

# The Foundation Review

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# THE FoundationReview®

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# THE FoundationReview®

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*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.



**Front cover photo:** Spring tulips in downtown Grand Rapids, Michigan (Experience Grand Rapids)



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We believe that the forthright sharing of information among foundations and nonprofits builds a knowledge base that strengthens their ability to effectively address critical social issues. We encourage foundation donors, boards, and staff to honor this transparency in their own practices and to support others who do so.

# editorial

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Dear readers,

This volume marks our tenth year of publishing *The Foundation Review*. It has been gratifying to see the growth in readership and the many ways in which people are using and referencing articles. We are committed to continuing to provide a rigorous but readable resource for those seeking to improve the practice of philanthropy. Our deepest thanks to the authors, advisors, reviewers, and issue sponsors who share that commitment.

The first article in this issue addresses two perennial issues in the field: effective funder collaboration and culturally responsive philanthropy. **Bosma, Martínez, Villaluz, Tholkes, Anderson, Brokenleg, and Matter** examine how three organizations collaborated on work to reduce commercial tobacco use in Minnesota's Indian Country. By pooling their learning — not only their funding — they were able to develop strategies that are compatible with the traditional use of tobacco while addressing the harmful effects of greater tobacco use.



*Teri Behrens*

Funders with a place-based mission have challenges in assessing their long-term impact on a community. **Balestri** presents the case of an Italian foundation that developed a tailored approach to evaluating the durable benefits of its local philanthropic activity.

Systemic change involves deep shifts in social norms, beliefs, power, and privilege — and seldom, if ever, follows a straightforward, predictable path. **Parsons and Krenn** have developed the PCI Reflective Evaluation Framework, an approach now in prototype form, which is grounded in practical thinking about working within complex social systems. This article focuses on its use in advancing racial equity, describing possible applications to integrate a racial equity lens in unpacking and addressing the complexity of systemic change. The article is supplemented by commentary from several field leaders (**Yu, Kelly, Alberti and Lee**) who reflect on the framework in practice.

**Rizzo** examines two philanthropic responses to the mass shooting at the Pulse nightclub in Orlando, Florida, on June 12, 2016, a tragedy that particularly impacted the region's growing Latinx LGBT community. The Central Florida Foundation and the Our Fund Foundation learned from each other and in doing so, were able to make important contributions to their community and to the field of crisis philanthropy.

Family philanthropy is beginning to emerge in new regions of the world. **Lu and Huang** examine the development of two Chinese family foundations — the Lao Niu Foundation and the Lu Jiaxiang Foundation. The case studies provide rare insights into Chinese philanthropy and how government policy influences development of foundations.

Another of the perennial discussions in philanthropy is the call for transparency. **Reid** examines transparent and opaque practice in private philanthropy, using literature reviews and interviews with foundation staff, trustees, and grantees. He addresses whether opacity exists in private philanthropy and how foundations and grantees have sought to overcome challenges related to opacity. While private philanthropy has great legal discretion regarding transparent practice, transparent and opaque practices impact their reputation and inhibit or support their activities.

**Easterling and McDuffee** take a different angle in the ongoing discussion about strategic philanthropy. They explored *how* foundations become strategic and identified four pathways: expanding and improving relevant services; creating more effective systems; changing policy; and encouraging more equitable power structures. The article also considers how a foundation can develop a strategic pathway that fits with its mission, values, philosophy, resources, and sphere of influence.

There has been an increasing emphasis in the philanthropic sector on using data to inform decision-making. **Hawthorn, Brennan, and Greenwood** describe a partnership between the Community Foundation of Newfoundland and Labrador and the Leslie Harris Centre of Regional Policy and Development, a university research unit. Partnerships between universities and foundations are sometimes challenging; this article examines the origins of the collaboration and the lessons that have been learned from it.

The issue concludes with a review of *Design Thinking for the Greater Good: Innovation in the Social Sector* by Jeanne Liedtka, Randy Salzman, & Daisy Azer. **Sipe** believes it is an excellent practical resource on a practice that has gained popularity in the business press and academic literature.

We hope you enjoy this issue and we appreciate your support. We look forward to many more years of service to the sector.



Teresa R. Behrens, Ph.D.

Editor in Chief, *The Foundation Review*

Director, Institute for Foundation and Donor Learning,

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

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# In a Good Way: Advancing Funder Collaborations to Promote Health in Indian Country

Linda M. Bosma, Ph.D., Bosma Consulting; Jaime Martínez, M.Ed., and Nicole Toves Villaluz, B.A., ClearWay Minnesota; Christine A. Tholkes, M.P.A., LaRaye Anderson, B.S., and Sarah Brokenleg, M.S.W., Minnesota Department of Health; and Christine M. Matter, B.M., Center for Prevention, Blue Cross and Blue Shield of Minnesota

*Keywords:* Commercial tobacco control; traditional tobacco; American Indian health disparities; funder collaborations; health equity

## Introduction

Foundations and the philanthropic community have a complex history with underserved populations. Historically, grantmaking has been foundation-driven and often place-based, reflecting the priorities of funders that may or may not be well connected to communities and organized around time-limited grants. This can prove problematic and even ineffective, and may disrupt a community's values and existing relationships (Kubisch, Auspos, Brown, Buck, & Dewar, 2011).

Funders continue to be challenged by how to best promote work in American Indian (AI) communities that builds health equity, addresses community context, and reduces the disproportionate impact of commercial tobacco. Despite health disparities and a clear need, less than 1 percent of all philanthropic giving goes to AI communities (Cunningham, Avner, & Justilien, 2014), with an annual average of just 0.4 percent from 2009 to 2011 (D5 Coalition, 2014). As demographic changes in the U.S. continue, it is essential that philanthropy “up its game” and focus more attention on efforts that promote health equity (Cunningham et al., 2014, p. 52).

Improving support within AI communities is especially important in the field of commercial tobacco control and prevention. Commercial tobacco refers to manufactured products such as cigarettes, and not to the sacred, traditional, and medicinal use of tobacco by many AIs. American Indians are disproportionately impacted by the

## Key Points

- Funders continue to be challenged by how to best promote work in American Indian communities that builds health equity, addresses community context, and reduces the disproportionate impact of commercial tobacco.
- In particular, public health programs that address substance abuse and tobacco control promote the use of evidence-based practices that tend to emphasize a one-size-fits-all approach and that are rarely researched among American Indian populations. These practices, therefore, lack cultural validity in those communities.
- This article examines how three organizations collaborated on work to control commercial tobacco use in Minnesota's Indian Country, and shares lessons learned on how they came to incorporate tribal culture, respect traditional tobacco practices, and acknowledge historical trauma to inform their grantmaking.

harms from commercial tobacco use, experiencing higher rates of smoking-related diseases such as heart disease and stroke (Mowery et al., 2015; Holm, Vogeltanz-Holm, Poltavski, & McDonald, 2010). While the statewide adult smoking rate in Minnesota is 14.4 percent (Boyle et al., 2015), the rate for American Indians in the state is 59 percent (Forster et al., 2016).

Three funding agencies — the Minnesota Department of Health, Blue Cross and Blue Shield of Minnesota, and ClearWay Minnesota — have collaborated on work to control commercial tobacco use in Minnesota’s Indian Country. This article examines their lessons learned to incorporate and respect AI culture and traditional tobacco practices, and to acknowledge historical trauma, to inform their grantmaking.

## Background

There is limited research to guide foundations on effective strategies for supporting work in AI communities, especially in reducing the disproportionate harm they experience attributable to commercial tobacco. This article seeks to address that limitation. It is important to understand the impact of conventional funding approaches, the importance of AI culture and traditional tobacco practices, and the impact of historical trauma. As smoking rates have decreased among mainstream populations, prevalence in AI communities remains unacceptably high. Thus, it is essential to implement efforts that will be effective in AI communities.

## Evidence-Based Practices

The federal government and many funders promote use of evidence-based practices (EBPs) to ensure that local communities pursue policy and program efforts that have a research-demonstrated basis for impact on substance abuse, tobacco control, and other public health issues (Substance Abuse and Mental Health Services Administration, 2017; Lucero, 2011; Nebelkopf et al., 2011). However, such programs tend to emphasize a one-size-fits-all approach that discounts groups within larger research samples. Insufficient representation of American Indian/Alaska Native (AI/AN) communities in research studies “is critical because it perpetuates the disparities by allowing them to remain ‘invisible’ to funders” (Goodkind et al., 2010, p. 3). Evidence-based practices are rarely researched in AI/AN communities and lack cultural validity (Goodkind et al., 2010; Lucero, 2011; Morgan & Freeman, 2009). As Goodkind and colleagues observe, “While the term ‘statistically

insignificant’ may seem relevant to epidemiologists, it feels dismissive and like an excuse to many” (p. 3).

Shortcomings of EBPs for use in AI/AN communities and the need to address cultural context have been identified in several fields, including mental health (Goodkind et al., 2010; Lucero, 2011), substance-use treatment (Lucero, 2011; Larios, Wright, Jernstrom, Lebron, & Sorensen, 2011) and commercial tobacco prevention (Bosma & Hanson, 2017; Bosma, D’Silva, Jansen, Sandman, & Hink, 2014; D’Silva, Schillo, Sandman, Leonard, & Boyle, 2011; Daley, Cowan, Nolten, Greiner, & Choi, 2009). Because they are a requirement for funding, EBPs may be biased against AI communities (Nebelkopf et al., 2011). These communities may encounter structural racism from funders — “race-based unfair treatment built into policies, laws, and practices. It often is rooted in intentional discrimination that occurred historically, but it can exert its effects even when no individual currently intends to discriminate” (Braveman, Arkin, Orleans, Proctor, & Plough, 2017, p. 13). The structural racism inherent in conventional government funding systems that require EBPs favors dominant cultural norms and approaches, while downplaying or ignoring AI/AN traditional and cultural learning or cultural competency, leading some to recommend transitioning program funding from EBPs to practice-based evidence (PBE) (Goodkind et al., 2010).

Isaacs, Huang, Hernandez, and Echo-Hawk (2005) define PBE as

a range of treatment approaches and supports that are derived from and supportive of the positive cultural attributes of the local society and traditions. PBE services are accepted as effective by the local community through community consensus and address the therapeutic and healing needs of individuals and families from a culturally specific framework. Practitioners of practice-based evidence models draw upon cultural knowledge and traditions for treatment and are respectfully responsive to the local definitions of wellness and dysfunction. Practitioners of PBE models have field-driven and expert knowledge of the cultural strengths and cultural context of the community and they

consistently draw upon this knowledge throughout the full range of service provision. (p. 16)

While developers of EBPs may feel that science trumps culture, Isaacs et al. (2005) concluded that culture may indeed trump science, even if rigorous academic research on PBE models is still limited.

### Historical Trauma

From first arrival of European settlers, American Indians have been systematically stripped of their land and culture by governing powers, with acts like the Indian Removal Act of 1830; the General Allotment Act of 1887, which ceded more land to white settlers; and the 1952–1972 Indian Relocation program. Lucero (2011) describes the history of colonization and oppression of AI/AN people and discusses how the failure of EBPs to consider Native history, culture, and sovereignty perpetuated a federal policy of cultural destruction and suppression. An example of this is the boarding school movement, aimed at assimilating AI/AN into white culture: Capt. Richard Pratt, founder of the Carlisle Indian School, advocated the approach in an 1892 paper entitled “Kill the Indian, Save the Man.”

Historical trauma (HT) from the boarding school experience, assimilation, suppression, and elimination continues to impact AI/AN communities while Western treatment modalities ignore the grief and suffering that contribute to substance use and health disparities (Brave Heart, Chase, Elkins, & Altschul, 2011; Brave Heart & DeBruyn, 2003). Soto, Baezconde-Garbanati, Schwartz, and Unger (2015) have identified historical trauma as a risk factor for commercial tobacco use among AI adolescents.

One of the few Native-developed EBPs is the Gathering of Native Americans (GONA), developed by Native American professional educators and clinicians. “The GONA curriculum recognizes the importance of Native American values, traditions, and spirituality in healing those suffering from historical trauma, and it includes both cultural activities and talking circles” (Nebelkopf et al., p. 264). The GONA, however, is

*Some researchers suggest culture is treatment and that incorporation of tradition and culture holds promise beyond EBPs. In 2001, a U.S. Surgeon General report validated the need for attention to culture in behavioral health services, citing a long-standing failure to recognize the importance of culture in research, program development, surveillance and epidemiology, treatment, and prevention.*

not listed on any EBP registries because of insufficient outcomes research.

While the impact of HT on AI/AN people is widely accepted, some have cautioned that acknowledging HT should not preclude the need to confront structural racism. Even while describing it as a “powerful moral rhetoric,” Gone (2014) has raised the concern that a focus on HT may draw attention from structural inequalities in political systems.

### Culture

Some researchers suggest “culture is treatment” and that incorporation of tradition and culture holds promise beyond EBPs (Gone, 2013). In 2001, a U.S. Surgeon General report validated the need for attention to culture in behavioral health services, citing a long-standing failure to recognize the importance of culture in research, program development, surveillance and epidemiology, treatment, and prevention (Substance Abuse and Mental Health Services Administration, 2001). Tribes in Oregon resisted

*[S]everal studies suggest that including culturally specific programs that include an emphasis on sacred tobacco have a greater impact than mainstream programming that ignores its important role.*

when that state attempted to require model programs from the National Registry of Evidence-based and Promising Practices, arguing that the requirement conflicted with tribal sovereignty and did not acknowledge a government-to-government relationship. Tribes claimed EBPs were a “recipe for exacerbating, not ameliorating, health disparities” (Walker & Bigelow, 2011, p. 277); they successfully pressured funders to recognize the tribal way of knowing, indigenous knowledge, the need for culture, and local community context.

In Denver, AI providers also made recommendations for incorporation of cultural practices into programming, citing the need for practice-informed approaches to address substance abuse and trauma exposure (Lucero & Bussey, 2015). Outcomes included reduced out-of-home placements and re-referrals as well as increased capacity of caregivers. After many years of practice, clinicians in Alaska realized that conventional Western medical expertise was insufficient for effectively providing treatment services in AI/AN communities and accepted that it was necessary to incorporate tribal wisdom into services (Morgan & Freeman, 2009). Cloud Ramirez and Hammack (2014) found that Native American identity was a main source of resilience in an examination of California case studies. Partnering with indigenous programs may help bridge EBP and culturally sensitive treatment paradigms (Gone, 2009).

The importance of culture can be supported by hiring staff who reflect the communities they

serve. In the health professions, a racially and ethnically diverse workforce is associated with improved health care and quality for underserved populations (U.S. Department of Health and Human Services, 2006). Mainstream organizations are often fall short in recruiting, hiring, and training AI/AN staff to administer and oversee programs they fund. Cross, Day, Gogliotti, and Pung (2013) identify lack of AI/AN professors or role models, cultural isolation, lack of understanding of cultural customs and traditions, and racism as barriers to recruiting AI/AN into social work programs.

### *Two Tobacco Ways*

Recognizing culture as prevention is especially important when addressing the impact of commercial tobacco on tribal communities. Until recently, the tobacco-control movement has paid little attention to the difference between the cultivation and use of plants as medicine and in ceremony from tobacco that is commercially produced and marketed. Tribes in Minnesota pushed back when public health efforts failed to reflect this distinction, and have reframed the work as restoring traditional tobacco practice (Boudreau et al., 2016).

