmaking foundation based in San Francisco, advances social, political, and economic equity by funding dialogue, relationship building, and inclusive leadership, but this wasn't always the case. Fred Whitman established the institute in 1985 as a small operating foundation to explore how to improve people's everyday problem solving and decision making. When Whitman passed

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away in 2004, executive director John Esterle, an original member of the institute's staff, took the helm and led its transition from an operating to a grantmaking foundation. Its new trajectory prioritized relationship building, moved to unrestricted and multiyear funding, and had the funder "do the homework" instead of requiring exhaustive, competitive proposals. These shifts were designed to build equity into the practice of grantmaking itself.

Esterle also restructured the foundation to demonstrate commitment to the core values of relationship, trust, equity, humility, critical thinking, and dialogue. Early on, grantees and retreat participants reflected race and age demographics that mirrored his own, so Esterle engaged Pia Infante, a young Filipina consultant, to co-design and facilitate the retreats. Their relationship and collaboration grew to become the multiracial, multigendered, and multigenerational co-executive directorship it is today. Notably, the board granted equal pay and trustee voting rights to Infante, continuing to put the institute's money where its values are.

Culture-Building Transforms a Collaborative From Inaction to Results for Children

A statewide collaborative incubated by the Helios Education Foundation spent several years creating a vision, strategy, and goals to drive significant improvements in education and health outcomes in Arizona. Despite a sound strategy, it had limited understanding and buy-in for how to operate collectively. The collaborative viewed Helios as the incubator and primary leader, and as a result the organizations involved did not take significant ownership of or action on the work. The collaborative, made up of more than 50 statewide and regional organizations, adopted an intentional culture-building and structure process that led to a shared leadership structure whose actions were coordinated and aligned.

Over 18 months, the collaborative's unique value proposition and each organization's contribution to the work were clarified, with established norms and behaviors for working together and making decisions. The result was a clear, functioning governance structure with a backbone, leadership team and working groups; broader funder and community support for collaboration, including multiyear funding; and some statewide policy wins that gave children greater access to quality services.

Benefits of Culture-Building for Foundations

These three cases illustrate the wide-ranging benefits of intentional culture-building for foundations and foundation-led collaboratives.

- *Clarity on how to live your mission:* Teams that adopt a changemaking culture gain deep clarity on how internal behaviors and objectives align with external outcomes; people see how their work contributes to bigger outcomes.

- *Greater transparency:* Consistent behavior between internal and external worlds fosters authentic behaviors and greater transparency. One foundation CEO noted, "We realize great benefits when we can work the same way on the inside and the outside. Our team takes great comfort in this."

- *Greater trust:* Once parties are more transparent with each other, trust-building has a firm footing. Intentional culture work improves the level of trust within organizations and collaboratives, and between organizations and their stakeholders. Culture-building is a critical pillar of trust-building.

- *Greater buy-in and disciplined execution:* Intentional culture-building that uses a bottom-up approach facilitates a deeper level of buy-in across an organization about the work itself and how to accomplish it. Teams who use this process tend to have greater focus and ability to coordinate across the organization and within collaboratives. These groups are less likely to be bogged down by internal politics that can delay progress. Furthermore, in organizations that use this process we've seen greater support for leadership decisions that are made without the team, because the team generally believes their input helped to inform the work.

- *Greater productivity:* Increased productivity is often the byproduct of greater buy-in and more disciplined execution. While teams engaged in intentional culture-building are more likely to support leadership decisions, teams also report higher levels of support from leadership to do the work and greater autonomy to operate. This trust and support enables team members to focus on accomplishing the work, rather than building internal support for it. Greater productivity occurs because teams who adopt this process understand the specific behaviors that drive outcomes and hold members accountable to them. They tend to embrace practices central to greater productivity, such as weeding out behaviors that undermine core behaviors and refusing to tolerate poor performance.

- *More leaders throughout the organization:* Creating and embodying a changemaking culture provides opportunities at all levels to demonstrate leadership. It creates "intrapreneurs" who help shape the organization's vision and support the team in disciplined execution of plans; team members make important decisions and lead work while experiencing self-management. Therefore, a changemaking culture is a great leadership development laboratory and a remarkable succession-planning tool.

Creating and embodying a changemaking culture provides opportunities at all levels to demonstrate leadership. It creates "intrapreneurs" who help shape the organization's vision and support the team in disciplined execution of plans; team members make important decisions and lead work while experiencing self-management.

Where Foundations Can Start

Foundations can take a number of steps toward intentionally building a changemaking culture. First, they can prioritize the conversation about culture. Culture must be viewed by all team members as an important investment of time and as a catalyst for achieving greater change on the social issues they address. Teams should be able to see the connection between internal behaviors, external impact, and social outcomes.

Next, leaders can look for natural entry points to engage their teams in these conversations. The best entry points are moments of change: strategic planning; consideration of new impact goals; investment in "big bet" projects; collaborative engagements with the community; and leadership, team, or organizational structure changes. These conversations ideally start with having teams talk about the culture they want to create and asking, "What are the behaviors you expect of your peers that you're also willing to hold yourself accountable to?"

Along the way, foundations can shape and refine their developing culture by considering these questions:

- Is there a clear articulation and shared understanding of the behaviors and norms that reflect your values?

- Do you or your colleagues hold subconscious beliefs that conflict with desired behaviors?

- Do you engage your colleagues and staff in shaping the culture?

- Is there shared accountability for enforcing the culture?

- Do you and your colleagues have crucial conversations to uphold the culture?

- Will the behaviors and norms you've agreed on actually lead to change?

Finally, to ensure they maintain their changemaking culture, foundations may want to regularly assess the extent to which they:

- recognize they need partners to achieve their goals and partner with community members beyond grantmaking;

- engage and learn with grantees and community members, as well as "experts";

- seek to solve system-level problems, move population-level outcomes, or change societal norms;

- set measures of impact beyond grantmaking;

- embrace practices of equity and inclusion; and

- take calculated risks in pursuit of outcomes.

Conclusion

We feel strongly that disrupting the norm by engaging in difficult conversations about foundation culture is necessary to gain greater insight and critical changes in philanthropic practice. But without real market pressures encouraging a shift, what will move foundations to focus on a changemaking culture?

We see two likely forces. First, our bet is that foundations will adopt a changemaking culture in response to a desire for change among the millennial talent base. Foundations will need new leaders at all levels and want top talent to consider them rewarding places to work. Current leaders can set their foundations apart by using changemaking culture as a recruitment tactic. Great leadership is one of the most influential levers for transforming culture.

A second powerful lever is reputation. Foundations risk losing influence if they can't adapt, innovate, and take risks to solve social problems. While not without their own challenges, newer foundations emerging from the high-tech world are influencing philanthropic norms and putting more pressure on the field to innovate. These newcomers, along with foundations formed in the last 20 years and organizations like the Center for Effective Philanthropy, the National Committee for Responsive Philanthropy, and Grantmakers for Effective Organizations, will continue to encourage transparency, innovation, and risk-taking. Foundations must embrace change or risk losing their reputations as significant actors in transformational social change.

The Whitman Institute's John Esterle observed, "Looking back at our progression from operating to grantmaking to spend-out foundation, I've been struck by how conceding power and sharing decision-making has made TWI a more powerful organization and advocate." We hope more foundation leaders will express willingness to concede some power and control, rethink their work, and disrupt their systems and processes. Building an intentional changemaking culture is one of the big bets foundations must make if they aim to help solve interconnected global problems that have kept billions in poverty and our planet on an unsustainable trajectory.

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Donor-Advised Funds and Impact Investing: A Practitioner's View – With 2024 Prologue

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Prologue
by Sam Marks, M.P.P.

I am thrilled that "Donor-Advised Funds and Impact Investing: A Practitioner's View" will be included in *The Foundation Review's* special anniversary issue. I think practitioners in philanthropy have an unfortunate tendency toward the transactional, and this unique journal and its peer-review structure creates an important space for reflection. The process of writing this article helped me reflect on FJC's own practices, and put them into the context of where the field of philanthropy — and donor-advised funds in particular — is going. It's gratifying and validating to know that professionals in the industry have been seeking out the article. Accelerating impact investing means changing minds and attitudes about how we weigh risk, return, and impact, and centering the particular business needs of nonprofits.

An Introduction to Donor-Advised Funds

A donor-advised fund is a charitable account whereby donors make irrevocable, tax-deductible contributions to a charitable sponsor. Donations to DAFs are not only tax-deductible at the moment they are made, but they also grow tax-free. Donors give up legal control of these donated assets to the DAF sponsor, but donors retain advisory privileges that allow them to recommend how those funds are distributed to the nonprofits of their choosing. Donors can also recommend how funds in the account are invested. Although the ultimate decision-making authority regarding grantmaking and

Key Points

- Any discussion of foundations embracing impact investing must include some discussion of one of the largest — and growing — sources of philanthropic capital: donor-advised funds. These philanthropic accounts allow donors of all sizes to access many of the functions of a private foundation, including the potential to invest for impact. Sponsors of these funds, however, face unique challenges in catalyzing impact investments.

- Like the larger institutional foundations that have led the way as mission investors, sponsors must often educate and inspire governance boards and investment committees. Unlike foundations with professional program staff, decisions regarding philanthropic resources at sponsors of donor-advised funds are guided by multiple account holders, often numbering in the hundreds or thousands. This may help to explain why these funds and their sponsors have not yet achieved their potential in investing for impact.

- This article takes a practitioner's view on the issue, reflecting lessons learned by a sponsor of donor-advised funds that has long accommodated the impact investing interests of its donors. Experience demonstrates some promising approaches that build on sponsors' particular strengths: their deep expertise of the nonprofit sector; the scaled platform offering operational efficiency along with technical assistance; and their ability to apply their operational expertise to new areas of collaboration with foundations and other philanthropically minded actors.

investments resides with the DAF sponsor, as a practical matter, most DAF sponsors defer to the

recommendations of their donors as long as they are recommending activities that are permissible by law and regulation.

Donor-advised funds are held at charitable sponsors — tax-exempt nonprofits that include community foundations, national charities (e.g., National Philanthropic Trust, FJC), and those created by large financial institutions (e.g., Fidelity Charitable Foundation, Vanguard Charitable). At least 976 charitable sponsors host over 1 million DAF accounts (National Philanthropic Trust, 2021). On behalf of their donors, DAF sponsors take on the administrative burden, typically for a modest asset-based fee. As a result, donors can focus solely on mission and grantmaking, relying on the sponsor to handle tax filings, audit, compliance, and the mechanics of grant disbursements.

Donor-advised funds share many characteristics with private foundations, but they are set up as individual accounts operating under a single organizational umbrella. Accounts can range in size from a few thousand dollars to multiple millions. At FJC we have seen a number of private foundations decide to close down and open up DAF accounts with their remaining assets, viewing this option as a more cost-effective and efficient approach to managing philanthropic assets. These philanthropists must get comfortable transferring ultimate governance authority to the board of the DAF sponsor, but they generally find that they can retain the same or similar flexibility around grantmaking and investment stewardship.

The DAF industry has undergone a major expansion, particularly over the last five years. The National Philanthropic Trust (2021) releases an annual survey of the DAF industry, for which it analyzes the IRS Form 990 filings of over 900 DAF sponsors. The trust estimates that as of 2020 there were nearly $160 billion in assets in DAF accounts, an amount that has doubled since 2016. To give a further sense of the industry's scale, in 2020, six of the top seven charities receiving the most contributions were sponsors of DAFs, including a number affiliated with large financial institutions such as Fidelity,

On a parallel track to the growth of assets held in DAF accounts, the philanthropic sector has been increasingly adopting innovative approaches to its deployment of capital for positive change. This trend, impact investing, has been adopted at varying levels across the field of philanthropy, including by DAF account holders and their sponsors.

Schwab, Goldman Sachs, and Vanguard (Collins & Flannery, 2022).

Recent critiques of the industry cite the fact that unlike private foundations, DAF accounts currently do not carry minimum annual payout requirements. But in aggregate, arguably, DAFs deploy funds to nonprofits at a greater rate than private foundations. National Philanthropic Trust notes: "Private foundations hold nearly seven times the assets held by DAFs. Grants from DAFs to qualified charities totaled $34.67 billion in 2020, equating to 54.5 percent of the estimated $63.60 billion granted by independent foundations" (2021, p.12).

DAF Sponsors and Impact Investing

On a parallel track to the growth of assets held in DAF accounts, the philanthropic sector has been increasingly adopting innovative approaches to its deployment of capital for positive change. This trend, impact investing, has been adopted at varying levels across the field of philanthropy, including by DAF account holders and their sponsors.

In their 2011 book *Impact Investing: Transforming How We Make Money While Making a Difference,* Antony Bugg-Levine and Jed Emerson argue for a broad definition of impact investing, going beyond investors willing to trade off return for social or environmental impacts. They define the impact investing around the notion of blended value: an integration of economic, social, and environmental components, whose impact can be evaluated as more than the sum of their parts. The authors' focus on blended value allows them to create a "broad, rhetorical umbrella" (Bugg-Levine & Emerson, p. 8) that includes investors across many asset classes and return expectations (market rate and below market): investors in microfinance and affordable housing, shareholder activists shaping corporate culture, venture investors in companies and projects, and many others that seek to create positive impacts alongside various levels of financial return.

The field of philanthropy (particularly foundations in the United States) tends to view this notion of blended value through the lens of Internal Revenue Service rules; in other words, what investment tactics count toward a private foundation's 5% minimum payout requirement. The Mission Investors Exchange (2018) defines a program-related investment as "an IRS term of art specifically for foundations that refers to foundation investments made with the primary purpose of accomplishing mission, not the generation of income" (para. 5). Program-related investments can legally be counted toward a private foundation's annual distribution requirement (5% of assets) and are typically used to provide loans, equity, or other types of investments that are below market rate or offer more flexible terms. On the other hand, a mission-related investment is "a foundation-specific term referring typically to risk-adjusted, market-rate impact investments made from the foundation's endowment or corpus" (MIE, 2018, para. 8). Unlike PRIs, MRIs are not an official IRS designation, and they typically seek market-rate returns. PRIs and MRIs are tools by which foundations attempt to achieve the goal of blended value: they seek to create social and economic value alongside various levels of financial return (either market rate or below market).

One might reasonably expect that the DAF industry, which attracts generous donors, might also attract creative impact investors who are seeking blended value in their philanthropic activities. Bugg-Levine and Emerson identified DAFs for their high potential for impact investing:

> Impact investing offers a potentially exciting enhancement to the social value a donor-advised fund can generate. Instead of waiting until the eventual donation for the assets to generate social value, they can generate value along the way if they are placed in impact investments. (2011, p. 229)

The authors predicted "many others will soon follow" the example of first-movers, like RSF Social Finance, on impact investing with DAFs.

Reflecting more recently on this prediction, Bugg-Levine noted that the uptake for impact investing among DAFs has not met his and his co-author's expectations. "It is surprising, given the fact that these are funds that have already been given away for charitable purposes," he said (A. Bugg-Levine, personal communication, June 21, 2022). He noted the emergence of ImpactAssets as a center of gravity for donors interested in impact investing, particularly among the Silicon Valley crowd. By focusing on 100% impact investing as its core identity, ImpactAssets has rapidly grown to over $2 billion in assets.

Bugg-Levine notes that this growth has been fueled in part by initial public offerings of donated stocks in companies like Beyond Meat, whose greater than 20-fold increase in valuation following its initial public offering was captured tax-free by account holders. (Since the securities were held by ImpactAssets for philanthropic purposes, they were exempt from capital gains taxes). In terms of DAFs' adoption of impact investing in the field overall, Bugg-Levine views the rapid growth of ImpactAssets as more the exception than the rule.

In their educational primer, *Mobilizing Donor Advised Funds for Impact Investing,* Katherine Pease and Clara Duffy (2018) provide a dozen case studies across various DAF sponsor types about promising strategies for DAF impact investing, from direct investments in social enterprises to the organization of pooled funds, investments of endowments, loan guarantees, and more. However, they note that "only a minor fraction of donor advised fund assets are invested for positive social and environmental impact"; furthermore, "most donor advised fund providers are only beginning to explore the diverse ways that capital can be used to increase the impact of donor advised funds" (p. 3).

In 2021, the impact finance and advisory non-profit Social Finance initiated a survey, funded by the Rockefeller Foundation, that yielded some promising results about the potential appetite for impact investing among DAFs. It found that 72% of the DAF account holders surveyed indicated interest in making impact-first investments. DAF holders also expressed a willingness to allocate up to 20% of their DAF balance to impact-first investments to augment traditional grantmaking (M. Grossman, personal communication, July 14, 2022). However, it is notable that the survey was far from comprehensive; of the many hundreds of DAF sponsors, only five participated in the survey, and only 269 account holders, of the many hundreds of thousands. Michael Grossman of Social Finance stated that they reached out to 90 DAF sponsors as part of this survey and that many were nonresponsive, citing various reasons: donor survey fatigue, competing organizational priorities, lack of capacity, etc. (M. Grossman, personal communication, July 7, 2022). It is also possible the survey results reflected some selection bias in that there was an inclination toward impact investing among sponsors who volunteered to distribute the survey (including FJC) and the donors who responded. This modest participation may be another indication of the slow uptake of impact investing by the broad DAF industry.

Another indicator of the DAF industry's slow adoption of impact investing: with the exception of several community foundations, the sponsors of DAFs are largely absent from the membership lists of organizations like Global Impact Investing Network or Mission Investors Exchange.[1] These industry affinity groups create spaces where practitioners gather to learn, draw inspiration, and build relationships that result in collaboration or transactions. In general, the sponsors of DAFs have not made a seat for themselves at these tables.

Nonprofit Lending as a First Step

Since its founding FJC has allowed donors to invest some or all of their philanthropic capital in loans to nonprofits, growing donors' philanthropic accounts while putting the funds to work for mission. For sponsors of DAFs eager to offer impact investing opportunities to their account holders, FJC's experience indicates that lending to nonprofits can be an easy point of entry.

FJC was not founded with the specific intent to focus on impact investing. Rather, it was founded in 1995 by donors who were looking in general for more creative philanthropic solutions. At the time, DAFs were invested primarily in low-risk, low-yield financial products like money market funds. FJC's founding donors were business-savvy professionals who wanted their philanthropy to be just as sophisticated as their day jobs in law, business management, and finance. They believed that by more aggressively investing their philanthropic funds, they could grow their accounts and be able to provide even more support to their favorite charities. They also understood that nonprofits were also businesses with unique needs, which could be met with bridge loans, revolving funds, and other vehicles.

From its early days, however, as part of its focus on creative solutions (indeed, long before the term "impact investing" was coined, circa 2007),

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[1] GIIN membership (retrieved April 18, 2023) is available online at https://thegiin.org/current-members/; Mission Investors Exchange membership (retrieved April 18, 2023) is available online at https://drive.google.com/file/d/1XBvysRjZhexzxKzASHA_ujB-IdBOH3-Z/view

To spark the imagination of our donors and stakeholders we disseminate stories and case studies, inspiring them to learn about entrepreneurial nonprofits. These case studies also serve to educate our donors about the particular challenges nonprofits face as businesses.

FJC offered participation in its nonprofit lending program as its own impact investing opportunity. It offered this opportunity to invest in loans made to nonprofits, known as the Agency Loan Fund, to all donors as part of our core investment menu, alongside a variety of low-cost mutual funds (which offer more traditional stocks, bonds, and money market funds). The ALF typically returns 3% to 4% per annum to donor accounts, depending on the interest rate environment and the fund's utilization. Our donors generally view this return as competitive on a risk-adjusted basis; credit enhancement on the pool provides comfort to donors that risk of principal loss is remote. For our donors, it is just a matter of ticking the box on the FJC investment menu; the staff and board of FJC do the rest: sourcing lending opportunities among nonprofits, underwriting and performing risk analysis, approving, closing, and servicing the loans.

If viewed through a private foundation lens, the ALF would be considered closer to a mission-related investment (investment of a foundation's corpus, seeking market rate returns), rather than a program-related investment; after all, the investment offers a competitive risk-adjusted return with the goal of growing the DAF accounts of participating donors. But there is also a clear mission motivation that delivers blended value. Bridge loans from the ALF help nonprofits achieve their missions in a variety of ways that are similar to community development financial institutions.[2] Loans help nonprofits acquire properties for affordable housing development or community facilities. They bridge public-sector capital commitments or government contracts that are slow to pay. The interest rates are market rate (a floating prime + 3%), which makes the loans' pricing similar to those offered by other nonprofit lenders and CDFIs. Our approach to underwriting is flexible and we can move quickly to make credit decisions and close on loans, in many cases in a matter of weeks from initial inquiry to closing.

To spark the imagination of our donors and stakeholders we disseminate stories and case studies, inspiring them to learn about entrepreneurial nonprofits. These case studies also serve to educate our donors about the particular challenges nonprofits face as businesses. Over the last year our most impactful loans have included a $4 million emergency bridge loan to the nonprofit legal services organization The Bronx Defenders, to assist with a timing issue related to public-sector contract receivables. The organization's commercial bank had decided not to renew its line of credit, and The Bronx Defenders needed to buy some time while shopping around for a new banking relationship. According to Executive Director Justine Olderman, "the loan could not have come at a better time. We had run out of options and were facing the possibility of having to close our doors and turn away New Yorkers in dire need of our services" (J. Olderman, personal communication, May 31, 2022).

Another notable example was a loan to PCI Media, a nonprofit media company that partners with local organizations across the world to shift social norms and mobilize communities through culturally resonant radio programs, social media, and interactive communication

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[2] FJC has not sought certification from the U.S. Treasury as a CDFI, but our lending program has qualities similar to many of these institutions.

campaigns. In 2021, the organization has drawn up an ambitious strategic plan, with the goals of increasing impact, developing new partnerships, and achieving economies of scale. What's more, the startup capital to achieve this vision came from out of the blue, in the form of a bequest. A donor who had made occasional grants over the years had passed away and selected PCI Media for a major gift. A $550,000 loan from FJC (and co-lender SeaChange Capital Partners) will bridge a $4 million to $8 million bequest while PCI Media waits for the estate to wind its way through probate. This loan required a specialized nonprofit lender; as PCI Media Executive Director Meesha Brown noted, "bridge lending against donor bequests is not a typical product in the banking sector" (M. Brown, personal communication, September 26, 2021).

These case studies, and many others, underscore the particular business challenges nonprofits face when managing cash flow and strategic growth and acting entrepreneurially in a constrained resource environment. The examples suggest an important role that DAF sponsors can play, not just in bridge lending, but in creating a conceptual bridge between well-resourced account holders (who often have run businesses in their professional lives) and the nonprofit sector. Sponsors of DAFs are well positioned to act as that trusted intermediary, matching targeted resources to the nonprofits that need them. This approach has the added benefit of encouraging donors to consider the impact of their philanthropic resources, not just as grants but as investments.

For Donors, PRI Technical Assistance

Our Agency Loan Fund program socializes our donors to the idea of nonprofit lending and, as a result, from time to time we receive inquiries from donors about nonprofits that need financing. Often, they get to know an organization intimately as a longtime donor or board member and, through their conversations with leadership, may hear about particular challenges the organization is facing. Sometimes these inbound inquiries from donors take the form of referrals to our ALF program. In other cases, the donors may want to take on more risk

than our program or they may be willing to provide a loan at a below-market rate of interest (relative to the risk), in essence deploying their DAF funds as program-related investments. In those cases, we provide donors the expertise to collaborate with them from concept to closing, with the goal of deploying funds in the donor's DAF account.

For example, FJC's recent loan to Brighter Tomorrows, a domestic violence organization based on Long Island, New York, began with Sandy Wheeler, a longtime donor to the organization. Over time, Wheeler developed a trusted relationship with Dolores Kordon, the executive director, who often lamented the difficulties she faced running an organization that relied heavily on state contracts that were typically slow to pay. "It seemed like the chronic cash flow challenges of Brighter Tomorrow could be creatively addressed with philanthropy," Wheeler said (S. Wheeler, personal communication, July 21, 2020). Within a few weeks, staff at FJC worked with Wheeler to open and fund a new DAF account, review Brighter Tomorrow's financials, and prepare the legal documents with terms customized according to Wheeler's wishes. This DAF account now functions like a zero-interest revolving line of credit, to help Brighter Tomorrows manage its cash flow. (If any portion of the loan was uncollectable for some reason, that portion would be converted to a grant and deducted from Wheeler's DAF account.)

This credit resource allowed Brighter Tomorrows to continue meeting the urgent needs of clients, even in the face of slower contract payments. In the first year since the loan was closed, the funds have been fully drawn, repaid, and drawn again. "I can't say enough about the importance of having a donor provide this resource," Kordon said. "It was a godsend for us" (D. Kordon, personal communication, June 16, 2021).

FJC facilitated a more complex transaction with the Tenement Museum, a vital organization that has been researching and telling the stories of immigrant New Yorkers for 25 years. In the early days of the COVID-19 pandemic the

Certainly, providing technical expertise to execute complex transactions is a significant opportunity for DAF sponsors to accelerate impact investing, but we have only just begun to imagine the possible use cases for DAF sponsors.

organization faced significant financial distress. *The New York Times* noted that 75% of the museum's revenue came from earned income, reflecting admissions and gift shop revenue of its 285,000 annual visitors. As a result of the pandemic revenue had dried up, but the museum carried significant fixed costs due to its mortgage, at $585,000 per year (Pogrebin, 2020).

One of FJC's donors read the article and reached out to inquire whether he could refinance the museum's mortgage with funds in his DAF account. Upon further conversation with the museum's leadership, it was revealed that the mortgage was in the form of a tax-exempt bond issued by the City of New York. In coordination with the donor, FJC purchased the bond from the bondholder and amended the terms to interest-only at 1% per year, reducing the museum's annual debt service payment from $585,000 per year to $80,000. "We are paying $2.5 million less out of pocket for debt service over these five years," said museum Executive Director Annie Polland. "This has bought us time to figure out how we manage through this pandemic year, but it also freed us up to think of creative ways to operate" (A. Polland, personal communication, June 16, 2021).

In short, this was a donor who had a passion for the work of the Tenement Museum, significant resources in his account, and a creative idea, and who was willing to trade off some investment return for mission. What he needed to execute the transaction, however, was the legal

and technical capacity, which FJC could offer through its staff and board.

Just as DAF sponsors provide a scaled approach to managing multiple (sometimes small) philanthropic accounts, they can also provide technical expertise to execute transactions that the donors may not have the capacity to do on their own. After all, lending requires a mindset (and skill set) different from that of a grantmaker. The prospective lender needs to be able to review financial statements and cash flow projections, perform due diligence and assess the risk of repayment, negotiate terms with the prospective borrower, and then move to a legal agreement. Working through a DAF sponsor can reduce transaction costs as well, particularly if the legal work can be done in-house, using standardized loan documents that have a tried-and-true history. In the case of the Tenement Museum bond purchase, the legal expertise required being able to amend the bond documents to allow for a lower interest rate and a forbearance of principal, as well as work with city officials at the agency that issued the bonds to obtain their consent. In both cases, the donors benefited from the financial, technical, and relationship capacities of the sponsor.

Applying Operational Efficiencies to New Cases

Certainly, providing technical expertise to execute complex transactions is a significant opportunity for DAF sponsors to accelerate impact investing, but we have only just begun to imagine the possible use cases for DAF sponsors. They can also bring significant operational efficiencies to more institutional philanthropy, acting as a financial intermediary. This notion is nothing new; DAFs have long been considered efficient vehicles to donors' philanthropic goals, and it's notable that many DAF sponsors (particularly community foundations) also provide fiscal sponsorship services to nonprofit organizations, which entails acting in a financial back-office capacity. In other words, DAF sponsors are routinely executing many hundreds of transactions per week, receiving tax-deductible contributions, receipting donors, disbursing grants and vendor payments, and managing all

the related complex accounting, compliance, and reporting functions.

FJC recently initiated a new application of these operational capabilities: facilitating foundation microloans to underserved small businesses that are taking advantage of a crowdsourced lending program. This loan participation fund vehicle was designed by FJC in partnership with Honeycomb Credit, a loan crowdfunding platform, with input from Upstart Co-Lab, a nonprofit focused on increasing impact investment for arts and creativity. Honeycomb Credit essentially allows small business owners to raise debt capital in small increments from "the crowd" — small, local investors including family, friends, customers, and other stakeholders.

Through the loan participation fund, three foundations — the Builders Initiative, the A.L. Mailman Foundation, and the Souls Grown Deep Foundation — will invest $600,000 with Honeycomb Credit. The capital will be used to provide loans to small businesses across the United States that have been underserved by traditional financial institutions. The foundations will participate alongside "the crowd."

