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Amy Celep

Community Wealth Partners

Sara Brenner

Community Wealth Partners

Rachel Mosher-Williams

Community Wealth Partners

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Internal Culture, External Impact: How a Change-Making Culture Positions Foundations to Achieve Transformational Change

Amy Celep, M.B.A., Sara Brenner, M.B.A., and Rachel Mosher-Williams, M.P.A., Community Wealth Partners

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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 change-making 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.

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 tremen-

dous 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.

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 change-making 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. 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.

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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 interviews with change agents inside nearly

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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 change-making 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.

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 founda-

tion 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 Change-Making 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 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 change-making culture is more than putting change-making 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. (Interview with Anne Warhover, November 24, 2015)

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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 change-making 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

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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 per-

spectives. 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 change-making culture.

Change-Making May Not Be Seen as the Core Purpose

Historically, foundations were created to support their communities or specific groups of people

Foundations may not initiate conversations about how culture aligns with their work because they may not think of themselves as being in the change-making 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.

rather than to make sweeping social change. As a result, foundations may not initiate conversations about how culture aligns with their work because they may not think of themselves as being in the change-making 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 change-making culture happen even less frequently than general culture conversations because they can be

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.

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, change-making culture conversations are the antithesis of the current culture and may be difficult to force.

Challenges to Implementing a Change-Making Culture

Even for foundations that are focused on culture, myriad challenges may block creation of a truly change-making 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 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 change-making. The foundation may not have deeply evaluated the behaviors needed for change-making 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 Change-Making Culture

Wanting to be authentic partners in helping to build more transformational organizations

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prompted a check on our own internal culture. Our process for establishing an internal change-making 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 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

Change-making 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.

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 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.

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 shout-outs in staff meetings and other forms of public recognition.
- Asking for feedback from grantees/partners/constituents on specific behaviors.

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 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

Teams that adopt a change-making culture gain deep clarity on how internal behaviors and objectives align with external outcomes; people see how their work contributes to bigger outcomes.

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 change-making 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 change-making 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 change-making culture is a great leadership-development laboratory and a remarkable succession-planning tool.

Where Foundations Can Start

Foundations can take a number of steps toward intentionally building a change-making 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?”

Creating and embodying a change-making 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.

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 change-making culture, foundations may want to regularly assess the extent to which they:

Our bet is that foundations will adopt a change-making 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 change-making culture as a recruitment tactic.

- 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 change-making culture?

We see two likely forces. First, our bet is that foundations will adopt a change-making 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 change-making 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 change-making 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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Amy Celep, M.B.A., is chief executive officer of Community Wealth Partners.

Sara Brenner, M.B.A., is president of Community Wealth Partners.

Rachel Mosher-Williams, M.P.A., is director of learning and impact at Community Wealth Partners. Correspondence concerning this article should be addressed to Rachel Mosher-Williams, Community Wealth Partners, 1825 K Street NW, Suite 1000, Washington, DC 20006 (email: rmwilliams@communitywealth.com).