While the research is limited, several studies suggest that including culturally specific programs that include an emphasis on sacred tobacco have a greater impact than mainstream programming that ignores its important role. Two studies found that participants in cessation programs that included encouragement of traditional tobacco had longer periods of abstinence from commercial tobacco than those in programs with no traditional focus (Daley et al., 2011; D’Silva et al., 2011). A qualitative study with Menomonee in Wisconsin found it was important for tobacco-prevention programming to include information on both commercial tobacco and sacred use (Arndt et al., 2015). Minnesota’s Leech Lake Tribal College found it was important to emphasize restoration of traditional use in its campus commercial-tobacco policy; during a year of preparation for policy implementation, traditional use of tobacco increased (Bosma & Hanson, 2017).



## Funders' Approach to Health Disparities and EBPs

Kubish and colleagues (2011) call for a shift in the way foundations think about their work and how they support communities, calling for collaboration between private- and public-sector funders to leverage a greater amount of resources for community change. Developing closer relationships and longer commitments to communities may also support greater change, such as the embedded approach used by some foundations, to look at change strategies from the bottom up, drawing ideas from the community rather than funders (Allen-Meares, Gant, & Shanks, 2010). Authors encourage foundations to improve evaluation as well. Dean-Coffey, Casey, and Caldwell (2014) encourage “equitable evaluation” to apply the principles of the American Evaluation Association’s Statement on Cultural Competence (2011).

As recognition of the shortcomings of EBP becomes more evident, some funders have made efforts to support adaptations. One effort in Texas that showed promising results brought together expert panels to address limitations of EBP for Hispanic and African American communities, then funded groups to select EBPs and adapt them for their own communities, placing greater emphasis on cultural adaptations including attention to language, use of metaphors and storytelling, and cultural values (Frost & Ybarra, 2011).

The Colorado Trust recently made a commitment to move past a focus on health disparities and toward health equity after a long-held commitment to funding EBPs to improve public health. It not only changed its approach to grantmaking, but also undertook a deep staff transition to address its power imbalance as the funder. It installed regional staff with community organizing skills to create a participatory grant process designed to radically change its funding approach (Csuti & Barley, 2016). Changes extended beyond grantmaking to its evaluation process:

Residents know their communities — they can see things that outside evaluators and foundation staff might overlook. It is this power — to see what is

invisible to outsiders — that can enable community members to achieve more than others believe is possible. (Csuti & Barley, 2016, p. 79)

## Funding in Indian Country

The Minnesota Department of Health (MDH), Blue Cross and Blue Shield of Minnesota, and ClearWay Minnesota have independently funded projects in AI communities to reduce commercial tobacco use and its harms, and each has learned lessons about improving their approach to this work. A decade ago, they realized that their efforts would be enhanced if they worked together.

Each funder was recognizing that its initial approach to funding in Indian Country was not meeting the needs of tribes or funders. Tribal communities were pointing out the limitations and shortcomings of EBP: cumbersome funding processes that didn’t mesh with grantee timelines, failure to incorporate tribal culture, a lack of understanding of historical trauma, and the need to understand, respect, and restore traditional tobacco use. Initially, the funders struggled to understand the importance of restoring sacred tobacco as part of efforts to reduce commercial use. Several grantees suggested that if the funders’ approach did not change, they might stop participating in the initiatives.

As foundation staff recognized the need to make changes, they also needed to better understand the importance of traditional tobacco among their stakeholders and decision-makers. ClearWay undertook an intensive, two-year process to more deeply educate its board and staff about AI culture and the two tobacco ways (Kintopf et al., 2015). The MDH, after identifying grantees’ serious frustrations with its funding processes, paused new grantmaking for a year and hired an external, culturally competent consultant selected with input from a grantee review committee to interview stakeholders about what would improve MDH support for grantees. The MDH established an advisory committee to guide the process, including question development, recruiting participation, focus of input, and recommendations. Importantly, the MDH then worked with grantees to prioritize feasible

*The individual organizations maintain their own internal controls and approval process, but staff shares information and cooperates on funding efforts to avoid duplication and increase impact. This intentional collaboration goes beyond mere updates; the funders strategize with one another to help move the work forward.*

recommendations and set a timeline for implementing them.

## Methods

Staff from the three funders wanted to share their stories and lessons learned, hoping that other funding organizations would learn from the collaboration and from the changes they made in their approach to AI commercial tobacco control. They contracted with Bosma Consulting to lead a process that identified lessons learned through their collaboration.

The evaluator and staff from the three funders decided to conduct two group interviews with staff: two representatives from ClearWay, two from Blue Cross and Blue Shield of Minnesota, and four from the MDH. To gather observations from grantees, the evaluator conducted 11 telephone interviews with 13 staff representing 11 tribal organizations that had received support from at least one of the three funding organizations. Funders' staff provided input into the questions asked of the grantees.

The evaluator transcribed the interviews and identified main themes. Funder staff reviewed the original list of findings and finalized the manuscript outline. Grantee staffs who had

participated in the interviews were given the opportunity to review the final draft manuscript.

## Working Together to Improve Support for Commercial Tobacco Control

While each funder worked internally to improve its own strategies, there was also the awareness that the three were virtually the only funding sources for commercial tobacco control available to tribal communities in Minnesota. Thus, the funders knew their efforts had an oversize role in determining tribal success in reducing harms related to commercial tobacco in AI communities. The funders have similar broad goals for reducing commercial tobacco use and related harm, but were working independently. Sometimes their projects overlapped: "There was some tripping over one another," a representative from one funder remarked.

In 2006, staff from the three funding organizations decided it would be helpful to discuss their efforts, and staff involved in AI programming began meeting quarterly. While their structure was informal, the meetings were an intentional effort to do the work more effectively through shared information and joint planning. The individual organizations maintain their own internal controls and approval process, but staff shares information and cooperates on funding efforts to avoid duplication and increase impact. This intentional collaboration goes beyond mere updates; the funders strategize with one another to help move the work forward.

One reason collaboration makes sense is because each funder is committed (or, in some cases, mandated) to not duplicate or supplant existing efforts, making it essential to be aware of one another's work. Each funder has strengths in certain areas; collaboration enables each to make decisions within the context of all available funding and to play to those strengths. For example, if one funder sees a need that is outside its organizational mission, it can reach out to the others — one might fund adult efforts, another youth, and another training support; or one funder might support programmatic efforts and another support evaluation. The funders have an overall



shared vision, so discussions focus on how to accomplish the work. As one of the organization staff put it, “Philosophically, we never disagree around the direction of where the work should go. ... Sometimes we bump into our organizational structures and one of us may say, ‘we can’t do that — can either of you?’”

Timing is another consideration. The funders realized it made sense for them to coordinate efforts, yet they have different fiscal years and reporting requirements. By consciously planning out which organization will fund which efforts, the process is better coordinated for grantees.

Funders say they worry more about supporting the work than taking credit. “I think our commitment to the work is that it doesn’t matter if we take the lead,” said one representative. “It’s, ‘let’s get the money in there to do it.’ ... It’s not a competition.” Another staff person said the coordinated support helps all of the funders be advocates for AI work, because “within our organizations, this body of work had to be raised up.” A third agreed:

If we look at everything through evidence-based programs and how does it fit, and our [organization’s] role is population-level health, which means that we have to make the case for working in priority populations—even though they have the highest rates (of tobacco use) ... we just have to look through that filter.

An important aspect of the collaboration is trust among the funders’ staffs. Many have worked in more than one of the organizations and have known one another for a long time. This trust contributes to making meetings a safe space to strategize, solve problems, and share information candidly. One staffer who reported feeling comfortable with communicating openly said, “I wouldn’t feel offended if someone said something to me, because I know the intent is there.”

## Lessons Learned

In the wake of the evaluator’s work, the three funding organizations have responded to feedback from grantees and are addressing the issues they raised. Both grantees and funding

*[R]eporting requirements have been revised and simplified. Reports can now include storytelling, community-change chronicles, phone check-ins, and other formats more suited to tribal community work. Evaluation needs are aligned with reporting so that grantees do not need to report similar information more than one time for multiple purposes.*

staff see improvements in grantmaking requirements and processes, incorporating culture, recognizing historical trauma, and restoration of traditional tobacco.

## Requests for Proposals and Reporting Requirements

The funders have expanded time periods for grants to up to five years and, in some cases, renewals are noncompetitive. Requests for proposals (RFPs) explicitly identify traditional tobacco and culture. Timing and duration of grants had been problematic for tribal organizations — when a grant lasted only one to two years, it was difficult to recruit, hire, train, and retain staff. The RFPs and reporting requirements were cumbersome and often had little relevance to tribal circumstances. One respondent noted that a funder would send back documents multiple times for revisions of words or phrases. Frustrated grantees were questioning whether the funds were worth working through the red tape required to obtain them.

In addition, reporting requirements have been revised and simplified. Reports can now include storytelling, community-change chronicles

*Funders are embracing the concept that culture is prevention; tribal grantees are required to incorporate cultural activities and approaches in their work. Grantees insisted that programming needed to involve tribal culture because it is central to the tribal approach to healing.*

(Scott & Proescholdbell, 2009), phone check-ins, and other formats more suited to tribal community work. Evaluation needs are aligned with reporting so that grantees do not need to report similar information more than one time for multiple purposes. One staff member recounted,

I had heard stories of all the good work going on with these grants, but when I read the reports, every month it would just say, ‘We had three people do this, four people do that.’ ... I started calling the grantees, and they were telling me the work they were doing — and it wasn’t captured in our reports at all. So we had this disconnect. I personally felt that we had set our grantees up for success and our report wasn’t capturing the good work that was going on.

Tribes are now funded directly, instead of in coalition models. Funders heard that the methods of funding didn’t line up with the reality of the work. Both the MDH and ClearWay were requiring multiple tribes to form coalitions to implement commercial tobacco policy approaches, which didn’t meet the needs of individual tribes. As ClearWay Minnesota staff noted, “We kept hearing from the tribal communities that ‘you should fund us directly.’ So that’s when we started the change. ... In 2004 we started trying to fund the nations directly.”

Funders also hired Native staff to work on tribal projects. Grantees pointed out that funders’ staffs did not reflect the tribal communities they were trying to serve and said it was important to feel represented by Native staff within the funding organizations. As one grantee observed, “We need to see someone like us at the state level.” The funders said it was a challenge to recruit and hire Native staff, but they persevered.

#### *Culture Is Prevention*

Funders are embracing the concept that culture is prevention; tribal grantees are required to incorporate cultural activities and approaches in their work. Grantees insisted that programming needed to involve tribal culture because it is central to the tribal approach to healing: “It is almost like you are asking permission to be able to do things in the way you know will be effective in your community,” said one grantee, who called the new approach “refreshing. ... We did not have to explain the drum being present. They listened and understood.”

Grantees value being able to use holistic and multigenerational approaches, which include elders, adults, and children, and to incorporate commercial tobacco control into other activities. “People will come to a powwow, but maybe not a tobacco education event,” said one grantee. Funders now support tobacco gardens, traditional medicines, food for events and activities, drum ceremonies, and other less conventional items for grantees. As one grantee noted, it is “raising our next generation with the right mindset.”

As one funder said, “Culture is prevention, it permeates everything.” All three organizations are explicit about culture in their RFP language. They collaborate to ensure that a range of activities are covered — one funder may support specific policy efforts while the second focuses on youth efforts and the third on capacity building and training support, for example. Supporting the GONA has been important in bringing grantee staff and stakeholders from the different tribes together to exchange information, share ideas, and develop relationships. Grantees recognize the new emphasis on culture: “They absolutely got it,” said one.

### *Historical Trauma Is Acknowledged*

Funders have named HT and agreed on the importance of acknowledging its impact on tribal communities — a necessary step for grantees and funders to move forward. Training in HT awareness has been implemented for funders' boards and grantee staff. Acknowledging HT led one funder to extend support for programs to address adverse childhood experiences as a way to more holistically address the ongoing effects of HT among tribes.

The history of colonization, oppression, assimilation, and removal through paternalistic government policies has been reinforced by policies aimed at commercial tobacco that required use of non-Native programs and failed to acknowledge commercial tobacco as another form of oppression. In addition, lumping AI funding in with other categories of state support failed to acknowledge tribal sovereignty or treat tribes as nations. One grantee noted the importance of identifying the separate status of “basically white institutions” with little or no experience in or staff from Indian Country that impose an outside model on tribes. In the past, this grantee said, the funders' approach seemed to be, “We're here to do good and we're gonna tell you exactly how to do it.” Another noted that in the earliest years of funding, there was little understanding of “the fractured relationship between Indian Country and state government; they tried, but were not aware.”

Another grantee noted the progress:

I think the GONA work has been very important [in] being able to help people understand ... the role of historical trauma and its having an impact on health. A big part of that is reclaiming our culture, which was taken away from us. ... You have to talk about it, and that's where GONA kind of stems from.

### *Sacred Tobacco Is Supported*

Funders now support restoration of traditional tobacco practices and differentiate them from commercial, exploitative tobacco. The two tobacco ways were of utmost importance to all the grantees who were interviewed; they

agreed that traditional tobacco education is essential to commercial tobacco control in their communities.

“We have been gifted with tobacco from the Creator,” said one. “It is our first medicine. Tobacco is health.” Another described the change in the funders' approach: “It used to be, all tobacco was bad. But now they distinguish between commercial and traditional. This is huge.” Another grantee described the impact of this new awareness: “It's a powerful message [and] we're trying to educate our people, how commercial cigarettes were used at funerals and ceremonies because we couldn't have our own medicines.” Still another described how tribes are educating their members about traditional tobacco, including growing and harvesting red willow, and that as a result, “It is rewarding to see that traditional observance has increased.”

Funders are aware they would have lost grantees if they had not recognized sacred tobacco and made their support for it explicit. Grantees did not share the funders' “tobacco free” goal; their aim was to restore sacred use of tobacco and differentiate it from the commercial product promoted by the tobacco industry. There was a lengthy learning process for the funding organizations to distinguish commercial tobacco use from sacred observance.

Restoration of traditional tobacco — including support for tobacco or medicine gardens, ceremonies, and education by tribal elders — is now embedded in the funders' efforts, along with ongoing training to ensure this knowledge is institutionalized and sustained. “That's part of orientation of any new people,” a representative from one funder said. “We had to change our language around commercial tobacco,” said another. “We had to acknowledge the history.”

### *Moving From Evidence-Based Practice to Practice-Based Evidence*

The funders no longer restrict tribal work to implementation of EBP. In identifying numerous challenges in the early years of commercial tobacco funding, grantees said funders' imposition of EPB on tribal communities was a

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consistent problem. While funding focused on policy, grantees already knew their communities had disproportionately high rates of commercial tobacco use and needed prevention and cessation as well as policy.

Funders' staff began to see that their grantmaking processes were better suited to their own needs than to those of the tribal communities they sought to support. Grantees knew that EBPs weren't researched in their communities — the mainstream model of public health did not fit and could not be simply imposed. New grant guidelines allow activities that emphasize culture, and funding supports those efforts.