The foundations agreed that providing loan capital to underserved small businesses fit their missions, but none of the foundations was set up to efficiently disburse loan capital in small, $5,000 to $10,000 increments (as well as receive loan repayments). Upstart Co-Lab and Honeycomb Credit invited FJC to arrange loan participation funds, a customized solution that provides efficient financial intermediation for any foundations participating in the initiative.

The three investments have specific areas of focus. The capital from Souls Grown Deep and the A.L. Mailman Family Foundation, for example, will be invested in Black-owned businesses in nine southern states. Loans from these foundations have supported the campaigns of Black-owned bakeries, breweries, and other creative endeavors, like Dope Pieces Puzzles, an artistic puzzle business in Atlanta, Georgia.

Apart from the efforts of DAF sponsors, the entities that structure impact investing opportunities can also make efforts to accelerate adoption by DAFs.

Each of the foundation participants considers the transactions as MRIs, although at least one additional foundation is considering participating as a PRI. The loan participation fund accounts are not technically DAF accounts; they are structured as fiduciary accounts where the participating foundations maintain ownership of the funds they place there. FJC simply acts as the financial intermediary, efficiently moving funds to the small businesses for their crowdfunding campaigns and upstreaming regular interest and principal payments back to the foundations as needed.

Impact Investing Opportunities That Open a 'DAF Lane'

Apart from the efforts of DAF sponsors, the entities that structure impact investing opportunities can also make efforts to accelerate adoption by DAFs. The national impact investing nonprofit Social Finance, for example, has taken this on as a strategic priority. As Social Finance co-founder and CEO Tracy Palandjian put it, "the DAF market represents a significant pool of assets already earmarked for charitable purposes that largely remain in traditional market-rate investments without a mandate to generate social and/or environmental outcomes" (T. Palandjian, personal communication, January 20, 2022). Social Finance has taken proactive steps to focus on this potential market for impact capital, and has intentionally engaged DAF sponsors and account holders.

For example, it intentionally created a mechanism for DAF participation in its UP Fund, a $50 million pool of catalytic capital raised by Social Finance. The goal of the UP Fund is to help

In the end, the potential for DAF sponsors to accelerate impact investments may also come from their ability to aggregate not just dollars but inspiration.

low-wage earners secure good jobs in a changing economy, using a model called the career impact bond. Through the CIB, impact investors fund training programs that enable students to enroll free of charge. Students complete their training with the aid of wraparound supports, like an option to finance living expenses. If their salary after the program exceeds a certain threshold, they repay program costs as a fixed percentage of their income, capped at a set dollar amount and fixed number of months. Those who do not obtain meaningful employment following graduation pay nothing.

Social Finance partners with high-quality training programs that upskill workers and help place them in good-paying jobs. Programs include training for entry-level diesel technicians, mostly for trucking companies and dealerships, increasing access to software development careers for those who have traditionally been locked out. The program also aims to increase diversity in the technology sector, particularly for people of color, women, and LGBTQIA+ individuals.

The majority of capital raised for the UP Fund comes from institutional impact investing foundations: Blue Meridian Partners, the John D. and Catherine T. MacArthur Foundation, the W.K. Kellogg Foundation, and many others. However, Social Finance created a special "lane" for investors whose funds are in DAF accounts. The goal was to allow DAF account holders to participate in the UP Fund with terms similar to those for limited partners, but at smaller dollar increments, and through a recoverable grant agreement that structured the investment as

more grant-like than investment-like. This structure facilitated an easier approval process for DAF sponsors, because they could be considered disbursements similar to a typical grant.

The initiative caught the attention of FJC donor Ted Huber, a longtime investment professional who has been interested in supporting initiatives that anticipate recycling philanthropic dollars, providing both social and financial returns. Huber recommended an investment in the fund via his DAF account and, following approval by FJC's board committee, the staff at FJC worked with him to execute the investment through Social Finance. "I like how the UP Fund aligns incentives to give people a leg up," Huber said:

> Workers looking for better skills and higher-paying work, the schools that can train them, and us funding the education are all pulling in the same direction. The UP Fund is helping people who otherwise couldn't afford these training programs. (T. Huber, personal communication, January 20, 2022)

Huber participated alongside 23 other DAF account holders in the UP Fund, eventually comprising 17% of the $50 million in total committed capital. The successful uptake of the UP Fund by DAF account holders suggests that arrangers of funds and impact investment opportunities also have a role to play, marketing directly to DAF sponsors and their account holders, and creating mechanisms and specialized documents that make it easy for DAFs to participate.

Advancing DAF Impacting Investing: The Work To Come

Despite the case studies outlined in this article, FJC's donor base reflects the DAF industry as a whole: we have a small number of committed philanthropists who are excited about investing for impact, seek out opportunities to do so, and engage us for the expertise and technical capacity to help them execute. The vast majority, however, view themselves as grantmakers first, and recommend investments for their account that they believe will increase their giving capacity. In other words, like many foundation

boards and members of endowment investment committees, our donors continue to think about maximizing profit first and grantmaking after the fact.

For example, at FJC we aim to be maximally responsive to donors who have customized approaches to their philanthropy, whether it's the type of assets they want to donate, or the investment approaches. These requests tend to come from our larger and more sophisticated donors, and they typically involve bringing on their preferred wealth advisor to manage the funds in their accounts, or investing in alternative investments, hedge funds, or other esoteric vehicles. As the end of our fiscal year 2022 (March 31), approximately 40% of FJC's assets by dollar volume were invested in these types of customized investments. The donors who take advantage of our ability to customize, however, are doing so because they expect to increase their returns and grow their accounts more aggressively than our core investment menu, which is largely comprised of low-cost mutual funds. By contrast, only approximately 2.5% of our assets are invested in customized loans to nonprofits. As another data-point comparison, DAF account holders at FJC recommended 6,343 grants in fiscal year 2022 (ending March 31), but we had only five customized impact investments on our books at fiscal year-end that same period.

So, like the field at large, the demand is quite modest from our donors to customize investments for the purposes of driving social impact. However, where we can make impact investing easy (and provide a decent risk-adjusted return) a large portion of them participate, as our Agency Loan Fund demonstrates. Over half of our DAF accounts have chosen to invest some of their account in our ALF (comprising about 12% of our DAF assets).

In the end, the potential for DAF sponsors to accelerate impact investments may also come from their ability to aggregate not just dollars but inspiration. In reflecting on the adoption of impact investing by foundations, Matt Onek, the chief executive officer of Mission Investors Exchange, has found that the social

[D]eveloping peer networks and communities of practice around impact investing is a major priority for FJC in the coming years.

and educational aspects of his organization have been major drivers of moving the field of philanthropy at large:

> This is purely anecdotal, but we hear time and time again from our members that the most effective aspect of what we offer to accelerate adoption of impact investing is a peer-to-peer network. People want to hear from their peers, hear what they have overcome. What helps is hearing what's worked, what hasn't, and having a safe space to really share what's working. (M. Onek, personal communication, June 1, 2022)

In fact, developing peer networks and communities of practice around impact investing is a major priority for FJC in the coming years. A new initiative we launched this fall involving a handful of our more imaginative donors is a test case for this approach. A number of our donors have joined forces to create a revolving fund to be used by Fortune Society, a New York City nonprofit developer of affordable and supportive housing.

The Fortune Society offers a comprehensive array of in-house social services to over 7,000 people each year to support their successful reentry from incarceration. The organization has a regular presence in four borough courthouses, on Rikers Island, and in numerous New York State prisons, but they also own and operate housing. Finding housing is, unfortunately, a significant challenge for people coming out of prison, with homelessness being much more prevalent for formerly incarcerated people than it is for the general public — estimates range from 7.5 times to 11.3 times more prevalent (Greenberg & Rosenheck, 2008). As a result, the Fortune Society has made the development of

temporary and permanent supportive housing core to its mission.

The Fortune Society will use the revolving fund at FJC for early-stage, predevelopment expenses related to affordable and supportive housing development that have a high likelihood of recovery. The intent is to make the fund a resource that can be deployed quickly, at below-market pricing (1% interest), to be used for the Fortune Society to pay for zoning analyses, architectural fees, deposits, environmental reviews, and other eligible project costs. The revolving fund, which will operate for five years, comprises funds from DAF accounts of four FJC donors, which will be matched dollar for dollar by the Fortune Society and its major donors for a total of $600,000 at launch.

In addition to facilitating the development of housing with services for people coming out of incarceration, the initiative is also creating shared conception of blended value among a cohort of our donors. Shortly after Fortune Society CEO JoAnne Page and I conceived of this fund, I began shopping it around to a handful of FJC donors. I began with Ted Huber, who had demonstrated an interest in impact investing with Social Finance's UP Fund. He was interested, and brought the fund to the attention of his friend and former business colleague Jeff Kaplan, also an FJC donor, who is a principal and co-founder of A to Z Impact. The initiative also sparked the interest of Gary Hattem, who began his career in affordable housing nonprofits before spending decades at Deutsche Bank (and its U.S. predecessor, Bankers Trust), building its global impact investing and community development practice. The involvement of these finance and impact investing professionals made the initiative appealing to a fourth donor, a next-generation accountholder at FJC whose family has initiated some of our most imaginative uses of philanthropic funds as impact investments over the years.

As part of the process of due diligence, a number of these donors visited the Fortune Society's existing housing developments in Harlem. We spent the morning with Deputy CEO Stanley

Richards, an expert in reentry with decades of criminal justice experience. (Richards was incarcerated on Rikers Island in the 1980s for two and a half years, and his professional perspective is informed by that experience.) We toured Fortune Society's emergency shelter building and met a resident who had just arrived at the residence and shared his positive first impressions. We visited its adjoining Castle Gardens housing development and met a tenant in one of the permanent supportive housing units, who spoke about the life-changing impact of the Fortune Society's job training and placement services. The donors were already inclined to participate in the revolving fund, but hearing the personal experiences of the individuals being affected by the Fortune Society's housing provided them with a renewed sense of commitment and inspiration. In this way, FJC has been able to provide not just blended value in terms of economic and social impacts of the transaction itself, but a social experience for its donors that made the work personally meaningful.

The Fortune Society initiative has brought together a small number of our donors that are early adopters of impact investing, but who may not have yet collaborated or joined together yet in collective action. Our hope is to use these donors as evangelists to expand the notion to the "impact curious," starting with the hundreds of donors who already invest in our Agency Loan Fund pool.

For academics and researchers, there are a number of empirical questions the answers to which may influence the velocity of impact investing's adoption by philanthropic actors, including DAF accountholders. For example, in a resource-constrained nonprofit environment, when does an impact investment make more sense than a general operating support grant? How does one measure the impact of a dollar granted to serve immediate needs against a dollar invested (and leveraged) to create a long-term asset that serves mission (like a unit of supportive housing)?

Practitioners, however, need not wait for clear answers to these questions. To spark the imagination of donors, practitioners can design

opportunities for the "impact curious" to easily collaborate with entrepreneurial nonprofits that can put capital to work in compelling projects and initiatives. For DAF sponsors to play that role, the technical and financial acumen is a necessary first step. But changing hearts and minds, moving donors to learn and work together in collective action — that's a longer game.

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Emergent Learning: A Framework for Whole-System Strategy, Learning, and Adaptation – With 2024 Prologue

Marilyn J. Darling, M.A., Jillaine S. Smith, B.A., and James E. M. Stiles, Ed.D., Emergent Learning Community Project; Heidi Sparkes Guber, M.P.S.

Note: *At the time of publication in 2016, Emergent Learning was led by its creators, the partners of Fourth Quadrant Partners, LLC. It has been replaced by the nonprofit Emergent Learning Community Project.*

Prologue
by Marilyn J. Darling, M.A.

Many people downloaded our 2016 article for the Emergent Learning "tools" we described in the second half. As I mentioned in our Author Roundtable discussions, I think the article's popularity, to a great degree, came from word of mouth among people who were using Emergent Learning — and noticing different results.

But it is the first part of the article that has held the most power for us over the last eight years.

In 2016, we talked about Emergent Learning as a "framework." But it is actually not a framework. Frameworks offer a useful structure for thinking about a particular situation or problem. Emergent Learning is more a way of thinking and being in any situation — and the form it takes can look different from situation to situation. Emergent Learning is about understanding the difference between an adaptive strategy and an emergent one — what it takes to create a whole that is greater and more sustainable than the sum of its parts. It is about shifting from seeing ourselves as chess players — essentially seeing ourselves as outside of the system we want to influence, to seeing ourselves as part of the system — more like a member of a soccer team. That shift fundamentally affects how we understand what it takes to influence a system.

As for the second part, we still stand by and use what we described. But we've stopped

Key Points

- The field of philanthropy is exploring what it takes to achieve impact in complex environments. The terms "adaptive" and "emergent" are beginning to be used, often interchangeably, to describe strategies by which funders can tackle complexity. This article proposes distinguishing between the two and explores more deeply how the research into complexity can inform philanthropic practice.

- While approaches like systems mapping, scenario planning, and appreciative inquiry have been put forward as useful approaches to expanding perspectives and seeing whole systems, the field needs a framework for going beyond these planning tools in order to actually create the conditions in which emergence can happen — by expanding agency beyond the walls of the funder, distinguishing between goals and strategies, encouraging experimentation around strategies, and supporting whole-system learning, which requires shorter, faster, more rigorous real-time learning and more cross-pollination among peers.

- This article offers Emergent Learning as a framework to support the creation of these conditions and describes how the tools help make thinking visible and support real-time and peer learning. It looks at two organizations that have embraced Emergent Learning to support a more emergent approach to achieving a whole that is greater than the sum of its parts.

talking about Before- and After-Action Reviews, Emergent Learning Tables, and the like as tools. They are practices. Tools are something you can take out when you need them. Practices are about building a muscle over time; about creating the conditions for something more to emerge — something that can't be designed in advance or managed. What we described in 2016 still resonates for us today:

> What emerges, as people experiment in small ways to solve immediate problems and compare their results, are ideas and solutions that no single expert could have designed in advance, and which continue to evolve without external direction because of the agency that has been created within the community.

Which brings us to the two biggest changes since 2016: First, the community of Emergent Learning practitioners has grown seven-fold and is bringing what they are doing, seeing, and learning back to the community, so that we continue to create a whole that is greater than the sum of its parts. Second, since 2016 we have described a set of principles that underlie these practices and have explicitly chosen to focus on them. Over 60 community members recently came together to write a *Guide to the Principles of Emergent Learning*[1] — a material example of what can happen when we bring these ideas to life.

In the next issue of *The Foundation Review,* we will describe what members of the EL community are learning about what it takes to use Emergent Learning to foster the conditions for emergence — growing agency within our organizations and in the communities we serve. How and when our practices result in emergence — or don't. "What does it take?" is always our first question.

We are honored to be part of this journal's 15th anniversary celebration.

Introduction

The field of philanthropy is thinking seriously about the implications of pursuing big, challenging goals in complex environments. Thought leaders are recognizing that linear, top-down approaches to systems change are neither fast enough nor sustainable enough to address the kinds of problems they aspire to solve (Fulton et al., 2010; Kania et al., 2014).

Borrowing from Snowden and Boone (2007), some strategists now distinguish between simple, complicated, and complex problems, and propose that traditional top-down strategic approaches are only appropriate for simple and complicated problems where there is a solution that can be discovered, refined, evaluated, and scaled. They propose that a more emergent approach to strategy is required for addressing complex problems, which are dynamic, nonlinear, and counterintuitive (Kania et al., 2014; Patrizi et al., 2013; Patton, 2010). In fact, Henry Mintzberg (1978) has long argued that deliberate strategy that is completed in advance of decision-making needs to give way to a more emergent approach.

Funders are starting to map out what it would look like if we take these ideas seriously. Evaluators have acknowledged that evaluation frameworks need to change to support work in complex environments, leading to the evolution of developmental evaluation (Patton, 2010). Learning has become a more important component of strategy (Patrizi et al., 2013; Darling, 2009). Systems mapping, scenario planning, appreciative inquiry, more adaptive funding models, and other approaches have been put forward as ways to build a systemic perspective and the capacity to adapt to very dynamic environments (Snow et al., 2015).

But there is more to do, both in the way the sector conceptualizes emergent strategy and how it approaches achieving complex goals in unpredictable environments. The terms "adaptive" and "emergent" are frequently used

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[1] See https://emergentlearning.org/publications/

Emergence is a process by which, through many interactions, individual entities or "agents" create patterns that are more sophisticated than what could have been created by an individual entity. And, as a corollary, no one entity (e.g., funder, grantee, or expert) could have envisioned the entire solution a priori.

interchangeably to describe this shift. This article proposes that the field would benefit by distinguishing between "adaptive strategy" and "emergent strategy," and that funders would benefit from considering the implications resulting from this distinction for how they approach strategy, learning, and evaluation. The authors propose that emergent strategy requires more than a collection of strategy and planning tools, and offer "Emergent Learning" as a framework to operationalize it.

Emergence and Complexity

Emergence, from the perspective of complexity science, is about more than simply finding adaptable solutions or correcting course based on evidence. Emergence is a process by which, through many interactions, individual entities or "agents" create patterns that are more sophisticated than what could have been created by an individual entity. And, as a corollary, no one entity (e.g., funder, grantee, or expert) could have envisioned the entire solution a priori (Holland, 1995).

Think of the iPhone. It would not be what it is today if Apple had not allowed outside developers to design apps for it. What has made mobile technology so powerful is the ecosystem of developers and users who, together, have created a vital marketplace in which they continue to discover ever more creative uses for it. No one today can predict with any confidence what mobile technology will be capable of doing for us five years from now, and we are all part of the story about how it will evolve. Funders often have the goal of being developmental long enough to develop a complete solution that can then be validated through summative evaluation (Preskill & Beer, 2012). Emergence is different. Once it starts, it doesn't just stop when the initial impetus (e.g., funding) is completed. In his popular book *Emergence,* Steven Johnson (2002) describes emergent solutions as "getting smarter over time" (p. 20).

John Holland spent his career at the University of Michigan studying how complex systems adapt. He studied both natural and social systems, and developed computer models to test researchers' understanding about how adaptation happens. He discovered that the complex systems that produce emergence have some core elements in common (Holland, 1995, 1998):

- They are composed of large numbers of independently acting agents.

- They have a shared, recognizable outcome.

- Through experience, individual agents develop, test, and refine hypotheses about how to achieve success in the different kinds of situations they face.

- The more often individual agents interact, the faster the whole system adapts.

"Knowledge" in the world of complex adaptive systems, then, is not about publishing lessons learned from individual successes or failures, but instead by experimenting with a constantly evolving set of hypotheses about how to succeed in a dynamic environment. As Holland observes, systems that can accommodate many hypotheses and deliberately test them can adapt at a rate "orders of magnitude faster" than systems lacking this ability (1995, p. 37).

Adaptive Strategy and Emergent Strategy

If adaptive strategy is about recognizing that strategies cannot be defined completely in advance and that funders need to develop strategies that are able to adapt or evolve as the environment changes, what happens when we look at this process through the lens of complexity? Making these adaptations involves input from partners and grantees, but it is still possible for the locus of strategy to reside with the funder. Given the definition of emergence, this article proposes that strategy shifts from simply adaptive to fully emergent when the locus of strategy changes — from driving results to creating the conditions where the whole community can participate in developing solutions that continue to adapt (Senge et al., 2015).

Complexity scientists talk about "agents" intentionally. Agents have agency. They are capable of acting independently and making their own choices, based on their own hypotheses about what will make them more successful. In a chess game, there are only two agents: the chess players. The chess pieces don't get a vote. In a team sport like football or soccer, there are many agents on the field. While their goal is to work toward a shared outcome, each player has a point of view and is capable of making decisions of their own volition, based on what they are seeing in the unfolding environment. The more the team plays, the better individuals become at recognizing patterns in their very dynamic environment, and the smarter their individual decisions become. The more they talk about and practice with each other using what they are discovering, the more successful they become as a whole team.

The system in which any given social-sector solution gets enacted is a lot more like a team sport than a chessboard. It is filled with many moving parts and many partners — joint funders, grantees, government agencies, community activists — all of whom are an important part of the solution, and all of whom are capable of bringing their own perspective and experience to their decisions and actions. As

[S]trategy shifts from simply adaptive to fully emergent when the locus of strategy changes — from driving results to creating the conditions where the whole community can participate in developing solutions that continue to adapt.

Snow et al. describe it, "we don't just design a strategy, we do a strategy" (2015, p. 6).

The main difference, then, between thinking about adaptive strategy and emergent strategy lies in this notion of agency. How far does the circle of agency extend? As soon as agency extends beyond the walls of the foundation (or beyond the executive floor in large organizations), it begins to move into emergent territory where adaptation has the potential, as Holland (1995) described, to become "orders of magnitude faster," and to produce results that continue to get smarter — even after the funder has left the building.

To enable this kind of environment, agents must share a common understanding of the goal they seek but also have the freedom to experiment with the best pathways to get there. And, finally, they need to learn by interacting with one another, the more the better, like ants finding their collective way to a new food source, or app developers and users discovering a completely new capability by mashing up what came before.

Expanding the Circle of Agency

Emergent strategy recognizes that the funder's best thinking is only a starting point, that the most powerful elements of a solution could arise from somewhere outside of the foundation's walls. Some question whether emergent strategy is strategic at all (Speich, 2014). How is

To create the conditions for emergence, funders need to distinguish between the goal (the "what") and strategies (the "how") and allow grantees the freedom to bring their own best thinking to how to achieve their shared goal. This suggests the need to minimize the number of rules or expectations imposed on grantees, in order to maximize their freedom of movement.

it different from responsive grantmaking? One difference is that, in responsive grantmaking, there is no aspiration to make a whole that is greater than the sum of its parts. For funders, an emergent strategy works at a higher level to create an emergent ecosystem by establishing a clear, shared goal and encouraging experimentation and cross-fertilization.

Explicitly or implicitly, top-down foundation strategy tends to have a corporate orientation. It maintains agency in the equivalent of the executive suite. At the extreme, funders control strategy design, implementation, and revision. Grantees are treated like employees who are hired to implement a predetermined strategy. The reality for most foundations is not this extreme, but the chess-player mindset can be persistent, and shows up in the way funders make decisions and evaluate their work.

In fact, it is entirely possible to do systems mapping, scenario planning, appreciative inquiry, and any number of other planning processes intended to open planners' eyes to the complexity of a system and the voices of its participants

and still hold the perspective of the chess player. The stress of recognizing how complex these environments are can lead to the natural reaction of wanting more control, which leads to investing more in planning (Patrizi et al., 2013). Paradoxically, over-investing in these planning processes without tackling the issue of agency can lead funders to become even more invested in the rightness of the strategies they produce as a result, which can dampen their ability to recognize when contrary data (e.g., pushback from confused or frustrated grantees) suggest the need to adjust course.

Sharing a Goal and Maximizing Experimentation

To create the conditions for emergence, funders need to distinguish between the goal (the "what") and strategies (the "how") and allow grantees the freedom to bring their own best thinking to how to achieve their shared goal. This suggests the need to minimize the number of rules or expectations imposed on grantees, in order to maximize their freedom of movement. The contract involves both freedom and accountability — the freedom to choose one's own hypothesis, but also, importantly, the accountability to rigorously test and refine it. Funders seeking to support emergence can pose their own thinking as long as they treat it as a hypothesis — one among several.

In practice, funders commonly conflate the "what" and the "how." Funders hold grantees accountable for faithfully implementing a set of strategies that reflect the funder's hypothesis. Grants come with an expectation that grantees will strengthen community engagement, develop cross-sector partnerships, develop a certain set of competencies, and so on. All these requirements make it more difficult for grantees to bring their own experience and wisdom to the table and, ultimately, may cause grantees to lose line-of-sight to their own goal, as they invest in meeting the obligations of several grants. When the what and how are conflated, funders may be perceived as being inconsistent. If they choose to adapt their strategies mid-course, and grantees are being assessed based on their

adoption of those strategies, it can leave grantees feeling whipsawed (Snow et al., 2015).

There will always be a power dynamic between grantmakers and grantees, but being deliberate about keeping the what and the how separate, and holding grantees accountable for the what and explicitly asking them to contribute to collective learning about the how, can contribute to shifting that dynamic in productive ways.

Enabling the Whole System to Learn

The field now recognizes the need for rapid-cycle, real-time learning in complex environments, but complexity science would suggest that both the volume and the rigor of this learning from successes and failures need to be increased. Additionally, to make emergence happen, to make a whole that is greater than the sum of its parts, the community needs to cross-pollinate more often. What gets learned by all of this experimentation needs to come back to the whole community; to create a "marketplace" where ideas about what works and what doesn't, and in which contexts, can be explored.

In common foundation practice today, learning is too often funder-centric and collapsed into long cycles, driven by grantmaking and evaluation (Darling, 2009). This is valid and important from the funder's perspective, but it is a chess player's approach to learning. Emergent strategy should rely on more and much shorter, agent-driven learning cycles and many opportunities for two-way sharing with peers about what gets learned in them.

And for that, funders could learn something from ant colonies — a great example of emergence. The more they interact, the faster ant colonies learn where the best food sources are. As much as grantees ask for opportunities to engage with their colleagues, grantmakers are reticent to intrude too much on their time. Funder-driven learning communities that are built into the design of initiatives are infrequent and expensive in time and resources, and very often treated as opportunities to bring in experts to educate grantees about elements of the theory of change that funders see as being

It would be worth considering whether the problem is not about the quantity of time funders ask for of grantees, but the focus of the learning, which is on things that matter to the foundation more than to the grantee. To encourage emergence, funders need to provide more flexible opportunities for grantees to compare experiences around questions that matter to the grantees.

underdeveloped. It would be worth considering whether the problem is not about the quantity of time funders ask for of grantees, but the focus of the learning, which is on things that matter to the foundation more than to the grantee. To encourage emergence, funders need to provide more flexible opportunities for grantees to compare experiences around questions that matter to the grantees.

This is a place where funders can play a unique role because of their perspective and their ability to work across boundaries (Patrizi et al., 2013). They can use their ability to see patterns and their relationships to broker opportunities for peers to learn from one another more frequently, in formal and informal ways, and to raise up the patterns they are seeing for consideration by everyone in the system.

Emergent Learning

While a number of tools have been proposed to support planning in a way that fosters a wider perspective, the field is in need of a framework to operationalize emergent strategy — to help

An Emergent Learning design focuses on posing questions that invite a wider circle into the thinking process, making thinking visible to encourage a learning dialogue, deliberately testing out hypotheses in the work itself, and sharing insights across the community.

funders put down the chess pieces and join the team on the field. The field needs tools that expand agency, support rapid experimentation, and enable the whole system — including funders — to learn from one another's experiments.
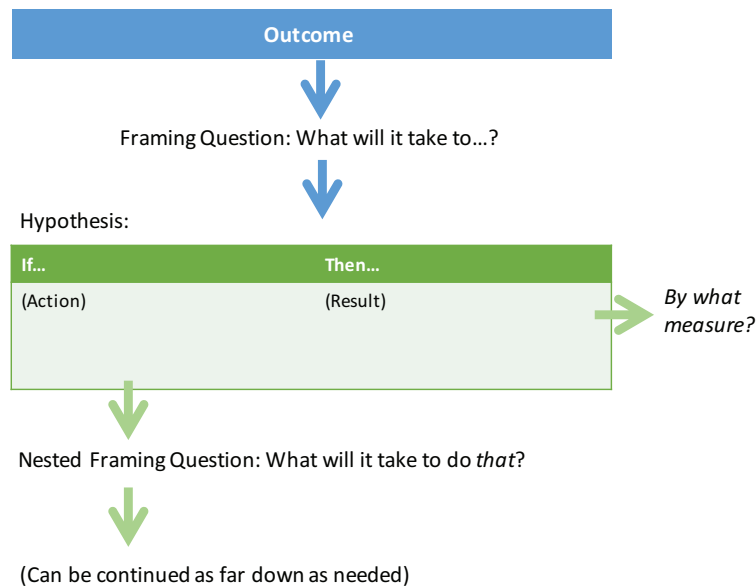
Emergent Learning can be used to support both adaptive and emergent strategy, but it is designed specifically to expand agency and create the potential for emergence. None of the tools of emergent learning are especially unique. They are designed intentionally to be simple and intuitive for three reasons: to minimize the time investment it takes to learn them; to make them useful in as many situations as possible; and to expand agency by making it possible for members across a network to use the same simple tools in their contexts. They are designed to be used together to create a platform that invites partners to make their thinking visible to one another and to learn together.

