FSG REIMAGINING SOCIAL CHANGE

Leader's Toolkit

ALIGNING STRATEGY

How to ensure coherence in your corporate social impact operating model

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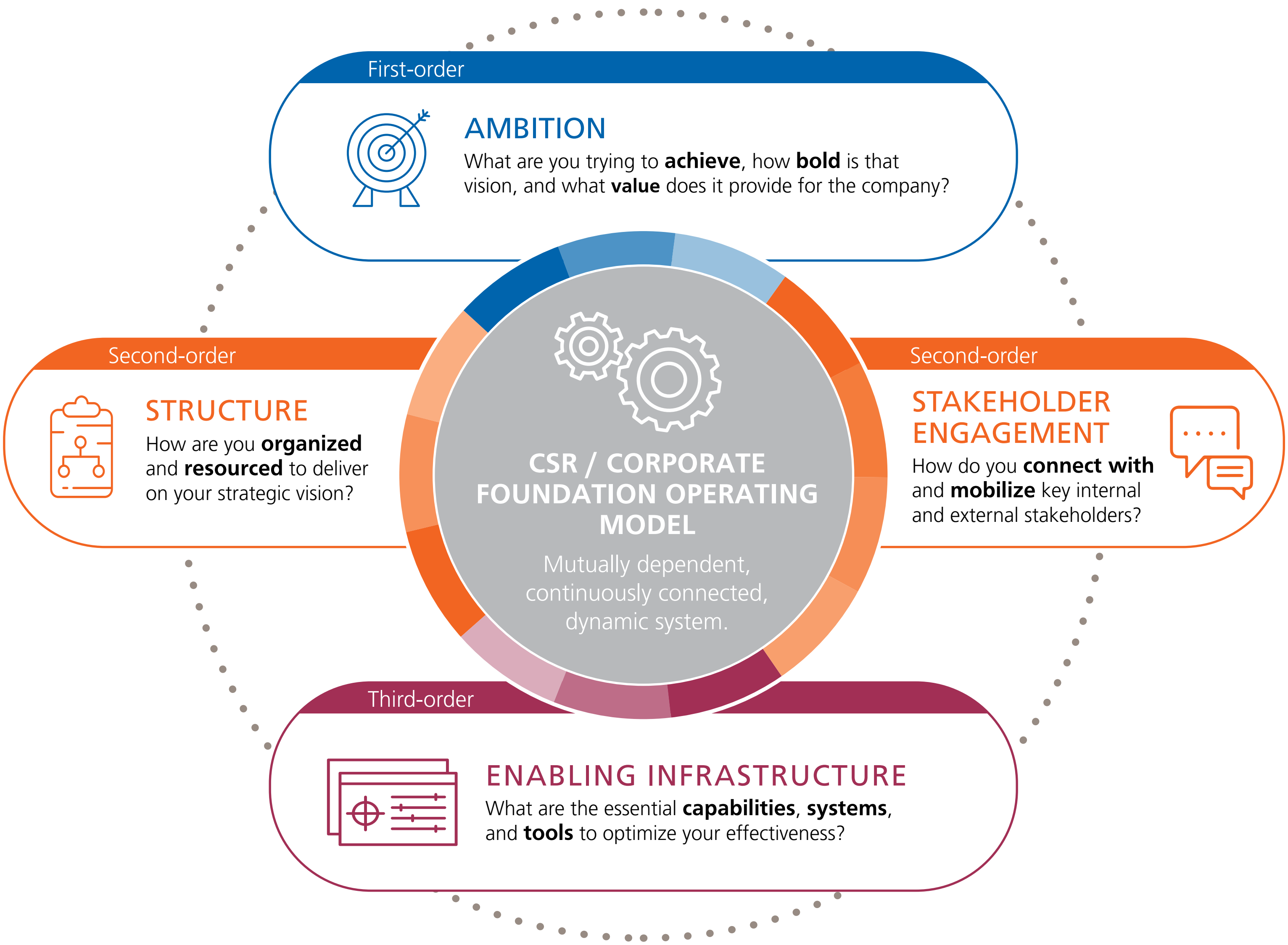
Introducing the CSR / Corporate Foundation Operating Model

The motivations, structures, and requirements of CSR functions and corporate foundations are unique from those that guide private philanthropy or core business activities. This distinction should be reflected in the function's operating model, which defines how the team organizes and delivers on its strategy. In the context of CSR and corporate foundation teams, the operating model helps align specific structural, relational, and systems components with the function's overarching strategy to maximize the function's ability to create impact. Additionally, this operating model helps clarify how the CSR / corporate foundation relates to the company's broader operating model and corporate strategy.

The **CSR / Corporate Foundation Operating Model's** components—or dimensions—are organized across four strategic choices that are mutually dependent, interact as a dynamic system, and keep the operating model aligned.