As funding adapts to tribal needs, funders and grantees have been working toward shared goals with deeper respect. At the same time, policy changes have led to restrictions on the use of commercial tobacco at community events, workplaces, and tribal buildings and spaces (Scott et al., 2016). Tribal communities have engaged

with funders to publish articles (Scott et al., 2016; Boudreau et al., 2016) and disseminate evaluation findings and policy success stories.

## Outcomes

This approach is bearing fruit. Tribes across the state are enacting policies that should lead to reduced use of commercial tobacco: commercial tobacco-free spaces, buffer zones around tribal buildings in proximity to doorways and buildings, bans at powwows and other events, smoke-free restaurants and break rooms at a number of casinos, and bans on sales of toy cigarettes at powwows. Significantly, tribal grantees are restoring traditional observances, including harvesting, cultivation, and education on the sacred use of tobacco, and incorporating them into their efforts (Scott et al., 2016). These efforts are an essential intermediate outcome of tribal work.

Ultimately, success will be measured by increased observance of sacred traditions and a decline in commercial tobacco use. To collect data on these objectives, ClearWay is conducting a second Tribal Tobacco Use Project (TTUP-II) from July 2018 through December 2020. Led by an AI organization from Minnesota, the TTUP-II will generate statewide and tribal-specific data on commercial and traditional tobacco use and on related knowledge, attitudes, and beliefs among AI adults. This data will help guide programs and strategies to reduce the harms of commercial tobacco statewide and within individual Tribal Nations.

Outcome data from one initiative provides evidence that the approach is working. The funders partnered to support an initiative by Leech Lake Tribal College to enact a commercial tobacco-free campus policy that included education on commercial tobacco harms and an emphasis on education and restoration of sacred tobacco. After the policy was implemented, student use of commercial tobacco decreased from 48.4 percent to 41.3 percent and, over the same period, use or observance of traditional tobacco increased from 46.4 percent to 71.1 percent among students and from 56.4 percent to 70.7 percent among faculty and staff. Traditional observance increased among both commercial tobacco smokers and

nonsmokers (Bosma & Hanson, 2017). Leech Lake's results suggest that similar outcomes may be associated with the numerous other policy efforts that grantees have implemented.

## Conclusion

Their collaboration has helped the Minnesota Department of Health, Blue Cross and Blue Shield of Minnesota, and ClearWay Minnesota develop a more coordinated approach to supporting restoration of traditional tobacco practices among AI communities in Minnesota. By making a commitment to listen to and learn from tribal communities and to educate the members of their organizations, their funding is better aligned with the reality of implementing programming in those communities.

The collaboration has produced shared values and a consistent approach to commercial tobacco work in AI communities. Grantees feel that their expertise is more respected and valued and that funders are listening to their concerns and willing to examine their approaches and make necessary changes — specifically by incorporating practice-based evidence. The result is support for work to control commercial tobacco that recognizes culture and historical trauma and that aims to restore traditional tobacco practices among tribal communities in Minnesota.

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# Aligning Evaluation and Strategy With the Mission of a Community-Focused Foundation

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*Keywords: Community-based foundations, evaluation, reporting, strategic positioning, planning, sustainable development*

## Introduction

This article retraces the steps taken by an Italian foundation committed to improving its system of evaluation and social reporting. This has been done by taking a close look at the newly designed strategy of the foundation, as the theoretical and empirical literature suggests. The importance of a sound fit between evaluation and strategy in the philanthropic sector is highlighted in Porter and Kramer (1999) and, more specifically, in Patton and Patrizi (2010). Coffman, Beer, Patrizi, and Heid Thompson (2013) underline the profound shift in how, in practice, evaluation is positioned in foundations, with a much closer connection to programming and strategy.

In the case examined, these elements have been aligned by focusing on three strategic pillars: (1) a long-term perspective, (2) an integrated approach to the project portfolio, and (3) a local focus for the philanthropic action. The proposed evaluation framework can provide good guidance for place-based foundations engaged in various fields of activity to promote sustainable community development.

## Background: Italian Foundations of Banking Origin

Established in the 1990s, the so-called foundations of banking origin (FBOs) are the main players in Italian philanthropy. Rather than vehicles of private generosity, these institutions were the result of a legislative process that privatized a public banking system made up of a few national credit institutions and many saving banks that were deeply rooted in local communities and territories.

## Key Points

- Foundations are commonly recognized as having a comparative advantage in supporting forward-looking projects and programs. In this sense, the long term represents the natural horizon in which the foundations are called to fulfill their mission to plan and develop philanthropic activities and, therefore, the time reference for assessing results.
- When a mission is focused more on improving the quality of life in a specific community than on addressing a specific social problem, evaluation of outcomes becomes more challenging. While available methods can provide valuable support to measuring the impact of a foundation's specific program, they are unlikely to provide an overview of the outcomes of a multitude of projects financed over time.
- This article presents the case of an Italian foundation committed to developing a tailored approach to evaluating the durable benefits of its local philanthropic activity.

Similar privatizations of public properties have given life to philanthropic institutions around the world. One study located more than 500 foundations of this kind, distributed among 21 countries and in control of some \$135 billion in assets (Salamon, 2014). In Italy, the sphere of FBOs embraces 88 foundations engaged in socially oriented community activities that span a wide range of sectors defined by law, mainly through grantmaking activities. At the end of 2016, the book value of their net assets amounted to about \$47.7 billion, which enabled them to

finance projects for more than \$1.2 billion in the last year.

Due to the peculiar origin of such entities, local communities are well represented in their governance mechanisms through their power to appoint the members of the FBO boards.<sup>1</sup> Such foundations can be seen as a sort of place-based philanthropy (Fehler-Cabral, James, Preskill, & Long, 2016) created by law, with more than 76 percent of supported projects realized in the local area where the single foundation is based, funded at more than \$717.8 million a year. Arts and culture, social assistance, volunteering, scientific research, local development, education, and public health are some of the main sectors for philanthropic spending (Associazione di Fondazioni e di Casse di Risparmio Spa, 2017).

### The Evaluation Challenge for FBOs

Given the FBOs' substantial endowments and grantmaking, the expectations of a number of stakeholders have grown in relation to the FBOs' capacity to account for their operations on behalf of local communities. In addition to the increasing awareness among the FBOs of the importance of improving their social reporting systems, specific commitments to evaluation practices have been made via a voluntary memorandum of understanding between the Association of Italian Foundations of Banking Origin (ACRI) and the supervisory authority, the Italian Ministry of Economy and Finance. Attention to evaluation and reporting increased significantly following this agreement, which was stipulated in 2015.

Nevertheless, because the mission of FBOs is aimed more generally at supporting the quality of life of a specific community rather than addressing a specific social problem, evaluating outcomes becomes more challenging. While available methods can provide valuable support in measuring the impact of a specific project or program, they are less likely to produce an overview of the multitude of projects financed over time. Likewise, as well described in Coffman et

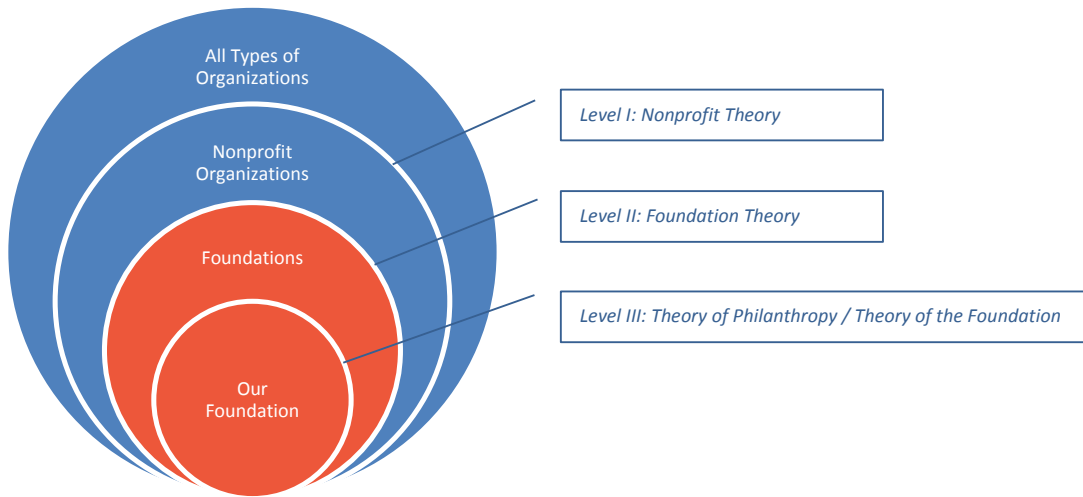
*[B]ecause the mission of FBOs is aimed more generally at supporting the quality of life of a specific community rather than addressing a specific social problem, evaluating outcomes becomes more challenging. While available methods can provide valuable support in measuring the impact of a specific project or program, they are less likely to produce an overview of the multitude of projects financed over time.*

al. (2013), a demand for a broad-scope evaluation approach is widespread among foundations.

In a recent study, Ricciuti and Calò (2016) investigate the state-of-the-art frameworks and methods of impact measurement and evaluation among Italian foundations. Their survey was conducted on a sample of 196 foundations through a content analysis of web pages and other online documents, followed by in-depth interviews with the executives of a subset of foundations that are more engaged in evaluation activities. The study shows a greater interest in evaluation-related issues among FBOs than exists among other types of Italian foundations.

In fact, according to the survey, disclosure of information appears to be more common among FBOs: 40 of them explore the issue of evaluation and stress the importance of understanding

<sup>1</sup> A general overview of the governance of FBOs can be found in Leardini, Rossi, and Moggi (2014), who describe the deep involvement of local stakeholders.

**FIGURE 1** Theories for Strategic Positioning

the impact of their philanthropic activities and assessing the needs of their beneficiaries, although no methods are discussed. Three FBOs have developed mixed methods for evaluating the output, outcome, and impact of their operations. The first foundation defines evaluation as the possibility of analyzing projects quantitatively and qualitatively, and proposes qualitative indicators to measure both general and specific impacts. A second FBO asserts the use of instruments to understand the impact on the community, measure achievement of specific goals, and study the results; but it reports mainly qualitative analysis based on interview-data collection. The third has developed a more sophisticated system of analysis, exploring methods for understanding causal relations and supporting the comprehension of achieved outcomes. Naturally, such structured approaches can be applied only to a very limited number of identified projects.

How the FBOs are currently exploring methods and tools for evaluation and reporting emerges from the study, but consolidated solutions or guidelines for such activities are still being studied. After all, there is no one correct evaluation model (Coffman & Beer, 2016), and every foundation has to consider which method best fits its strategic positioning, resources, and needs. In

fact, the notable differences among the 88 FBOs need be taken into account when customizing an approach, including net asset value — from \$8.3 billion for the largest to less than \$1 million for the smallest.

### The Case of Fondazione Monte dei Paschi di Siena

In the context of FBOs, the case to be examined is the Fondazione Monte dei Paschi di Siena (FMPS), a medium-size foundation with an annual philanthropic outlay of between \$4 million and \$5 million. Based in the medieval city of Siena, in the heart of Tuscany, the FMPS has undergone a profound process of strategic repositioning in recent years after a severe tightening of its grantmaking budget. This process started by assessing the main features of the foundation and its institutional ecosystem, and then asking a fundamental question: What activities can our organization perform better than other institutions?

A multilevel analysis was conducted to answer this question. (See Figure 1.) The analysis set aside the economic literature that regards nonprofit organizations as institutional solutions to government and market failures (Level I), and focused on the foundation theory (Level II) and

**TABLE 1** FMPS and Its Strategic Positioning

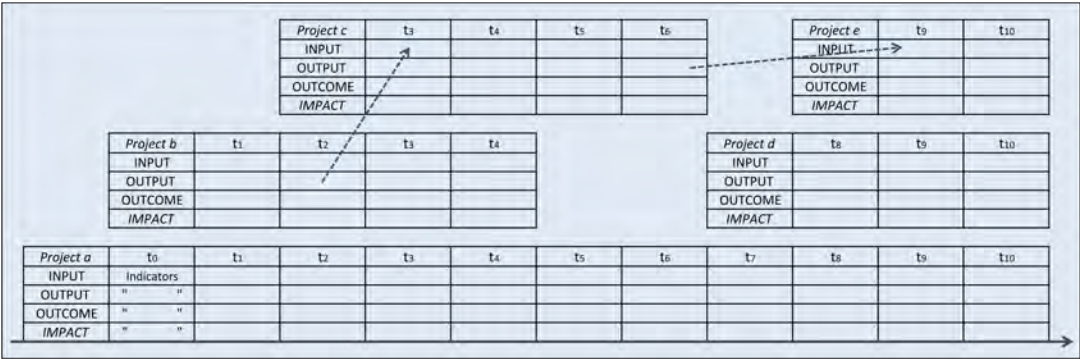
<b>Mission</b>	Sustainable development of the local community.
<b>Geographical focus</b>	Siena Province, total population circa 270,000.
<b>Main sectors/ fields of activities</b>	Art, research, local development, welfare.
<b>Strategy</b>	Concentrate resources on a limited number of coordinated projects, with local stakeholders, that produce durable value and eventually become financially autonomous.
<b>Strategic pillars</b>	A long-term perspective, an integrated approach to the project portfolio, and a local focus for philanthropic action.
<b>Philanthropic model</b>	A hybrid approach that integrates grantmaking, operating, and support activities – through contributions of financial, professional, and relational resources – for projects of strategic interest to the community.

the theory of philanthropy/theory of the foundation (Level III). This led to the identification of three strategic pillars: (1) a long-term perspective, (2) an integrated approach to the project portfolio, and (3) a local focus for the philanthropic action. The first pillar was based on the comparative institutional advantage foundations enjoy in work that requires a longer time frame, as noted in a number of studies (Level II). Franzini (2003) suggests this focus in defining the scope of FBOs. Cordelli and Reich (2017), more generally, identify long-enduring philanthropic foundations as institutional mechanisms for intergenerational justice, balancing “the presentism and short-termism” (p. 231) of the democratic process in a way that promotes the long-term interests of society and future generations. From this perspective, the long term becomes the natural horizon on which foundations can develop institutional activity and, therefore, the natural reference for evaluating results. In other words, foundations can be effective institutional promoters of the “sustainable development” as originally defined in the Brundtland Report (World Commission on Environment and Development, 1987) and, more recently, addressed in the United Nations 2030 Agenda for Sustainable Development.

Certainly, this general orientation needs to be adapted to the different contexts in which a foundation operates. Only few foundations can effectively address the challenges of climate change or world hunger, though all of them can entail the interest of future generations in defining their strategic positioning. This point can be addressed by a proper “theory of philanthropy” (Patton, Foote, & Radner, 2015) or “theory of the foundation” (Berman, 2016) to align all the elements that make a foundation unique. Without entering into detail, the other two strategic pillars have also been identified at this level (III) of analysis.

In this context, the FMPS recently enhanced its efforts to improve its reporting and evaluation systems in order to align them with the evolution of its strategic repositioning. This was done with the awareness that investing in the sustainable development of a community necessitates accountability for the multiple, lasting effects that philanthropic activities can have on members of the community over time. After an initial survey of the methods and practices most common in the nonprofit sector, the FMPS developed a tailored approach to the distinct features of foundations that operate mainly in favor of a specific community of origin, intervening in a multiplicity of fields. (See Table 1.)