An Emergent Learning design focuses on posing questions that invite a wider circle into the thinking process, making thinking visible to encourage a learning dialogue, deliberately testing out hypotheses in the work itself, and sharing insights across the community. From an Emergent Learning perspective, a group has learned only when people are conscious of their thinking, notice their results, reflect on those results, change their thinking and actions — and

when their new thinking and actions produce better results, even as circumstances change. What emerges, as people experiment in small ways to solve immediate problems and compare their results, are ideas and solutions that no single expert could have designed in advance and which continue to evolve without external direction because of the agency that has been created within the community.

Moonshot Moment is a third-grade literacy initiative in Florida's Indian River County, an economically and racially diverse community of 142,000 people, launched by the Learning Alliance. Over the past few years, Moonshot Moment has grown to involve 17,000 students in 22 schools. The alliance's initial thinking was that better teaching in kindergarten through third grade would lead to higher literacy. As it began to realize the true complexity of the goal it had taken on, the alliance realized that it needed to involve the entire community and embraced an Emergent Learning approach. Rather than identifying and advocating for their own theory of change, the organizers asked a question: "What will it take to have at least 90% of our students reading at grade level by the end of grade three in five years?"

The alliance engaged the community in reverse visioning: "It's 2018: We've succeeded. Indian River County is a U.S. leader in grade-level literacy, with all the benefits that bestows. How did we get there?" Every community stakeholder — teachers, principals, police, parents, faith-based leaders, sports coaches, doctors, real estate agents — was invited to think about the challenge from their perspective, and each was given the opportunity to envision what it would take to make this ambitious goal a reality. Involving the whole community helped both expand and personalize the view of the problem. Members of the community have been encouraged by the alliance to test emerging hypotheses, using a portfolio of flexible funding, so that the entire community learns its way to solutions that would work in the long run. The alliance has propagated the use of Emergent Learning tools like Before and After Action Reviews across the community to support this

FIGURE 1 Making Thinking Visible

Outcome

Framing Question: What will it take to…?

Hypothesis:

If…	Then…
(Action)	(Result)

By what measure?

Nested Framing Question: What will it take to do *that*?

(Can be continued as far down as needed)

real-time experimentation. Organizers have also held periodic learning summits to coalesce the ideas and the learning that is emerging.

This approach has led to broad and sustained commitment to the Moonshot Moment across the community and the birth of a number of self-organized supporting initiatives. When a new superintendent was hired, the whole community rallied behind preserving the initiative. The new superintendent said he had never seen anything like that level of unity around a goal.

As this story suggests, it requires a degree of humility on the part of a funder to engage in an emergent strategy. But the promise of emergent solutions that "get smarter over time," as Johnson (2002) proposed, is compelling compared to the "capture, validate, replicate" model of social change. If funders are willing to let go of complete ownership over the specifics of an implementation strategy and, instead, see their own higher-order strategy as creating a platform on which a larger community or network can test innovative solutions, they increase the potential for growing ownership and, ultimately, for cocreating a strategy that is "orders of magnitude" more adaptive (Holland, 1995).
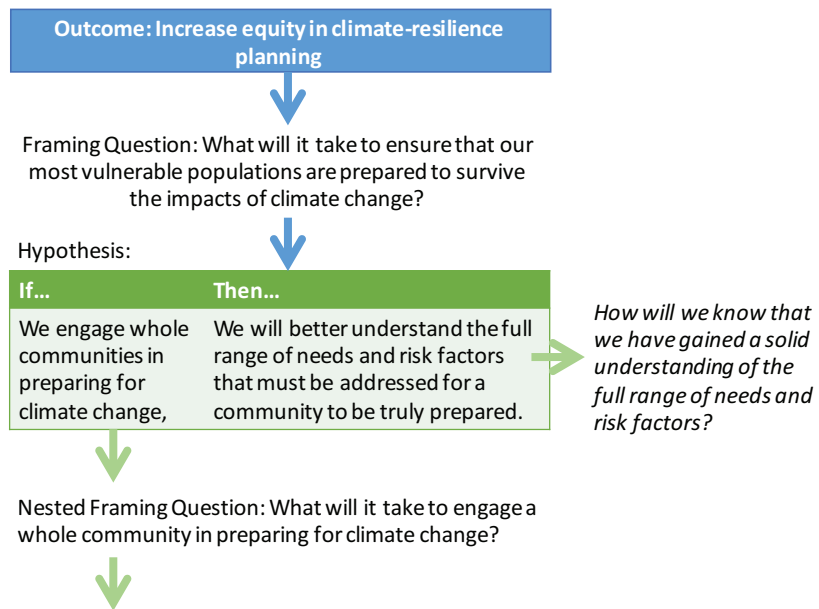
Some Tools of Emergent Learning

Though they can be used to facilitate one-off events, the tools of Emergent Learning are not intended for that purpose. They are not designed to be owned by the foundation. Their power to support emergence comes from the relationship between the tools and how they are used to expand agency, experimentation, and interaction. "Framing questions" help shift from advocating for specific strategies to encouraging everyone to contribute to solving a problem that matters to them. Rather than talking about strategies that are seen as a given, Emergent Learning encourages everyone to think in terms of hypotheses that need to be tested and refined. Before and After Action Reviews and learning logs support fast-cycle, real-time learning, and Emergent Learning Tables provide a framework to help peers learn from one another's work.

Building Blocks That Make Thinking Visible

To expand agency, members of a community need to be invited into the strategy process. Emergent Learning combines simple tools to help groups build a shared aspiration, surface implicit assumptions, and test for understanding around big ideas. It focuses on teasing apart words like "equity," "collaboration," "systems

FIGURE 2 An Example of Making Thinking Visible in a Social Initiative

Outcome: Increase equity in climate-resilience planning

Framing Question: What will it take to ensure that our most vulnerable populations are prepared to survive the impacts of climate change?

Hypothesis:

If…	Then…
We engage whole communities in preparing for climate change,	We will better understand the full range of needs and risk factors that must be addressed for a community to be truly prepared.

How will we know that we have gained a solid understanding of the full range of needs and risk factors?

Nested Framing Question: What will it take to engage a whole community in preparing for climate change?

change," and the other big, fuzzy concepts that make thinking less transparent. For example, "to increase equity in climate resilience planning"[2] is a worthy goal, but what does that mean and what would it look like? Emergent Learning turns that large, somewhat vague goal into a forward-focused "What will it take to …?" framing question. For example: "What will it take to ensure that our most vulnerable populations are prepared to survive the impacts of climate change?" Posing a question like this in grant RFPs or convening agendas engages the thinking of the community and invites it into a conversation with the funder.

The community works to answer that question together, generating hypotheses — possible answers to that question. A hypothesis uses "if/then" language designed to express a whole thought. Rather than saying, "We must engage whole communities in preparing for climate change," emergent learning asks us to say why. What will that help us accomplish?
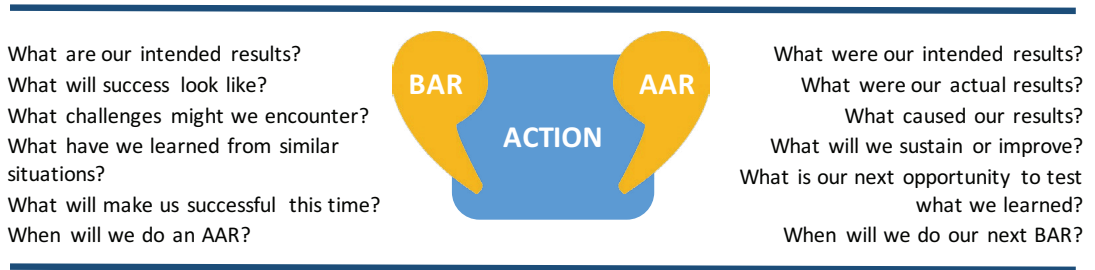
The complete thought is a hypothesis: "If we engage whole communities in preparing for climate change, then we will understand the full range of needs and risk factors that have to be addressed for a community to be truly prepared." Listeners may agree or disagree. But by making thinking visible, the funder is inviting them to engage more deeply.[3]

While hypotheses are fundamental to science, they are not commonly applied to tease apart the complexities involved in social change. Deliberately expressing hypotheses brings more rigor to how we think and learn about these complexities. This simple building block of thinking can be used in any number of places, not just in purposeful learning conversations. In fact, every time a decision is made, whether it is part of an annual planning process or designing the layout of a room for a conference session, it is explicitly or implicitly based on a hypothesis. Groups can learn to make that thinking visible by asking line-of-sight questions:

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[2] While this is a real goal for foundation initiatives with which the authors are involved, the remainder of this simplified example is composed to illustrate how Emergent Learning tools are used to make thinking visible.

[3] While a hypothesis uses cause–effect logic, we should not understand it as implying linear thinking. Any systems model maps out cause–effect connections, but not in a mechanistic way. Bearing in mind that in complex systems there is always an "attribution/contribution" distinction to be made, it is still important to recognize that all thinking associated with action involves some cause–effect logic. Explicitly defining one's hypotheses simply makes that thinking visible.

What are our intended results?
What will success look like?
What challenges might we encounter?
What have we learned from similar situations?
What will make us successful this time?
When will we do an AAR?

BAR **ACTION** **AAR**

What were our intended results?
What were our actual results?
What caused our results?
What will we sustain or improve?
What is our next opportunity to test what we learned?
When will we do our next BAR?

- "What will that help us accomplish?" connects an idea to a group's larger goal.

- "What will it take to do that?" connects an idea to practical actions on the ground.

These questions create a line of sight between a group's largest goals and tactical implementation decisions. They reduce the chance that groups will get lost in the weeds on one hand or live in the land of theory on the other. Making everyday thinking visible in this way can expand agency by helping members of a group develop and test their logic model in real time and develop practical measures or indicators. (See Figure 1 and Figure 2.) Working with this structure helps avoid conflating levels of learning into a single perspective — often the funder's. The structure can invite grantees and other partners to articulate and test alternative hypotheses — different pathways to the same goal. Hypotheses can also be nested (see Figures 1 and 2), so that groups can focus on thinking, doing, and learning around their own work and still see the link between their work and a larger whole.

Frameworks That Support Learning Within and Across Organizations

Emergent strategy requires not just rigorous experimentation, but also a higher volume of it and more opportunities to compare notes across a system than is common in social-sector work. Emergent Learning provides a simple framework for building more, and more localized,

learning into the way the work gets done — not dependent on external design or facilitation and not dependent on evaluation cycles. The same framework that works for an annual planning cycle works for thinking at a very tactical level. The same framework that is used by a funder can be used by its grantees and other partners.

The core tool used in Emergent Learning to do real-time learning is the combination of the Before-Action Review and the After-Action Review[4] to bookend action — to turn activities and events into opportunities to test and refine thinking. (See Figure 3.) In 30-minute conversations before and after key pieces of work, groups clarify goals, predict challenges related to the situation, express hypotheses, and test them against actual results in order to strengthen both their thinking and their results. This simple process can be repeated in any number of situations and at different levels — from planning a staff meeting to refining grantmaking strategies. It can be used to "localize" research and evaluation data – to find opportunities in people's calendars to deliberately test out the relevance and validity of recommendations that might otherwise be underutilized. It helps groups see their progress and understand what made it possible, which builds their capacity to tackle new challenges.

Funder-driven learning communities often err on the side of using precious time with peers to conduct training, provide presentations by

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[4] The After-Action Review was developed by the U.S. Army to prepare units to succeed in their next deployment. The Before-Action Review was added to reflect some of what the authors learned from research into the underlying structure of the Army's best practice (Darling et al., 2005).

FIGURE 4 Emergent Learning Table
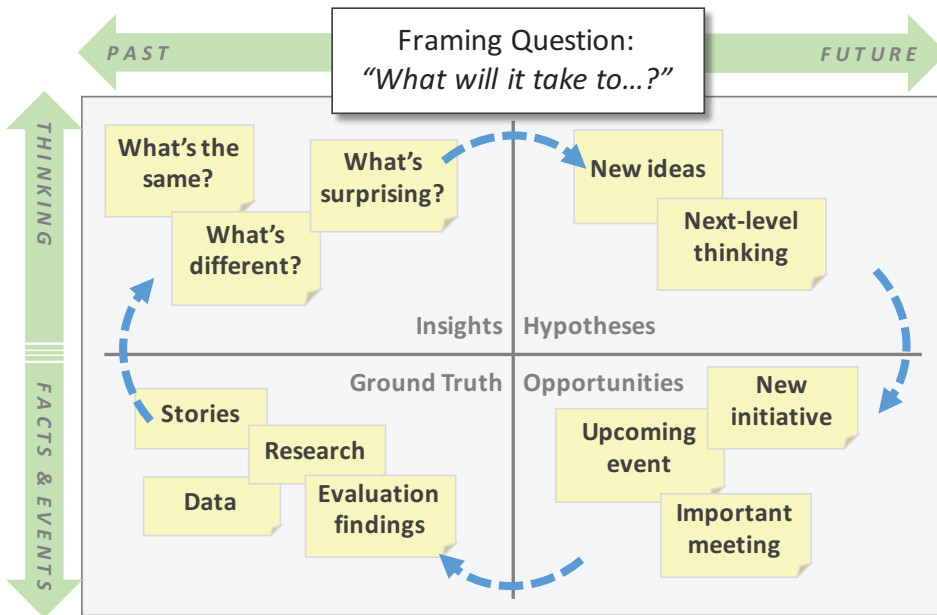
experts, or even to deliver a full curriculum. Emergent Learning Tables support emergent strategy by bringing members of the system together to ask, "What do we know so far?" (See Figure 4.) They help groups step through their thinking process, grounded in their collective experiences. Those who get stuck thinking abstractly are asked to link their thinking to action. Those who jump right into problem solving are asked to step back and reflect on what might be driving a problem. They give everyone in the room a chance to benefit from one another's experience and best thinking, while maintaining individual agency to decide what to do next. They can also be used to reflect on the history of an initiative, identify and reflect on the importance of defining moments, and capture how thinking has evolved over time. New participants who sit in on EL Table conversations often comment on how much it helps them learn about the history and thinking of the organization or community they have just joined.
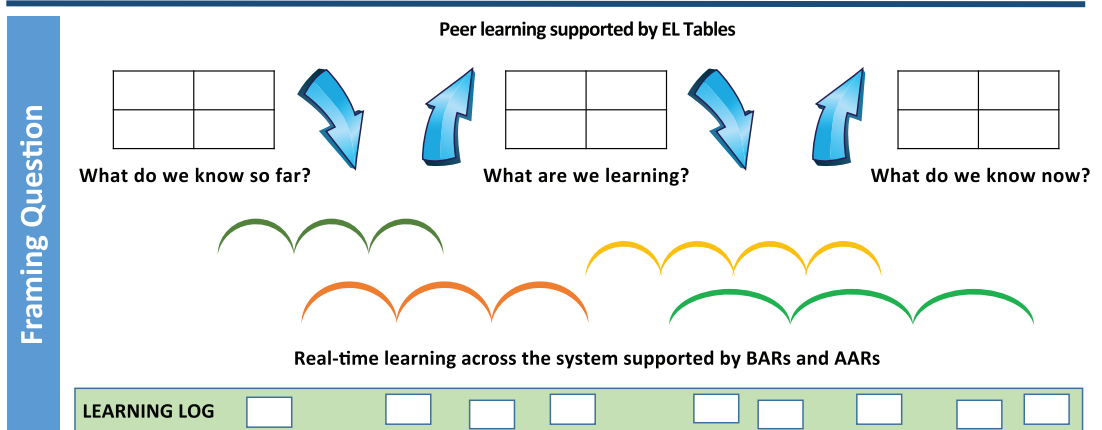
To support emergent strategy, EL Tables, like other Emergent Learning tools, are intended to be adaptable to a wide variety of situations. Insights generated can be deepened by integrating systems mapping or appreciative inquiry into the EL Table process. The structure of an EL Table helps groups bring more, and more types of, data to the conversation — experiences from several different contexts, research and evaluation data – to accelerate learning.

Sometimes EL Tables are used in a formal way, organized around a visual table posted on a wall; at other times, the framework is used to facilitate informal conversations without a visual aid but in a way that promotes more rigorous learning. Using it informally may encourage groups to get together more often to cross-pollinate.

EL Tables can be used to capture the evolution of an initiative, but Emergent Learning also uses learning logs to track key events and insights, with a link to BAR/AAR forms or EL Table notes for more detail.

Together, these tools can be used to support the kind of learning ecosystem that is called for by complexity science to increase the adaptability

FIGURE 5 How Funders Can Use Emergent Learning Tools to Support a Learning Ecosystem

Framing Question

Peer learning supported by EL Tables

What do we know so far?   What are we learning?   What do we know now?

Real-time learning across the system supported by BARs and AARs

LEARNING LOG

of the whole system. (See Figure 5.) Hypotheses from an EL Table around a framing question translate into experiments, supported by BARs and AARs, which generate data and insights that are captured in a learning log and become fodder for the next EL Table conversation. This whole-learning process can be conducted by members of the community, but it benefits from a facilitator or network weaver who can keep sight of the larger system and the core framing questions that people have identified. Given the level of turnover in the social sector, capturing the history not just of results, but also of how the thinking of a group has evolved, can be a powerful onboarding tool.

"Building Strategic Muscle" at the Lincoln Institute of Land Policy

The mission of the Lincoln Institute of Land Policy, an operating foundation, is to tackle important economic, social, and environmental challenges through land policy — the effective use, taxation, and stewardship of land.

The new chief executive officer, George McCarthy, arrived in August 2014. At the time, the institute's planning and accountability structures were activity-based and siloed in departments. McCarthy wanted to change that, but was determined not to conduct a typical top-down strategy refresh, working with the board and his advisors to chart a course for the institution. Rather, he wanted to "build the strategic muscle" of the whole organization — to shift from seeing strategy as something that gets done once every few years to being how everyone on the staff makes decisions every day. He wanted to encourage staff members to strengthen their thinking about how their work contributes to society's big issues that land policy can help address: increasing the fiscal health of cities, reducing urban poverty, mitigating climate change.

This led McCarthy to embrace Emergent Learning as a platform for everything from strategic planning to tactical course corrections. He started by holding several strategy sessions in which he asked the staff to begin to build a line of sight from their work to the institute's potential long-term impact. Staff members were encouraged to identify their own long-term outcomes and their best hypotheses about how to get there. Through this work, they evolved a theory of change (which they refer to as "pathways to impact") that reflected their own thinking, not an externally imposed construct. They began to use BARs and AARs to test these hypotheses against their day-to-day work: managing partnerships, supporting their networks of researchers, creating and disseminating land-policy tools.

They continue to use the same simple tools for everything from strategizing how to change the

policy dialogue about municipal fiscal health to preparing for and learning from conference presentations. They are beginning to propagate this approach with the board and some of their strategic partners, using Emergent Learning questions, for example, to improve the quality of engagement with important expert partners in Latin America. Not every event warrants this level of attention, but in those areas where they have focused, they are asking more strategic questions and growing knowledge within and across departments about how to increase their impact. They take simple notes on each short conversation and, with the help of developmental evaluation, are using those notes to track how their thinking and results have evolved, which feeds back into their annual planning process.

Having this emergence-friendly leadership and framework in place has helped the institute take advantage of opportunities outside its traditional boundaries. Habitat III, the United Nations Conference on Housing and Sustainable Urban Development, takes place only once every 20 years and plays an important role in shaping the urban agenda for the next two decades. McCarthy proposed the audacious goal of having the Lincoln Institute play a role in shaping the agenda for this important international conference in order to create a global platform to improve the dialogue around the world about important land-policy issues.

In November 2014, McCarthy and his senior team held an initial BAR. They acknowledged that it was a long shot and unclear even how to become a part of this very political, nation-centric process. He encouraged everyone on the program team to participate in answering the framing question: What will it take for us to use Habitat III as a platform for a global conversation about land policy? Program staff brainstormed a number of tactical steps they could take to try to get involved in the governmental processes in the U.S. and Latin America, and in the peripheral civil-society and research-community planning efforts. Their hypothesis was that, by being involved on multiple fronts and delivering a consistent set of messages, the Lincoln Institute

would begin to be seen as a player — not only in relation to Habitat III, but also in the larger realm of experts involved in urban issues on a global scale.

Much of the early work happened informally, by program and public affairs staff members putting out feelers and attending events to understand what was possible, supported by additional BAR/AAR conversations. Without having to mandate it, the work naturally evolved as a collaboration across departmental boundaries. No one was put in charge of the effort. Staff members ran into some dead ends, but their hypothesis proved out. In April 2015, the U.N. awarded the institute special status to participate in the preparatory process. In September, 10 months after identifying this unlikely goal, the institute was designated a co-lead with the World Bank for the policy unit on municipal finance for Habitat III.

There is much more work to do to create the global platform to which the Lincoln Institute aspires, but it is worth considering the difference between what it has been able to accomplish using an approach that expanded agency in the 18 months since McCarthy arrived and the costs involved versus the time and cost that would have been involved in a traditional strategy-change process, including the stress and reduced productivity that is typical of such efforts.

It Takes a Village

As with all of the tools and techniques proffered in recent literature to support emergent strategy, Emergent Learning is not a complete solution in itself. We are all blind men and women describing this elephant. Emergent Learning provides a framework, but benefits from tools that support a deeper understanding of the system, more voices at the table, and rigorous evaluation data to break through funder blind spots.

Funders can test the waters of emergent strategy by experimenting with components of larger traditional strategies — for example, by using an emergent strategy to do field building around a larger initiative, or even simply experimenting

with being deliberately emergent in the design of a convening or learning community. What difference would it make if, rather than receiving a detailed agenda filled with expert presentations, potential participants received an invitation that posed a framing question that participants care about, with an agenda that involved a lot of sharing of experiences and a goal of growing the knowledge of the whole community?

There are more challenges than we can name here to implementing this kind of learning framework to support emergent strategy. It should come as no surprise that Emergent Learning does not lend itself to top-down implementation. A core principle is that the group's own work should be the central focus — Emergent Learning cannot become an end in itself. Grantees will do what a grantmaker tells them to do to gain funding. But mandating that groups do BARs and AARs or pushing a learning focus that is not immediately relevant to those doing the work is more likely to produce resistance than to produce sustainable solutions to complex problems.

Emergent strategy is more likely to make sense and take root when a program team or a multifunder initiative has identified a challenging goal or seemingly impenetrable barrier and is highly motivated to try something new; when the delta between the system's aspiration and the resources available to scale a solution is high. The impetus for it may come from a significant failure. To get to truly emergent results ultimately requires a willingness to look critically at one's own thinking and learn from disappointing results. Bringing everyone's best thinking to the table means that everyone from the CEO to program staff to board members will have to be willing to have their best thinking challenged.

Conclusion

There is much more to understand about what it takes to make an emergent strategy actually produce emergent results, what it takes to lay the groundwork and deal with funder–grantee power dynamics, and what unanticipated benefits and challenges it produces. With generous support from the William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, and the John S. and James L. Knight Foundation, the authors have launched a 15-month research project to study emergence in complex social-sector initiatives.[5]

We can't afford to have the pace of the solutions we produce not match the pace of the important social problems we are trying to solve. There is too much to do and too much at stake. Emergent strategy is not easy and, to be sure, it means giving up a degree of control. But in truly complex and very dynamic environments, emergence holds the promise of a radically different kind of efficiency compared to the replicate-and-scale model of social change, if we can only figure out how to get it started. Holland characterized the benefits from emergence as "much coming from little" (1998, p. 1).

The lessons of complexity theory suggest that funders should think of their work as a team sport, not a chess game. It suggests less top-down design for social initiatives and increasing opportunities to experiment. It calls for funders to have the humility to recognize that the people doing the work are likely to have ideas that are most fit to their environments, and to create more opportunities for everyone to bring their best thinking to the table, so that solutions that emerge will continue to be adaptive. None of us can ever know enough to guide us into the future without the help of all of the wisdom in the room.

The tools and principles of Emergent Learning were designed to support the possibility of emergence. At its foundation is the principle that we are all experts in equal measure. And there is more we all need to do and learn. Always.

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[5] Information on the research project can be found at https://emergentlearning.org/publications.

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Goal-Free Evaluation: An Orientation for Foundations' Evaluations – Updated 2024

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Authors' Note

In 2014, our article introducing goal-free evaluation to the philanthropic community appeared in *The Foundation Review.* In the decade since its publication, there have been advances in GFE worthy of recognition. In this revision, we first want to note eight new examples of goal-free program evaluations in Table 1 as well as minor grammar and style corrections throughout. There are two substantive additions:

- First, we briefly introduce and differentiate between the two types of GFE — intentional and goal-dismissive — and demonstrate that an intentional GFE can be fully goal-free throughout an evaluation or partially so when it becomes goal-based at some point in the evaluation.

- In our conclusion, we argue that the recent trend toward trust-based philanthropy creates opportunities for foundations and nonprofits to consider pursuing goal-free evaluation.

Introduction

Goal-free evaluation is any evaluation in which the evaluator conducts the evaluation without particular knowledge of or reference to pre-determined goals and objectives. Weiss and Jacobs (1988) define goals as "broad statements of a program's purposes or expected outcomes, usually not specific enough to be measured and often concerning long-term rather than short-term expectations" (p. 528), and objectives as "statements indicating the planned goals or outcomes of a program or intervention in specific and concrete terms" (p. 533). The goal-free

Key Points

- Goal-free evaluation is a model in which official or stated program goals and objectives are unknown by the evaluator, serving as a counter to assessing impact solely according to goal achievement. Foundation-supported program evaluation, however, has historically focused on goal attainment as intuitively and inextricably linked to evaluation.

- This focus has persisted despite the fact that goal-free product evaluations have been a norm for more than 75 years. Yet persuading funders to consider GFE requires the evaluator to overcome two ubiquitous misconceptions: that GFE is simply a clever rhetorical tool, and that it lacks a useable methodology.

- Hence, the purpose of this article is not to advocate for the use of GFE per se, but rather to introduce it to the philanthropic community, present the facts of GFE use in program evaluation, and describe aspects of GFE methodology. These — along with sharing such potential benefits as controlling goal orientation-related biases, avoiding the rhetoric of "true" goals, adapting to contextual changes, and aligning goals with actual outcomes — demonstrate that goal-free evaluation is a perspective that belongs in a grantmaker's toolbox.

evaluator attempts to observe and measure all actual outcomes or impacts, intended or unintended, without being cued to the program's intentions. As Scriven (1974) analogizes, "As you can learn from any baseball pitcher who has set out in the first inning to pitch a shutout, the

game's final score is the thing that counts, not good intentions" (p. 58).

Historically, virtually all foundation-supported evaluations have been focused on goal attainment because it seems intuitive for a foundation to ask what the effort it is funding proposes to do and, consequently, how it determines whether the effort is doing what it proposes. Many scholars of philanthropy (e.g., McNelis & Bickel, 1996; Zerounian et al., 2011) assume that program goals are inherently relevant and therefore an examination of goals and objectives automatically should be included in program evaluation (Schmitz & Schillo, 2005). This is evident in the vast literature on logic models and theories of change attempting to connect intended actions to intended outcomes (e.g., Bailin, 2003; Cheadle et al., 2003; Flynn & Hodgkinson, 2001; Frumkin, 2008; Gargani, 2013; Gibbons, 2012; Knowlton & Phillips, 2013; MacKinnon et al., 2006; Organizational Research Services, 2004; W. K. Kellogg Foundation, 2004).

In the 2010s came a movement toward strategic philanthropy, in which foundations select their own goals and activities to accomplish results (Coffman et al., 2013; Connolly, 2011). A result of this shift is the pitting of those who support measurement-heavy strategic philanthropy against supporters of a more humanistic-focused philanthropy, which often leads to contentious debates over which goals and associated outcome measures to use (Connolly, 2011). At the very least, goal-free evaluation can mediate by helping to avoid arguments over which goals to choose. Besides, as Coffman et al. (2013) state in reference to evaluating a foundation's strategy:

> One challenge is that strategy — with a clear goal and clear and sound theory of change — does not really exist at this level. It becomes too high-level or diffuse to fit together in a way that is more meaningful than just a broad categorization of activities and results. (p. 48)

Goal-free evaluation serves as a counter to evaluating solely according to goal achievement. Yet before an evaluator can persuade funders and administrators to consider it, two ubiquitous

misconceptions must be overcome: that GFE is simply a clever rhetorical tool and that it lacks a useable methodology. Both of these beliefs are contrary to the fact that the Consumers Union has been successfully conducting goal-free product evaluations for more than 75 years and that the editors of Consumer Reports rarely solicit manufacturers' goals as part of their evaluations. Hence, the purpose of this article is not to advocate for the use of GFE per se, but rather to introduce it to the philanthropic community, present the facts of GFE use in program evaluation, describe aspects of GFE methodology, and highlight some of its potential benefits to foundations.