13 Dimensions of the CSR / Corporate Foundation Operating Model

AMBITION	**Strategic Vision**	*Why*, in *what*, *where*, and for *whom* the CSR / corporate foundation will drive impact
	Business Alignment	Degree of alignment between CSR / corporate foundation and corporate strategy (e.g., priority markets, consumer segments, materiality of issue areas) and how that creates value for the company
	Approach to Impact	How a CSR / corporate foundation develops and deploys activities that drive impact (e.g., using clustered grantmaking; leveraging multiple approaches—supporting programs, shifting narratives, etc.)
STRUCTURE	**Governance**	Structure of oversight bodies (e.g., board, advisory committee, internal or external members)
	Coordination across Geographies	Level of alignment and/or centralization across geographies (e.g., local giving is aligned to global impact goals)
	Resourcing	How the CSR / corporate foundation team is resourced (e.g., operational budget, staff, functional support) to advance the strategy
STAKEHOLDER ENGAGEMENT	**Leadership Buy-In**	How company leaders (including executives) understand the role of CSR / corporate foundation, understand the value it provides to the company and society, and champion the work internally and externally
	Employee Engagement	How CSR / corporate foundation activities influence employee morale and behaviors, including but not limited to the mechanisms by which employees directly participate in the activities
	Grantee Relations	Nature of the relationship between a company's CSR / corporate foundation team and its grantees/ partners (e.g., how they engage, strength of relationship)
	Community Engagement	Nature of relationship between a CSR / corporate foundation team and the community of the company (e.g., near operational footprint, intended beneficiaries); degree of coordination with company's other community engagement efforts
ENABLING INFRASTRUCTURE	**Measurement & Learning**	Approach to measurement & learning, how it informs decision-making, and how it is integrated into the design and delivery of impact
	Delivery Systems	What systems support day-to-day operations (e.g., data tracking, grants management, volunteering), how they match needs, and how they coordinate with each other
	Communication & Storytelling	How the story of value creation (social impact and business) is articulated, and how that story is communicated internally and externally

NOTES ON USAGE

Context: This CSR / Corporate Foundation Operating Model is designed to be broadly applicable across a range of contexts (e.g., industry, company or legal structure, geography). Some dimensions may be more (or less) applicable to specific contexts.

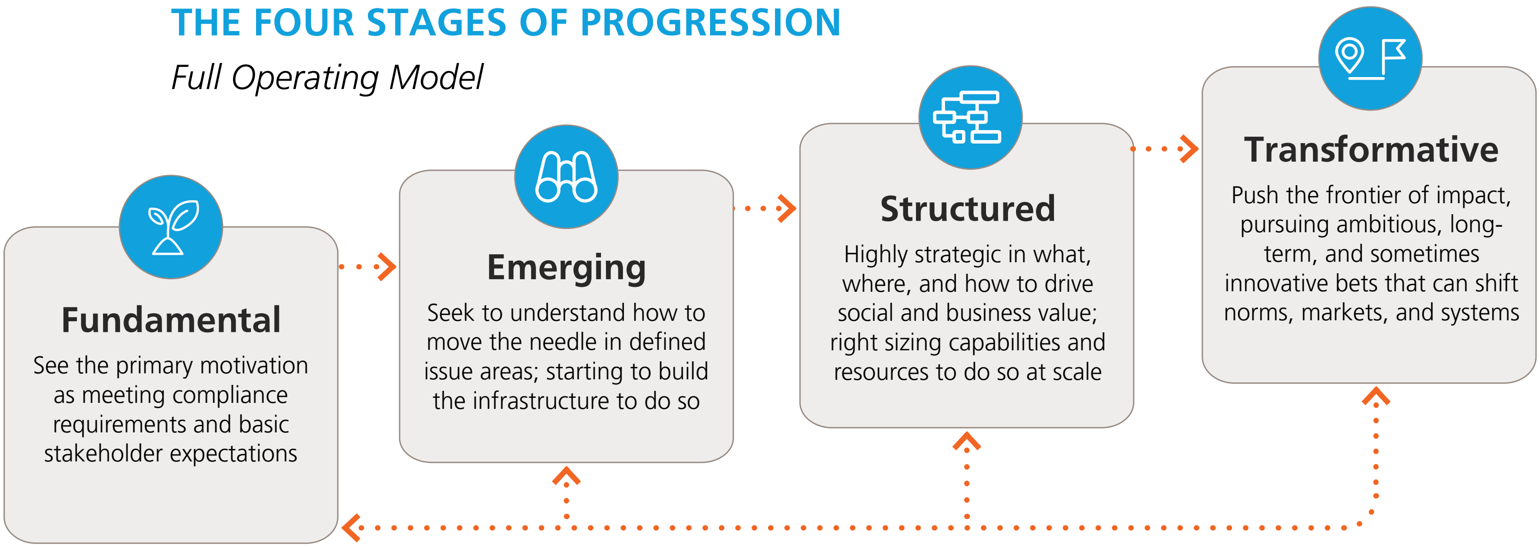
Interdependence: The dimensions are highly interdependent, both within and across strategic choice categories. For example, a global CSR / corporate foundation strategy is meaningful only if the coordination mechanisms and resourcing exist to execute it. Relatedly, resources will only exist if there is strong leadership buy-in at HQ and in each geography. Similarly, governance without community voice risks delivering on a strategy solving for the wrong problems, and community partnerships without internal leadership support are hard to sustain.