FIGURE 2 Outline of the FMPS Framework



Tools

### The Logic of the Framework

The basic idea was to devise a system of reporting that would allow for a global vision of the multiple effects of the foundation’s philanthropic activities on the local community. This required a flexible evaluation approach applicable to all of the projects in the field, in order to re-create them in a single framework. One of the most widespread approaches in the nonprofit sector (Hall, 2014), and one that seems to adapt best to these needs, is the so-called “logical framework” or log frame. The methodology has been revised by applying two selected principles of the International Integrated Reporting Council’s (2013) integrated reporting framework — strategic focus and future orientation, and connectivity of information — to align the evaluation practices with the three strategic pillars.

By combining these key elements, a specific approach was defined based on a simplified version of log frame. It was then revised and integrated by adding a time dimension (Crawford & Bryce, 2003) and functional interconnections among projects. It is possible to build functional links between projects, by way of a strategic vision of the foundation, as a “project of projects” for the sustainable development of the community. With this approach, each project can be depicted as a productive, unitary process through the identification of specific indicators that can be expressed according to the traditional framework — input, output, outcome — limiting metrics of impact only in cases that may require

a counterfactual approach. Such indicators must be defined in the design phase of each project, with the involvement of stakeholders, partners, and grantees, in order to be used for evaluation. The input indicators (e.g., financial and other awarded resources) are standard for all project, although other indicators can be initially tailored to the project. Each variable, when possible, maintains a place-based dimension.

Data collection for the indicators is done systematically at the end of each fiscal year for all projects which, independently of the year in which they were financed, continue to benefit the community. A peculiar characteristic of this approach is the periodic verification of the continued benefits of an entire portfolio of projects. Such benefits, in fact, can persist beyond the years of FMPS engagement, both as a consequence of the investments achieved (e.g., acquisition of an ambulance) and following an activity which, in time, becomes financially autonomous. In addition, the output of a project can create input for new projects (a restored historical building, for example, can become a center for social and cultural activities), creating synergies and functional links. (See Figure 2.)

This approach tends to result in a representation of philanthropic activity able to account for how the projects impact the local quality of life, done through a system of reporting which measures not only the resources dispensed annually (input-based representation), but how well



they produced local benefits. It takes stock of tangible and intangible “collective assets” created in a local context through the flow of FMPS resources and whose effects are not exhausted in the fiscal year. In this case, it is a question of distinguishing between projects that generate a singular benefit, to be reported just one year, from investments that produce lasting benefits and which are included in the annual project portfolios and reported in subsequent years, thus allowing their impact on the community to be observed. Although the output or outcome indicators are initially project-specific, the objective is a convergence toward units of more homogeneous measurement (e.g., economic or occupational spinoffs, the number of people reached yearly). Nevertheless, identifying similar indicators is often feasible, at least among subsets of projects. The fact that each of the output or outcome indicators decreases, remains stable, or increases relative to input indicators generally permits evaluation of the impact of the overall philanthropic investment.

### The Framework Into Practice: An Early Stage Application

This section describes the results of an initial experiment by the FMPS on a subset of its project portfolio, covering over 70 percent of its philanthropic budget for 2016. In forthcoming years, the portfolio will be progressively enriched by established projects that continue to produce benefits for the community.

The operation of the framework can be represented by a dashboard scheme applied both to project and portfolio levels. (See Figure 3.) Each project is illustrated through a synthetic dashboard composed of four evaluative dimensions: input, process, output, and output beneficiaries; process indicators have been added and, for simplicity's sake, outcome indicators have been represented by output beneficiaries and other composite indicators. (At this stage, the efforts of the FMPS were focused on building the framework architecture rather than deepening the analysis of single projects.) The two composite indicators are introduced to track the economic and occupational spinoffs of each project; both

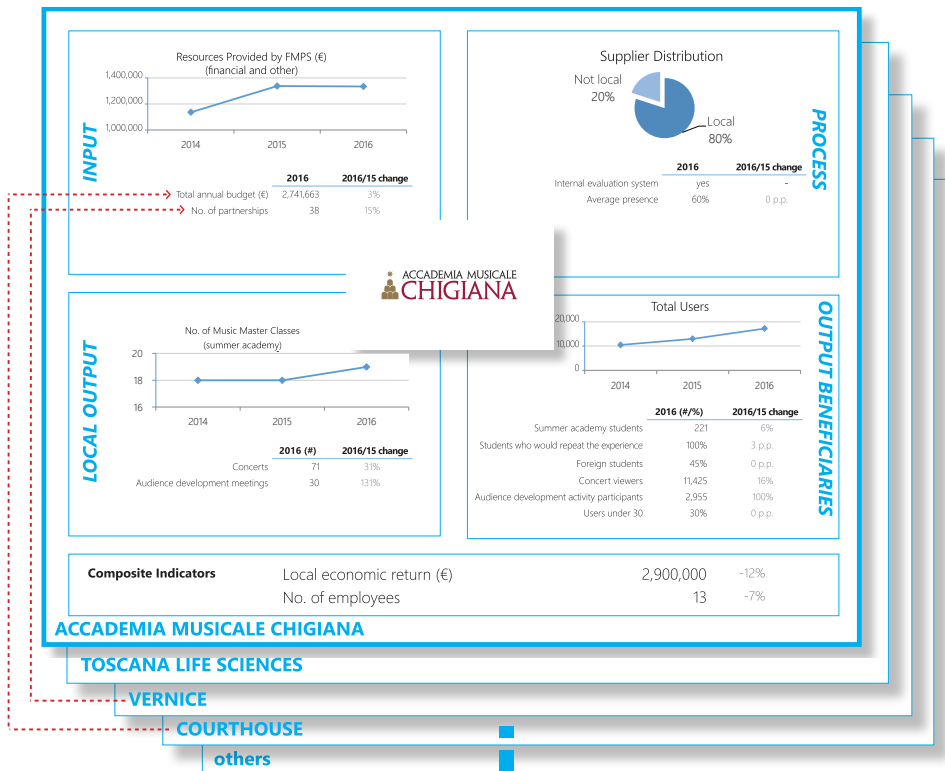
are considered composite indicators because they are calculated from more than one evaluative dimension. The local economic return, for example, considers both the local spending of the project budget (process area) and the indirect local spending of its users (output beneficiaries). In the specific case of the Accademia Chigiana, the user data have been collected from concert viewers and master class students through a specific questionnaire to estimate their local expenditures during or related to their project experience.

The case of Accademia Chigiana, the musical institution in Siena, has been considered due to its multiple connections to other FMPS projects, including a permanent artistic partnership with Vernice Progetti Culturali (another cultural institution established by FMPS) and a financial relationship with a 2015 project to renovate a historic building owned by Chigiana for use by the local courthouse. (See Figure 3.) The second project, with almost \$370,000 in funding from FMPS to the city of Siena, responded to a pressing community need and provides Chigiana with more than \$220,000 a year in rental income from the courthouse. While in this case the dynamic relationship is a financial one, functional links between projects can be based on every kind of tangible or intangible asset. Vernice Progetti Culturali, for example, presents exhibitions and artistic events upon which Chigiana plans some of its own programming. According to the logic of the framework, it can also happen that a single project seems marginal, yet plays a crucial role within the project portfolio.

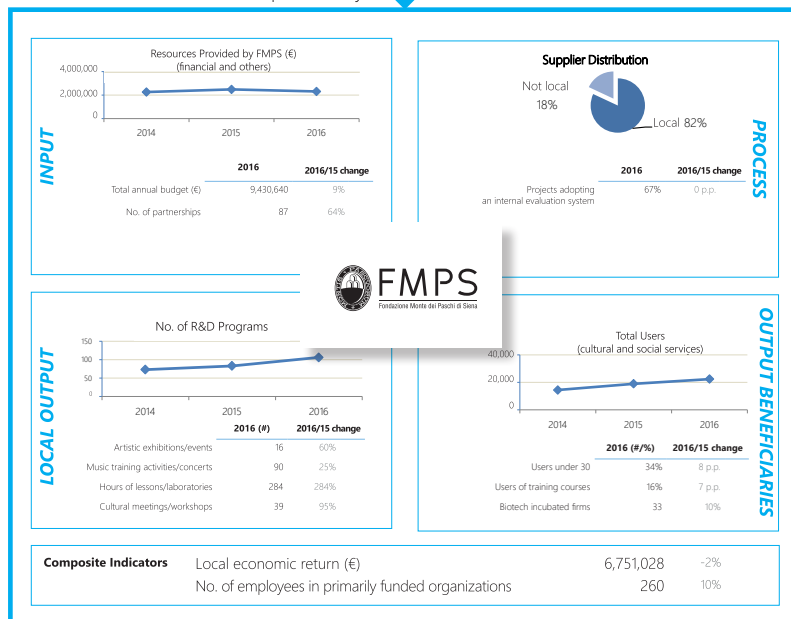
The dynamics of indicators over the course of time is also represented in the dashboard. (See Figure 3.) Specifically, the comparison of the actual or latest reported value (i.e., 2016) of each indicator with the  $t-1$  value (2015) and with the  $t-2$  value (2014) for the more representative indicators, is key in the evaluation process. It permits the tendency of a single indicator to be captured and, more importantly, the relation between input and output trends. In the case of Chigiana, the input has been stable in the last year, while output indicators and the relative beneficiary ones have grown substantially. This is a crucial point also to have an overview of the

**FIGURE 3** How the Framework Works in Practice

## The Project Portfolio: An Example



## An Overview of the Philanthropic Activity





philanthropic activity as a whole. In this case, the provision of financial and other resources (expressed in euros) to projects has declined slightly in the last year while many output indicators have grown. (See Figure 3.)

Since the dashboard is a synthetic reporting tool that considers a subset of selected indicators mainly for external purposes, more data are systematically collected and internally processed each year to conduct deeper analysis of the project portfolio. Also, the time frame is extended to capture the long-term tendencies based on time-series analysis. In the case of Chigiana, the financial resources provided by the FMPS were almost double in 2012, with lower output level than 2016 (e.g., the number of users in 2012 were about 35 percent lower compared to 2016); it shows notable efficiency improvement. In addition, qualitative studies are periodically carried out to understand the factors influencing such tendencies.

From a procedural point of view, a grantee contact person has been identified for each project in order to establish the metrics and data to be collected at the end of each fiscal year, even beyond the grant period. (Compliance with this commitment will be evaluated in the future, in case of any further application by the grantees.) Although the contact person is accountable for collecting such data, the internal evaluation unit supports her or him in every phase of the process.

### Feeding the Evaluation-Strategy Cycle

The aim of the adopted framework is to facilitate the FMPS response to a question that summarizes the mission of many foundations operating with strong territorial roots: How has the territory and the quality of life in its community changed thanks to the intervention of the foundation over time?

Naturally, the instruments of evaluation can respond effectively to this crucial question only if strategic planning by the organization is also set up in an evaluation-strategy cycle. In this sense, the proposed approach is thought to go beyond the dimension of reporting to promote a sort of dynamic and integrated thinking. This provides the foundation with a macroscopic vision and

allows farsighted planning of its philanthropic activity: “Through the integrated thinking promoted by [the integrated reporting] framework, organizations are stimulated to focus on the connectivity and interdependencies among a range of factors that have a material effect on their ability to create value over time” (Busco, Frigo, Quattrone, & Riccaboni, 2013, p. 13).

Since dividing an annual philanthropic budget of \$4 million or \$5 million among many isolated projects is unlikely to impact the quality of life in a community of 270,000 people, an integrated and farsighted approach is required in the planning phase of the grantmaking strategy. In the past, scrutiny of historical data series has led to a sort of evolutionary selection where only the most promising projects — those generating long-lasting local benefits — had been supported for the long term. The Accademia Chigiana and the Fondazione Toscana Life Sciences are currently the most grounded. The implemented evaluation tool is consistent with this strategic view by providing systemic data regarding the dynamics of the projects and their interdependencies inside the whole portfolio. Specifically, the tool is designed to properly support the board of trustees in selecting a limited number of focal points around which to gather the foundation’s efforts.

To make the evaluation-strategy cycle work in practice, however, there must be adequate mechanisms to involve local stakeholders in a long-term partnership with the FMPS. Such a partnership can be achieved through many forms. The inclusion of local stakeholders in the governing body of the main grantees and the adoption of local memoranda of agreement are two of the most commonly used by the FMPS. In the case of musical institutions, for example, the city of Siena has a seat on the governing body of the Accademia Chigiana alongside the FMPS. In addition, a broader planning network has been established to integrate activities among the city’s musical institutions supported by the FMPS (Chigiana, Siena Jazz, and the local conservatory). Similar coordinating mechanisms have been activated in the field of biotechnology in which the FMPS supported many local projects

*A reliable grantmaking strategy should permit seizing new opportunities while safeguarding the results of earlier initiatives, but feeding the annual evaluation-strategy cycle is the only way to maintain foundation's efficacy in producing long-lasting benefits for its community.*

connected to the Fondazione Toscana Life Sciences, in collaboration with many public and private institutions.

Even though external stakeholder engagement is one key element in potential synergies among projects, it is equally important to realize a close connection between the evaluation and the strategic-planning functions inside the organization. In the FMPS, both functions are gathered in the same unit. The other key element to be considered is analysis of the long-term tendencies. While supported projects increase their financial autonomy, either maintaining or increasing their benefits to the target population, new focal points and projects are sought through a call for proposals or by other means of directly engaging stakeholders, such as focus groups or panels. The share of support for the Accademia Chigiana and the Fondazione Toscana Life Sciences, for example, was decreased from 78 percent to 47 percent of the FMPS annual budget between 2014 and 2016, creating room for new initiatives.

It is also important, when applicable, to cooperate with grantees in defining an effective exit strategy from FMPS support. A reliable grantmaking strategy should permit seizing new opportunities while safeguarding the results of earlier initiatives, but feeding the annual evaluation-strategy cycle is the only way to maintain

foundation's efficacy in producing long-lasting benefits for its community.

## Potential Benefits and Existing Limitations

The three main characteristics of the proposed framework can be summarized as foresight, integration, and flexibility:

### Foresight

- Promote project planning focused on the long-term effects for the community;
- Encourage long-term monitoring and evaluation of projects, assisting local grantees in improving their ability to produce lasting local benefits and demanding a challenging commitment to multiyear reporting;
- Encourage joint responsibility between the foundation and local stakeholders for maximizing lasting effects of their jointly supported projects; and
- Measure the capacity of each project to reach greater financial autonomy, moving beyond a single, external source of funding.

### Integration

- Encourage integrated planning of philanthropic activities, creating contacts and connections among various project designs, and
- Provide a vision of the totality of the produced results, simplifying the coherence and convergence of project resources with significant critical mass for the community.

### Flexibility

- Propose a general outline adaptable to all modes of action (e.g., grants, operating support);
- Integrate the outline with other effective methods of evaluation that can be applied to single projects, such as experimental operations that require a counterfactual approach (Barbette, 2008); and

- Encourage systematic collection of data, which can be used for both an overall assessment of philanthropic activities and a contextual evaluation of single projects.