The Implementation of GFE

Goal-free evaluation has been conducted in program evaluation both by design and by default in the more than 40 years since Scriven (1972) introduced it. (See Table 1.) Yet several evaluators criticize GFE as pure rhetoric and imply that it lacks practical application (Irvine, 1979; Mathison, 2005). Although evaluators know of GFE in theory, they have little knowledge of it in practice. Without that knowledge, evaluators are less likely to believe GTE can be useful. Shadish et al. (1991) describe how this leads to a perpetuation of goal-based evaluation:

> Goal-free evaluation may be one of the least intuitive concepts in any evaluation theory. Evaluators have difficulty accepting the notion that they can, much less should, evaluate a program without knowing its goals. As a result, while most evaluators have heard of goal-free evaluation, they may not see it as central to their thinking about evaluation, and they still use goals as the most common source of dependent variables. (p. 114)

Goal-free evaluation is also used by default in situations where program goals have not been previously stated or the goals are unknown. The case of the anonymous philanthropist who donates without direction or stipulation serves as an example of GFE by default. Consider a university whose endowment receives money from an anonymous donor: The typical assumption is that the donor supports the existing goals of the university — but this is clearly an assumption. It

TABLE 1 Goal-Free Program Evaluations

Authors/ Evaluators	Year of Publication	Type of Program Evaluated	Benefits of Using Goal-Free Evaluation
Martalena et al.	2019	Beauty training programs	GFE found all interviewees reported one or more unintended side effects.
Zurqoni et al.	2018	Character education in senior high schools	GFE triangulated approaches and provided objectivity.
Youker et al.	2016	Training of counselors at outdoor camp for individuals with disabilities	GFE helped align goals, expanded the pool of potential outcomes, and supplemented a simultaneous GBE.
Mueller & Colley	2015	City high school history department's new testing system	GFE was used to examine what was actually happening in history classrooms and found a disconnect between goals and implementation.
Pipia	2014	University curriculum development and quality assurance	GFE found unintended and undesirable consequences, which was critical in shaping curriculum.
Berkshire et al.	2009	Reduction in chronic unemployment and homelessness	GFE triangulated evaluation models via a separate and simultaneous GBE; GFE served as a user-needs assessment.
Moro et al.	2007	A city's foster care services	GFE started from the problems and the experiences of the most important stakeholders and was used to identify shared merit criteria.
Belanger	2006	Disaster-relief response	GFE offered flexibility after a disaster led to disagreement over goals between national relief organizations and local systems.

is possible that the donor wants to improve the reputation of the school, increase aid and access to minority students, enhance the aesthetics of facilities, or simply stroke their own ego. If the donor chooses not to elaborate on their intentions, no one can speak definitively about the gift's "true" goals. And with the growth over the past two decades in anonymous donations to schools and universities, churches, health foundations, and other nonprofits (Russell, 2023), there has been an increasing number of evaluations conducted without known, stated, or agreed-upon goals.

A well-known philanthropic endeavor illustrates this situation well. In 2005 in Kalamazoo, Michigan, population 74,000, anonymous donors pledged a huge undisclosed sum that guaranteed up to 100% of tuition at any college or university in Michigan for graduates of the city's two public high schools (Kalamazoo Gazette Editorial Board, 2012). The Kalamazoo Promise, as it became known, provided a full scholarship to students who had attended district schools since kindergarten; for the minimum 65% benefit, the only stipulations were that students must have lived within the school district and attended public high school there for four years. Of course, most community members labeled the pledge an education initiative; soon after its onset, however, others speculated that the true motive was economic revitalization or called it a social experiment (Fishman, 2012; Miller-Adams, 2009). The larger point concerning GFE is that the donors refused to specify their goals or objectives, and consequently, any claims about their goals are pure speculation. By default, therefore, the subsequent studies and evaluations of the Kalamazoo Promise are goal-free.

Goal-free evaluation is not a comprehensive stand-alone evaluation model, but rather a perspective or position concerning an evaluator's goal orientation throughout an evaluation.

GFE Methodology

As articulated by Shadish et al. (1991), "goal-free evaluation has been widely criticized for lack of operations by which to conduct it" (p. 61). This criticism lies at the heart of one of the main misperceptions about what GFE is and is not. Goal-free evaluation is not a comprehensive stand-alone evaluation model, but rather a perspective or position concerning an evaluator's goal orientation throughout an evaluation. Scriven (1991) argues that GFE is methodologically neutral, which means that it can be used or adapted for use with several other evaluation approaches, models, and methods as long as the other approaches, such as Chen's (1990) theory-driven evaluation, do not mandate goal orientation. Goal-free evaluation can be used with quantitative or qualitative data-collection methodologies, among them the "success case method" (e.g., Brinkerhoff, 2003); the context, input, process, and product model (e.g., Stufflebeam, 2003); utilization-focused (Patton, 1997) and constructivist evaluation (e.g., Guba & Lincoln, 1989); and connoisseurship (Eisner, 1985).

There are two categories of goal-free evaluation (Youker, 2018). The first, intentional GFE, is one in which the evaluator deliberately and proactively avoids the stated goals and objectives; it can be full or partial. The second, goal-dismissive GFE, is one in which the specific evaluation model disregards the goals, but the evaluator does not use special or deliberate precautions to avoid goals.

With a full GFE, the evaluator conducts the entire process goal-free, from initial meetings to the final report. The two methodological requirements of a full, intentional GFE are, first, an external evaluator that is independent of the program and its upstream stakeholders (program funders, designers, administrators, managers, staff, volunteers, vendors, etc.), and second, the appointment of an impartial "goal screener" (i.e., someone who is not assigned to GFE design or data collection), such as an administrative assistant, a third party, or even the evaluation client (Youker, 2005b). The screener, who intervenes to prevent a program's goal-oriented communications and documents from reaching the goal-free evaluator (see Youker, 2013). While requiring minimal training, the screener should nevertheless have a basic understanding of the purpose and methodology of GFE and be sufficiently familiar with the organization and its program to be able to identify program goals and objectives.

The partial intentional GFE begins goal-free, but at some point during the evaluation the client reveals the effort's goals and objectives. The evaluator then completes their work with the knowledge of the goals. Partial GFEs provide the client with many of the benefits of the full GFE while guaranteeing an examination of goal-specific outcomes.

The second category of GFE consists of goal-dismissive evaluation models (Youker et al., 2017), which do not require the evaluator to be unaware of the goals; instead, the evaluator simply seeks program outcomes. These models (e.g., most significant change, participatory assessment of development, outcome harvesting, and qualitative impact protocol) typically ask program participants and stakeholders about any changes or outcomes they experienced or witnessed, and then the evaluator explores whether these reported changes are attributable to the intervention. The evaluator collects these data without referencing the intervention's goals.

Although the goal-free evaluator is free from the program's predetermined goals or objectives,

this does not mean that the evaluator simply substitutes their own goals for those of program administrators. Davidson (2005) writes,

> As for the contention that goal-free evaluation involves applying the evaluator's personal preferences to the program, this would be true only if the evaluation were not being conducted competently. … Of course, the evaluator needs to make sure that the sources of values used for the evaluation are valid and defensible ones. But replacing those with the preferences of program staff is not a great solution. (p. 234)

As a goal-free evaluator as well as a supervisor of goal-free evaluators, I see the persistence of a methodological issue. After the initial premise — that a program can be evaluated without referencing its goal — is accepted, the seemingly inevitable next question is, What data do I collect? The goal-based evaluator typically receives the goals and objectives with a program description and then develops outcome measures, whereas the goal-free evaluator often starts with data collection. Novice goal-free evaluators frequently experience considerable anxiety in determining which data to collect. Washing machines, paper towels, and toothbrushes are evaluated according to their teleological principles: What are they are designed to do? While product evaluators rarely struggle to identify criteria related to such qualities as instrumental use, retail cost, and aesthetics, the criteria and associated outcome measures for judging the merit of a camp for children with disabilities or a neighborhood revitalization program seem vague and debatable. The fundamental difference between knowing where to begin when evaluating a toothbrush versus a neighborhood revitalization program is founded in the evaluator's understanding of the subject and what it is supposed to do. The goal-free evaluator is prevented from knowing what the program is supposed to do (goals and objectives), therefore their first task is to attempt to define and describe the program. This is accomplished by measuring, observing, and reviewing literature and documents regarding the program's actions and activities. Once the goal-free evaluator begins to understand what the program does and whom it serves, relevant outcome measures

often reveal themselves and the evaluator's anxiety begins to subside.

To further the methods by which to conduct a GFE, the following principles can guide the evaluator (Youker (2013):

1. Identify relevant effects to examine without referencing goals and objectives.

2. Identify what occurred without the prompting of goals and objectives.

3. Determine if what occurred can logically be attributed to the program or intervention.

4. Determine the degree to which the effect is positive, negative, or neutral.

Potential Benefits of GFE for Evaluating Foundations

Numerous theoretical benefits of GFE are particularly relevant to foundations; six of them are discussed below. There are only two doctoral dissertations as research on GFE (Evers, 1980; Youker, 2011) and no empirical studies. For the most part, therefore, all arguments for or against GFE are prescriptive and theoretical.

Goal-free evaluation benefits are based on

1. controlling goal orientation-related biases,

2. uncovering side effects,

3. avoiding the rhetoric of "true" goals,

4. adapting to contextual/environmental changes,

5. aligning goals with actual program activities and outcomes, and

6. supplementing goal-based evaluation.

Controlling Goal Orientation-Related Biases

One of the main benefits of GFE for foundations is the ability to control evaluation biases related

to goal orientation, because it reduces biases and prejudices that inadvertently yet inherently accompany the roles, relationships, and histories that the upstream stakeholders have with program consumers.

By reducing interaction with program staff and screening the evaluator from goals, Scriven (1991) claims, GFE is less susceptible to some of the social biases that can influence goal-based evaluation. Goal-free evaluation offers fewer opportunities for evaluator bias in attempts to satisfy the client because the evaluator is less able to determine ways of manipulating findings in the evaluation client's favor. This is analogous to a trial where a juror is approached by an interested party and offered a prestigious position or a large sum of money: Even if the juror is not swayed, the mere suggestion of bias threatens the juror's credibility (Scriven, 1974).

The judicial system has established a protocol — juror sequestering —for minimizing this bias; evaluation has GFE.

Uncovering Side Effects

Goal-free evaluation can benefit foundations and their programs because it is more likely than GBE to identify unintended side effects simply because the method encourages a broader range of outcomes, including the serendipitous (Thiagarajan, 1975). Mere knowledge of goals and objectives causes tunnel vision toward goal-related outcomes: "The knowledge of preconceived goals and accompanying arguments may turn into a mental corset impeding [the evaluator] from paying attention to side effects, particularly unanticipated side effects" (Vedung, 1997, p. 59).

In his analogy comparing GFE and double-blind pharmaceutical studies, Scriven (1974) justifies searching for side effects: "No evaluation of drugs today can avoid the search for side effects from the most remote area of the symptom spectrum" (p. 43). The goal-free evaluator, like the pharmaceutical evaluator, searches for all relevant effects and, consequently, the "negative connotations attached to the discovery of unanticipated effects" are reduced (Patton, 1997,

p. 181). Thus, terms like side effect, secondary effect, and unanticipated effect become meaningless because the evaluator does not care whether effects are intended or not (Scriven, 1974).

Avoiding the Rhetoric of 'True' Goals

Goal-free evaluation circumvents the difficult rhetorical and often contaminating task in traditional evaluations of trying to identify true, current goals and true original goals, and then defining and weighting them. Historically, goals were couched in professional fads, current jargon, or lists of priorities where "the rhetoric of intent was being used as a substitute for evidence of success" (Scriven, 1974, p. 35). Still today, the norm for foundations and their programs is that "program theory is built around the program designer's assumptions and expectations, with little or no connection to an existing social science theory" (Constantine & Braverman, 2004, p. 245). Even when goals are well connected to theory, Scriven (1974) observes,

> There is just no way around the fact that every evaluator has to face those "thousands of possibly relevant variables" and decide which ones to check in order to determine side effects. Having three or four or 10 identified for you is scarcely a drop in the bucket. (p. 50)

The obvious issue is that when goals are poorly founded, the goal-based evaluator will miss critical effects that may be detectable to the goal-free evaluator. "It is tragic when all resources go to goal-directed evaluation on a program when the stated goals do not even begin to include all of the important outcomes" (Fitzpatrick et al., 2004, p. 85). Goal-free evaluation is designed to investigate all outcomes and, as Scriven (1991) has argued, if the program is doing what it intends, then its goals and intended outcomes should be revealed and then recognized by the competent goal-free evaluator.

Identifying which goals the evaluator should use is one problem; whose goals to consider and whose to consider most are related concerns. Patton (1997) claims that he has witnessed cases

where the goal-setting process instigated a civil war where stakeholders battled for control of a program's direction. Most programs have multiple stakeholders: program funders, including individuals, foundations, and taxpayers; program administrators, managers, and staff; program participants and their families; elected officials; program vendors; content-area experts; and so on. Do all of these stakeholders' goals and objectives count, or do some matter more than others? Goal-free evaluation avoids this conundrum by eliminating the distraction of goals.

Adapting to Contextual/ Environmental Changes

Scriven (1991) and Davidson (2005) assert that while GBE is methodologically static, GFE can be adapted to the sporadic changes in participants' needs and program resources and goals. Program participants, programs, foundations, and their environments are dynamic. What was once an appropriate goal or objective may become less relevant. In fact, these changes often come from within; scholars as early as the 1950s recognized that foundations and "their trustees have enormous discretion to define and change their goals and purposes" (Fosdick, 1952, p. 22).

There is little the goal-based evaluator can do when a program's goals change except to restart the evaluation, overhaul its design and/or data collection tools, or create excuses and apologies for evaluation report irrelevancies or omissions. The goal-free evaluator, by definition, can continue inquiry despite the changes. If these changes are reflected in the program's actions and outcomes, the goal-free evaluator recognizes and records these effects. If the outcomes related to the new goal are not recognized, either the evaluator is at fault, or the outcomes are deemed trivial.

Aligning Goals With Actual Program Activities and Outcomes

There is value in frequently questioning the underlying assumptions of program goals and strategies (Argyris & Schon, 1978), and GFE serves as a tool for doing so. According to Patton (1997), a "result of goal-free evaluation is a

Identifying which goals the evaluator should use is one problem; whose goals to consider and whose to consider most are related concerns. Patton claims that he has witnessed cases where the goal-setting process instigated a civil war where stakeholders battled for control of a program's direction.

statement of goals, … a statement of operating goals becomes its outcome" (p. 182). The goal-free evaluator finds outcomes that are attributable to the program intervention and renames these outcomes operating goals. All operating goals, therefore, have the potential to become an official program goal or objective. Programs can use the goal-free evaluator's criteria as goals for basing objectives and outcome measures for future internal evaluations and program monitoring.

If the GFE is used to calibrate the goals of a program or foundation, a secondary evaluation task is to work with the program people to adapt the evaluator's criteria into a usable goals-and-objectives format. In adhering to GFE's methodological requirements, therefore, this adaptation should occur only after the completion of the data collection and analysis, and typically before the program's stated goals are revealed to the evaluator. In conclusion, GFE can be useful in aligning a program's goals with its actual activities and performance, potentially resulting in a broader, more comprehensive list of criteria for judging a program's merit and a more thorough examination of its outcomes.

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Supplementing GBE

Goal-free evaluation is, by design, capable of supplementing and informing GBE. One reason for this is that GFE is reversible. The partial GFE begins goal-free and later becomes goal-based using the goal-free data for preliminary investigative purposes; this ensures that the evaluator still examines goal achievement (Stufflebeam & Shinkfield, 1985). The findings from the GFE can be used as baseline information for subsequent GBEs. Another example is when GFE is used as a complement to GBE: they "can be conducted simultaneously by different evaluators" (Stufflebeam & Shinkfield, p. 317), as in the examples from Berkshire et al. (2009), Evers (1980), Youker (2005a), and Youker et al. (2016). When used as a supplement to GBE, GFE serves as a form of triangulating evaluation approaches, evaluators, data-collection methods, and data sources. Lastly, GFE identifies criteria and outcomes useful for program–goal alignment and subsequent GBE designs.

Goal-free evaluation was intended to supplement other goal-based models in a grander evaluation strategy. Scriven (1974) advocates for GFE to "improve GBE in certain sites, not replace it" (p. 47); he writes that he is "arguing for GFE as only part of the total evaluation battery" (p. 49). In other words, GFE should be added to the foundation's toolbox and to the evaluator's toolbox, as is described by Hall (2004):

Regardless of the many goals to which grantmakers were dedicated, today we have a toolbox containing a wide range of methods and techniques. These can be applied to different kinds of organizations and programs and for a wide variety of purposes. These are crafted to serve the needs of the constituencies within and beyond foundations, each of which has its own set of concerns about the effectiveness of grantmaking. (p. 49)

Conclusion

Goal-free evaluation offers potential benefits to foundation-sponsored evaluations; it is crucial that foundations understand when and why GFE may be appropriate because foundations directly influence program evaluation. Both public charities and private foundations provide financial resources to programs, and most of these foundations require and fund program evaluation (Tucker, 2005). Regarding this sway on evaluation, Behrens and Kelly (2008) state:

One of the most significant influences on evaluations' purpose and practice in the field has been the demands from the paying customer — most frequently, public and private funders. Through their control of resources, funders have determined many of the goals, uses, and methodologies of evaluation. (p. 38)

Not only do foundations finance internal and external program evaluations, but they also provide evaluation training — from the small Beldon Fund (n.d.) to the large W. K. Kellogg Foundation (2004). Thus, as Smith (1981) states, "foundations are a multibillion-dollar-a-year enterprise with vast potential for contributing to the improvement of evaluation methods and practice" (p. 216).

In 2020, the United States experienced social upheaval as a consequence of both the COVID-19 pandemic and the Black Lives Matter movement's response to the murder of George Floyd. And both contributed to a proliferation of foundations adopting trust-based philanthropy with its emphasis on long-term and unrestricted funding, avoiding unnecessary documentary burdens, and collaborative approaches to redress traditional power imbalances (Petraske, 2021;

Powell et al., 2023). Today, those upheavals may have opened even more space for foundations to experiment with GFE in evaluating their own impact and to permit or advocate for its use by nonprofits.

One foundation CEO writes:

> Philanthropy has an evaluation problem. What funders have come to look for and focus on through traditional evaluation is not what will help us improve our giving, or help communities thrive. We don't have to give up rigor to live into our values. We must not dismiss progress because of evaluation, however wide or narrow we understand it to be. It doesn't have to be either/or, as some have tried to claim it is. It must be both. And every foundation will have to take the wisdom others have offered and forge their own path based on the values they hold dear. (Solorzano, 2023, para. 24)

According to Shadish and colleagues (1991), "evaluation will be better served by increasing the more systematic empirical content of its theories" (p. 483); they add, however, that such efforts "have always been relatively rare" (p. 484). Today, foundations continue to find themselves at the forefront of shaping what evidence-based evaluation practice means and could mean because they have the incentives, capacity, and resources to do so. Rather than maintaining the status quo, foundation executives should examine the merits and utility of GFE. Referring to such studies, Scriven (1974) writes:

> It will take only a few such experiments … to give us a good picture of GFE. I think its value will be demonstrated if it sometimes picks up something significant at a cost that makes the discovery worthwhile. (p. 47)

Sadly, these studies have never come to fruition.

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A Foundation's Theory of Philanthropy: What It Is, What It Provides, How to Do It – With 2024 Prologue

Michael Quinn Patton, Ph.D., Utilization-Focused Evaluation; Nathaniel Foote, J.D., M.B.A., TruePoint; and James Radner, M.Phil., University of Toronto

Prologue
by Michael Quinn Patton, Ph.D.

Different kinds of initiatives need different theory–practice frameworks. A theory of change hypothesizes how a specific intervention (grant, project, or program) is expected to achieve desired impacts. A theory of philanthropy, in contrast, articulates a foundation's role in supporting specific kinds of theories of change.

Unless a foundation is an operating foundation directly involved in bringing about change, it does not need a theory of change — it needs a theory of philanthropy about how to support change. A theory of philanthropy describes and explains how and why a particular foundation engages in philanthropy. The original article provided details about how to conceptualize a theory of philanthropy and, in accompanying articles, gave examples of the theories of philanthropy of two foundations.

The theory of philanthropy framework led to two further theory–practice differentiations. An article in *The Foundation Review* extended the theory of philanthropy to a theory of philanthropic alliance, which explains and hypothesizes how several foundations working together can have greater collective impact than they could working separately, thereby illuminating the basis for collective action.[1]

A second development has been to distinguish a theory of transformation from a theory of

Key Points

- This article argues that philanthropic endeavors should be undergirded by a theory of philanthropy. Articulating a theory of philanthropy is a way for a foundation to make explicit what is often only implicit, thereby enabling internal and external actors to pose and resolve significant questions, understand and play important roles more fully and effectively, and improve performance by enhancing alignment across complex systems.

- A theory of philanthropy articulates how and why a foundation will use its resources to achieve its mission and vision. The theory-of-philanthropy approach is designed to help foundations align their strategies, governance, operating and accountability procedures, and grantmaking profile and policies with their resources and mission.

- Some 30 elements that can feed into a comprehensive theory of philanthropy represent a customizable tool for exploring the issues foundations face. A foundation can use the tool to gather data and perspectives about specific aspects of its heritage and approach; what is learned in addressing the elements can then be synthesized into a succinct and coherent theory of philanthropy.

change. The language of transformation is heard across the globe wherever people convene to contemplate and foster deep, meaningful, and substantial systems change. A transformative

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[1] Patton, M. Q., & Richardson, R. (2023). Theory of a philanthropic alliance: The case of the Global Alliance for the Future of Food. *The Foundation Review, 15*(1). https://doi.org/10.9707/1944-5660.1643

trajectory conceptualizes the pathway to large-scale systems impact. Transformation is multidimensional, multifaceted, and multilevel, cutting across silos, sectors, and specialized interests, connecting local and global, and nurturing systems resilience for a more equitable and sustainable world. A theory of transformation incorporates and integrates multiple theories of change with diverse change agents operating at many levels that, knitted together, explain how major systems transformation can occur.[2]

What these various approaches to theory conceptualization have in common is a willingness to engage in serious and deep intellectual analysis of how change occurs, doing so to inform strategy and practice.

Following the original article's publication, I received a great many inquiries from foundation executives and senior staff wanting to learn more about what was involved in generating and using a theory of philanthropy. As far as I know, few foundations undertook such an effort. I was often told that it would simply take too much time and effort. A couple of foundations began the process but didn't complete it, getting sidetracked by the demands of ongoing business or a change in leadership. A couple of other foundations undertook and completed an abbreviated approach.

Foundations like to describe themselves as learning organizations, but, based on my limited sample and selective experiences, few are prepared to commit the time, effort, and thought required to engage in deep reflective practice. This article is an invitation to do so.

There is nothing as practical as a good theory.
– Kurt Lewin (1890–1947)

There is nothing so theoretical as a good method.
– Anthony G. Greenwald (2012)

The notion that change initiatives should be undergirded by a theory of change has become widely accepted. We make the case in this article that philanthropic endeavors should be undergirded by a theory of philanthropy. The use of the term "theory" in both theory of change and theory of philanthropy emphasizes the value and importance of conceptual clarity. A theory of change hypothesizes how change occurs in the world. A theory of philanthropy articulates a foundation's role in supporting change.

This article examines the classic theory-practice connection at the level of the whole foundation. We offer both a conceptual framework (theory of philanthropy) and a specific method (theory-of-philanthropy tool) for looking systematically and comprehensively at whether and how a specific foundation's parts align and cohere. Articulating a theory of philanthropy is a way for a foundation to make explicit what is often only implicit. This enables internal and external actors to explicitly pose significant questions and resolve key decision points, to understand and play important roles more fully and effectively, and to improve performance by enhancing alignment across complex systems both internally and externally (Patton, 2011).

Here's the logical flow of this article. We'll begin by discussing why holistic alignment matters and explain how a foundation's holistic theory of philanthropy can enhance a foundation's effectiveness and impact. We then look in depth at what a theory of philanthropy is. We'll show how a foundation's theory of philanthropy is different from a theory of change, though they are mutually reinforcing. We'll explain how a theory of philanthropy is more than and different from a foundation's strategy, though again, their interrelationship is critical. We'll offer methods, processes, and tools for articulating a theory of philanthropy. We conclude with three theory-of-philanthropy products and three results that flow from theory-of-philanthropy work. The payoff, as documented in the two case exemplars following this overview, is

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[2] Patton, M.Q. (2023). *From theory of change to theory of transformation*. YouTube Video. https://youtu.be/9zQhbwcE5Eo

increased effectiveness of the whole foundation through deeper understanding and heightened intentionality.

Understanding focuses intention, intention directs action and learning, and learning deepens understanding. That circle of reflective practice is what makes theory so practical and makes method effectively theory-based. Essentially, in what follows, we shall make the case that there is nothing so practical at the whole foundation level as a well-articulated, thoughtfully supported, and collectively embraced theory of philanthropy.

Why Holistic Alignment Matters

Philanthropic foundations strive to make a difference in their arenas of action. They engage in visioning processes, create a mission statement, determine areas of program priority, engage in strategic planning, and adopt statements of values, principles, and ethics. They set goals, identify desired outcomes, establish performance measures, and evaluate results. They establish administrative, human resources, communications, financial management, and evaluation systems. Donor or founding intent must be taken into consideration. Governing structures are created. Grantmaking procedures and decision criteria must be established. An approach to accountability will be articulated. But how do all these (and other) foundation statements, functions, procedures, and structures align? Or do they? Such alignment is the function of a comprehensive theory of philanthropy. Is there a need for alignment? Consider these examples from our experience:

- A foundation with a long history has — over time and with different staff and boards, and facilitated by different consultants — identified core values, guiding principles, strategic outcomes, desired organization norms, and best practices in grantmaking. They've never looked at these documents together.

- A foundation funded a major advocacy campaign when a political window of opportunity opened. Acting quickly would be critical. But the campaign nearly stalled before it began

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General Theories of Philanthropy Versus a Specific Foundation's Theory of Philanthropy

The term "theory of philanthropy" has been used in some scholarly social science analyses to explain the philanthropic impulse among human beings (Boulding, 1962; Reich, 2010). In our work, we use the term to describe and explain how and why a particular foundation engages in philanthropy, and to compare theories of philanthropy to help any particular foundation make informed and explicit choices in formulating its own unique theory of philanthropy.

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because the foundation cut checks for new grants only once a quarter and the next disbursement was more than two months way.

- A family foundation experienced so much conflict among family members that the board members, encompassing three generations, simply divided the annual allocation among family members and agreed to rubber stamp each other's choices.

- A foundation with a broad mission established six autonomous program areas, each operating independently and none attuned in any particular way to the foundation's mission or to each other.

- A foundation adopted a new mission statement aimed at systems change, but program officers had no expertise in, or appetite for, systems change. Grant guidelines went unchanged.

Looking at the Whole

A foundation's theory of philanthropy brings a holistic systems perspective to bear to understand and enhance a foundation's effectiveness. A system is a whole that is both greater than and different from its parts. Systems theorists Gharajedaghi and Ackoff (1985), in an article that has become a classic, were quite insistent that a system as a whole cannot be understood by analysis of separate parts; they argued that "the essential properties of a system are lost when it

This kind of thinking has profound implications for foundations where the parts (program areas, grant portfolios, specialized support functions, administrative units, and governance) are often evaluated in terms of separate and autonomous strengths, weaknesses, and impacts with little regard for how the parts interact together and are embedded in and interdependent with the foundation as a whole.

is taken apart; for example, a disassembled automobile does not transport and a disassembled person does not live" (p. 23). Furthermore, the function and meaning of the parts are lost when separated from the whole. Instead of taking things apart, they insist that a systems approach requires "synthetic thinking":

> Synthetic thinking is required to explain system behavior. … Because the effects of the behavior of the parts of a system are interdependent, it can be shown that if each part taken separately is made to perform as efficiently as possible, the system as a whole will not function as effectively as possible. For example, if we select from all the automobiles available the best carburetor, the best distributor, and so on for each part required for an automobile, and then try to assemble them, we will not even obtain an automobile, let alone the best one, because the parts will not fit together. The performance of a system is not the sum of the independent effects of its parts; it is the product of their interactions. Therefore, effective management of a system requires managing the interactions of its

parts, not the actions of its parts taken separately. (Gharajedaghi & Ackoff, 1985, pp. 23–24)

This kind of thinking has profound implications for foundations where the parts (program areas, grant portfolios, specialized support functions, administrative units, and governance) are often evaluated in terms of separate and autonomous strengths, weaknesses, and impacts with little regard for how the parts interact together and are embedded in and interdependent with the foundation as a whole. The lesson to be drawn from the automobile metaphor is that if the parts are not integrated, the vehicle doesn't work; if the elements of a foundation are not integrated, the foundation's overall effectiveness is potentially undermined and resources are potentially wasted. The stakes for effectiveness and efficiency, we want to suggest, can be quite high. If impact and accountability matter, then alignment matters.

