FSG REIMAGINING SOCIAL CHANGE

Being the Change

12 Ways Foundations Are Transforming Themselves to Transform Their Impact

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As foundations adopt new approaches for creating social change, they must also adapt their internal practices.

To achieve meaningful impact at scale, many foundations are aiming to influence the actions and investments of the public and private sectors as well as address the complex and deeply entrenched conditions that hold social problems in place. To do so, foundations are not only offering grant funding but are also expanding how they apply their assets, knowledge, skills, networks, and people in new ways.

There is a wealth of information on how to adapt *strategies* to create impact at scale and to change systems; however, less has been written about what *internal practices* are needed to make this happen. To find out, we interviewed 114 practitioners representing 50 funders and 8 philanthropic services organizations that have gone through or advised internal transformation.

Our interviews yielded surprising commonalities. Whether the foundations had grantmaking budgets of $5 million, $50 million, or $500 million, they shared similar reasons for reshaping their strategies and similar areas of internal organizational change.

The people we spoke with noted three themes in particular that are affecting their ambitions to create change:

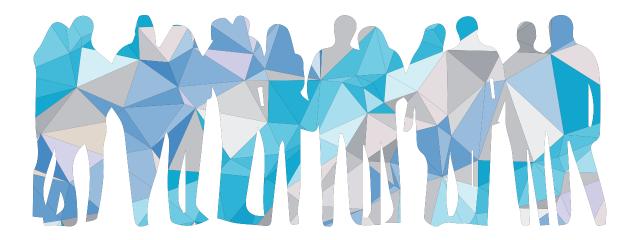|	
A desire to affect the **underlying conditions** that are holding problems in place	"Our new strategy seeks ways to shift the distribution of power and money within entire systems." — John Cawley, Vice President **J.W. McConnell Family Foundation**
A commitment to making **diversity, equity, and inclusion** central to the work	"We now have racial equity as part of our strategy and are looking at all that we do through that lens." — Oscar Regalado, Human Resources Director **Robert R. McCormick Foundation**
A more concentrated focus on the **intersection of issues** faced by people and communities	"We went from seven or eight adjacent programmatic teams working on overlapping issues to four overall topic areas." — Steve Downs, Chief Technology and Strategy Officer **Robert Wood Johnson Foundation**

As foundations craft strategies in response to these themes, the roles that their staff members must play also change. Program staff members who once may have spent much of their time reviewing grant proposals at their desks are now expected to actively engage in the issues and in the communities that the foundation supports. Staff members in traditionally "back-office" functional and operational roles are now being tapped to support external strategies and entities with their expertise. New roles focused on consumer voice, community engagement, convening, organizational learning, or knowledge curation are being added. Program silos are melting away, as are the lines between foundations, grantees, peers, and partners.

As a result, many of the traditional expectations about the size, background, functions, and interactions of foundation staff members are being turned upside down. Our interviews uncovered that these organizations are making changes in the areas of staffing philosophy, structure and design, skill development, and supportive culture. Specifically, 12 practices have emerged that support the ability of foundations to transform their impact.

By experimenting with these practices, foundations hope to open up new frontiers for impact, foster greater connectivity and vibrancy throughout their organizations, and create more time and space for staff members to deeply engage with grantees, community members, and other partners. Taken together, these practices are helping foundations reshape the field of philanthropy into what we believe will be a more equitable, engaged, effective, and powerful force for social change.

STAFFING PHILOSOPHY

Foundations are adopting new frames of reference for determining the size and shape of their staffing models. Different ways of achieving change mean different team structures that may transcend traditional program or functional divisions. New roles and skills are increasingly in demand.

As foundations seek more capacity to engage in new and varied types of interventions and to partner more deeply with grantees, peers, and other stakeholders, additional staff members may be needed. Thus, foundations are moving away from benchmarking their staff size based on their grantmaking budgets, focusing instead on the size needed to implement their evolving and multi-faceted strategies. Human capital is no longer being considered "overhead"—it is becoming as important as financial capital to creating impact.