The benefits and limitations of the proposed approach are strictly bound and rely on its inherent focus. Borrowing from a notable 1970s metaphor (De Rosnay, 1977), it could be said that the presented framework serves more as a “macroscope” than as a microscope. Because it was conceived to build a comprehensive vision of the philanthropic activities, it is unfit to carry out deep analysis at a single-project level.

More specifically, the framework is unable — at least at this early stage — to produce systematic, process-oriented data for how grantee organizations use foundation funds, build their capacity, expand their outreach efforts, and so on. This leads to its predominant limitation, represented by the potential to over-attribute positive change in the grantee output to foundation input.

Nevertheless, the proposed approach is not a standalone model. This can be overcome by complementing the framework with other evaluation tools to collect and analyze process data, thus strengthening the causal attribution at the single-project level. Accordingly, the examined foundation has begun to engage its own professionals inside the primary supported organizations to study their internal processes and improve, among other things, the grantees’ capacity to collect and report data even beyond the grant period.

As in the case of many other community-focused foundations around the world, nonmonetary contributions are crucial to the effectiveness of FMPS philanthropic action. Greater emphasis, therefore, must be placed on these efforts throughout the whole evaluation process in the years to come.

## Conclusion

This framework does not represent a model to follow, but rather a tailored approach which every foundation with similar features to those of FMPS can make its own by adapting it to its

*The benefits and limitations of the proposed approach are strictly bound and rely on its inherent focus. Borrowing from a notable 1970s metaphor, it could be said that the presented framework serves more as a “macroscope” than as a microscope.*

philanthropic and organizational needs. After all, the same evaluation activity constitutes an open process that is built and perfected through practice (Easterling, 2000).

Though the developed framework may appear complex to implement from an operative point of view, it becomes less so as it moves beyond reporting and becomes deeply rooted in planning philanthropic activities.

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# PCI: A Reflective Evaluation Framework for Systems Change

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*Keywords: Systemic change, systems-oriented evaluation, evaluation design, community engagement, racial equity, culturally responsive evaluation*

## Introduction

This article arises out of our work over several decades in the evaluation field and in philanthropy with a focus on designing and facilitating the implementation of systems-change strategies and evaluation. It addresses our current thinking about how foundations and communities can work within complex systems to identify key levers for change and use evaluation to track progress and assess impact.

We are developing the PCI Reflective Evaluation Framework and offering it as a prototype integration of systems thinking into practical, community-based change efforts. The framework is intended to be especially useful where the goal involves a fundamental shift in the worldview or values that underlie the key systems that need to be changed. The framework can also be used by nonprofits and organizations other than foundations and communities.

The PCI framework can be adapted to a variety of social-change situations; we are focused here on its use in advancing racial equity. In particular, we want to help communities use evaluation to sustain their efforts to achieve racial equity and other systemic-change goals that involve fundamental shifts in the underlying assumptions and values on which a social system is built.

The PCI framework (1) recognizes the complexity of social systems while honing in on levers for fundamental change, (2) uses tangible indicators to show early wins and connects them to root causes of system barriers, (3) incorporates evaluation into a community change effort to ensure only the evaluation activities that truly matter to it are conducted, (4) makes use of

## Key Points

- Systemic change involves deep shifts in social norms, beliefs, power, and privilege — and seldom, if ever, follows a straightforward, predictable path. Such change also requires incremental, long-term action and evaluation. To better support systemic change, how might a foundation reframe its approach to evaluation?
- This article explores the interconnected dimensions of the PCI Reflective Evaluation Framework, an approach now in prototype form which is grounded in practical thinking about working within complex social systems. This article focuses on its use in advancing racial equity, describing possible applications to integrate a racial equity lens in unpacking and addressing the complexity of systemic change.
- The framework is intended to help communities use evaluation to sustain their efforts to achieve racial equity and other systemic-change goals that involve fundamental shifts in the underlying assumptions and values on which a social system is built.

evaluation findings to determine next actions, and (5) concretizes the role of a funder's evaluation enterprise.

We provide this framework to stimulate collegial dialogues that can advance the value-add of evaluation practice in complex social-change endeavors such as achieving racial equity. In the first section of this article, we describe the basic elements of the framework. In the next section, we provide a hypothetical example of how a community might use this framework. In the subsequent section,



we articulate four challenges that led us to propose the PCI framework and how the framework addresses these challenges. The final section considers some potential implications of the framework for a foundation's evaluation enterprise.

## The Basics of the Framework

At the heart of the PCI framework is the specification of where to focus an evaluation when evaluating complex systems-change endeavors. The "P's" in the framework designate five critical components of a system:

1. *People*: individuals' behaviors, attitudes, perceptions, and values;
2. *Power*: allocation, distribution, and ownership of resources (e.g., financial, positional);
3. *Programs*: interventions designed and implemented for systemic change or to achieve specified outcomes for designated groups;
4. *Practices*: patterns of individuals' behaviors formed and reinforced over time; and
5. *Policies*: regulations, legislation, and rules within and across multiple levels and domains (e.g., institutional, local, state, national).

The three "C's" of the PCI framework designate the dimensions of the larger systems that encompass the five "P's":

1. *Content*: the substance of the five "P's";
2. *Connectivity*: linkages, interfaces, and interactions among the five "P's"; and
3. *Context*: the environment, background, and situational dynamics where the "P's" or "C's" are exhibited.

The four "I's" set forth actions that communities can take — and evaluate — to achieve the purpose or goal of systemic change:

1. *Improve*: Better a system through changes in targeted "P's" or "C's." For example, the

purpose could be better program design or delivery; better implementation of effective or promising practices; more equitable power distribution; more conditions in the community that are conducive to stimulating changes in people's attitudes; and/or better connections between policy and practice.

2. *Inform*: Raise the visibility of the likely lever(s) of a systemic change so that they can be more effectively used by those who become informed. For example, an informative community action could stimulate valuable insights from community constituencies that inform and influence policymakers to take actions that help ensure equitable constituency-centered policy implementation.
3. *Influence*: Mobilize factors to enable a systemic effect. For example, the goal of system change could be indirect but powerful shifts of resource allocation to ensure equity. This "I," unlike others, might be intangible, but it is one of the most potent objectives. Lifting it up in the evaluation framework could help clarify the overall goal and possibly also identify or mobilize the most relevant lever(s) of change.
4. *Impact*: Produce the effect of a systemic change. This "I" tends to be longer term, resulting from the other "I's" or from the "P's" and "C's."

The relationships among the "P's," "C's," and "I's" can be linear and nonlinear. The nature of the relationships must be taken into account in the evaluation design and implementation. (See Figure 1.)

Before proceeding to an example of the use of the framework, we want to (1) clarify the meaning of "systems" used in this article and (2) clarify the role of the evaluator.

## Systems

The many different meanings of the term "systems" range from concrete to abstract, and can be confusing. This can be explained by the

**FIGURE 1** The PCI Framework

broad nature of the definition: a system is “an interconnected set of elements that is coherently organized in a way that achieves something” (Meadows, 2008, p. 11). Systems may be conceptual models and/or physical entities, and can include highly controlled and mechanistic systems as well as more complex and adaptive ones.

In this article and in the PCI framework, we are focused on the fairly concrete formal social systems such as education, health care, and criminal justice. They exist along with informal recognized social systems such as families, social groups, faith-based organizations, and neighborhood groups. Both the formal and informal systems are of importance in systemic change to move toward an impact such as racial equity. This orientation to systems (rather than the more abstract ways of thinking about systems) is the one we have found to be most readily understood by a broad range of people with varying backgrounds. Formal systems are especially important when addressing issues such as structural racism.

### *The Evaluator*

Communities often see the evaluator as an outside person who is checking to see if those implementing a change have followed their plan. The PCI framework steps away from that approach, and views evaluators and community stakeholders as partners engaged in understanding the results of iterative sets of activities and determining what those results — intended or unintended — suggest for future actions toward a systemic change grounded in shifts in social norms, beliefs, assumptions, and purposes.

There are other approaches to evaluating improvement and community-level change, including Results-Based Accountability<sup>1</sup> and the Plan-Do-Study-Act (PDSA) model.<sup>2</sup> These approaches are valuable and can be used within the action-evaluation-adjustment plans that occur in the PCI framework. The big difference is that those approaches typically have an underlying assumption that the systems within which they are being applied operate from basic

<sup>1</sup> See [www.raguide.org](http://www.raguide.org).

<sup>2</sup> See [www.ihl.org](http://www.ihl.org).



*Structural racism occurs when the hierarchical sense of white people being superior to other races is institutionalized in policies, practices, and programs. The assumption of white superiority permeates the personal belief systems of many Americans consciously or unconsciously. People of color have long recognized how the systemic structures have made them more vulnerable to incarceration, poor health, inadequate housing, and poverty.*

assumptions, beliefs, and norms that are congruent with the desired results. The PCI model recognizes that such congruence may not exist. Goals such as racial equity are not necessarily congruent with the underlying assumptions, beliefs, norms, and purposes on which critical existing system features were built. Thus, system change involves changing core system components (expressed as the five “P’s” in the PCI model) and their interconnections in a given situation (the three “C’s”) to align with a different set of underlying assumptions, beliefs, norms, and purposes such as racial equity.

Getting to these root causes of systems barriers is necessary. Thus, the PCI framework came out of our reflections on what would help community groups find a way to keep focused on these deep and complex changes in social systems while engaging in practical and significant action-evaluation-adjustment cycles. The authors

— a director of a nonprofit evaluation organization focused on systemic-change initiatives and an evaluation leader within a large foundation committed to racial equity — have extensive experience working with communities and have seen firsthand the complexity of systems change and the difficulty multiple stakeholders have in understanding how they can bring about long-term change.

The authors have been involved in two important trends in the evaluation field. First, the field is increasingly recognizing the importance of issues of culture in the conduct of evaluations. Various groups within a community have their own cultures — shared behavior, values, customs, and beliefs. An evaluator who does not attend to the multiple cultures within a community runs the risk of misunderstanding behavior and producing inadequate or incorrect findings. Secondly, the evaluation field is expanding its attention to the significance and nature of complexity and complex systems (Capra & Luisi, 2014; Parsons, 2012; Parsons et al., 2016). Developmental evaluation (Patton, 2011) is an example of an evaluation approach that attends to complexity and complex systems.

The authors saw the need to have a framework with practical language that communities could leverage into iterative, incremental action for deep systemic change. Let’s look at how a community might get started on using the framework to create a plan for sustained systemic change toward racial equity.

### *Racial Equity and Structural Racism*

“Racial equality” and “racial equity” are not the same.

Equality refers to sameness, where everyone receives absolute equal treatment and resources. ... Sameness can often be used to maintain the dominant status quo. Instead, equity refers to fairness, where everyone gets what they need based on their individual needs and history. (W.K. Kellogg Foundation, 2016, p. 78)

Structural racism occurs when the hierarchical sense of white people being superior to other

racism is institutionalized in policies, practices, and programs. The assumption of white superiority permeates the personal belief systems of many Americans consciously or unconsciously. People of color have long recognized how the systemic structures have made them more vulnerable to incarceration, poor health, inadequate housing, and poverty. In recent years, more white people have begun to acknowledge their own privileged status.

### Use of the PCI Framework

To illustrate how a community might use the framework, we have set our hypothetical example in a community located in a culturally diverse, midsize city surrounded by suburbs and agricultural land. A number of years ago, a partnership formed to focus on early childhood care and education. The partnership was concerned about the significant disparities in educational achievements and the quality of the care and education among racial groups within the city, the rural areas, and the suburbs.

The partnership has been focused on improving several existing programs that had been created in recent years. Each program had its own evaluation and evaluator. As the partners learned more about structural racism and racial equity, they became increasingly aware that their work was connected to a bigger and more systemic issue — racial equity in their community.

The partnership had recently acquired a description of the PCI framework and decided to use it to rethink its actions and evaluations to more intentionally address the systemic barriers to racial equity. The partners hoped that the framework would help them avoid being overwhelmed by the multiplicity of players, programs, policies, and processes that made up the education and child care systems. They decided to use the framework to “storyboard” their thinking, intending to track the development of their plan by visually recording the major steps on frames of the framework. They wanted the outcome of working on each frame to be a better articulation of what they wanted to accomplish by helping them to focus on the most important issues for their situation. They decided to start with the

original framework and then mark their changes as they went through each step of their thinking. The storyboard would be posted in a conference room of a public building where they often met.

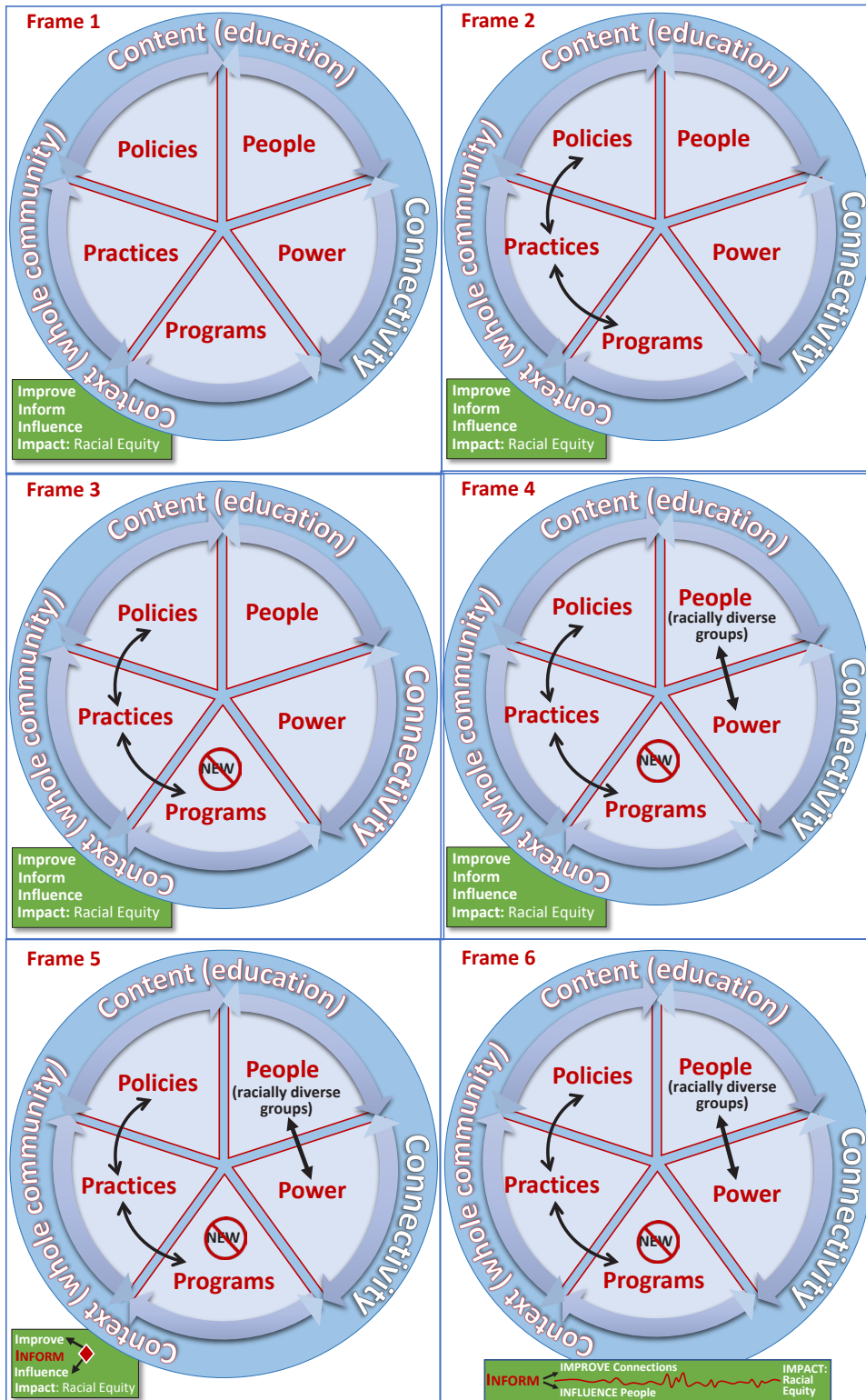
They began with a replica of the basic PCI framework: a circle with three major components. The outer ring was labeled with the names of the three “C’s.” Inside the outer ring were five equal pie-shaped slices, each with the name of one of the five “P’s.” In the center was a small, removable box that was labeled with the names of the four “I’s.” The components in the circle could be written over or moved, so that for each step in the development process the partnership could create an updated frame. Thus, each frame visually summarized a step in the development process. (See Figure 2.) And while the process is set out in the order in which a partnership is likely to proceed when working with the PCI framework, that order may vary depending on the pressing concerns of the community.