Aligning the Internal and External

We want to emphasize that for a foundation, alignment includes internal and external systems. It's not just the foundation's internal operations that need alignment; that's too narrow. Since foundations aim to affect the external world, their systems must be attuned to what's unfolding around them. But a theory of philanthropy needn't encompass a full mapping of the external systems the foundation seeks to influence; that's too broad and potentially overwhelming. Rather, the theory of philanthropy treats external systems as context, which a foundation needs to understand sufficiently to identify opportunities and levers for impact. At the same time, theory-of-philanthropy work examines how the foundation's internal core reality (history, assets, priorities, procedures) also provides opportunities and levers for impact. The internal-external connections constitute a road map for adding value in the world — not as a generic model, but rather one that is specific to a particular foundation's context and essential nature and mandate.

While the opening bullet points illustrated examples of major misalignment, articulating a coherent theory of change can enhance

effectiveness even when there are not major alignment problems. Periodically getting everyone on the same page enhances coherence; makes assumptions explicit; connects the dots among discrete foundation units, functions, and activities; and offers a strong platform for the foundation's future. The two case studies that follow this overview are such examples. The Blandin and Palix foundations undertook and used theory-of-philanthropy work to look backward, then to examine current operations and results, and ultimately to look forward into the next era of the foundation's mission-level contributions and impacts.

Foundations go through distinct strategic eras based on changes in leadership, mission, circumstances, context, or their own learning and development. So they need to adjust processes, roles, and strategies that were inherited from the previous era. It's much easier to do this, to plan for the next era, if you're explicit about when those processes emerged, why they were there, what role they served, and how they now need to be changed given new goals and challenges. Alternatively, within any given strategic era, being able to name and discuss key aspects of alignment can enhance the foundation's current effectiveness and strengthen its leverage. Moreover, the process of making explicit a theory of philanthropy can surface hidden alignment problems and empower leadership to solve them.

Theory of Philanthropy: What It Is

A foundation's theory of philanthropy articulates how and why the foundation will use its resources to achieve its mission and vision. The theory-of-philanthropy approach is designed to help foundations align their strategies, governance, operating and accountability procedures, and grantmaking profile and policies with their resources and mission. Essentially, a theory of philanthropy aligns:

- aspirations for impact,

- the nature of the value the foundation can and will add toward those aspirations (given

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its resources, structure of endowment, and priorities),

- choices about the portfolio of initiatives and institutions in which the foundation invests its funds and other resources (expertise, knowledge, relationships, credibility) to accomplish the value added, and

- organization, operating approach, governance systems, and culture.

A theory of philanthropy therefore provides a framework for effectively asking and answering questions like:

- How do we organize and operate to fulfill our mission? Why?

- How do we determine priorities? How do we align programmatic priorities with our mission?

The reason we explore so many specific elements in a theory of philanthropy is to provide the necessary raw material for synthetic thinking and alignment. To comprehend and enhance the whole, we need to review the parts.

- What should be our approach to strategic planning? Why?

- With whom do we partner, if anyone? Why?

- Are we engaging too little, or too much, with grantees? How would we know?

- What kinds of theory of change should we fund? Why?

- Do we need our own theory of change? Why, or why not?

- To what extent are the various functions, operations, concepts, principles, plans, and procedures of the foundation aligned, coherent, and consistent?

- How well do our foundation practices match our aspirations?

To tackle such questions, we have identified more than 30 elements of a comprehensive theory of philanthropy, the exact number depending on the niche of and issues facing a particular foundation. Distinct inquiry elements include philanthropic approaches to mission, vision, strategic focus, and niche; allocation of resources and assets; and operations, including staffing, governance, and grantmaking procedures. The influence of recent trends in philanthropy is reflected in specific dimensions, like the approach to innovation, collective impact,

risk assessment and risk taking, accountability and evaluation, and scaling.

The reason we explore so many specific elements in a theory of philanthropy is to provide the necessary raw material for synthetic thinking and alignment. To comprehend and enhance the whole, we need to review the parts. But before presenting these specific elements in more detail, it may be helpful to further distinguish a theory of philanthropy from a theory of change.

Theory of Change in Relation to Theory of Philanthropy

In working with foundations to support and enhance their effectiveness, we have found it vital to explore the foundation's goals, the nature of its endowment and funding style (e.g., size, scope, cycles), and the funding ecology in its chosen area all interact to create opportunities to make a difference and catalyze change. Some foundations approach this challenge by formulating a theory of change — much as a grantee might. A theory of change is often useful to a foundation in planning and evaluation, but we find it is generally insufficient at the overall foundation level because it doesn't adequately articulate and incorporate the foundation's specific contribution to successful and sustainable impacts, and the way the foundation can best align its systems to optimize that contribution.

A theory of change is a causal model that links specific actions and inputs to desired results. Evaluations of projects and initiatives typically work off a theory of change, to test whether results actually achieved can be explained by the hypothesized causal pathways. The idea of formulating a theory of change to guide community development originated with a hugely influential article by pioneering Harvard-based evaluator Carol Weiss (1995). Her work directed attention to and generated widespread demand for specifying a theory of change to undergird both implementation and evaluation of community initiatives. In recent years, *The Foundation Review* and the *Stanford Social Innovation Review,* among others, have featured several articles on the importance of theories of change and strategic philanthropy (Behrens,

TABLE 1 Theory of Change Compared to Theory of Philanthropy

	Theory of Change	Theory of Philanthropy
1. Focus	Hypothesizes how change occurs in the world	Hypothesizes how a specific foundation contributes to change
2. Specificity	Problem specific: Specifies how a specific change occurs — reducing poverty, closing the achievement gap, enhancing health outcomes	Foundation specific: Specifies how and why a specific foundation directs its resources to support specific changes
3. Basis	Based on scientific evidence about how the world works and how change occurs in a specific arena of concern and action	Based on donor intent, mission, vision, values, and priorities as determined by stewards of the foundation's assets and analysis of external environment and context
4. Evaluation	To what extent and in what ways does the intervention derived from the theory of change lead to the desired outcomes and impacts? What, if any, unintended consequences occur? How can effectiveness be improved? What is the cost-effectiveness of the intervention?	To what extent and in what ways is the foundation fulfilling its mission? To what extent are its mission, values, strategies, staffing, grantmaking procedures, grantee relationships, operating procedures, governance, investment approach, and organizational structures and processes aligned to contribute to the change it supports? How can impact be enhanced?
5. Utility	Increases impact on significant problems and generates knowledge to improve outcomes, support decision-making, and spread impact	Increases a foundation's effectiveness, self-knowledge ("makes the invisible visible"), coherence, and transparency externally; generates learning and capacity for future impact and adaptation to change

2009; Patrizi & Thompson, 2010; Klugman, 2011; Culwell et al., 2014; Brest, 2010; Forti, 2012; Colby et al., 2004).

A theory of philanthropy, in contrast, concentrates less on the causal pathways that lead to desired results within a community and more on how a foundation contributes to the success of other stakeholders in the community (each of which may have a distinct theory of change) through its grantmaking and related activities.

For example, typically foundations ask grantees to articulate their theories of change in grant proposals and require evaluations against those theories of change. Describing a foundation's proposal screening, grantmaking, and priority setting constitute core elements of a specific foundation's theory of philanthropy.

A theory of change hypothesizes how change occurs in the world; a theory of philanthropy articulates a foundation's role in supporting change. (See Table 1.) The extent to which a foundation has its own theory of change depends on its theory of philanthropy. If a foundation already has articulated one or more theories of change, that theory-of-change work should provide a solid basis for theory of philanthropy work. (See Table 2.)

Theory of Philanthropy Elements

The 30-plus distinct elements that can feed into a comprehensive theory of philanthropy represent a customizable tool for exploring the issues a foundation faces. The size and content of the list varies, depending the foundation. Participants use the tool to gather data, information, perspectives, and narratives about specific aspects of the foundation's heritage and approach. What is learned in addressing the elements can then be synthesized into a succinct and coherent theory of philanthropy. (See Table 3.)

TABLE 2 Theory-of-Philanthropy Approaches to Theories of Change: Six Examples

Theory of Change	Funding and Programming Consistent With the Theory of Philanthropy (either as the overall approach or as one part of its portfolio)	Implications for Theory of Change
1. Fund grantees' theories of change.	Responsive grantmaking	Foundation does not need its own theory of change; it needs to be able to judge quality and relevance of grantees' proposed theories of change.
2. Direct engagement with change as an operating foundation; staff are positioned to deliver programs to achieve desired outcomes.	Operating foundation or program within a foundation	The operating program of a foundation should have its own theory of change.
3. Foundation sets agenda, defines problem, specifies desired outcomes, seeks grantees that offer proposed solutions.	Initiating foundation or programming	Foundation determines arena of action within which a theory of change is needed and judges potential value and effectiveness of theory-of-change proposals received.
4. Partner with grantees to create needed interventions, even creating collaborations for collective impact.	Partnering foundation or program approach	Shared theory of change co-created by the foundation and those with whom it is partnering.
5. Devote all assets to maximize impact in a fixed period of time.	Spend-down or limited-life foundation	Theory of change should identify primary targets of opportunity for leverage and tipping-point impacts within a definable time period.
6. Employ different theories of philanthropy for different problems (program areas) (some responsive grantmaking, some initiating, some partnering, and/or some funds devoted to operating a program).	Hybrid foundations	Theory-of-change approach for each problem area flows from theory-of- philanthropy approach for that problem (see theory-of-change approaches).

Flexibility in the Theory-of-Philanthropy Inquiry Framework and Tool

We want to reiterate the value of customizing each foundation's theory of philanthropy. Anything of importance to a particular foundation should be incorporated in its theory of philanthropy. External reviewers of this article suggested additional potential elements based on their own experiences:

- Beliefs and values regarding nonprofits, the nonprofit sector, nonprofit effectiveness, capacity, operations, and nonprofit financing.

- The influence of leadership style and interests over time. Chief executive officers (strong CEOs or CEOs in relationship with boards) can profoundly influence culture, priorities, strategy, etc. Foundation CEOs may have a lot of leeway depending on their relationship and agreements (implicit or explicit) with trustees. How dependent is a foundation on leadership approach and interests?

- How the foundation views itself as an influencer — influencing a place, field, sector, policy, or other funders. How important is

TABLE 3 Inquiry Elements for Articulating a Theory of Philanthropy*

Inquiry Elements for Articulating a Theory of Philanthropy*
1. Philanthropic niche and approach
2. Roots and source of focus
3. Identity and branding
4. Strategy
5. Leadership roles
6. Staff roles
7. Overarching principles and values
8. Time horizon
9. Arenas of action
10. Perspective on foundation's assets
11. Organizational culture
12. Contextual sensitivity and trend scanning
13. Budget approach
14. Life cycle approach/evolution
15. Governance
16. Board and staff roles and relationships
17. Use of consultants
18. Engagement with the field of philanthropy
19. Investment and management of financial assets
20. Givens, constraints, restrictions
21. Communications approach and structure
22. Evaluation approach
23. Approach to accountability
24. Approach to learning
25. Approach to risk
26. Approach to collaboration
27. Theory (or theories) of change
28. Unique functions and issues
29. Transparency approach and perspective
30. Approach to innovation
31. Approach to collective impact
32. Approach to scaling
33. Important language and terminology distinctions
34. Intellectual property approach
35. Other relevant approaches or perspectives
36. Theory of philanthropy coherence and alignment
37. Ideal-actual analysis
38. Theory of philanthropy as an evaluation framework going forward

*For the full theory of philanthropy inquiry tool with a detailed inquiry protocol and illustrative responses, see http://scholarworks.gvsu.edu/tfr/vol7/iss4/4.

influence to the foundation? What kinds of influence? On whom?

The Work of Articulating a Theory of Philanthropy

Some foundations already have explicit, up-to-date statements covering most elements of a theory of philanthropy, so they just need to be pulled together into a coherent whole. Other foundations have less written down or may need to update important components. How much work is involved in articulating a coherent theory of philanthropy depends on what the foundation already has in place.

The process can be facilitated internally or externally, and by anyone with facilitation expertise and experience. It's a matter of taking the time to systematically go through each of the elements and examining their interconnections. The two case examples in this issue of *The Foundation Review* illustrate facilitation options.

Theory of Philanthropy in Relation to a Foundation's Strategy

A foundation's strategy (and approach to strategy) is a major element in its theory of philanthropy. The most common question we encounter is how a theory of philanthropy is different from a foundation's strategy. Because that question arises so often, we want to respond here in some depth.

Consider this example. In 1997 the Northwest Area Foundation stopped making project grants to nonprofits in several program areas and moved to focusing strategically on a single issue for optimal impact: partnering long term with select communities with major investments to reduce poverty. The change in strategy changed everything at the foundation, including leadership functions; staffing competencies and responsibilities; the board's role; use of assets; portfolio management; decision-making processes; relationships with grantees; use of consultants, communications, convenings; and evaluation. The entire way the foundation operated had to be aligned with the new strategy. That realignment proved challenging and the failure to conceptualize and implement a comprehensive new theory of philanthropy in support of the new strategy contributed to disappointing results. In 2008 the foundation, under new leadership, returned to being a grantmaking institution (FSG, 2011).

From our perspective, a theory of philanthropy provides the overarching framework that explains the origin and approach to strategy taken by a foundation and examines how, and how much, the operations of a foundation are aligned with its strategic intent. It is critical that a foundation's approach to strategy be incorporated into its theory of philanthropy. Strategies, and approaches to being strategic, vary. Though strategy is generally understood to be about where an organization is headed

and how it intends to get there, strategies can be visionary or concrete, long term (say 10 years) or relatively short term (say, three years), explicit or implicit, meaningful or mere window-dressing, and agreed on or a source of conflict (Patrizi & Patton, 2010). How a foundation approaches being strategic, and why it does so in a particular way, is a theory-of-philanthropy issue.

Strategy is a many-splendored notion that has as many alluring ways of looking at the world as a kaleidoscope. The great variety of approaches to strategy and strategic management led Mintzberg et al. (2005) to title their book *Strategy Safari: The Complete Guide Through the Wilds of Strategic Management.* Indeed, there are a number of alternative and competing approaches to strategy (Reeves et al., 2015), and strategy can be manifest in different ways. A strategic plan states priorities and actions to be taken to address priorities. A strategic framework expresses the values that undergird a foundation's work and guides implementation of the strategic plan within the context of mission and vision. "Strategic philanthropy posits that funders and their grantees should have clear goals, strategies based on sound theories of change, and robust methods for assessing progress toward their goals" (Brest, 2010, p. 47). Which approach is appropriate for a particular foundation should be guided by and aligned with the foundation's theory of philanthropy. A coherent theory of philanthropy makes it easier to navigate the thicket of strategy options.

Adopting "strategic philanthropy" as a foundation's approach would make the tenets of that approach central to its theory of philanthropy (Eilinghoff, 2005; Putnam, 2010). But those using the label "strategic philanthropy" do not all agree on what it means or what tenets constitute its core (Patrizi & Patton, 2010). Which meaning of strategic philanthropy a foundation adopts, if any, is a decision to explain in its theory of philanthropy.

And what is the actual practice among foundations? Research from the Center for Effective Philanthropy found that although most foundation executives believe it is important to have

Examining alignment between strategic rhetoric and practical reality leads to opportunities for increased effectiveness. In essence, how a foundation approaches being strategic, and why it does so in a particular way, is a theory-of-philanthropy issue whether or not it is labeled strategic philanthropy.

an explicit strategy to manage and inform their grantmaking decisions, relatively few foundations have actually developed one (Buteau et al., 2009). A foundation that does have an explicit strategy would still face theory-of-philanthropy questions about how aligned all aspects of the foundation's operations — staffing, governance, relations with grantees, communications, evaluation — are with the tenets of strategic philanthropy. Examining alignment between strategic rhetoric and practical reality leads to opportunities for increased effectiveness. In essence, how a foundation approaches being strategic, and why it does so in a particular way, is a theory-of-philanthropy issue whether or not it is labeled strategic philanthropy.

Three Theory-of-Philanthropy Products

Product 1: A Synthesis Statement of the Foundation's Theory of Philanthropy

The theory-of-philanthropy tool is an inquiry guide and data-organizing framework. It will not be a public document. The entries in the tool are used to create a synthesis statement that succinctly, accurately, and powerfully communicates the foundation's theory of philanthropy. The Blandin Foundation reviewed and reflected on all the elements in the tool, but its final

[E]valuative inquiry at the whole-foundation level brings a holistic systems perspective to bear to understand and enhance a foundation's effectiveness.

theory-of-philanthropy statement focused on 10 overarching themes; the Palix Foundation settled on a synthesis including three major thematic aspects of the foundation's role. We opened this article with examples of foundations in which the parts were disconnected at best and often in conflict. We cited pioneering work on holistic systems thinking as a framework for articulating a theory of philanthropy. This requires synthetic thinking.

> Synthetic thinking … differs significantly from analysis. In the first step of analysis, the thing to be explained is taken apart: in synthetic thinking it is taken to be a part of a larger whole. In the second step of analysis, the contained parts are explained: in synthetic thinking, the containing whole is explained. In the final step of analysis, knowledge of the parts is aggregated into knowledge of the whole: in synthetic thinking, understanding of the containing whole is disaggregated to explain the parts. It does so by revealing their role or function in that whole. Synthetic thinking reveals function rather than structure: it reveals why a system works the way it does, but not how it does so. Analysis and synthesis are complementary: neither replaces the other. Systems thinking incorporates both. (Gharajedaghi & Ackoff, 1985, pp. 23–24)

A theory-of-philanthropy synthesis, then, brings together the analysis of distinct elements into a coherent, comprehensive, and comprehensible whole.

Product 2: An Agenda for Future Development

Paul Shoemaker (2015) has discussed "reconstructing philanthropy from the outside in." For any specific foundation, such a reconstruction would involve a change in its theory of philanthropy.

Developing, articulating, and reviewing a theory of philanthropy is based first on an honest and diligent appraisal of current actual practice. This can then be compared to what the foundation holds forth as its ideal practices — practices the foundation believes, given its goals and the internal and external context, can most effectively catalyze change. A theory-of-philanthropy exercise culminates in identifying areas for improved alignment between the actual and the ideal. For example, the Blandin Foundation senior leadership team, having synthesized the core elements of its theory of philanthropy, took up the question of priority issues where improvements in effectiveness could and should be addressed. The theory-of-philanthropy exercise generated 10 items that needed alignment attention and work to bring practice more in line with ideals. The Palix Foundation, after synthesizing its theory of philanthropy to highlight three major roles in the foundation's work, used that synthesis as it navigated a phase transition in that work (and consequently in those roles), and entered a stakeholder-interview process to more fully bring out the key capacities and choices implied by those roles for the new phase.

Product 3: An Evaluation Framework at the Whole-Foundation Level

A theory of philanthropy offers a thoughtful and comprehensive approach to evaluation at the whole-foundation level. Done well, with engaged leadership, evaluative inquiry at the whole-foundation level brings a holistic systems perspective to bear to understand and enhance a foundation's effectiveness. Each element in a theory of philanthropy invites three basic evaluation questions for learning, improvement, and accountability. (See Table 4):

1. Are we walking the talk? Are we implementing the vision, rhetoric, and desired processes articulated in our theory of philanthropy?

2. What are the results for this element in the theory of philanthropy?

TABLE 4 Tips for Developing a Theory of Philanthropy

Tips for Developing a Theory of Philanthropy
1. Use the Theory of Philanthropy Tool as a guide. (See Appendix online at http://scholarworks.gvsu.edu/tfr/vol7/iss4/4.)
2. Begin by being organizationally and behaviorally descriptive: analyze current practices, not ideals.
3. Collect and cross-reference supporting documentation.
4. Use and triangulate key informant sources.
5. Capture the foundation's history and dynamic story over time.
6. Look for what distinguishes the foundation, makes it unique, and elaborates its niche.
7. Test out articulating the opposite of a dimension: if taking risks emerges as a foundation focus, for example, what would not taking risks actually look like?
8. Don't wordsmith entries into the elements; that comes in the synthesis.
9. Expect ebb and flow of enthusiasm, but see the process through to the end.
10. Include a plan for implementation, follow-up, and evaluation of the theory of philanthropy to learn how it informs the foundation's work.informs the foundation's work.

3. How do these results align and interact with results of other theory-of-philanthropy elements?

Three Theory-of-Philanthropy Results

Result 1: Deeper Understanding, Commitment to Work for Internal and External Stakeholders

The theory-of-philanthropy exercise involves deep reflective practice for the foundation leadership, both staff and board. Blandin staff described the process as "making the invisible visible." The conversations that occurred, the history and perspectives shared, the insights generated, and the commitments deepened had value beyond what was, or could be, captured in the final written statement. The organizational and staff development process had its own team and foundation impact. The Palix Foundation's leadership described their experience in similar terms; they began sharing the internally developed theory of philanthropy with external advisors and stakeholders and found that as more people understood its key elements, more opportunities emerged to connect stakeholders in productive action.

Result 2: Greater Alignment Among Strategic and Operational Elements

This article opened with a discussion of the importance of alignment among various foundation parts: mission, grantmaking, governance, staffing, resource allocation, strategy, values, relationships with grantees, communication, planning processes, administration, and evaluation. The development of a theory of philanthropy reveals areas where alignment can be enhanced and what is necessary to increase holistic alignment. Greater alignment and coherence results from acting on the insights generated during the process.

Result 3: A More Effective Foundation With Greater Impact

Articulating a coherent theory of philanthropy is not an end in itself. Deepened understanding of and commitment to the foundation's work for those who participate in the theory-of-philanthropy process is not an end in itself. Greater alignment among the many strategic and operational elements of the foundation is not an end in itself. The bottom-line result that makes the theory-of-philanthropy

work worthwhile must be a more effective foundation with greater impact.

Our experience with organizational consulting and the organizational effectiveness literature lead us to believe that coherence and alignment between a foundation's conceptual underpinnings and philanthropic practices, between thinking and action, and between strategy and execution, will contribute demonstrably and sustainably to greater mission fulfillment. In the end it's about making the world a better place.

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The Soft Stuff Doesn't Have to Be Hard: Foundation Investments in Grantee Workers Are Necessary, Valuable, and Measurable – With 2024 Prologue

Rusty M. Stahl, M.A., Fund the People

Prologue
by Rusty M. Stahl, M.A.

The mission of Fund the People is to maximize investment in this country's nonprofit workforce. That will mean building a new way for funders to think about how they make change.

Grantmakers often start by thinking about results; my article, after all, examines evaluation data. But if you want to enable nonprofits to bring about social change, funders have to start further back in the process. That means looking further back at program design. Then back to organizational strategy and capacity. And that is where most people stop. Our argument is this: We need to go back two more steps. Go back to the people who are behind the work and the systems — and people — that support them to do their best work. This means addressing issues of pay, benefits, organizational culture, wellness, personnel policies, human resources infrastructure, and equity and inclusion.

It took the harsh spotlight of a global pandemic to show what society demands from our "essential workers." Research from the Center for Effective Philanthropy and the National Council of Nonprofits found that recruitment, retention, and burnout have become the No. 1 issue facing the sector. When front-line jobs are vacant in human services organizations, who will hold steady the social safety net? How do we get those people in the door? How do we get them to stay — and to leave well? The field needs funding that works for the people who make nonprofits work.

Key Points

- There is an urgent need for funder investments in the ability of grantee nonprofit organizations to support their staff. Such investments, when done well, can yield significant value for individuals, organizations, and fields of work or movements. Furthermore, the value of these investments can be evaluated and communicated.

- This article explores the reasons for and implications of the inadequate response by funders, offers a path forward for designing investments in grantee staff, and documents how funders can capture and communicate the value of these "talent investments."

- Powerful myths serve as barriers to widespread funder investment in grantee staff, and the resulting environment is significantly harmful to wellness, morale, productivity, and equity for organizations and professionals in the social sector. One of these myths that has gone unchallenged is the assumption that it is impossible to assess how investments in grantee staff lead to greater social impact.

Funders are waking up to endemic burnout in the nonprofit sector. The overhead myth remains entrenched, but change is beginning to take hold; several major foundations have dramatically increased their indirect-cost rates in recent years. Nevertheless, foundation policies and practices still contribute to the creation of exploitative, inequitable, unsustainable working conditions across much of the sector. And, too often, funders don't have the awareness,

knowledge, practices, or political will to change this reality.

So that's where we're at — trying to help funders develop transformative but practical approaches to investing in the people who make nonprofits work and evaluating or documenting the impact of those investments. Toward that end, my article attempts to bridge scholarship and practice to inform the foundation community in a way that builds new knowledge, attitudes, and behavior in the field. And I think *The Foundation Review* has created a great platform for doing that.

Introduction

There is an urgent and immediate need for funders to invest in the staff of grantee nonprofits. Long-serving executives, employees, and prospective recruits are suffering from layer upon layer of secondary and primary trauma, endemic burnout, isolation, and overwhelming stress from working (or not) through the pandemic and through the challenges of recruitment, retention, and transition that have accompanied the Great Resignation. As the National Council of Nonprofits (2021) found, "nonprofits … are reporting significant difficulties retaining staff and filling vacancies. What was initially considered a challenge has now become a workforce crisis in need of immediate remedy" (para 1).

In reporting on the impact of the Great Resignation on the nonprofit workforce, *The New York Times* bluntly showed the linkage between people and programs:

> For many nonprofits …, raising pay isn't an option …. That is leading to a wave of departures and rising vacancy rates as their salaries fall further behind their for-profit counterparts. And it is … making it difficult for them to deliver the services they exist to provide. (Casselman, 2022, para. 3)

The current crisis lies atop the chronically unmet need for resources that will enable nonprofits to invest in their staff. Nonprofits

clearly communicate this to funders when given a risk-free opportunity to do so, as shown by these pre-COVID research findings:

- When the Bridgespan Group asked 438 nonprofits about the value of various types of leadership-focused funding, 49% responded that the most needed is "overhead funding for talent management capacity" — and that it is among the least available, with only 7% saying they have obtained such funding. The gap between need and availability for this type of funding was by far the largest gap among all the options (Landles-Cobb et al., 2016).

- When the Ford Foundation supported the full staff of 172 key grantees to work as a group to self-diagnose and prioritize their organizational capacity needs, human resources and organizational culture were ranked the top two needs — well above fundraising or strategy (Babouder-Matta, 2019).

- In a study comparing nonprofit and funder perspectives on how foundations can help strengthen grantees, the Center for Effective Philanthropy found that staffing was one of the areas nonprofit CEOs said their organization most commonly seeks to strengthen — and there may be more need than foundation leaders realize. Nonprofit respondents listed "staffing" as second highest in their top-six list of capacities that most need strengthening. "Staffing" did not appear at all on funders' top-six list of what they think is needed for strengthening grantees (Buteau et al., 2018).

Despite the urgent and ongoing challenge facing the nonprofit workforce, and despite more than a decade of warnings about the need to prepare for a massive number of executive transitions of long-serving leaders (Tierney, 2006; Kunreuther et al., 2012; Landles-Cobb et al., 2015), funding trends do not emphasize investments in nonprofit staff with the same level of urgency that nonprofit leaders articulated well before the current crises of recruitment, burnout, and retention. This article explores the reasons for and implications of the inadequate response by funders, offers a path forward for designing

By avoiding funding compensation and only funding programs (or providing general operating support but focusing every conversation with grantees on programs), funders allow themselves to fund only at the margins — in the relatively narrow band of program expenses.

investments in grantee staff, and documents how funders can capture and communicate the value of these "talent investments."

Why Doesn't Philanthropy Invest in Nonprofit Workforce?