In the full report, we explore how foundations are:

1 Viewing staff as impact multipliers, not cost drivers

2 Designing teams based on functions, not formulas

3 Using size-based benchmarking as a compass, not ruler

"If staff members sit in their offices, look at email, and wait for people to come to them, then they can be overhead. But if staff members with the right expertise are out there working in the communities they serve, then they can be part of the way we bring our philanthropic resources to the area."

— Wynn Rosser, President & CEO
T.L.L. Temple Foundation

STRUCTURE & DESIGN

By reshaping their overall organizational structures, foundations are enabling their staff members to work together in new, more effective, and better-connected ways.

Alternative approaches to impact (i.e., impact investing funds, 501(c)(4) organizations, funder collaboratives, and cross-sector engagement with the government and private sectors) all require new organizational structures and roles. Non-program functions such as learning and evaluation, knowledge management, communications, human resources, IT, finance, legal, operations, and others are being engaged in new ways to contribute more directly to achieving external impact. And foundations are busting silos by adding new roles and processes that nurture connectivity and co-creation, such as cross-team positions, joint grantmaking, and shared learning opportunities.

In the full report, we explore how foundations are:

4 Coloring outside the lines of classic philanthropic giving

5 Transforming back-office support into front-line impact

6 Busting silos between issues, people, and teams

"How people work together creates the culture. It used to be that program officers worked in silos. They had discrete programs that they delivered on, and there was not a lot of teamwork. My role is to embed more teamwork because a lot of the work is interdependent. We're developing more collaborative and enriching approaches to work that require teamwork and communication amongst team members."

— Michelle Gagnon, President
Palix Foundation
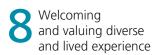
SKILL DEVELOPMENT

Foundations are rethinking the prior experiences and skills they seek in their staff, the way they expect staff to approach their work, and the importance of intentionally supporting ongoing skill development. Specifically, they are seeking out and supporting staff members who exhibit curiosity and learning, humility, a strategic orientation, a collaborative approach, and a high degree of adaptability.

Foundations are also valuing and welcoming staff members with lived experience related to issues they work on. They are looking for people who understand the systemic barriers, chaotic service delivery systems, power dynamics, discriminatory practices, and diverse array of stakeholders that shape problems and potential solutions.

Moreover, foundations are investing in professional development to ensure that staff members have the skills required to deliver on new approaches for creating change, especially in the area of systems thinking.

In the full report, we explore how foundations are:

7 Seeking out and supporting five key mindsets

8 Welcoming and valuing diverse and lived experience

9 Boosting breadth and depth of professional development

"We need people who are good at bringing people together and good at thinking about how you work with a group of stakeholders on shared vision setting and alignment. You need people who understand systems change and systems thinking. Our program officers recognize that time spent working alongside key partners is as important as the grant dollars we invest."

— Erin Kahn, Executive Director
Raikes Foundation

SUPPORTIVE CULTURE

As staff members' backgrounds, skills, and roles become more diverse, the foundation's organizational culture takes on new importance. These organizations are changing their orientation to strategy, evaluation, and risk-taking to encourage experimentation and to ensure that continuous learning becomes the norm.

In addition, foundations are more actively managing power dynamics inside and outside of their walls so that staff members can build authentic partnerships with each other, with their grantees, and with communities.

No longer can foundations just talk the talk; they must also walk the walk. They must internally model the practices that they expect—or demand—from their grantees and the outside world.

In the full report, we explore how foundations are:

10 Committing to continuous learning and adaptation

11 Attending to power dynamics with partners

12 Mirroring internally what is sought externally

"We want to support networks to flourish between other people and sectors—we don't need to be part of every conversation. If we want this to happen, then we've had to consciously and intentionally reflect on how we show up in partnerships. We realized if we were trying to make change externally then every change we want to make in the external world we have to make in ourselves."

— Alice Evans, Director, Systems Change
Lankelly Chase

About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world's toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, the Shared Value Initiative, and the Impact Hiring Initiative, to provide the tools and relationships that change agents need to be successful.

Learn more about FSG at **www.fsg.org**.

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