#### Frame 1

The partnership confirmed that racial equity was its desired impact — one of the four “I’s.” Since the partners didn’t yet know how they wanted to work with the other three “I’s,” they moved the box with the four “I’s” out of the diagram. Doing so allowed them to look first at the “C’s” and “P’s.” They started with the “C’s”: They decided that they wanted the content focus to be on education, so they inserted “(education)” after “content” on Frame 1. They also wanted to expand the context to include the whole community, so they inserted “(whole community)” after “context.”

Having decided to have an action and an evaluation plan that dealt with education for the whole community, the partnership next considered connectivity. The partners realized that their biggest problem was the lack of connectivity — in this case, patterns of disconnection and separation among the racially and economically diverse groups in their community. What was needed was community engagement, defined as “a process that includes multiple techniques to promote the participation of community members in community life, especially those who are excluded

**FIGURE 2** Frame-by-Frame Storyboarding



and isolated” (Building the Field of Community Engagement Partners & Babler, 2014, p. 1). The partners made the “Connectivity” label larger than the other “C’s” on the frame to reflect their focus on that dimension and that connectivity among cultures was of particular importance.

### Frame 2

Next, the partners looked at the five “P’s.” The PCI framework explicitly highlights the programs, practices, and policies of social systems because structural racism resides in those elements and their interconnections. In formal hierarchical systems, policies set the boundaries and structures within which programs are designed, and the people involved then engage in ongoing practices befitting their role within the structures of the programs.

The partners realized they had been focused on the programs and the practices of one group of people involved in the program — early childhood educators — but had not looked at the policies, programs, and practices as an interconnected unit. As they worked with the framework, they became more aware of how the interplay among programs, practices, and policies was heavily influenced by the people involved and the nature of their power in the situation. To move toward racial equity, the partnership decided to focus on these five “P’s” and their interrelationships to shift the system structures from ones that institutionalize racism to those that institutionalize equity.

Using their “connectivity” lens, the partners noticed that frequent disconnections occurred in the implementation of policies, practices, and programs. Having read a lot about equity and structural racism,<sup>3</sup> the partners thought that addressing the interconnections among these three “P’s” would get at the heart of the system changes needed in early childhood care and education. The structure created by the interconnection of these three elements is especially significant in creating the systemic power that can either support or undermine equity in hierarchical systems. For example, the partners

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had been focusing on improving professional development for early childhood teachers. The evaluator of the intervention found substantial gains in teaching skills and knowledge as well as increased learning among students. On further investigation, however, it was found that the school district’s policies were not being adjusted to increase professional development for teachers or ensure that existing professional development was provided in ways that reached teachers and schools where it was most needed.

### Frame 3

The partners also decided against creating any new programs because the education sector in their community had fallen into an ineffective habit of starting programs in response to a problem or to an offer of funding.

The funder for the current action-evaluation-adjustment plan had agreed to let the partnership develop its own strategy, a freedom that allowed the partners to focus on working among existing policies, practices, and programs over a longer

<sup>3</sup> See, e.g., [www.kirwaninstitute.osu.edu](http://www.kirwaninstitute.osu.edu) and [www.wkkf.org](http://www.wkkf.org).

term. This is where they saw the most possibility for sustained systemic change that would contribute to their desired impact — racial equity. The partners indicated this decision by writing “new” above “Programs,” and then circling and striking through the word.

#### Frame 4

Finally, the partners were ready to tackle an issue so difficult that change initiatives in the community had avoided it despite its importance: how to involve racially diverse people in conversations and decision making that built strong, sustained interconnections and addressed the issue of power. Just as they had realized the importance of working back and forth among policies, practices, and policies, the partners realized it was going to be an iterative process of engaging diverse groups, getting feedback on the conversations, adjusting their approach, and adaptively moving toward sustainable interconnections between racially diverse groups and addressing the nature of power, including allocation, distribution, and ownership of financial and positional resources.

Dissecting the five “P’s” within the perspective of the “C’s” had helped the partners reveal which levers in the system might need to be changed and why. It also helped them focus on the levers they could most affect and develop a plan for iterative action-evaluation-adjustment loops. The partnership was now ready to consider how changing the interconnections among the five “P’s” as shown might lead to other changes and help the partnership — and ultimately, the funder — use change strategies in ways that mattered and seemed appropriate. In essence, the partnership was ready to invoke the power of evaluation as a tool — it expected the evaluation to enrich the understanding of what was and wasn’t working, and why.

The partners turned to the four “I’s” to establish their next steps and an evaluation approach. They recognized that they needed to understand the “I’s” and determine which to target at a given time and location so that the evaluators could collect, analyze, and, most importantly, make sense of the data in light of iterative

action-evaluation-adjustment loops. The adjustments might lead to a different mix of the four “I’s” during the next loop.

#### Frame 5

The partners now came back to discussing the four “I’s.” Having worked through the storyboarding frames with a focus on “impact” (i.e., impacting racial equity), the partners decided that “inform” was their next focus. They had learned a lot about the disconnects and misconnects among policies, practices, and programs and between racial groups. Informing other stakeholders who possessed the influence to make changes was next. In particular, the partners had learned about the importance of dialogue in racial healing. So, they decided to start by asking people from different racial and cultural groups to inform one another about their stories and histories. The framework focused the partners’ attention on how power had been expressed historically and how it was being expressed now. They realized that there was very little opportunity for people from different racial groups to talk to one another in settings where they shared personal experiences of equity and differential power. They wanted people to hear what others were experiencing in terms of the five “P’s.” In the past, public “dialogues” were arguments for and against a given city policy — debates among the most articulate speakers instead of conversations during which diverse people suspended their assumptions and listened carefully to the experiences of others.

With the focus on “inform,” the partners engaged an evaluator to learn whether informing through stories would evolve into helping people improve the interconnections among policies, practices, and programs if they were in a position to make such improvements. The partners wanted to use the evaluation process to look at what type of influences resulted from emphasizing informing through personal stories. In this way, the partners could use their evaluation work to go beyond ensuring that informing had happened; the findings would indicate whether it had stimulated any systemic improvements or influence and with which people, even if the changes were small. To indicate



their intention of using informing to bring about improvements and positive influences, the partnership placed an arrow pointing from “inform” to “improve” and another from “inform” to “influence.” This visual cue provided them with a broad picture within which various groups could develop specific plans.

#### Frame 6

The partnership established the first iterative cycle of action-evaluation-adjustment plans to illustrate where it would focus in the near future. The action plans involved people telling stories and sharing information through other means. The partners and evaluators would look carefully at opportunities within the community to build the conversations into people’s existing patterns of living; they also would look for other ways to create different opportunities for interaction.

The partners decided to set checkpoints for gathering evaluative information framed around if and how “inform” connected to “improve” and “influence.” The partnership and its evaluators developed evaluation approaches that helped them see if such sharing led to those involved making improvements in their work or influenced them in other ways that nudged the system components toward racial equity. The evaluators would look for evidence of people starting to internalize the changes in underlying beliefs and assumptions about racial equity, going deeper into the root issues under the five “P’s.” They decided to stick to this approach for the next six months and then rethink their next steps based on what they learned from the evaluative work, and hoped to achieve some early progress toward racial equity. In the box with the four “I’s” below the circle, they drew a jagged line to indicate that the partners expected an unpredictable ride on their journey toward racial equity (“impact”).

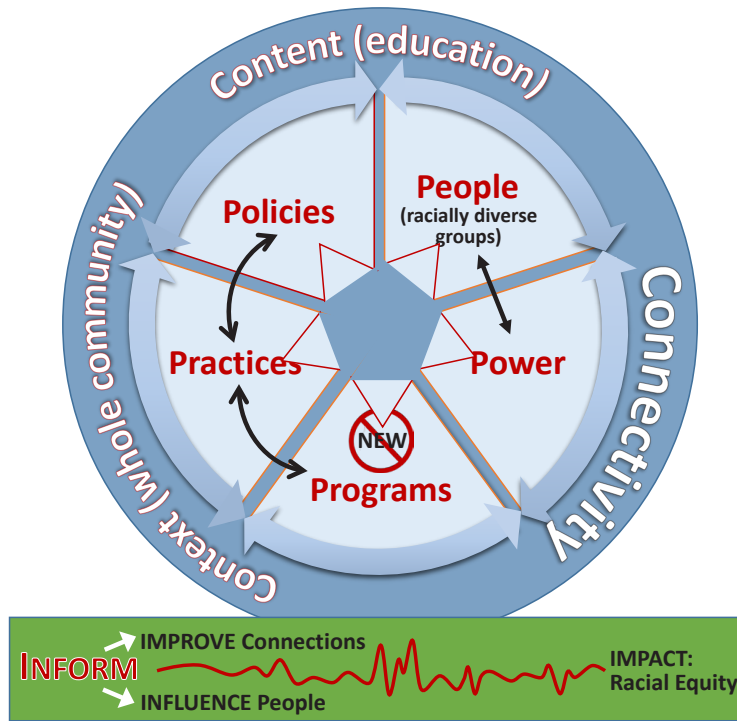
After the partnership and evaluators started their action-evaluation-adjustment plan, a variety of actions brought together many combinations of people across racial groups for dialogue. The evaluators helped ensure that each dialogue was designed to fit the appropriate schedules and cultural styles of interactions of the groups. As the groups worked in ways that fit their context

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and content there was considerable variation in actions and evaluation approaches, but generally, the groups came back to the overall connections among the five “P’s” as they moved back and forth between specific actions and the more general concepts that related to structural racism in their situation.

Six months later, the partnership regrouped around its PCI framework to reflect on what had been learned from the first round of action (various informal, facilitated community conversations) and the evaluation of that action. (See Figure 2.) The partners learned that the conversations were promoting understanding, had influenced people to view one another differently and learn to listen with empathy, and led them to change some of their daily practices and assumptions. They also discovered that people were talking about policies, programs, and practices that were outside the existing early childhood care and education system. The transportation system, for example, was influencing whether parents in certain parts of the county were able



**FIGURE 3** Six Months Later: An Adjusted PCI Framework

to access high-quality child care; people saw the interface with the transportation system and the city's minimum wage policy.

For the next round of action-evaluation-adjustment, the partners decided to dive more deeply into the interconnections among the five "P's." They modified the visual representation by lifting up the corners of the "P's" to illustrate a deeper look at the nature of the connections among policy, practice, and programs as well as of people and power that were creating structural racism. (See Figure 3.) By keeping attention on action and evaluation and making adjustments, the partners were pleased to see that they had been able to test out approaches. They could now develop an iteration of action and evaluation focused on connections among the five "P's" that mattered in the community to strategically move it through small steps toward greater racial equity. It included some new perspectives that had not emerged before the community

conversations. The partners began to see how their role might include facilitating such dialogues over several years to specifically address the connections among policy, programs, practice in different situations, what power looks like, and which people were involved. In their evaluation, they want to look at how "informing" in this way influences people to be more aware of their own power and that of others. They also want to track what types of improvements occur in existing policies, programs, and practices that shape early childhood care and education. Their attention is now shaped by a systems orientation and the interconnection of elements of systems.

### Common Challenges

Systems change requires vigilance and intentionality. In this case, the PCI framework helps communities and evaluators connect immediate, concrete actions to deeper, systemic root causes of and long-term desired impacts on racial inequities. The framework helps them maintain the

systemic connections throughout their work and keeps them from getting lost in the details of adjusting their actions and evaluations to fit their situations.

No social system change can be viewed as a permanent state; systems involving people continuously shift in predictable and unpredictable ways. To make sure that change is going in the desired direction, communities and evaluators must continually adjust their action and evaluation approaches to go to deeper issues, such as basic beliefs about racial relations and systemic structures. Work toward racial equity must be carried out through sustained, intentional effort and never be considered “done,” because progress made can be quickly lost when attention wanders from the goal or becomes superficial.

In systems-change efforts, communities encounter multiple subsystems and systems. The multiplicity of issues, players, programs, and more tends to overwhelm community stakeholders and evaluators alike. The PCI framework can help them unpack the dimensions of the system and simplify the complexity enough to create iterative action-evaluation-adjustment plans for achieving racial equity. The players allow the plans to unfold by watching what actions are taken, observing the results, and attending to the small and short-term indicators while, through the framework, continuing to pursue the goal by adjusting to new conditions that result from their actions or other changes.

The PCI framework, in sum, seeks to overcome a variety of challenges faced by communities and evaluators who are engaged in systemic changes toward a goal such as racial equity. (See Table 1.) In particular, the framework was created to help them overcome four challenges:

1. attending to two conceptual levels concurrently;
2. paying attention to the significance of interconnections;
3. setting boundaries for action and evaluation; and

4. understanding how to effect systemic change.

## Use of the Framework for Foundation Evaluations

As foundations shift toward a more complex systems-change orientation and greater attention to cultural differences and assumptions, they also look to communities, rather than themselves, to shape the evaluation design and determine the questions. As Coffman and Beer (2016) note, it is important for foundations to support grantees in “answer[ing] their own evaluation questions so that data can inform their own decision making” (p. 40). The foundation learns from community-designed evaluations as its evaluation staff manages data across sites and programs. The evaluation unit at the foundation uses an evaluative thinking lens to look for evidence of change, learning, and a community’s developing capacity to conduct evaluations that serve the community’s purpose. Evaluation shifts from being done for the foundation to being done by, for, and with the community.

Foundations that are taking a complex-systems orientation to their work are increasingly realizing that they cannot expect to see predictable, progressive, step-by-step change. Nor can they expect changes that are made to necessarily last. Indeed, it may not be valuable for some changes to last; they may simply be steps along the way. Additionally, the changes may come from actions within the community that go beyond the work that the foundation has specifically funded. As Gardner (1994) observes, “The surest cure for the sense of powerlessness that afflicts so many citizens today is to take action on the problems of their own communities, restoring belief in their capacity to make a difference” (p. 1).