Evolving Your Operating Model to Match Your Strategy

In our experience, as teams advance their strategy, we typically see CSR and corporate foundation operating models progress or mature in their journey across four stages. These stages are based on the company's ambition and ability to deliver on it. While we depict and describe these as four distinct stages, in practice, progression is more of a continuous spectrum without clear boundaries between stages.

THE FOUR STAGES OF PROGRESSION

Full Operating Model



Progression across the stages is neither "one size fits all" nor prescriptive. It also does not suggest a particular timeline. For example, a corporate foundation may be around for 20 years and remain "Fundamental," with legitimate reasons that make it the right choice for that company to do so. What matters most is if your CSR / corporate foundation is advancing and/or able to execute in a way that matches the vision of impact you seek to create.

CSR / corporate foundation efforts often—but not always—evolve in a somewhat linear fashion. For example:

- Some corporate foundations may invest early to *start at a more advanced stage* (e.g., "Structured").
- Some may *skip* stages (e.g., moving from "Emerging" to "Transformative" in a strategy refresh process, without spending much or any time in "Structured").
- Some may *backslide* when the company or team goes through an inflection point (e.g., financial constraints, merger/acquisition).

In the same way a CSR / corporate foundation portfolio progresses across these four stages, there is a similar progression across these four stages for each of the 13 dimensions in function's operating model. **Ideally, the dimensions of your operating model progress to match the larger progression of your CSR / corporate foundation strategy and portfolio.**

Despite interdependencies between dimensions and the best designed strategies, a company's CSR / corporate foundation is unlikely to be in the same stage for every dimension (e.g., for some dimensions, the function may be "Transformative," for other dimensions it's "Structured," and perhaps one to two dimensions are still "Fundamental").

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CSR / Corporate Foundation Operating Model

Getting Started Worksheet

As you consider the model and what it may mean for your ability to advance your own work, consider the following guiding questions:

OVERALL MODEL

- ☐ Where does our CSR / corporate foundation portfolio sit across the four stages—Fundamental, Emerging, Structured, or Transformative? Note: It is normal to be "in between" stages or to feel like different parts of your work sit in different stages.
- ☐ What stage would we like to be at and and how quickly do we want to get there??

STRATEGIC CHOICES

- ☐ What strategic growth opportunities or challenges are we facing today? How are those opportunities or growth challenges reflected in our operations?
- ☐ How clear are we on our answers to the questions in each strategic choice area (i.e., Ambition, Structure, Stakeholder Engagement, and Enabling Infrastructure)?
- ☐ Where do we feel well set up to execute our strategy? Where do we feel constrained to make progress? Where do you see the biggest gaps or opportunities?
- ☐ Are there one or more choice areas that feel significantly more or less mature than the others?

DIMENSIONS

- ☐ Which dimensions feel the most mature or advanced?
- ☐ Which dimensions feel the least developed?
- ☐ In which dimensions have we seen the most progress, and what has enabled that progress? Are these dimensions aligned with the overall portfolio stage?
- ☐ Conversely, in which dimensions have we seen the least progress, and what has prohibited that progress?
- ☐ Which dimensions are linked and need to evolve together? (E.g., If we want to advance employee engagement, what else needs to change?)
- ☐ Where do we see the biggest misalignments (e.g., high ambition but low resourcing; sophisticated measurement but weak storytelling)?
- ☐ Which misalignments are the most painful or are creating the most interference right now?
- ☐ If we could only focus on improving two to three dimensions over the next 12–18 months, which would most accelerate our ability to deliver on our intended impact and value? What would success look like?

SUGGESTED NEXT STEPS

1. Review answers to these questions as a team and compare perspectives.
2. Discuss with leadership/governance (e.g., board) and key stakeholders where misalignments are constraining impact.
3. Develop a road map for evolving priority dimensions and aligning your operating model over the next 12–24 months.

ABOUT FSG

FSG is a global nonprofit that partners with foundations and corporations on strategies to create and advance equitable systems change. Through customized consulting services, thought leadership, innovative initiatives, and learning communities, we're working to create a world where everyone can live up to their full potential.

Learn more at www.fsg.org.

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PHOTO CREDIT

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