For the last 20 years or so, I've continuously scanned the content of educational programs and texts that orient newcomers to the job of grantmaking. While many of these are high-quality offerings and cover many necessary bases, in my experience they do not adequately educate funders about the part of their job that is investing in grantee staff. These trainings tend to teach "due diligence" that focuses on programmatic health and financial health of grantees, but not the human health of the organizations. For example, the essential text *The Insider's Guide to Grantmaking* (Orosz, 2000) offers "12 Characteristics of a Good Proposal" (pp. 76–82), but nothing in this list refers to the prospective grantee addressing their organization's leadership and staffing capacity to carry out the proposed work. What is not said speaks volumes. This traditional grantmaking education lays the groundwork for foundation folks to look past and deprioritize the needs of workers in the organizations, issue areas, and movements that they support.

Beyond this major gap in training, I hypothesize that four myths (at least) have helped to create a worldview and entrenched practices that keep funders from investing in grantee staff. Like four concrete walls, these mental barriers are so thick that they make it difficult for grantmakers to even imagine what this type of funding might look like.

1. *The Overhead Myth.* We all know people are the greatest assets of organizations, and, appropriately, the costs related to people (e.g., salary, benefits, consulting fees) are generally the largest line items in any organizational budget. By avoiding funding compensation and only funding programs (or providing general operating support but focusing every conversation with grantees on programs), funders allow themselves to fund only at the margins — in the relatively narrow band of program expenses. The Overhead Myth is continuously debunked and nevertheless continuously practiced.

2. *The Dependency Myth.* The irrational fear of dependency keeps funders from investing in nonprofit leaders and staff. There are two sides to the Dependency Myth, offering a stunning double standard. On one hand, it is made clear to nonprofits that they cannot depend on funders for the long term. For example, funders may feel that if they fund all or part of a new or existing staff position in a nonprofit, then that grantee will over-rely on the funder for the ongoing cost of that position. So, rather than co-creating a plan for sustainability and providing funding to establish the new position, funders may avoid funding salaries altogether and plow funds into programs (Buchanan, 2013). On the other side of dependency, funders often feel they should be able to depend on nonprofit leaders remaining in place for the long term. If a funder invests in a leader to the point where that leader leaves the organization to take a more impactful or better job, the funder may feel they have "wasted money" because the funder was depending on the vision and capabilities of that leader at the grantee organization. Funders often avoid investing

FIGURE 1 The Overhead Myth
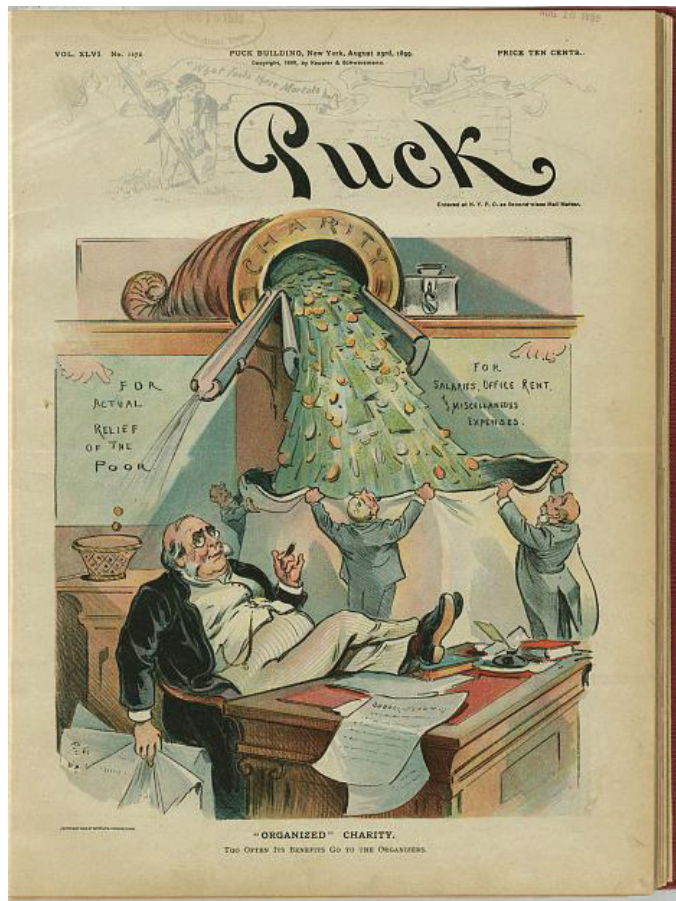
Deeply entrenched ideas such as the Overhead Myth, depicted in this 1899 cartoon, have limited needed investments in the nonprofit workforce to a trickle.

in sabbaticals or executive transition planning because they are concerned it will expedite the departure of a key executive leader. Thus, this myth leads to funders staying away from dependable investments in grantee staff, rather than investing in needed staff line items and supporting the sustainability of leaders.

3. *The Aim High, Fund Low Myth.* Funders too often invest in relatively modest, individualistic leadership development interventions with a small group of select leaders, holding unrealistic hopes that these efforts will this result in massive social change at an epic scale. Then they assess the impact of their programs at the individual level. Consequently, they are disappointed that the leadership development was not effective. The misalignment between the unit of intervention, the scale of effort, and the assessment approach is self-defeating and reinforces the false notion that talent investments do not yield important results.

4. *The Soft Stuff Myth.* Another major mindset that creates a barrier to talent investing is what I call the Soft Stuff Myth. This belief asserts that a straight line cannot be drawn from investments in the support and development of nonprofit employees (the "soft stuff") to improved program outputs and outcomes

(the "hard stuff"). I will address this misconception later.

The Myths Have Deep Roots

The harmful funding myths and practices described above are not necessarily the fault of current grantmakers or those who train them. The myths have been passed down through received wisdom over hundreds of years, preceding and shaping grantmaking foundations as we know them today. They are embedded in the culture and policy of grantmaking and fundraising in ways that are difficult for any one person to root out. A Twitter thread on the history of the Overhead Myth (Philliteracy, 2020) features a political cartoon with "'organized' charity" routing a few coins into a small bowl "for actual relief of the poor" while a flood of cash pours into a massive sack "for salaries, office rent, and miscellaneous expenses." (See Figure 1.) The cartoon was published in 1899, 122 years ago.

Government has played a powerful role in reinforcing these myths as well. Pratt (2022) offers this historic perspective:

> Gaining equitable federal treatment for the people who work at nonprofit organizations has been at least an 80-year slog, going back to the Social Security Act of 1935. Like farmworkers and domestic servants, work performed in the service of a charitable corporation … was excluded from the definition of "employment"…. It took 50 years for nonprofit employees to be completely incorporated into the New Deal's safety net. (paras. 9–10)

The harm is even reinforced by nonprofits, which often feel they must operate within the boundaries established by these myths. This also goes back a long way: In the 1870s, famed reformer and founder of modern nursing Florence Nightingale advised a fundraiser "to add a line on her appeal literature to note that 'the directresses always pay their own expenses'" (Roddy et al., 2018, p. 109), such as dinners, to avoid criticism that funds were being misspent on staff.

It could be argued that these long-standing myths have given us what I call "misanthropic philanthropy" — giving and fundraising for the love of humankind that is dismissive of the very humans who do this kind of work. Misanthropic philanthropy, in turn, seems to have produced an "antisocial social sector" that is remarkable for the harmful ways it treats the very people who carry out its work. When funders fetishize nonprofit programs and obsess over outcomes, it can lead directly to the exploitation of staff and an alienation of nonprofit leaders from their mission and their work (Benjamin, 2012; Baines et al., 2014). Misanthropic philanthropy and the antisocial social sector not only diminish the organizational effectiveness of nonprofits, they actually reinforce inequity in the nonprofit workforce by limiting the supportive and developmental resources available to workers who are starting from a disadvantage based on preexisting conditions of marginalization in society, the economy, and the nonprofit sector.

Talent Investing Is Valuable and Can Be Evaluated

I have argued here that the myths we have inherited have kept funders from investing in the nonprofit workforce. These myths include the notion that investing in nonprofit workers cannot be shown to improve programs and social impact. The resulting lack of investment has created an exploitative social sector. At this point, I share the concept of "talent investing," including the idea of "talent justice," offering foundations a practical alternative to the status quo. I then present data on the significant value that can be created through talent investing, and evidence that this value can indeed be evaluated and communicated.

Investing in the nonprofit workforce has been largely relegated to "leadership development," which in turn has been buried as a bullet point in a lengthy list of "capacity-building" issues. To bring the issue more prominence and to define a more robust and complex application, nearly a decade ago the idea of "talent philanthropy" was introduced in these pages (Stahl, 2013). Since that time, both the concept and the label have evolved. Today, we use the term "talent

investing," which Fund the People (2017) has defined as the intentional deployment of capital to support and develop nonprofit leaders and workers. We've built our Funding That Works Framework around this concept. In this framework, talent investing may be practiced in multiple directions and through various roles. For example, funders can integrate a talent-investing lens into their existing approach in a practice we refer to as talent-infused grantmaking. Conversely, nonprofits can build the habits of talent-focused fundraising. Often in nonprofits, people with the least power advocate for this type of investment. But it works best when there is a strong, values-driven commitment at the board and executive levels and alignment about this commitment throughout the entire organization, so that policies, strategic plans, budgets, and management practices align to make talent investing possible.

The principle and practice of "talent justice" is part and parcel of talent investing. It is asserted that racism, sexism, classism, and other biases drive the deficit of investment in the nonprofit workforce. Thus, talent investing must intentionally address racial equity, and do so in an interconnected fashion that both accounts for the prominence of racism and recognizes the many interwoven forms of discrimination. That is the process of working toward talent justice. In a study commissioned by Fund the People, researchers found differences of opinion between white people and people of color, and differences between funders and nonprofits, about how to define the problems facing the nonprofit workforce and about the most useful changes or solutions (Lubin et al., 2019). The need for funders and nonprofit leaders to understand, practice, and assess talent investing and talent justice across lines of race and power has never been more urgent.

Busting the Soft Stuff Myth

This framework was developed to move beyond critiques and analysis of the myths discussed above to the logical next step of providing funders and nonprofits alternative (and healthier) mental and practical models.

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Thankfully, in recent years, serious philanthropic leaders in the field have made valiant efforts to dismantle the Overhead Myth (Taylor et al., 2013; Real Costs Project, 2015), Dependency Myth (Buchanan, 2013), and the Aim High, Fund Low Myth (Knowlton, 2019; Weiss et al., 2021). However, there has not been a strong conceptual response to the Soft Stuff Myth — the commonly accepted idea that a straight line cannot be drawn from investments in employees (the "soft stuff") to improved programs and social outcomes (the "hard stuff"). It is past time to debunk this final myth. Toward that end, below I share compelling data from the for-profit sphere. Then I turn to evidence produced by a set of prominent funders who have invested in the nonprofit workforce and evaluated their interventions. I conclude with an initial set of observations and suggestions.

Evidence From Business

There is ample proof that employers create real value for their institutions when they invest significantly in their employees. The powerful book The Human Equation (Pfeffer, 1998) shows how significant and sustained investments in employees can drive outputs and outcomes. Pfeffer argues that instead of cutting costs to increase profits, companies should focus more on building revenue by relying on solid people-management skills. Through dozens of examples, the Stanford Business School professor demonstrates that successful companies worry more about people and the competence in their organizations than they do about having the right strategy. Pfeffer contends that the

strategy part is relatively easy — it is the day-to-day execution that is hard. Execution is all about employees. Companies that understand the relationship between people and profits are the ones that usually "win" in the long run. The book offers seven principles for investing in employees:

1. Employment security

2. Selective hiring of new personnel

3. Self-managed teams and decentralization of decision-making as the basic principles of organizational design

4. Comparatively high compensation contingent on organizational performance

5. Extensive staff training that is deeply aligned with organizational strategy

6. Reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels

7. Extensive sharing of financial and performance information throughout the organization

Through random controlled trials across diverse industries, Pfeffer shows that by committing to three or more of these principles concurrently for an enduring period, companies can yield increases up to 40% in profitability, stock price, value to shareholder, and firm survival rate.

Many of Pfeffer's suggested forms of talent investments could be directly applicable to the needs of nonprofit organizations and employees. In fact, the workplace conditions that are the logical outcome of these principles are described by Christina Maslak as the conditions needed to end burnout in the helping professions — things such as a sustainable workload, choice and control in the workplace, recognition and reward, a supportive work community, fairness and respect on the job, clear value, and meaningful work (Stahl, 2020).

Pfeffer draws the straight line from A to Z, offering evidence that strategic investments in employees can lead directly to improved products, increased revenue, and lengthened sustainability. While the evidence Pfeffer musters makes clear that the value of talent investing can be shown across many completely different industries, all the evidence he cites is from for-profit businesses.

Translating for Nonprofits and Philanthropy

Unlike the businesses discussed above, nonprofits seek not profit, but the public good. Such social goals are more complex to achieve or measure than the single metric of net earnings. Moreover, the management of most nonprofits does not have unrestricted cash and wide discretion over how dollars are deployed. In the nonprofit sector, the organizational systems changes discussed by Pfeffer often take investment and buy-in not just from management, but from funders, boards, and management. They take exactly the type of investment that the Bridgespan Group found is extremely difficult for nonprofits to obtain: overhead funding for talent management (Landles-Cobb et al., 2016).

The only way nonprofits can invest significantly in their employees is if they have incentives, money, time, and infrastructure to do so. For most nonprofits, those resources stem from their funders, whether these be individual donors, foundations, or government. And those dollars are largely dedicated to specific functions (mostly programs) and often restricted down to the level of budget line items.

While all funders should be concerned with talent investments, foundations and similar grantmaking institutions (e.g., giving circles, donor-advised funds) generally have more flexibility than government to engage in such talent investing and more of a stake in organizational development do than individual donors. Of all the funding institutions that support nonprofits, organized philanthropy thus has the strongest incentives, the most enlightened self-interest, and the greatest capability to support grantees through talent investing. Yet very little

evaluation data about the results of foundation-based talent investing have been readily shared in the nonprofit world .

Evaluation Data From the Nonprofit Sector

That is why we set out to collect all the existing evaluation reports we could find and share what we learned from them. My team and I collected as many foundation-commissioned evaluation reports as we could find on the impact of funder investments in nonprofit leaders and workers (Spalti et al., 2023). This research yielded 13 published studies covering roughly 20 interventions, as well as several videos and two unpublished reports. The public reports were published between 2005 and 2017 and produced collectively by 16 funders and a dozen different evaluators or evaluation teams. The funders behind these interventions range from prominent regional family foundations like the Durfee Foundation, which focuses on Los Angeles, to some of the largest international funders, such as the Bill & Melinda Gates, MacArthur, and William and Flora Hewlett foundations. As it happens, most are private, professionally managed national or international funders. It may be that this is because these foundations have the resources to evaluate their work; have the most questions about leadership development and thus see the need to evaluate their efforts at supporting it; or that they are most likely to make such reports available on the internet. The published reports we address in this article are:

- *"Annie E. Casey Foundation Leadership in Action Program"* draft final report, an assessment of a "results-based leadership development" project funded by the foundation and "designed to build the capacity of high- and mid-level public agency leaders and their community partners" (Research Center for Leadership in Action, 2006, p. 3).

- *"Evaluation of the Community Leadership Project: 2011 Evaluation Progress Report"* executive summary, an assessment of a collaborative effort among the David and Lucile Packard, James Irvine, and Hewlett foundations to "strengthen the leadership and organizational capacities of small organizations

Of all the funding institutions that support nonprofits, organized philanthropy … has the strongest incentives, the most enlightened self-interest, and the greatest capability to support grantees through talent investing. Yet very little evaluation data about the results of foundation-based talent investing have been readily shared in the nonprofit world.

serving low-income people and communities of color in the San Francisco Bay Area, Central Coast, and San Joaquin Valley" (Yu et al., 2012, p. 1).

- *"Developing Leaders of Color in Low-Income Communities: Promising Approaches and Emerging Outcome Trends,"* the 2011 evaluation report based on the same evaluation as above, which specifically looks at the results of leadership development tactics within a broader array of organizational capacity-building efforts in the Community Leadership Project (Reinelt et al., 2012).

- *"Five-Year Evaluation of the Flexible Leadership Awards,"* a longitudinal study on a grantmaking initiative at the Evelyn and Walter Haas, Jr. Fund "designed to help grantees create and implement leadership development plans geared specifically to advance their organizations' most important strategic objectives" (Ryan, 2013, p. 2).

- *"Brief Assessment of The Irvine Foundation's Fund for Leadership Advancement: Findings*

funders can create significant value when they invest in the workforce of grantee organizations, and this value can indeed be captured and communicated in powerful quantitative and qualitative fashion.

& Forward-Looking Lessons," an evaluation of a funding stream meant to "increase the Foundation's impact by strengthening the nonprofit organizations and leaders with whom it partners" (Harder + Company, 2011, p. 1).

- *"Ladder to Leadership: Developing the Next Generation of Community Health Leaders,"* an evaluation of Robert Wood Johnson Foundation-funded leadership training for early- to mid-career professionals working with vulnerable populations in eight regions and communities across the United States (Kirk et al., 2013).

- *"Creative Disruption: Sabbaticals for Capacity Building and Leadership Development in the Nonprofit Sector,"* a cross-funder evaluation of sabbatical awards for grantee leaders provided by the Durfee Foundation, Alston/Bannerman Fellowship Program, Barr Foundation, Virginia G. Piper Charitable Trust, and Rasmuson Foundation (Linnell & Wolfred, 2009).

- *"From Creative Disruption to Systems Change,"* a follow-up to the "Creative Disruption" report, looks specifically at Durfee's sabbatical funding program (Linnell et al., 2017).

- *"Creating Broader Impact: The Bush Foundation Fellowships,"* an assessment of how three fellowship programs help individuals contribute to the strength of communities,

organizations, and fields of work (Showalter & Itzkowitz, 2007).

- *"Schusterman Fellowship Evaluation,"* an assessment of Schusterman Family Foundation's signature leadership development program for Jewish nonprofit leaders (Learning for Action, 2017).

- *"Leadership Matters,"* an evaluation of six family planning and reproductive health leadership programs funded by the Gates and Packard foundations (Reinelt et al., 2005).

- *"Strengthening Leadership and Advocacy in Population and Reproductive Health,"* a retrospective evaluation of the MacArthur Foundation's Fund for Leadership Development, which aimed to foster new leadership in the population and reproductive health field (Institute for International Education, 2017).

- *"The Pathway to Leadership: Lessons from Clinic Leadership Institute,"* an assessment of Blue Shield of California Foundation's leadership program "designed to prepare emerging leaders to … sustain a strong and vibrant California community clinics system" (Howard et al., 2011, p. 1).

My colleagues and I reviewed the studies, examined related materials, and interviewed 10 of the evaluators to understand what the data say about the value of talent investments. When scanning evaluations across various interventions, time periods, geographies, issue areas, organizations, funders, and evaluation researchers (including many with doctoral degrees in their fields), it became clear that funders can create significant value when they invest in the workforce of grantee organizations, and this value can indeed be captured and communicated in powerful quantitative and qualitative fashion.

It is worth emphasizing that all these interventions and evaluations predate the public health, racial justice, and civic crises of the last seven years. For nonprofits, these crises have dramatically increased organizational

instability, personnel loss, and difficulty hiring; inflamed epidemic-level burnout, Great Resignation symptoms, and internal conflicts; and exacerbated all the challenges that come with maintaining or reestablishing in-person programs, services, and workplaces. In the current context, it should be clear to grantmakers that investing in the nonprofit workforce in and beyond grantee institutions is both valuable and urgently needed.

Data on the Value of Talent Investing

We have organized the data based on the various units of change measured in the evaluation reports. Below we discuss the impact of talent investments on individual nonprofit professionals and at the organizational level. Then we share findings at the level of the ecosystem in which the individuals and organizations operate — variously defined as networks, place-based communities, social movements, and fields of work. Finally, we discuss the direct benefit of talent investing for funders themselves.

Individual Nonprofit Workers

Many of the evaluated interventions focused on creating change within or through individual nonprofit professionals. These changes often sought to contribute to organizational and field development as well, and were sometimes structured to do so, for example using cohorts across organizations to build relationships within a field of work. The data show significant growth in leadership skills, career and professional maturity, and openness to innovation. Here are several examples from numerous compelling data points:

- Sabbatical funding significantly improved indicators of well-being, with recipients reporting somewhat or very much improved work/life balance (82%), better connections with family (64%), and better physical health (68%) (Linnell & Wolfred, 2009).

- One year after the implementation of the RWJF's Ladder to Leadership program, evaluators found that 37% of participants had taken on more duties and 29% had received a promotion (Kirk et al., 2013).

- Twenty-four percent of executives in the Irvine Foundation's Fund for Leadership Advancement saw a major improvement in their job satisfaction (Harder + Company, 2011).

- One year after the Blue Shield of California Foundation's Clinic Leadership Institute, 46% of participants assumed a more senior role, 58% reported significant growth in their job responsibilities, and 79% received a salary increase (Howard et al., 2011).

Nonprofit Organizations

Some funders invest in individuals with hopes that participants will use what they've learned to influence their organizations. In other cases, funder interventions are intentionally designed to address staffing issues at a systemic level in order to advance organizational development. Evaluations typically measured at the level of intended intervention. If a program specifically worked with individuals, evaluations measured their interactions within an organization. In contrast, a program interacting with individuals and organizations often measured specific organizational changes such as governance changes. The evaluations found:

- Forty-seven percent of participants in the Blue Shield of California Foundation's Clinic Institute Emerging Leaders Program reported a significant contribution to organizational improvements (Howard et al., 2011).

- Seventy-three percent of MacArthur Foundation program alumni reported enabling their organizations to adopt new approaches to reproductive health based on what they learned during their participation, and 67% reported helping their organizations to secure more funding (Institute for International Education, 2017).

- Eighty percent of participants reported using their training from the Annie E. Casey Foundation's Leadership in Action program on an organizational level (Research Center for Leadership in Action, 2006).

Governance

Boards and board relations can be impacted by tailored programs or executive director sabbatical programs. Irvine's Fund for Leadership Advancement included a consultant, executive coaching, and board development as a part of its intervention. The executive directors reported improved ability to work with board members, improved board effectiveness, and increased alignment on organizational vision among executives, staff, and the board (Harder + Company, 2011).

In the first evaluation of Durfee's executive sabbatical programs, 60% of awardees and 53% of interim leaders reported improvement in board efficacy as a result of the preparation process in advance of the sabbaticals (Linnell & Wolfred, 2009). The second evaluation shows 46% of respondents continued to believe that board efficacy had improved. The report attributes this to boards "stepping up" while their executive directors were on sabbatical. In the same way, 75% of respondents reported the interim leaders were shown to have a "more productive relationship with the board of directors as a result of working more closely with them" (Linnell et al., 2017, p. 20). These reports suggest the planned rest and rejuvenation of an executive director can empower the board and staff of an organization to fill the temporary leadership gap.

Shared Frameworks; Organizational Impact

Several programs foster the development of shared language or frameworks for the organizations or fields they support. The Fund for Leadership Advancement report (Harder + Company, 2011) notes the development of a vision for the organization, while the Leadership in Action program (Research Center for Leadership in Action, 2006) places a value on the importance of identifying a shared goal. This sharing can occur between executive directors and their boards or between colleagues in a cohort that bridges social movements across institutions.

Many of the programs provided multiple mechanisms of intervention, such as seminars, trainings, project work, or coaching. Importantly, the Haas, Jr. Fund's Flexible Leadership Award (Ryan, 2013); the Irvine, Hewlett, and Packard foundations' Community Leadership Project (Yu et al., 2012); and Irvine's Fund for Leadership Advancement (Harder + Company, 2011) provided grantees with responsive, customized, organizational-development interventions such as consultants to help analyze staffing problems or gaps and develop plans to address them.

The Haas, Jr. Fund's Flexible Leadership Awards defined success as the advancement of organizational goals through long-term internal leadership development, echoing Pfeffer's principle of extensive staff training in alignment with organizational strategy. Over a multiyear period, the program supported recipient organizations to identify what staffing and leadership changes were needed in order to accomplish mission-related and organizational development goals; establish related leadership plans to advance their institutional goals; and determine whether their plans and goals were accomplished. They were able to take organizational actions such as developing their senior team or transitioning to a new board of directors. More than 85% of the organizations met or surpassed their leadership goals, and organizations met or surpassed over 92% of their mission-related goals (Ryan, 2013).

These findings indicate the multidirectional connections between investments in human capital (both staff and board) and the strength of organizations. They provide the initial data needed to show that the ability of nonprofits to perform with excellence and achieve significant outcomes are directly tied to how well they support and develop the capabilities of their staff teams.

Communities, Social Movements, and Fields of Work

Network development and creating connections between participants were frequently measured with network maps and through questions about collaborations with colleagues across institutions. According to the TCC Group, as cited by the National Council of Nonprofits, "'Capacity'

should acknowledge that high quality connections between an organization and other actors within its network not only help that organization advance its mission, but also support the ability of the network to achieve broad change together" (Chandler & Kennedy, 2015, p. 2). Such network-based capacity was assessed in the majority of the evaluations.

Improved Networks

Networks were viewed as valuable tools for alumni of both fellowship and cohort-based programs. The Blue Shield of California Foundation's evaluation recommends continuing to develop and foster these networks among emerging leaders (Howard et al., 2011).

- The Schusterman Fellowships indicated that 76% of participants use the program's network to access information and resources, and 57% of participants contributed to the network (Learning for Action, 2017).

- One year after participation in the RWJF's cohort program, Ladder to Leadership, 71% of the participants reported leveraging networks to address community health challenges (Kirk et al., 2013).

- The MacArthur Foundation's evaluation reports that 57% of participants networked with public officials and 77% networked with other nonprofits (Institute for International Education, 2017).

Increased Collaboration

Ten evaluations measured the impact of these leadership investments on collaboration, whether on projects or toward a particular goal:

- One year after completing the RWJF's cohort program, 72% of graduates reported participating in the leadership of collaborative community projects (Kirk et al., 2013).

- In the Durfee Foundation's sabbatical program, 80% of participants reported they developed a personal and/or professional bond with other awardees (Linnell & Wolfred, 2009).

[F]unders can create multiple significant levels of value through investing in grantee staff: healthier, better-equipped, well-supported nonprofit leaders; more powerful, sustainable nonprofit organizations; and more robust, cohesive civil society networks able to advance their causes.

- The MacArthur Foundation evaluation finds that 57% of program alums collaborated with one another to increase their knowledge, and 59% collaborated on an activity that tackled a social issue (Institute for International Education, 2017).

Grantee–Grantor Relations

Several of the evaluations show how investing in grantee staff accrues to the direct self-interest of funders themselves. Often, this value seems to result from the close collaboration that customized organizational interventions require. Some evaluations discuss how programs improve the funder–grantee relationship by increasing honesty, goodwill, and trust. Other evaluations showed how talent investments enable funders to develop a deeper knowledge of community need, forge responsive relationships, and improve their own ability to advance the capacity of core grantees.

Working toward culturally appropriate grantmaking also creates learning opportunities for funders. In one case, the Community Leadership Project discusses the high level of engagement between grantors and grantees due to their

hands-on and "in the trenches" approaches with grantees, implementing a range of non-traditional,

culturally mindful funding practices, acknowledging biases within mainstream philanthropy that sometimes work against smaller organizations serving low-income communities, and recognizing the power differentials inherent in funder-grantee relationships. (Yu et al., 2012, p. 2)

In summary, funders can create multiple significant levels of value through investing in grantee staff: healthier, better-equipped, well-supported nonprofit leaders; more powerful, sustainable nonprofit organizations; and more robust, cohesive civil society networks able to advance their causes. Together, these individuals, institutions, and networks are better able to get results on the social issues that are of primary concern to funders and their grantees. Talent investing can also yield process outcomes that even more directly benefit funders, such as increased grantee trust of funders, improved knowledge of grantees and community needs, and improved power dynamic relations with grantees.

Observations

The following reflections and suggestions are based on our review of these evaluations and analysis from eight years of other research projects and observations.

Talent investing yields tangible value. The review of evaluation data from 13 foundation-commissioned studies documents that talent investing can significantly contribute to increased equity, effectiveness, and endurance among nonprofit workers, organizations, and causes. In addition to these critically important benefits, which accrue indirectly to funders, the reports show that talent investing can yield direct benefits for funders, such as increased trust between grantmakers and grantees — an issue that continues to grow as an area of concern among funders.