Systems change requires more than a single winning project — it requires a commitment to keep working on different aspects of an issue, parsing out the effort over time, and seeing what can be done over an extended period of years in a given place. When a foundation makes this kind of commitment to a community, it is with the understanding that even when an individual

**TABLE 1** Challenges Addressed by the PCI Framework

Action and Evaluation Challenges	How Communities and Evaluators Often Experience the Challenges	How the PCI Framework Addresses the Challenges
Attending to two conceptual levels concurrently	Difficulty in focusing on both specific activities and the influence of those activities on the larger system.	<ul style="list-style-type: none"><li>• Engages people in ways that use their knowledge and ideas and produce meaningful findings, whether or not they intentionally think in terms of systems.</li><li>• PCI vocabulary gives users a common language to talk about what they're learning.</li><li>• Users can iteratively design action-evaluation-adjustment plans with attention to long-term systemic impacts (e.g., racial equity).</li><li>• Collective reflection among stakeholders guides next iteration of action-evaluation-adjustment.</li></ul>
Paying attention to the significance of interconnections (i.e., connectivity)	Frequently losing the significance of interconnections due to tendency in Western culture toward reductionism, or breaking things into parts.	Focuses attention on the significance of connections among major components of specific systems involved in shaping intended impact.
Setting boundaries for action and evaluation	Difficulty establishing the boundaries of activity or evaluation, which easily become too broad or too narrow.	Sets boundaries around iterative action-evaluation-adjustment plans that are realistic in time frame, scope, and consequences for long-term impact.
Understanding how to effect systemic change	Unrealistic connections between actions and impact due to a lack of understanding about how social systems change, often with focus on specific programs and short-term changes to meet funding requirements rather than on deep and ongoing systemic changes.	<ul style="list-style-type: none"><li>• Recognizes that different theories of systems change may be appropriate depending on the nature of the action-evaluation-adjustment plan.</li><li>• Gives priority to shifts in fundamental system changes, instead of short-term shifts, when altering action-evaluation-adjustment plans.</li></ul>

Tools

activity misses the mark, the lessons learned can add an essential piece to the overall understanding of the process and the strategies required to achieve desired outcomes that are deeply rooted in systems and their structures.

The PCI framework can guide a community to effect sustained systemic change — but the value of the framework doesn't end with the community. It also provides a philanthropic foundation with information it needs to understand the long-term, diverse patterns of shifting system

structures. While providing a framework that keeps the power in the hands of the community to determine its overall strategy, the generated knowledge can help a foundation understand multiple, diverse, creative approaches to addressing systemic issues such as inequities. The framework provides a way for a foundation to glean practical knowledge about changing social systems across communities.

A core issue for a foundation is learning how system change has a different look from community

to community at any given point in time. When communities focus on the “P’s,” “C’s,” and “I’s,” however, the foundation can design its knowledge management around these aspects of systems and their interactions and patterns. They can adapt the stories and visuals to communicate to their board, leaders, staff, and other audiences.

The framework encourages communities to talk about how the interplay of PCI elements creates a pattern of system change in their community. By using the language in the framework, community members from different contexts can share their experiences using similar terminology. Thus, the evaluation unit at the foundation can discern patterns in how communities engage in systems change and identify long-term patterns of systems change that connect to root causes expressed in the five “P’s,” three “C’s,” and four “I’s.”

## Conclusion

The PCI Reflective Evaluation Framework is a prototype. It is designed to work both for communities and foundations as they consider how they learn and what needs to be done to create sustained systemic change, such as achieving racial equity. While it is firmly grounded in complex-systems thinking and evaluative thinking, we recognize that it is in the early stages of development.

We think it is important to make the PCI framework public so we have a formal venue to invite evaluation and discussion to refine the framework for useful applications in evaluating complex systemic-change efforts. Our hope is that it will spark collegial conversations about how to make it better and more useable by many types of communities, foundations, and evaluators. We look forward to hearing your ideas and suggestions.

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## Commentary on PCI: A Reflective Evaluation Framework for Systems Change

Hanh Cao Yu, Ph.D., *The California Endowment*

In 2016, The California Endowment undertook a comprehensive effort to assess its approach to evaluating a 10-year policy and systems-change “place-plus” initiative called Building Healthy Communities (BHC). A \$1 billion effort throughout California, BHC aims to involve local mobilization and organizing in statewide policy and systems change through an alignment of neighborhood, city, county, regional, and state efforts and resources. The endowment’s equity analysis led to an explicit focus on policy and systems change, rather than programmatic solutions, and movement building to advance health equity.

Our investments and action strategies follow a theory of change which posits that five “drivers of change” can produce significant policy and systems changes, which in turn can improve the conditions of healthy communities, which will, in the long run, improve health outcomes. The drivers of change are:

1. people power (civic engagement, resident organizing and mobilization),
2. youth leadership development,
3. collaboration and partnerships,
4. leveraging partnerships and resources, and
5. changing the narrative.

To measure progress in state-regional-community implementation of this theory, BHC had a number of outcomes and indicators frameworks during the initiative’s first five years. In 2016–2017, we consolidated and refreshed these into a results-based framework that sets clear goals for the initiative at several levels with 11 major indicators of success. These provide focus for the many interrelated parts of BHC and are known as the BHC North Star Goals and Indicators.<sup>1</sup>

Within a systems-thinking frame, we have learned that our work is at its most powerful when it

engages with the less visible systems-change conditions — relationships, power dynamics, and mental models. The Building Healthy Communities initiative is made more complex by its simultaneous engagement of multiple actors operating in 14 communities and statewide under shifting contexts to transform systems that are set up to perpetuate structural and racial inequalities. Our ability to evaluate shifts in invisible, underlying systems conditions is not an easy endeavor, because few existing frameworks have provided meaningful alternatives to the traditional, linear, “cause and effect” model.

The PCI Reflective Evaluation Framework is promising in that it brings the intersection of multiple areas that have been the focal points of BHC: people, power, policies, transformed institutional practices, connectivity, and context with our goal to influence and impact through a strong racial equity lens. The potential for application of this framework is enormous. As we evaluate BHC in its final phase, we need to be explicit about how our power-building strategy is not only a means, but also an end, to transforming complex social systems that are the root causes of systemic barriers to the health and well-being of Californians.

From a design, prototyping, and experimentation perspective, we believe that the application of the PCI framework to the BHC evaluation will help us — our partners, communities, and the foundation — to think differently about systems dynamics and better understand how to sustain long-term systemic change through building, exercising, and holding power. We look forward to joining the dialogue to learn and better evaluate efforts to build healthier, sustainable, and equitable communities.

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<sup>1</sup> See <http://www.calendow.org/northstar/index.html>.

## The PCI Framework: Foundations Investing in and Evaluating Their Contributions to Systems Change

*Thomas Kelly, M.P.H., Hawai'i Community Foundation*

Most foundations have ambitious goals for solving complex social problems using only the few tools we have available. Money, knowledge, and influence can be powerful tools only if they are deployed in ways that intentionally effect change in people, organizations, and systems. This is why it is important for philanthropic investors to be systems thinkers — to hold robust theories of change that engage whole systems and not just programs or individual organizations.

And our theories of change need to be translated and implemented according to our theories of how foundations can bring about change through these limited tools and investments. Oftentimes our grand theories do not achieve our ambitions because we fail to be both disciplined and adaptive when working in and with complexity. And we fail to communicate clearly and consistently to grantees and partners when we respond to complexity with either rigid plans or whiplash-inducing changes in strategy.

The PCI Reflective Evaluation Framework gives foundation investors specific help to plan intentionally for the levels of intervention and change necessary to influence complex systems change. It also underscores key assumptions about working and investing in complex systems and societal change: First, our traditional grantmaking and ways of thinking reinforce programmatic outcomes and not long-term, population-level impact that requires change in systems, not just in programs and a few organizations. Second, our most effective strategy to scalable change is through influencing the system. And, finally, by providing foundations and their grantees concrete tools to map their interim and long-term pathways of change, we can help them be more effective in mapping and assessing their progress while also help them act and adapt as effective change agents.

Engaging effectively in complex systems requires any foundation to be self-aware of its own role and relationships inside the system. Foundations often spend a lot of time planning and managing

grants and grantees in order to “buy” outcomes, without a clearer understanding of their own role and how their money is capable of effecting change. Foundations need to articulate explicitly the assumptions about their beliefs and understanding of how complex social systems can and do change, and what the foundation’s role is in that change. More importantly, foundations need to attend to how aligned and relevant their time frame, grant investments, capacity building, and influence strategies are with the system they are in and their intended goals of change. Does the foundation comprehensively understand how its investment vehicles and resources operate and are effective at the same levels of change needed and expected? Its theory of philanthropy (Patton, Foote, & Radner, 2015) needs to make clear its assumptions about how its investments and actions provide a pathway to change at multiple levels of the community and system.

The PCI framework’s concept of influence is extremely important to understand as the “most potent” lever of change. Much misplaced foundation expectation is placed on grants and investments to add up arithmetically to bring about outcomes at scale. Yet the most powerful lever of change is often the influence that foundations have using their experiences and experiments in smaller grants and programs to broaden and promote the knowledge, capacities, and will across a system so that many more people and organizations understand and act differently to achieve real change at the system and community levels. Influence may seem intangible, yet it is a powerful strategy if we are explicit about the assumptions and expectations of how change actually happens — when people and groups of people share goals and an understanding of the most effective way to achieve change as part of a collective. Influence is the lever and path of changing beliefs and behaviors and attending to the parts of the system that are capable of having powerful impacts at scale — public will, policies, and systems (Reisman, Gienapp, & Kelly, 2015). Mapping and understanding these

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pathways of system influence will help foundations be more effective system actors.

Mapping these pathways is a key step, but foundations and nonprofits need to define appropriate interim measures and milestones to help them evaluate and adapt over long periods of time to remain effective change agents in complex initiatives. The PCI model helps overcome the weak correlation we often see between shorter-term systems interventions and the longer-term goals we hope to achieve. It also helps make room for appropriately adapting measures as systems and contexts change. It requires foundations to hold this tension between maintaining appropriate discipline and accountability while remaining flexible and adaptive. It is even more important in multiyear, complex change initiatives for this evaluative discipline to be maintained because there are too many opportunities for foundations to become rigid in thinking or planning because we fail to continually reassess our assumptions and theories about how change happens (Beer & Coffman, 2014) and how we need to adapt to be effective system-change agents over multiple years and grant cycles.

Community change is complex, often making it difficult to understand, plan, and act effectively especially when we need collective understanding and communication to be powerful as aligned actors. We cannot “manage” complexity. But we can use tools like the PCI framework to help manage ourselves and our roles in complex change — our expectations, theories, goals, and actions — to communicate our intentions and hold ourselves accountable as effective investors for the community- and systems-level changes our communities need.

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## Applying the PCI Framework to Academic-Community Collaborations to Achieve Health Equity

*Philip M. Alberti, Ph.D., Association of American Medical Colleges*

In 2016, the Association of American Medical Colleges (AAMC) launched<sup>2</sup> a three-year effort it called Building a Systems Approach to Community Health and Health Equity. As a result, teams from 10 academic medical centers across the United States are engaged in academic-community partnerships to develop an efficient, impactful systems approach to community health that minimizes health inequities and positively impacts stakeholders both internal and external to the academic institution.

Broadly, year one of the program focused on identifying relevant community health-promoting activities across the 10 institutions and their communities; year two, on crafting implementation and evaluation plans related to one or two changes or adaptations that will move the institutions closer to ideal, learning community health systems; and year three, on collecting data to assess the impacts of the previous year's changes. At the time of writing, the cohort is midway through its second year and there have already been important lessons learned (Alberti, 2017).

As the AAMC began planning year-two activities, we sought an evaluation framework that not only took a systems approach to assessment given the nonlinearity and feedback loops involved in community health improvement work, but also one that embedded stakeholder and community partnership in the design, deployment, and monitoring of the evaluation itself. As we explored the literature related to systems-oriented evaluation and culturally responsive evaluation, we were fortunate to discover the PCI framework and have adopted it as a way to organize the development of the teams' year-two evaluation strategies.

Two benefits of the framework were immediately apparent.

The first benefit is that PCI reflects, in an intuitive way, the complexities of developing and evaluating a multisector, community-engaged system to address local health inequities.

As our program's first step, teams delineated their institutions' community-relevant efforts across the traditional education, research, clinical, and diversity missions of academic medicine. We asked the teams to cast an intentionally broad net: service learning opportunities, hospital community-benefit efforts, employee-wellness initiatives, population-health research programs, and local workforce "pipeline" development were all fair game — and relevant to the "programs" and "content" domains of the PCI framework (though we didn't know it at the time).

We then required teams to select a local, community-identified health need — "context" — and literally draw, based on the previously identified programs, the current set of connections and linkages between these efforts ("connectivity"). Then, through a gap analysis, teams revised that "current state" to an "ideal state," wherein these programs and their goals were aligned and in service of the same long-term objective and were engaging all important stakeholders both internal and external to the academic institution ("people").

As these efforts unfolded, teams were also engaged in cross-site conversations germane to the "practices," "policies," "power" structures, and "context" that can either facilitate or hinder community health improvement efforts. These dialogues focused on issues of governance and sustainability, community engagement and partnership, and data availability and management.

Finally, we developed a template teams could use to initiate conversations with various stakeholders

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<sup>2</sup> This project was supported the Agency for Healthcare Research and Quality and the Centers for Disease Control and Prevention. The content is solely the responsibility of the authors and does not necessarily represent the official views of the Agency for Healthcare Research and Quality, the CDC, or the Department of Health and Human Services.

from the community and other sectors interested in health (“people”) about the outputs and outcomes of community-academic health partnerships that matter most to them in their roles as learner, administrator, patient, public health professional, etc.

Although our year-one work was developed in the absence of a formal evaluation framework, the PCI model allows us — and the teams — to see how the year-one program activities coalesce. Our AAMC team’s (and teams’) natural, intuitive sense of how to push this work forward aligned perfectly with the structure the PCI framework offers.

The second benefit of the PCI framework is that its explicit incorporation of “power” reveals a central barrier to sustainable progress in academic-community partnerships focused on health equity, and requires collaborators to address imbalances.

Health inequities, by definition, are rooted in social disadvantage and persist as a result of historical and current imbalances in power, agency, and opportunity. The kinds of multisector partnerships required to meaningfully address these inequities and improve community health are often similarly hamstrung by such imbalances.

In conversations about power in relationship to community-academic partnerships, we often and correctly focus on longstanding, bidirectional mistrust between some academic institutions and local community residents. However, in collaborative efforts to improve community health and address health inequities, power dynamics are evident across multiple levels and can be seen among community-based organizations as they compete for scarce resources, or in whether and how community-engaged scholarship is considered in an academic institution’s merit and promotion policy. The PCI framework explicitly calls out “power” as a crucial piece of a justice-focused evaluation strategy and encourages frank dialogue between collaborators about how imbalances manifest and can be overcome.

Each of our 10 teams has selected a different health or health care outcome as a focus and has begun to develop a system unique to its institution

and to its community and its needs. And the PCI framework has provided a structure for each to support the dynamic, adaptive, and engaged partnerships emblematic of a “learning community health system.” We are excited to introduce the framework to the teams this spring, and, as evidence and data accrue, better understand how the model allows us to document how this project “improves” programs and practices focused on health equity, “informs” stakeholders about the value of this work, “influences” how resources are distributed and, of course, “impacts” the health and well-being of the communities served by academic medical centers.