There is a need for clarity of purpose and clear goals. When funders construct interventions in the nonprofit workforce, they often focus on big concepts, such as building leadership, rather than more practical matters, such as ensuring that grantees can hire enough staff to achieve their mission goals, pay living wages, offer

staff benefits like health insurance, and support the team in a manner that aligns with their values and strategies. While funders focus on leadership, they sometimes cannot specifically define what they mean by leadership, or what they want to see as a result of leadership (TCC Group, 2018). Getting clear up front on the goals of an intervention is necessary for assessing the effectiveness of the intervention. Starting with a view toward evaluation before the intervention begins can help funders to develop meaningful theories of change for their investments; gather data before, during, and after the intervention, and avoid the inevitable limitations of retrospective evaluations.

Restricted funding can be used strategically. Many funders have become concerned of late with offering multiyear general operating support, using trust-based practices such as streamlining bureaucratic procedures, and being more responsive to grantee needs. As can be seen in the data discussed above, talent investing can be designed in a fashion that is extremely complementary to multiyear general support. It can increase multidirectional trust — the trust funders have in grantees and the trust nonprofits have in their funders. As one experienced funder put it, "There are times when dedicated funding is an important complementary strategy for strengthening organizational leadership" (Wood, 2013, para. 12). Funds that are restricted for talent investing can concurrently compliment funds for general operating support. These talent investments can be proactively restricted to address human capital issues, while — within that context — they can and should remain extremely responsive to the particular strengths, needs, life stage, goals, and operating environment of each participating grantee organization.

Don't skip the organizational level. Many of the funder interventions we reviewed (particularly the fellowships) come from a leadership development approach. They focus heavily on individuals. Some of these have a secondary focus on building networks of leaders at the field level. These approaches largely skip over the organizational level. Yet most funders provide the bulk of their grants to organizations, not

individuals or networks. Even as they skip over the organizational level, many funders want to see their talent investments yield organizational change — this contradiction results in disappointment that may minimize future investment opportunities. Alternately, the funders who develop talent-investing strategies based on the capacity-building approach tend to focus on the organizational level and are less focused on individual or field levels. While particular people come and go, people and institutions are irreconcilably intertwined. Individual leaders need organizations to drive change, and organizations need teams of leaders to function. There's an important opportunity for funders to blend the leadership development and capacity-building approaches to design interventions that address the individual, organizational, and field levels.

Ground equity efforts in talent justice. Many organizations are struggling to address internal issues of diversity, equity, inclusion, belonging, and justice. Too often the conversations get abstract and intellectual. Yet often staff members are advocating on practical, tangible issues such as wages or benefits. Often the missing ingredient in these processes is talent justice — that is, talent investing done with an intersectional equity lens. Efforts toward DEI should engage not only program and executive staff, but human resources and fundraising staff as well. In order to be successful, they should make the link between racial equity and working conditions. This will help to develop policies and practices that advance the mutual interests of employees and their organizations.

Comparative data are often lacking. Like most foundation evaluations, the studies we reviewed do not rise to the level of experimental or semi-experimental in nature — nor should they have to. Rather, many of the reports are limited to self-reporting surveys of fellowship participants after a training or cohort experience. The more robust evaluations gather data through multiple methods (e.g., interviews, focus groups, primary source documents); longitudinal study (e.g., collecting data before, during, after, and a year later); and gaining 360-degree perspectives from

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stakeholders (e.g., supervisors, peers, and direct reports of individual participants). There is also often a lack of comparison data, both comparing change before and after an intervention, and comparing organizations that receive or participate in an intervention with those organizations that do not receive or participate in the intervention. Most funders are only providing talent investments to a small portion of their grantees, so there would not necessarily be any harm done by using the same survey instrument with participating and nonparticipating grantees over time to see if changes mirror one another or diverge.

Results may take time. Like our experiences with higher education or professional development, investments in nonprofit people can take time to bear fruit, as does the social change they are working to bring about. Talent investing has compounding benefits and ripple effects across organizations, individuals, and networks that are not always linear. These results often take longer to become visible than a one- or two-year grant-reporting cycle. Philanthropic foundations are one of the few kinds of institutions in our society that can act based on a long view, rather than quarterly earnings or election cycles. Yet, often to their own disadvantage, foundations end up creating internal incentives for program

officers or other grantmakers to take the short-term view of relatively brief grant cycles. Interventions and evaluations that take the long view, and use a longer timeline, are more likely to bring about and observe the impact they seek.

Capture and communicate value. There is clearly a need for more data and messages about the value of philanthropic talent investing in the nonprofit sector. The Haas, Jr. Fund was so intentional about sharing with other funders about what it learned from the Flexible Leadership Awards that other funders — who saw the need in their own grantees but were not sure where to begin — asked if their grantees could participate in the program. This led the fund to spin off and rebrand the awards as The LeadersTrust, which is now composed of six funders, including the Irvine and Packard foundations and the Haas, Jr. Fund itself.

Conclusion

These days, there are clearly multimedia methods of communicating the value of talent investing, inclusive of both hard data and compelling storytelling, that may or may not be connected to formal evaluation data. Once again, the Evelyn and Walter Haas, Jr. Fund offers an example by complementing its evaluation report with a series of very brief video clips that feature the evaluator, foundation president, program officers, grantees, etc. The videos all help to illuminate and supplement the written evaluation report. Another example is the Foellinger Foundation (2020), a local independent foundation in northern Indiana, which produced a 30-minute online documentary film, also housed on its website, that tells the story of four nonprofit executive directors during their yearlong journey in one of Foellinger's leadership development cohort programs.

Capturing and communicating the value of talent investments may or may not include a formal evaluation process. Nowadays there are so many ways to share what we are doing and learning, and the meaning that talent investing offers to the nonprofit people, organizations, and causes who are boosted by these interventions. It's time for funders to stop being shy about

sharing these impactful stories even if they are not backed by scholarly studies. Now more than ever, as the nonprofit workforce strains under the mounting pressures it faces, funders must openly discuss the real need for — and real value of — investing in the nonprofit workforce.

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Passing in the Dark: Making Visible Philanthropy's Hidden and Conflicting Mental Models for Systems Change

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Introduction

The philanthropic sector largely recognizes that the problems foundations seek to address are often "stuck" in broader systems that reinforce those problems. These systems are complex and adaptive, with many interdependent actors and factors connecting in often invisible ways to create these problems (Dooley, 1996; Human Systems Dynamics Institute, 2016).

Seeing the significant role that systems play, foundations are supporting strategies to help shift the patterns keeping those problems locked in place. We define "systems change" as the practice of confronting the causes of problems rather than treating their symptoms (Catalyst 2030, n.d.; Meadows & Wright, 2008). In many ways, the increasing focus on systems change has been a paradigm shift, fundamentally affecting how foundations approach social change, their underlying assumptions, and their ideas about the predictability of change. In complex adaptive systems, pathways to change rarely can be known in advance, solutions cannot be imposed, small actions can produce big and unanticipated changes, and there is no one right answer (Patton 2011; Snowden & Boone, 2007). This perspective has required changes in philanthropic practices and led foundations to see themselves as actors in, and influencers of, systems.[1]

Key Points

- While the need for philanthropy to focus on systems change as a way to scale and sustain impact is now widely accepted, we see the sector largely failing to recognize that there are different mental models for how to change systems. Sometimes the approaches foundations use are based on competing mental models or models that are not a good fit for the systems, problems, strategies, or practices they are using.

- We see two mental models for systems change being used in philanthropy: systems dynamics and systems emergence. Strategies that use the systems-dynamics mental model aim at points of high leverage in a system and predict the kinds of changes that will occur. Strategies that use the systems-emergence mental model look for parts of the system that are under-resourced and experiment with ways to disrupt or reinforce them.

- Our mental models have implications for our effectiveness. We need to be aware of which models we are using and why, and to build our capacity to match our strategy, grantmaking, and evaluation approaches to the nature of the systems we are working in, the size of the problems we are addressing, and the systems holding them in place.

- This article explores these two mental models, provides examples of foundation strategies that use each, and offers tools for aligning mental models with philanthropic practice.

[1] The term "systems change" can be problematic because it can reinforce unrealistic thinking about a foundation's ability to intervene "on" a system as if philanthropy sits outside of the system, permanently change a system that is constantly shifting, and intervene in ways that change the system in only good ways without any of the unintended consequences that inevitably accompany work that is complex and unpredictable. Despite its challenges, we believe the term is worth using, as it clearly separates this work from more programmatic philanthropic strategies.

TABLE 1 Metaphors for the Two Mental Models

Systems Dynamics: A Boat on a Familiar River	Systems Emergence: A Canoe in Unfamiliar Wetlands
Our navigators are heading down a river toward a destination on the horizon. While that destination is challenging to see at the journey's start, the navigators have a clear sense of their end point and its location. The river and its ecosystem have been mapped before, so while the river is still regularly changing, its general layout is fairly well known. The navigators focus on the journey itself, how to navigate the known challenges, and how to approach unexpected weather and other obstacles or opportunities. Sometimes other boats come alongside, headed in the same direction and close enough for dialogue. Insights and ideas are shared. Sometimes the navigator's boat is slowed by a rock or a low-hanging branch. Adaptations to make it through these patches are critical. Yet, our navigators remain committed to staying on the river and do not shift their chosen route. The journey is consistent in focus and direction and the adaptations help to keep the journey on track.	Our navigators are in a canoe that is working its way through unfamiliar wetlands. The desired destination is somewhere on the horizon, which looks different at different times of the day. The canoe navigates messy waters, constantly selecting among potential paths. It encounters surprises, good and bad, in the shallow reeds. At times, other explorers cross paths with the navigators and may paddle alongside them or get in the same canoe for a while. Sometimes these explorers' knowledge, insights, and actions lead the navigators to alter their path. The navigators pay attention to different signals during the journey, like listening to the call of a specific bird at the journey's start or watching for more subtle cues later on, like the feel of the wind or the sound of the reeds, as they better understand their wetlands ecosystem. The journey takes unexpected turns and requires adaptation, yet progress is made as the navigators build new understanding about their environment and work their way toward the distant horizon.

We wholeheartedly support the sector's increasing focus on systems. But as strategists and evaluators, we see many foundations ignoring some basic truths:

- *Systems are different.* Some systems are more complex and less predictable than others. Some are older and have been the target of many change efforts; others are still developing and not well understood.

- *There are different mental models about how to approach systems change.* By mental models, we mean the deeply held beliefs, assumptions, and ways of seeing the world that we use to examine problems and generate solutions (Kania et al., 2018).

- *We need to align our models and approaches.* Systems-change mental models and our strategies, tools, and approaches to learning need to match the systems in which we are working, as well as the nature, scope, and size of the problems we are trying to solve.

Some foundations are adopting one-size-fits-all approaches to systems change without first understanding the systems in which they are working and without making explicit the mental models they are using. As a result, foundation staff, consultants, and those working in systems can approach change in counterproductive ways. Entire bodies of work can get derailed because actors are operating with conflicting and often unspoken understanding about how systems change. We need to make our mental models visible so that we can address conflicts in our thinking and align our tools, organizational requirements, and ways of working with mental models so that we do not undermine the possibility of our desired changes.

Two Mental Models for Systems Change

In working with dozens of foundations over the past three decades, we observe that two main mental models for systems change are being used in philanthropy: the systems-dynamics model and systems-emergence model. (See Table 1.) These are informed by a sizable body of work built by theorists who have observed patterns that occur in natural and social environments and have generated ideas about how systems work. The sections that follow:

- Identify elements of systems change that are in common across the models.

- Describe each mental model in more detail, including their differences and implications for philanthropic practices.

- Pose questions to help reveal the mental models being used in systems-change work.

- Offer an example of when philanthropic practices are mismatched across two models.

- Offer two examples, one for each model, of when philanthropic practices are aligned.

While we compare the two models and emphasize how they differ so that their distinctions are clear, we want to avoid binary thinking about their application. Certain systems call for the use of one mental model over the other, but there are also systems and problems where the use of both models simultaneously is useful. Finally, these are imperfect models and many strategies use elements of both. We should not feel boxed in, but instead build our capacity to discern how different aspects of the two models can benefit the work and make our thinking explicit.

Both mental models recognize that society is made up of many systems that drive positive and negative outcomes, and both hold that most larger systems feature nested subsystems that have narrower aims. Both pay attention to the visible and hidden dynamics that help to describe and make sense of systems and look for patterns that reveal how a system behaves and protects itself from change. (See Table 2.)

Some visible dynamics are well-established and may be resistant to change, while others may still be forming; some might be visible to everyone, others only to system insiders. *The Water of Systems Change* (Kania et al., 2018), one of the most popular systems-change resources used in philanthropy, describes visible dynamics (policies, practices, resource flows, relationships, power dynamics) and hidden dynamics (mental models). How a system functions is often influenced by hidden and conflicting dynamics (e.g., competing narratives), which limits our ability to build a collective understanding about a system and explore a wide variety of solutions.

While the two mental models may describe the features of systems in similar ways, their respective approaches to how and why systems change differ significantly.

The Systems-Dynamics Mental Model

The systems-dynamics mental model is the most common way of thinking about systems change in philanthropy.[2] Some theorists aim to simplify them in order to better understand how to change them and focus on a system's more predictable dynamics — how they were formed, why they persist, and how they can be changed. Their typical operating assumption is that these dynamics are relatively stable and can be difficult to change.

Strategy and Focus

Users of this mental model locate specific leverage points in systems where interventions

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[2] We use "systems dynamics" as shorthand for a combination of two theoretical lines of thinking that are often merged in philanthropic practice (general systems thinking and systems-dynamics theory), along with other bodies of work that originated from or influenced these ways of thinking. Jay Forrester (1968) originated systems-dynamics theory, which seeks to make visible and model dynamics within systems, making it easier to intervene in them. Donella Meadows worked with Forrester and used many of the same concepts, but developed insights more commonly understood as general systems thinking (Meadows & Wright, 2008). She added a focus on interrelationships among system elements, emphasizing commonalities across disciplines and contexts.

TABLE 2 Common System Concepts and Definitions

Visible Dynamics	Hidden Dynamics	Patterns
• *System goals:* Publicly stated drivers of policies, practices, resources • *Policies and practices:* Laws, rules, standards, behaviors • *Informal rules:* Unstated expectations that drive system behaviors and options • *Power dynamics:* Who has decision-making power, authority, and influence • *Empowerment:* Agency and power of those marginalized or harmed by the system • *Resource flows:* How and to whom money, people, and information are distributed • *Structures/infrastructure:* Built environments, materials, and other assets • *System actors:* Individuals and organizations Relationships: Quality of connections between actors	• *Mental models/ paradigms:* Culturally based, deeply held ways of understanding the world; assumptions and beliefs that influence actions and that can limit thinking about options • *Myths/cultural narratives:* Unchallenged, often conflicting stories about people, problems, and solutions in the system • *Bias:* Interpersonal and structural biases privilege or harm different groups • *Unstated goals:* System goals that underlie policy and resource choices.	• *In visible and hidden dynamics:* How they emerged and persist, what has disrupted them, how they influence each other • *In system inputs:* Interconnections with other systems and their influence, including larger patterns (e.g. demographic or resource shifts) • *Delays:* Time between specific system changes and their impacts • *Positive feedback loops:* The strength of loops and the gain that results • *Negative feedback loops:* The strength of loops relative to impacts they seek to correct against • *Knowledge base:* Shifts in evidence and experiential knowledge about the problem and its solutions

Adapted from Lynn (2024), which draws on Farnham et al. (2020), Inayatullah (2017), Kania et al. (2018), Lynn (2023), Meadows (1999), PowerCube (2011), Stacey (1996), and Systems Sanctuary (2017).

can be effective (Meadows, 1999). They look for "high leverage" points where focused effort and resources to drive change can have an outsized and desired effect on the system.

For many systems-change efforts that use this model, high leverage points focus on feedback loops (or causal loops), or parts of the system where one dynamic feeds another, which then feeds more of the first dynamic (e.g., as American voters become more polarized, media serving voters become more polarized, which leads to more polarization). Change efforts typically try to disrupt vicious feedback loops or reinforce virtuous ones.

Common leverage points in philanthropic strategies include:[3]

• policy and legal changes;

• changes in who holds power and who interacts with power brokers, through leadership development strategies, engagement of

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[3] Many of these align with a widely used resource in philanthropy (Meadows, 1999) on leverage points for intervening in systems. These often take a long time to change and require collaborative work that adapts over time. They are helpful to the systems-dynamics model because they predict a leverage point's importance and suggest that sustained focus on that lever will have impact.

Overall, this approach relies on many predictions — about points of high leverage, expected outcomes of interventions, scaled impact of multiple outcomes, and the ideal visible and hidden dynamics of a healthy system.

proximate voices, or more direct electoral work;

- narrative changes, often using communications research and strategies, with framing aimed at opening willingness in the system for other changes;

- resource changes, influencing partners to invest in parts perceived as under-resourced;

- on-the-ground practice changes, such as supporting innovators or shifting the behaviors of early adopters within an industry;

- capacity-building and field-building efforts or other ways of strengthening nonprofits and people working on an issue, including bolstering their collaborative capacity; and

- deployment of specific programs or funding of specific capacities designed to fill a system gap (interventions over which the foundation or grantee has significant control).

Many philanthropic approaches to network and field-building strategies use a systems-dynamics mental model. For example, foundations may try to build a network among advocates and funders to advance a particular system goal, such as clean energy. The philanthropic leverage point is the effectiveness of the field of advocates and other actors. Investments assume that changing how this field or network operates will increase their influence in the system.

Grantmaking and Other Supports

Grants management associated with both models might include some of the same approaches — programming, general operating support, or rapid response. But the assumptions underlying their use differ. With systems-dynamics, program grants help to ensure work on specific leverage points. General operating support might go to a grantee working on a key point of leverage. A rapid response grant might respond to a disruptive moment when that point of leverage is particularly fragile.

With this mental model, experiments may reveal how to intervene on a leverage point. Experiments are typically designed to find ways of replicating what works best, and can range from testing out grantee partnerships to exploring strategies the foundation implements directly.

Outcomes and Adaptation

A strategy using the systems-dynamics mental model typically features a defined sense of the outcomes if changes to leverage points are successful. Overall, this approach relies on many predictions — about points of high leverage, expected outcomes of interventions, scaled impact of multiple outcomes, and the ideal visible and hidden dynamics of a healthy system.

While strategists who use a systems-dynamics model make predictions, they also acknowledge the uncertainty in their assumptions. They anticipate the need to adapt as they implement and pay attention to other influences that support or oppose their positions. However, strategy adaptations typically focus on strengthening their ability to influence at chosen points of leverage, rather than on questioning whether those leverage points remain viable to change.

Learning and Evaluation

With a systems-dynamics model, change efforts can apply evaluation approaches that are common to programmatic evaluation as well. Theories of change, outcome pathways, and impact can be predicted and measured, and hypothesized causal relationships can be examined. Systems-change efforts carry more uncertainty and are much less linear than most

programmatic strategies, however, so using evaluation to test assumptions is critical.

Not all systems-dynamics strategies are set up to be highly adaptive. The frequency and intensity of iterative learning processes should match expectations for adaptation. When rapid cycle learning is used with a systems-dynamics strategy that is not set up to adapt at the same speed, a disconnect can occur that might decrease buy-in for learning because its perceived costs exceed its value and reduce the willingness of teams to adapt when learning moments are needed.

Useful Tools

With this mental model, strategists commonly use systems mapping to both understand a system and to identify possible leverage points. Other tools used to support systems-dynamics strategies include causal loop diagramming (Sterman, 2000), theories of change (Connell et al., 1995), system lever typologies (e.g., Meadows, 1999), field-building assessments (e.g., Lynn, 2014), and social network analyses.[4] These tools are sometimes used only once to inform system understanding before more traditional evaluation approaches are deployed. Other times they are repeated to determine if change is occurring. Causal evaluations of these strategies tend to use theory-driven methods like contribution analysis (Mayne, 2012), process tracing (Collier, 2011), or realist evaluation (Van Belle et al., 2021).

The Systems-Emergence Mental Model

Systems emergence is the second mental model being used in philanthropy, though to a lesser extent. It may be used by key strategists or teams, but typically it is not used by whole foundations. We devote more space to explaining this model because it is less understood and because we think it is underutilized and not well supported in philanthropy.

Theorists aligned with the systems-emergence model draw on complexity, critical race, social capital, and ecological systems theories, among others.[5] Rather than try to simplify systems and predict how change will happen (with theories of change and leverage points), they embrace their complexity. They draw on the study of natural systems (e.g., ecosystems, plant anatomy, social systems within nature), recognizing emergent properties in many real-world systems. They see the future as a "dance between patterns and events" with attention to the history of systems behaviors and the role of events in disrupting them (Boulton et al., 2015, p. 29).

While terms here are Western in origin, it is the culturally embedded approaches to systems thinking in Indigenous communities that align most closely with this mental model and have significantly informed this way of thinking about how systems change.[6] Some that align include:

- taking a holistic view of a system and not trying to parse or simplify it;

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[4] Systems-dynamics tools often are grounded in another mental model — that humankind has some level of control over the world. These tools relate to management, technology, knowledge, and planned action (Klein, 2021).

[5] *Embracing Complexity,* by Jean Boulton, Peter Allen, and Cliff Bowman (2015), covers how to understand complexity and intervene to change systems amid complexity. Other resources include Margaret Wheatley (2023) on adaptive and collaborative approaches for complex challenges, with attention to the decline of civilization and the importance of looking at patterns that brought us here while relying on creativity and leadership to move forward; leading critical race theorist Patricia J. Williams (2021) on exploring complexity from the personal (how our brains try to order the disorderly) to the political and social (how narratives and legal structures reinforce patterns), which help us to understand the "live wire" of race; Thomas Homer-Dixon (2023) on applying complexity science to climate change, environmental conflict, and other global threats; and John Holland (1992, 2014) on how complex adaptive systems draw on our understanding of nature and apply to social systems and their self-organizing nature.

[6] Indigenous approaches to systems thinking and complexity also add to the ways in which philanthropy understands systems change: honoring traditional knowledge and many ways of knowing to understand the system and how it is changing; rooting system understanding in cultural and spiritual beliefs; paying attention to people within the system and how they are connected to the land, ecosystem, and nonhuman actors; and attending to harmony with the environment (Common Ground, 2022; Goodchild, 2022; McIntyre et al., 2023). Even where Indigenous and Western concepts overlap, the Indigenous perspective and pathways to change can differ: Some Indigenous thinkers recognize that it is important to "turn the noise down on the dominant system" so that we can hear from more hidden and marginalized systems (McIntyre et al., 2023, p. 1963).

Systems-emergence work does not attempt to describe the characteristics of a healthy system, but it often does describe the outcomes the system should be able to achieve (e.g., how it looks for those who are marginalized when the system meets their needs). This requires deep, regular system sensing, examining what drives bad outcomes and seeing places to intervene. Systems-emergence strategies often focus on a part of the system that seems ripe for attention, even if the outcome of adding more resources or pursuing a specific change is not clear.

- acknowledging the need for adaptability and the self-organizing nature of systems;

- recognizing that there are many systems and that they interact, not trying to bind thinking to a specific or very visible system, or to tightly define a system's boundaries;

- pattern finding, seeing the past, present, and future as deeply connected; and

- bringing decision-making about the system to the community — that is, localizing change (Common Ground, 2022; Goodchild, 2022; McIntyre et al., 2023).

Often, theorists who use this mental model see systems as made up of interdependent and nested subsystems with their own behaviors and interactions (Holbrook, 2003). Some of these are highly complex and others are more predictable. By paying attention to these subsystems, enough conceptual clarity may be possible to discover places where impact can be achieved.

Strategy and Focus

Systems-emergence solutions are nonlinear and decentralized; change requires finding places to experiment within subsystems to shake them up and cause ripple effects (Boulton et al., 2015). Systems-emergence work does not attempt to describe the characteristics of a healthy system, but it often does describe the outcomes the system should be able to achieve (e.g., how it looks for those who are marginalized when the system meets their needs). This requires deep, regular system sensing, examining what drives bad outcomes and seeing places to intervene.

Systems-emergence strategies often focus on a part of the system that seems ripe for attention, even if the outcome of adding more resources or pursuing a specific change is not clear. For example, a systems-emergence philanthropic strategy might:

- Find and tap into the "green shoots" of innovation, or the places where novel solutions are already being explored. Unlike a systems-dynamics model, this is not about finding best practices to scale — it is to learn alongside emerging ideas.

- Fund underutilized or less explored parts of the system to see what new ideas will emerge, including the parts that historically have been hidden from view.

- Diversify the system's leadership by supporting people from nontraditional backgrounds to influence it or creating opportunities for individuals and organizations to self-organize.

- Support local organizations in finding contextually appropriate solutions and deepen

resources where solutions find traction. This is different from funding local organizations to do more with existing programs that their funders have decided to support.

- Engage with those affected by problems in disruptive processes to surface innovations (e.g., through games, alternative histories to explore the past, or futures exercises).

- Strengthen the reach and influence of narratives that emerge from communities, including through communications and mobilization (which differs from engaging in communications research to find the right narrative and language to shift narratives at scale, a solution more typical to systems-dynamics strategies).

- Deploy rapid-response funding for opportunities discovered by partners closest to problems (Holbrook, 2003; Kurtz & Snowden, 2003; Wheatley, 2023).

In philanthropy, many systems-emergence strategies aim to strengthen an ecosystem of actors, an approach recognizes that complex systems have powerful self-organizing dynamics that lead semi-independent and diverse agents to interact in ways that can be helpful or harmful (Miller & Page, 2007; Zimmerman et al., 2001). Unlike network and field-building strategies that use a systems-dynamics model and predict how actors will work together, systems-emergence strategies are more organic and support actors to find their own change opportunities.

Systems-emergence strategies have a different orientation to shifting power. Unlike a systems-dynamics strategy where leverage points to shift or build power are identified, assumptions about power are neither simple nor direct and many ways of influencing power are tried. Systems-emergence strategies grounded in equity will often explore power seeking to redistribute it, including "reckoning with the past" and its relationship to current power dynamics and harms (Petty & Leach, 2020, p. 77). As power shifts, the experiences of the newly empowered add to collective understanding about how power works in the system and how to change it.[7]

Grantmaking and Other Supports

With the systems-emergence model, a general operating grant might be tied to a partner who shares an interest in systemic change, is values- and vision-aligned, and is working in adaptive ways. Program grants in this mental model often enable time-based, specific experiments that may lead to new experiments, expand the existing one, or eventually end the relationship. Rapid response grants can act on new learning as it emerges instead of waiting for a future grants cycle.

Using a systems-emergence mental model with an experimentation approach does not mean grants are smaller or that more are needed than with the systems-dynamics model. Large grants might be used to support partners in their own experiments or learning alongside the foundation.

Outcomes and Adaptation

Strategies based on systems emergence treat outcomes as less predictable and depend on rapid feedback, either informal (e.g., grantee–program officer relationships) or more formal (e.g., developmental evaluation or participatory learning). Feedback can lead to big shifts, such as abandoning a line of funding, or small ones, such as adding grantees to an existing collaborative.

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[7] This focus on power and self-organizing comes in part from theorists who focus on the notion that human relationships are part of the "capital" of a system, and that social capital affects how the system operates. Systems-emergence strategies in philanthropy are often grounded in Granovetter's (1973) concept of "weak ties" that connect us to people outside of our own circles and give access to different information. Changing these seemingly small human assets in a system can be as valuable as more visible changes to institutions and resources: In public policy work, for example, shifting weak ties between diplomats (systemic change across countries) or between regulators and the regulated (systemic change within countries) can be as important as formal system changes. Much of the systems-dynamics work that looks at relationships focuses more on the visible connections among potential influencers (e.g., advocacy fields, social movements, organizational networks) and formal relationships within the system (e.g., who sits at decision-making tables; who is appointed or hired into key positions).

Learning and Evaluation

Systems-emergence adherents believe that experimenting with today's system is just that, an experiment, with often unpredictable results. As such, learning and evaluation is essential. Foundations often engage in embedded and ongoing learning practices, and it is common to see learning happening with external partners and grantees. Instead of learning focused on a planned destination, it is a journey of understanding the system better to find the next point of action.

Evaluators of systems-emergence strategies listen alongside strategists, capture insights, and seek evidence of systems change while exploring how it emerges. Michael Quinn Patton (1997, 2011) coined the term "developmental

evaluation" to explain the role of an evaluator who brings a systems-emergence mindset and acts as an embedded "critical friend" to the strategy team.

Evaluation approaches to understand causal relationships with this model use methods to make sense of emergent outcomes, such as outcome harvesting (Wilson-Grau, 2021), most significant change (McDonald et al., 2021), and the Qualitative Impact Assessment Protocol (Remnant & Avard, 2021). These methods discover outcomes, often in participatory ways, and investigate how they came about.[8]

Useful Tools

Tools like system mapping and theories of change are less useful for strategies that use the systems-emergence model as the relevance of their outputs quickly decreases. This is because the system is understood to be always changing (due to system interventions and other factors) and because of the need for rapid learning. They might be used upfront to help frame a shared understanding, but are rarely used in an ongoing way. Other tools include:

- Emergent strategy (Brown, 2017; Mintzberg et al., 2005) treats strategy as dynamic rather than as only planned and expands who has the agency to engage. While it can be used with the systems-dynamics model, it is particularly relevant to this model, which depends on steady listening and adaptation.

- The Cynefin framework (Snowden & Boone, 2007) describes systems as simple, complicated, complex, or chaotic and is widely used to help find the parts of a system that need different types of interventions.

- Emergent learning (Darling et al., 2016) offers principles and practices that help system

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[8] A favorite metaphor from the complexity world is jazz improvisation, where innovation and learning amid complexity require "(1) escaping the limits of one's own competently patterned routines, (2) embracing errors and turning them into opportunities, (3) establishing minimal structures that permit maximal flexibility, (4) achieving a state of dynamic synchronization (a swinging "groove" or a "flow" experience), (5) combining materials into a sort of retrospective sense-making, (6) participating in a community of practice, and (7) playing both leading and supporting roles (soloing and accompanying or 'comping,' respectively)" (Holbrook, 2003, pp. 6-7). In philanthropy, these characteristics have implications for organizational and partnership practice and even how program officers show up in the work.

actors learn and adapt together primarily using experiential knowledge.

- Complexity aware monitoring (Momentum Knowledge Accelerator, 2021) is a complement to traditional monitoring that accounts for the dynamic nature of complex systems. It is useful when there are many competing variables, causal pathways to outcomes are unclear, and system actors have diverse perspectives.

- Futures thinking can include tools like the Three Horizons Framework (Curry & Hodgson, 2008), scenario mapping, futures stories, yarning (Atkinson et al., 2021), and policy gaming and other games (Geurts et al., 2007).

- Iterative and participatory systems sensing involves community members in documenting the nature of a system and problem. This type of learning has been resource intensive to implement, but technology has transformed this space through mobile phones (Goldman et al., 2009) and artificial intelligence-based platforms (e.g., Mali, 2023).

Which Mental Model Is Being Used?

Some systems-change strategies may employ both models simultaneously. Some systems have subsystems that are more predictable, where strategists can be confident that pushing on certain leverage points will lead to positive results. Those same systems may also have subsystems or dynamics across the larger system that are less familiar or in a state of flux, and where more experimentation is necessary and with no expectations for scaling or replication. Some foundations use policy advocacy strategies while also experimenting with efforts to change the composition and power dynamics of actor ecosystems in those systems. If both mental models are in play and there is a clear rationale for using both, then grantmaking practices and expectations around outcomes and learning should align to the distinct efforts. (See Table 3.)

Which Mental Model Does Trust-Based Philanthropy Use?

Trust-based philanthropy is a values-based approach that addresses the inequitable power dynamics among funders, nonprofit partners, and the communities they serve (Salehi, 2020). It works to change philanthropic practices by redistributing power toward grantees and communities so foundations can act with more humility and with mutual accountability.

Trust-based philanthropy is often implemented using a systems-dynamics mental model. The leverage point is the way that philanthropy works with those most proximate to social problems. The intervention is to change the nature of the funder–grantee relationship, with clear predictions about what is enabled in the system when this change happens.

Trust-based philanthropy can also use a systems-emergence orientation. But in this case, it is a question being explored alongside many others about the system and is not seen as a leverage point. Rather, it is a process of changing the relationship between funders and grantees and learning from those changes, which creates an environment where they can better work together on systemic change and then see what happens when their power dynamics shift.

When Mental Models Conflict in Philanthropy

Our mental models should match the systems being changed. Reasons for using a particular model should not be driven solely by what has been tried in a different system, what tools are already available, or by standardized accountability requirements that apply across the foundation regardless of strategy approach. Philanthropy is still learning how to best work with complex adaptive systems. We see both mental models at play in systems-change efforts, and we see mismatches between mental models and philanthropic practices.

Some foundations are applying a systems-dynamics mental model to all of their systems-change efforts, but some systems are too

TABLE 3 Exploring Mental Models: Comparing Their Central Features and Differences

Systems-Change Actions	Your mental model might be grounded in *systems dynamics* if:	Your mental model might be grounded in *systems emergence* if:
Defining and bounding the system	You have articulated the boundaries of the system, while recognizing most systems are not cleanly bound.	You articulate a problem but do not define the system because you assume systems have blurred, overlapping edges (but acknowledge that some subsystems may be more distinctly definable).
Mapping and understanding the system	You seek to describe what is most important about how the system behaves and what it includes. You define what the system could look like if it was healthy, and identify the system's virtuous, vicious, and balancing feedback loops.	You acknowledge and continuously seek the system's complexity and make visible its patterns. You look at the system as a complex whole rather than try to break it into specific behaviors or feedback loops.
Exploring the past	You are interested in finding feedback loops in the system that have existed over time, making something either better or worse. Your intent is to see how system components have interacted over time and influence one another so that opportunities to intervene and change these interactions surface.	You look for how small changes and events have led to large, unpredictable consequences, recognizing that causality in systems is not straightforward and the same action at two times can have different results. You explore the system's origins — why it emerged, who it was intended to benefit, and the original models behind it.
Developing strategy	You identify high-leverage points to intervene, looking for interventions where expected impact is greater than the effort it will require to intervene.	You experiment in a variety of ways in places that are ripe to disrupt and in smaller parts of larger systems where patterns can be better understood and change is more predictable.
Level of uncertainty	You feel confident about identifying clear system leverage points. You have comfort in predicting pathways to successful systemic change, while also knowing your choices will benefit from ongoing learning and adaptation.	You believe identifying clear points of leverage is unlikely and instead know that you need to act, learn, plan, and then act again. While initial ideas were enough to get you started, you expect many will not remain true over time.
Monitoring change	You predict how an intervention will change the system and then (perhaps) monitor those changes. You see outcomes as more predictable because you are engaging at high-leverage points.	You examine outcomes as they occur and (perhaps) capture what emerges regardless of intent. Because systems are ever changing, some changes may be predictable, but others unexpected.
Integrating learning	You use learning for targeted adaptations, looking for expected outcomes and adjustments when the strategy is off course. You attend to causal pathways and assess how changes really happened.	You integrate learning as core to strategy, recognizing that systems change as we act, and we need to listen and respond. You attend to causal pathways by looking for emergent outcomes and making sense of how change efforts and the system contributed to them.
Identifying who owns learning	You engage evaluators and learning facilitators to develop theories of change, frameworks, and other tools, but do not integrate them into day-to-day strategy making.	You take ownership of learning and evaluative processes and integrate them into day-to-day strategy (tapping into experts only as needed). You work on formal/informal learning with grantees or use an embedded evaluator.

complex for the types of predictions foundations are making about how to intervene. These foundations might be newer to systems work and therefore more risk-averse to experimentation. They might be overconfident about what is and knowable. The flip side is foundations that use the systems-emergence model and treat everything as complex, which may result in their missing more predictable change opportunities.

Other foundations are applying one mental model during strategy development and another for evaluation and learning. In recent years, for example, more foundations have been doing systems-change work that falls solidly within the systems-emergence model. But the approach to reporting almost always is aligned with a systems-dynamics model. Boards tend to favor clear predictions, quantitative metrics, and multiyear approvals that require commitments to grantees and how the work will be implemented, and thus can draw inappropriate conclusions about supporting a systems-emergence strategy because they don't think about the work as emergent.

We also see foundations applying a systems-emergence model when funding communities to self-organize, select priorities, and shift power. Yet, to meet typical strategy and accountability expectations, they feel compelled to develop frameworks that explain the work across many communities, use reporting tools that collect standardized data, and apply practices that retain funder control over strategy. Program staff, grantees, and evaluators can sense that resources have been wasted when these tools are used, fail to work, and then are rebuilt and tried again.

When Mental Models Conflict: The Building Healthy Communities Initiative
By Julia Coffman, adapted from Kim Williams-Pulfer (2023)

The California Endowment's 10-year Building Healthy Communities initiative experienced this kind of mismatch during the initiative's early years. The initiative had a goal of transforming 14 California communities devastated by health inequities into places where all people can thrive. While the foundation was attempting to move toward a community-driven approach and had expressed the desire for communities to drive their own change processes, during initial planning it requested that BHC sites use extensive logic modeling to detail connections between activities and outcomes. Many of the communities rejected the process as too rigid.

The foundation struggled with wanting to ensure the initiative had sufficient strategic coherence while also wanting to give each community more power over decision-making. In response, it developed a series of outcome frameworks to guide BHC strategy and its measurement and rolled them out to communities to use in their planning. Local sites also saw these efforts as burdensome and were frustrated that the approach did not speak to their unique needs.

About halfway through the initiative, the foundation better aligned its practices with a systems-emergence mindset. A final framework was developed collaboratively based on the dynamics of the work happening in communities, and it resonated with BHC grantees and communities because their work drove its development and they could clearly see themselves in it.

The systems-emergence mental model, which BHC was using in its approach to seeing grantees as systems strategists, did not lend itself to stable frameworks. In fact, these kinds of tools can interfere with the learning inherent in emergent work. Resources can be committed to trying to get these things "right" across communities instead of an approach that gives room for adaptation while surfacing enough information for strategic coherence and accountability.

When Mental Models Are in Sync in Philanthropy
We have also seen foundations that are fully aligning their mental models to fit the systems they are working in, their strategies, and their approaches to learning and adaptation. The examples that follow are from two foundations that are part of the Omidyar Group. All

foundations in this group have been using an active systems-oriented practice for many years, where leaders across the organizations can come together and grapple with their approaches, along with consultants who support specific practices such as participatory systems mapping. Even with this common infrastructure, the models underlying the foundations' systems-change strategies are varied.

Systems-Dynamics Mental Model: Ending Slavery in the Seafood Supply Chain

By Ame Sagiv and Jewlya Lynn

Humanity United is more than a decade into a strategy to decrease slavery and forced labor in the seafood supply chain. While it recognizes the supply chain and market for seafood is global, its strategy began with a focus on Thailand and expanded regionally after years of work that showed significant progress, but that also faced barriers influenced by regional dynamics.

The strategy articulated four leverage points: 1) industry regulation, 2) worker organizing and empowerment, 3) safer migration pathways, and 4) business practices/corporate accountability. For each leverage point, the strategy is interested in affecting organized dynamics, or the stable patterns, in how governments, industry actors at different levels of the supply chain, nongovernmental organizations, and workers behave, including their motivations and needs.

The strategy has a theory of change with pathways and outcomes understood to be foundational to long-term change, articulates how a transformed system might look, and names assumptions about the larger context and how it enables and inhibits change. In the context of a systems-dynamics approach, this is also a deeply emergent strategy with real-time micro-adaptations, quarterly retreats for larger adaptations, twice-yearly systems-sensing retreats to explore how the system is changing more broadly and trends signaling future shifts, and an annual session to revise assumptions and outcomes. While an external partner facilitates the systems-sensing retreats, program staff lead the

soliciting of insights, knowledge management, and synthesizing.

New learning is captured in a visually organized learning log organized by theory of change elements and older insights are revisited as needed. Light-touch analysis occurs on potential trends, but primarily looks at signals of near-term shifts. For example, during the pandemic, assessments of how the system was changing looked for rapid shifts in patterns, attending to the increasingly disorganized dynamics that were a natural part of that period.

Grantee reporting requirements have varied as Humanity United's reporting needs for the board have changed, yet learning that guides adaptation is informed by many sources, including relationships with grantees and other stakeholders (including those opposed to their aims), "hot spot" on-the-ground partners, other grantmakers, research on specific leverage points and countries, and site visits to communicate with workers, businesses, and government actors.

During deep-dive and multiweek site visits, the team can see into parts of the system that are often hidden. For example, in Taiwan and Indonesia, the team participated in sessions where a fisherman's association discussed the severe pressures they are facing that lead to labor exploitation (and to suicides among vessel owners). Separately, the team talked to workers who are beginning to organize about their experiences on long-haul fishing boats and in processing factories. These varied and often opposing sources of insights and the frequency with which they are solicited allows for sensemaking and adaptation in real time instead of waiting for more formal mechanisms such as grant or evaluation reports, formats that struggle to capture the whole picture. Notably, sensemaking and adaptation are not just the sphere of the foundation — the on-the-ground organizations are also listening and adapting in response to their local context.

The strategy is relatively stable at a high level with its set of leverage points and its core

TABLE 4 Seafood Supply Chain Strategy and Learning Elements (Systems-Dynamics Model)

Strategy Features	Learning Mechanisms
• Consistent and long-term focus on four high-leverage points • Theory of change and assumptions (revisited annually) • Expected outcomes (revisited annually) • Clear vision for a transformed system	• Close relationships with grantees • Space for grantees to adapt their strategies • In-country "hot spot" partner informants • Deep-dive site visits • Commissioned research on focused topics • Quarterly implementation retreats • Twice-yearly systems sensing retreats • Annual assumption-testing session • Visually organized learning log • Learning processes led by program staff (not outsourced) with occasional facilitation support

learning practices and tools. It is also quite emergent with micro and larger adaptations. It is an excellent example of how the systems-dynamics model can help to make sense of a large, geographically dispersed system with hidden elements. (See Table 4.)

Systems-Emergence Mental Model: Liberatory Education in Brazil

By Nathalie Zogbi, Fabio Tran, Samuca Emilio, and Jewlya Lynn

Imaginable Future's Brazil team, understanding education to be a practice of and for liberation, is working to help transform that system. It began in 2019 with a participatory systems-mapping exercise, identified points of leverage, and constructed a set of strategies. Within a year of implementation, however, the team reported that the greatest value from these actions was finding partners to help them discover how to best engage in the system.

The team convenes a monthly group of Black and Indigenous leaders and educators that talks through what is happening in the system and opportunities to act, and seeks out voices that often are not heard, including organizations led by Indigenous and Black Brazilians. They

developed a system-sensing script for these calls, while also allowing more free-flowing exploration to ensure it gathers information about how grantees can lead and contribute to systems change.

The team also supports a "systems-sensing table" where six grantees and the foundation work together. The table's purpose is to make sense of the system, describe pathways for changing it, and discover how the work is developing agents of systems change across many communities. At this table, grantees explore the education system's more organized and visible system dynamics and its hidden parts (norms, power dynamics, biases, and mental models).

Over time, the team has developed a regular learning practice that brings all these types of information together and looks at what is happening both within grantees' sphere of influence and more broadly in the system. It uses a visual learning log to record and explore hypotheses about how change happens, ideas and insights, and other emerging questions. Program staff developed this learning process with support from a coach who introduced tools they might use (that they then adapted). They lead, implement, and use the results of their own learning

TABLE 5 Brazilian Education System Strategy and Learning Elements (Systems-Emergence Model)

Strategy Features	Learning Mechanisms
• Hypotheses that are steadily developed, tested, and changed • Assumptions about the system, the context, and cause-and-effect relationships • Experimental interventions in subsystems within the larger education system • Support for strong partners who develop strategy alongside the team	• Participatory systems mapping • Participatory system-sensing table (six grantees) that includes a grantee-led causal pathways evaluation focused on emergent outcomes • Advisory group including Black and Indigenous leaders and educators (meets monthly) • Community of practice of Black and Indigenous leaders • Visually organized learning log • Learning led by program staff (not outsourced) with periodic facilitation coaching and an evaluation team that provides technical support

processes without relying on separate learning and evaluation consultants or staff.

The team's systems-sensing work has also gone deeper into exploring causal pathways, examining whether and how the team and its grantees are contributing to change and under what conditions. The team uses participatory evaluation to understand how programs that invest in community members (through leadership- and network-building models) are contributing to systems change. It is exploring the most proximate outcomes through an outcome harvesting process that team members conduct themselves with technical assistance from an evaluation team. The six participating grantees are setting the direction for this work, which includes describing the pathways by which they think the system will change, their own contributions, and their questions about how change is happening. While this work is more nascent, the foundation already is discovering places where its causal assumptions are being challenged. This is helping the foundation to consider where it is most needed as agents of change and to pay even deeper attention to the system's historic and current patterns.

During its first year of work, the Brazil team learned from Black leaders about how leadership within the Black community emerges, the relevance of more formal leadership development

programs, and the ways in which the system is harming and could better support Black children. This learning was strengthened by a decision to support an ongoing community of practice with Black and Indigenous leaders who jointly produced a systems map identifying the patterns behind Brazil's structurally racist education system.

As they developed their understanding of this part of the system, team members also began to hear more about the needs of Indigenous students. Their initial investments were exploratory, helping them to have greater proximity to the needs of the communities and see how education policies helpful for other marginalized children have been harmful in Indigenous communities.

The team is also discovering that the education system can be transformed from the learnings, practices, and cultures of the most marginalized and often hidden people and communities in the system. This aligns with an insight the team has been holding central to its decision-making — that education can be a practice of liberation — which leads team members to ask how education is supporting those most oppressed. As the team phrases it, "We understand that the Quilombola (Black) and Indigenous perspective, which many see as on the system's borders, has

much to contribute to improving education as a whole."

This strategy has never had a theory of change. Rather, the team surfaces hypotheses based on what it is seeing and then responds in new ways. Instead of always aiming for specific outcomes, it acts in light of what it is learning while remaining grounded in a set of underlying values.

The original systems map sought to organize and simplify Brazil's complex education system. But the process the team uses now actively uses a systems-emergence lens as it examines the system's less visible, less predictable, and more self-organized dynamics. (See Table 5.) Through experimentation (e.g., leadership programs), listening (e.g., the advisory group, systems sensing, and the participatory systems-sensing table), and learning from Black and Indigenous leaders, team members have found new opportunities to strengthen parts of the larger system.

Comparing the Models in Practice

Both strategies benefit from foundation cultures that give the teams room to explore new partnerships and practices and to adapt as they go. Their organizations also allow them to take risks, working outside their original plans and supporting new ideas from people who are often marginalized. The two strategies also benefit from staff who are natural systems leaders, pattern finders, and learners, and who take on roles that are often outsourced in philanthropy, such as convening their partners and leading their own learning practices.

Yet, these strategies differ in the stories of progress they can tell. The seafood supply chain strategy is better able to tell a story that follows a progressive pathway forward even as the team navigates twists and turns in its predefined high-leverage areas. While the reporting for that strategy no longer requires predefined metrics, the story builds on the previous year's work and has relatively predictable progress signals.

The Brazilian liberatory education strategy's story of progress and impact, with its multiple areas of experimentation, emergence, and steady

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The Two Mental Models and Equity

All three examples of mismatched and aligned mental models are large-scale efforts designed to address deep inequities across broad geographies. All three integrate some form of power shifting and use inclusive or participatory practices. In our experience, neither model leads to strategies that are more or less likely to advance equity or create space for equitable change. Rather, equity is a value that must be brought to systems-change work, from the individual to the interpersonal and from the institutional to the system (Petty & Leach, 2020).

While the mental model itself may not determine a change effort's commitment to equity, whose mental models are centered in a systems-change strategy requires critical attention. When foundations center their own mental models (intentionally or not) and then fund system-change agents without listening to how they understand systemic change, they reinforce inequitable power dynamics and unintentionally impose their own orientation toward change.

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flow of insights, looks less linear. Reporting will look like a pathway of discovery about how the team is building a network of actors within historically marginalized and under-resourced spaces, and how systems sensing and listening are being used to learn about parts of the system that are often hidden. A mix of outcomes will emerge from the team's experimentation based on what it is learning (e.g., cultural shifts within communities, leadership shifts within government, policy and practice shifts within the education system). Part of the story will be about experiments ended for various reasons (e.g., the desired impact occurred, new pathways opened, the experiment is advancing change). Other positive stories will also emerge from activities the team is supporting that may not change the system but that demonstrate positive results (e.g., more programmatic outcomes, such as shifts in education practices in a given classroom or outcomes for a set of students in a given school).

Conclusion

Neither of the systems-change mental models is inherently better. Our point is that if we do not make our models visible and align our practices to them, then unintentional disconnects will occur and our work will suffer. We suspect these two mental models are just a start. Philanthropy is likely using other models and variations of these two. We need to collectively begin to articulate and interrogate our mental models and to make more models visible.

Our parting calls to action are for five groups working on systems change in philanthropy:

- Foundations should strengthen how they respond to the mental models in use across different strategies, their alignment with the systems where work is occurring, how organizational practices align with mental models, and how leadership and implementation staff view change.

- Grantees should explore how their models fit systemic problems and make them visible to partners and funders to better navigate points of disconnect and maximize impact.

- Strategy and organizational change consultants should interrogate how they typically inhibit or enable the two mental models and identify how to more intentionally support philanthropic partners to identify their models.

- Evaluation and learning consultants should interrogate how their approaches align, make change visible, and risk inhibiting change for each mental model, and assess whether the intensity, frequency, and focus of learning practices matches the types of adaptation possible, recognizing that not all systems-change strategies will benefit from intense and frequent learning, but that some will fail without it.

- Systems conveners within nonprofits, philanthropy, and consulting should explore how the two models fit with the systems they are working in and the problems they are trying to solve, seeking to understand how to leverage one or both models to support change.

Our final call to action is for all of us working on systems change in the philanthropic sector. We need to make what we are discovering about how change is really happening using these mental models visible beyond our own organizations. Our stories of systems-change efforts, including the mental models we brought to them and how change did or did not happen, need to be shared. Theorists have helped us to discover ways of thinking about systemic change, but as agents of change, we can refine our collective understanding, and even disrupt it, as we learn from our work to change the world for the better.

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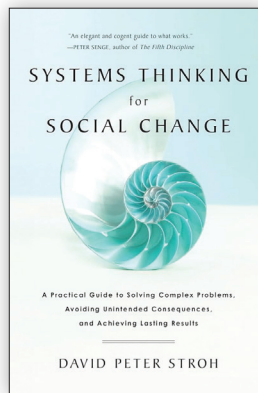
Systems Thinking for Social Change: A Practical Guide to Solving Complex Problems, Avoiding Unintended Consequences, and Achieving Lasting Results

Book Review by Hilda Vega, M.A., Hispanics in Philanthropy

When I began working in the field of philanthropy, I joined a foundation where the general philosophy was, "We are here to work ourselves out of a job." By and large, we wanted to change conditions so that we, as grantmakers, would no longer be necessary. We accepted that we were just one of the conduits in a larger process of social change. As in any organization, though, our actions were not always a direct reflection of our goals or beliefs, but rather in reaction to demands by leadership, changes in the economic and political context, or even our own biases about the role of philanthropy.

Systems Thinking for Social Change
by David Peter Stroh
Chelsea Green Publishing, 2015

One of the most important messages in David Peter Stroh's *Systems Thinking for Social Change* is that in our efforts to do good, we often get so caught up in the immediacy of finding a solution that we misunderstand or put off the need for long-lasting systemic and structural change. At times, Stroh rightly points out, our short-term choices can actually undermine our goals.

Systems Thinking for Social Change: A Practical Guide to Solving Complex Problems, Avoiding Unintended Consequences, and Achieving Lasting Results is another contribution to the literature that seeks to move the social sector into a more efficient and productive stage (e.g., Pallotta, 2012; La Piana, 2008; Crutchfield & Grant, 2012).

Stroh begins by explaining the framework of systems thinking, which he defines as "the ability to understand … interconnections in such a way as to achieve a desired purpose" (p. 16). Systems thinking as an approach to problem solving is not new; the concept was developed by former MIT professor Jay W. Forrester, as part of his research into system dynamics as a way to address problems stemming from social rather than physical systems in corporate management. In the past decade or so, systems thinking has increasingly made inroads into the nonprofit sector as a more holistic approach to complex social challenges.

There is no doubt that those of us in the field of social change feel as though we continue to talk about the same problems with little sense of significant progress. I admit, I had that feeling when I began to read this book: How is it possible that we are still talking about ways to solve challenges we have been working on for so long? What's really holding us back?

Stroh sets the stage for understanding some of the issues that hold us back by looking at some organizations that are trying to improve their impact. Stroh returns to these examples through- out the book so that we can see this evolution and feel a connection to these efforts.

Stroh details the structure of systems thinking and how the set of tools offered by causal loop diagrams can be useful in understanding systems. For Stroh, this approach helps stakeholders see the big picture — the one we often forget to look for — and our role in it. Systems thinking also offers a more thoughtful approach to pointing out barriers to problem solving and how to overcome them.

Wisely, he also chooses some unconventional topics, like criminal justice, to move beyond the more traditional examples of troubled school systems or food pantries. Using these examples, Stroh details the structure of systems thinking and how the set of tools offered by causal loop diagrams can be useful in understanding systems. For Stroh, this approach helps stakeholders see the big picture — the one we often forget to look for — and our role in it. Systems thinking also offers a more thoughtful approach to pointing out barriers to problem solving and how to overcome them. The context of systems thinking is rounded out by a discussion of how to use stories and storytelling to shape and share systems narratives for stakeholders.

In this initial section, Stroh points out how systems thinking helps reinforce collective impact. He returns to collective impact and its connection to systems thinking several times; I found this distracting and a bit confusing. Systems thinking can surely be applied with or without the structure of collective impact, so the references seem to come out of nowhere. I

wondered if this was a subtle pitch for collective impact and its developers, or if there was more of a connection that was never fully explained.

The second section more explicitly maps the process of implementing systems thinking, with chapters on the four implementation stages: building a foundation for change, seeing current reality more clearly, making an explicit choice about what is important, and bridging the gap between aspirations and the current state. Critical to these stages are the development of relationships with stakeholders, the ability to walk them through a process in which they see themselves and others as a factor throughout an entire endeavor, and making a deliberate decision to commit to long- term and meaningful change — thus overcoming the temptation to find a quick fix. This section continues to draw on the book's earlier examples, which at times becomes a bit repetitive.

The final chapter in this section addresses leverage points for ongoing learning and describes ways to expand the process using learning and scale-up strategies. These final lessons are touched upon only briefly, however, and it would have been useful for readers — presumably professionals with more advanced experience in nonprofit management — if Stroh had expanded on ideas such as learning from experience, expanding the resource pool, and scaling what works to more thoroughly illustrate how to connect such efforts with his earlier concepts. Such an approach could also have served to segue into the final section, which covers broader applications of the systems-thinking approach.

Stroh then moves to a short set of chapters on application in the context of planning and evaluation. This use of systems thinking shifts the framework from addressing a specific problem that is impeding progress in a system to using systems thinking as a mechanism for improving work over time. Here, he provides a series of examples and graphics to illustrate how stakeholders can build their understanding of a situation and map out how it should evolve in order to identify opportunities and challenges. While some of the graphics become a bit

overwhelming as the examples become more complex, they do show that comprehensive organizational planning is neither simple nor linear, especially if it reflects the reality of everyone involved. The chapter on systems thinking in evaluation helps to highlight the role of formal evaluation, but it is very short and skims over potentially useful tips on creating an evaluation framework that loops into the systems-thinking process from beginning to end. Given the challenge evaluation poses for so many organizations, additional guidance on making the connection between evaluation and systems thinking could prove useful to practitioners.

In the final chapter, on becoming a systems thinker, Stroh reasserts the moral imperative of the use of systems thinking. His overview of the very personal nature of our intentions to create change is, with the opening of the book, one of the more powerful aspects of the narrative. Yes, we need strategies and frameworks to help organize and guide our thinking. But Stroh's key assertion is that systems thinking helps change agents avoid some of the pitfalls that have been holding back progress, including how we frame our intentions, how we contribute to unintended consequences, how we can shift our thinking to look at long-term and lasting solutions, and how we can maximize the use of our limited resources.

At some points, Stroh verges on undermining this important message with a few references to the importance of measuring outcomes in terms of efficiency and effectiveness metrics. I wish, as well, that he paid more attention to the role funders play in creating systems — sometimes directly — and influencing the intentions and choices of front-line actors. A deeper consideration of these issues would have led to a more complete discussion of the context in which all of us in the social sector operate. Still, *Systems Thinking for Social Change* offers a strong argument for exploring how we all, as individual actors, can influence outcomes in unexpected ways. It provides tools and tips for using systems thinking in a variety of situations and engages readers with clear examples. And it reminds us that we need to see beyond the day-to-day, and

make hard choices, in order to create genuinely better conditions for those we seek to help and empower.

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