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## Challenges We Need to Overcome for the PCI Framework to Be Effective

*Kien Lee, Ph.D., Community Science*

The PCI framework brings together many of the concepts discussed in systems and community change, racial equity, action research, and various evaluation approaches grounded in values of inclusiveness and social justice (e.g., deliberative democratic evaluation, culturally responsive evaluation, utilization-focused evaluation, and, most recently, equitable evaluation). The framework specifically draws attention to complexity and explicitly names four crucial components that have been implicit in the genre of evaluation models intended to support social justice.

First, as one of the five “P’s,” “power” is clearly emphasized. Power is obviously the significant component to address and monitor in situations involving strategies to advance racial equity. Second, the PCI framework refers to “connectivity” — the connections, interactions, and interfaces among the five “P’s.” This is another strength of the framework — it explicitly addresses the interdependency of the five “P’s” and the implications of their interdependency, because a positive or negative change in any of them can lead to progress or setbacks in our nation’s struggle for racial equity and social justice. Third, “influence” is lifted up, suggesting clearly that evaluation, according to the framework, has a role in identifying and possibly mobilizing levers of change. Last, but not least, the framework makes it clear that the relationships among the “P’s,” “C’s,” and “I’s” can be nonlinear.

These explicitly named components — power, connectivity, influence, and nonlinearity — reflect the complexity of addressing racial equity. Some funders, public and private, have been working hard to address racial inequity in the communities they serve and in the nation. Evaluation professionals have also been working hard to assess the impact of foundations’ racial equity initiatives, as the number of these initiatives and their derivatives grow and foundation board members, donors, and elected officials inquire about the return on their investments.

The PCI framework is undoubtedly a step in the right direction. Advances in methodological

approaches are essential to ensure that the field of evaluation evolves alongside innovative solutions to deal with social issues that are becoming increasingly complex: changes in our climate and physical environments, global economic interdependence, migration trends, political leadership, technology capabilities, and people’s sense of what is right, wrong, and ambiguous. But even as we put forth new approaches, an evaluation framework remains just that — a framework — until there are enough game-changing efforts to tip the status quo. As of now, evaluators, philanthropists, intermediaries, and advocacy groups still face the following challenges.

First, an evaluation framework and the results of an evaluation are as good as the strength of the evaluand intended to advance racial equity. Public and private funders design strategies, initiatives, and programs to end racial and ethnic disparities in health, education, economic opportunity, and other life conditions. Sometimes, these actually attempt to deal with structural racism, but two circumstances typically get in the way of their effectiveness: inadequate alignment among the structures, norms, and practices of the funder institutions needed to impact policies and systems — which in turn affects the scale of the solutions; and deeply ingrained expectations among funders and their donors and investors to see, in a relatively short time, the impact of the work to advance racial equity, and to be able to quantify the impact. More often than not, the funders and their donors and investors are also reluctant to spend a lot of time discussing their expectations, their strategies, the realities confronted by those implementing and evaluating the strategies, and the process and implication for making midcourse corrections. Consequently, the evaluand is flawed from the start, without any clear sense of how to identify and correct the flaws along the way; and as such, the PCI framework is limited in its usefulness. For the framework to be effective, the concepts it contains must be embraced and practiced by everyone — not just the evaluation staff of funder institutions or a particular segment of the evaluation profession.

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Second, evaluation must be thought of as something more than assessment, data collection, analysis, and reporting; it's about building institutional and community capacity to use knowledge to inform continual strategy development, improvement, and implementation. Change is a continual process — remember the old adage, that the only thing constant is change — and change in service of racial equity and social justice is a lifetime endeavor. The change process is not defined by a particular discipline or profession, and it requires a full set of interconnected supports, from leveraging the power of big data to community organizing. Thus, the lines typically drawn among evaluation, technical assistance and training, and strategy development are blurred when the realities of communities and their context set in. New needs arise, new opportunities and challenges emerge, and external factors shift to create a dynamic environment where funders, evaluators, and other capacity builders have to work seamlessly to support the communities in which they are working. This means that funders have to determine — and pay for — the management and coordination of all the capacity-building functions to ensure that evaluation is continually integrated into decision-making about the strategy and any midcourse corrections. The “I’s” in the PCI framework are an explicit and important reminder of this necessary shift.

Third, evaluators must think of themselves as change agents, and other people also must perceive them as such and not as judges, auditors, or data technicians. Evaluators have to think of themselves as change agents with varying degrees of power in different types of situations, and constantly work to balance scientific rigor with the volatile, imperfect, and sometimes unwelcoming environments in which racial equity efforts take place. This means that evaluators must have the skills of a change agent, including being able to challenge the more powerful (e.g., the funder, elected and political leaders) when appropriate; recommend and implement strategies for engaging community residents in the initiative and evaluation (not just to provide input but also to make decisions); train community residents in how to interpret and use data; facilitate group processes and discussions and handle intergroup conflicts; advocate for policy changes; and, most important,

collaborate with professionals from other sectors and community leaders, because no single person or organization can advance racial equity. The “P’s,” “C’s,” and “I’s” in the PCI framework suggest this shift in the evaluator role, and, perhaps, the framework can be a useful tool for designing trainings for evaluators who are committed to racial equity and social justice as part of their practice.

In summary, the PCI framework is a step in the right direction. It has the potential to further dialogue about how evaluation can help support and advance racial equity, because it explicitly names power, connectivity, and influence as part of the evaluation approach and illustrates the nonlinearity and complexity of the change process. However, it will take more than a technical solution — and evaluation has been and continues to be seen as a technical solution — to truly move the needle on racial equity in the United States and globally. It will require courage and perseverance by philanthropists, elected leaders, advocates, intermediaries, and evaluators to implement game-changing practices and efforts to truly make a difference.

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# Crisis Philanthropy: Two Responses to the Pulse Tragedy in Orlando

Cindy Rizzo, J.D., Arcus Foundation

*Keywords:* Disaster philanthropy, crisis philanthropy, best practices, grassroots participation, cultural competence, community foundations

*June 14, 2017: A group of funders sits under a tent on the patio of what was once the thriving Pulse nightclub in Orlando, Florida. They listen as local clergy and community members talk about the impact of one of the country's most devastating mass shootings, just one year earlier. The weight of the setting cannot be overlooked: This patio had been a refuge for those who managed to flee the carnage inside the club before an hours-long standoff. Some ran as far from the scene as they could get; others stayed to tend to the wounded. In the end, however, none of them could escape the experience, and one year later, their psychic and emotional wounds were still healing. Fortunately, a diverse and sympathetic community was responding.*

It was Latin Night at the nightclub when, in the early hours of June 12, 2016, a gunman entered Pulse — a unique social space where members of the region's large and growing LGBT Latinx<sup>1</sup> community felt free to come together. By the time Orlando police entered the club three hours after the shooting started, 49 people were fatally shot and 58 more were wounded. Most of them were young LGBT people of color.

The public response was immediate and overwhelming. A plea from Equality Florida, a

## Key Points

- This article examines two philanthropic responses to the mass shooting at the Pulse nightclub in Orlando, Florida, on June 12, 2016, a tragedy that particularly impacted the region's growing Latinx LGBT community.
- The Central Florida Foundation's Better Together Fund and the Our Fund Foundation's Contigo Fund, while organized and operating in different ways, looked to best practices in crisis philanthropy and, in the wake of the massacre, provided the region with resources to address both short- and longer-term needs.
- Better Together practiced strategic philanthropy focused on addressing systemic issues. Contigo lifted up new and diverse leadership from the grassroots. Each learned from the other while responding to the Pulse tragedy in ways that adhered to their distinct missions and values. In doing so, they made important contributions to their community and, in planning and implementation, to the field of crisis philanthropy.

statewide LGBT advocacy organization, via a GoFundMe page garnered more than \$8 million for the survivors over the next few months. The OneOrlando Fund, initially a joint effort by the city government and the Central Florida Foundation (CFF), raised over \$30 million from individuals and businesses, locally and nationally. And while the massive public response to earlier tragedies, such as 9/11 or the shootings at Sandy Hook Elementary School, may have predicted a

<sup>1</sup> This relatively new term — a gender-neutral or nonbinary alternative to Latino or Latina — is used to describe a person or people of Latin American origin or descent. See <https://en.oxforddictionaries.com/definition/Latinx>.



similar reaction to the Pulse massacre, the fact that the victims were both LGBT and majority Latinx was especially notable.

Apart from direct assistance funding from public contributions, there were two main responses from organized philanthropy — the CFF’s Better Together Fund and the Contigo Fund, which is housed at Our Fund, the state’s only LGBT public foundation. Better Together and Contigo, while organized and operating in different ways, provided the Central Florida region with resources to address short-term and longer-term needs and, in their planning and implementation, drew from and contributed to best practices in crisis philanthropy.

### Best Practices in Crisis Philanthropy

Across much of the literature on the role of philanthropy in responding to a crisis is the admonition that the sector must take the long view. In its *Philanthropy Roadmap* publication on disaster philanthropy, Rockefeller Philanthropic Advisors (n.d.) included the following recommendation:

Often, an effective approach is to split funding — initially supporting the capacity of groups that are already mobilized and deferring part of a grant for weeks or months to see what important needs remain after the first wave of relief aid. Communities eventually need to plan and rebuild, and philanthropists with the patience to fund these longer-term efforts can make a huge difference. (p. 8)

In an effort to disseminate best practices to its membership in the wake of a devastating 2014 mudslide in Oso, Washington, Philanthropy Northwest (2014) urged organized philanthropy to respond by focusing on long-term needs. An article on its website quoting Molly de Aguiar of New Jersey’s Geraldine R. Dodge Foundation, which provided support after Hurricane Sandy, cautioned philanthropists to “remember that disaster recovery ‘is a marathon, not a sprint’ and ‘understand the needs of the community and the nonprofit organizations providing service’ in order to identify the most appropriate opportunities for impact” (para. 6).

In spelling out its recommendations for running this “marathon,” Philanthropy Northwest (2014) identified the following strategies:

1. “Convene and build relationships” that will create a broad network of stakeholders to work on recovery planning and long-term prevention (para. 8).
2. “Honor the local culture and support democratic and inclusive decision making” (para. 10) in order to, in the words of Peter Pennekamp and Anne Focke, “put the power of responsibility and choice for lasting solutions in the hands of the impacted communities” (as cited in Philanthropy Northwest, para. 12).
3. “Keep an eye on equity” — focus on building the capacity of formal and informal community-based organizations, for example — because disasters can exacerbate a community’s existing inequalities and the isolation of its most vulnerable members (paras. 13–15).
4. “Leverage government funding” and provide support in the period before federal relief is made available (para. 16).
5. Keep in mind the impact of the disaster on the natural as well as the built environment.

### Short-Term Responses

Recognizing the impact of the Pulse shooting both on Central Florida and nationally, the Arcus Foundation, a private foundation located in New York City that supports global equality and justice for LGBT people, took steps to marshal resources from the national philanthropic community.

#### LGBT-Focused Funders

On the Monday after the shooting, Kevin Jennings, then Arcus’ executive director, held the first of what became daily conference calls with leaders of the nation’s LGBT community to share information and plan a community

response.<sup>2</sup> Jennings also convened a group of foundations focused on supporting LGBT communities — including the philanthropic affinity group Funders for LGBTQ Issues — to discuss funding options.

In the first 48 hours, it became clear that the public response to Equality Florida's GoFundMe campaign would enable the organization to raise hundreds of thousands of dollars for direct assistance to victims and the families of survivors. Equality Florida quickly announced a partnership with the National Center for Victims of Crime (NCVC), in Washington, D.C., to receive and disburse the contributions raised through the GoFundMe page.

Arcus staff then reached out to NCVC's deputy director, Jeffrey R. Dion, to address two issues. First, the foundation offered its support and grantmaking expertise if NCVC needed assistance with fund disbursement — and learned that NCVC had extensive experience in that area. Through its National Compassion Fund,<sup>3</sup> the NCVC had assisted in collecting and disbursing victim-support funds after shootings at military bases in Texas and Tennessee and in the aftermath of the 2012 movie theater shooting in Aurora, Colorado. The Center had the systems in place and the contacts with government entities necessary to work effectively and efficiently.

The second issue involved NCVC's cultural competency: Arcus wanted to ensure that in assessing claims filed by those who survived the 49 murder victims, the NCVC would understand and act in accordance with the ways in which many LGBT people define "family" for themselves.

Even with the advent of nationwide marriage equality just one year before the Pulse shooting, many in the nation's LGBT community,

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especially younger people, were unmarried but still living in committed relationships with same-sex partners. Others, notably those rejected by their families of origin, had created "families of choice."<sup>4</sup> Dion informed Arcus staff that the NCVC had collaborated with the National Coalition of Anti-Violence Programs in 2010 on a joint policy report that stated the need for increased "availability of culturally competent services for LGBTQ victims of crime" (National Center for Victims of Crime & National Coalition of Anti-Violence Programs, 2010, p. 16).

What NCVC did need from Arcus was funding: an estimated \$50,000 to cover the costs of

<sup>2</sup> Among the notable outcomes of these calls was a series of press releases from Arcus, signed onto by multiple organizations, that condemned the shooting as a hate crime, called for action against the epidemic of gun violence, and advocated for the need to support the Muslim community and ensure the safety of LGBT Latinx youth.

<sup>3</sup> See <http://nationalcompassionfund.org/about>.

<sup>4</sup> Defined as "persons forming an individual's close social support network, often fulfilling the function of blood relatives. Many gay persons are rejected when families learn of their sexual orientation, while others may remain closeted to biological relatives. In such cases, it is the families of choice who will be called upon in times of illness or personal crisis." (Association for Lesbian, Gay, Bisexual, and Transgender Issues in Counseling Alabama, 2005-2006)

*It was soon clear, however, that those impacted by the shooting would need long-term therapy and ongoing support that short-term volunteers would be unable to supply. The CFF convened local and regional social service providers to discuss their current capacities, including any needs for assistance in gaining cultural and language competency and for training in providing services to those impacted by a traumatic hate crime. This convening offered the first opportunity for some of these providers to actually meet one another.*

staff time and travel to administer the disbursements from the National Compassion Fund. Within a week of another conference call with LGBT funder colleagues, Kevin Jennings had \$50,000 worth of pledges from five funders, including Arcus. In addition, Arcus made an emergency grant to Equality Florida to cover its unanticipated costs of sending staff to Central

Florida to assist with the overwhelming number of media inquiries and in coordinating efforts with public officials.

With those two short-term measures addressed, Arcus and Funders for LGBTQ Issues turned their attention to the long-term philanthropic response. Jennings again contacted colleague funders, this time focusing on the larger national foundations that have time and again responded in times of crisis. Commitments totaling \$1.5 million came from the Ford, Annie E. Casey, Robert Wood Johnson, Open Society, and Kellogg foundations and from the members of the Executives' Alliance to Expand Opportunities for Boys and Men of Color.<sup>5</sup>

#### *The Region's Community Foundation*

In the wake of the massacre, many local companies came forward with donations to the CFF, which serves the Greater Orlando area. The Walt Disney Co. and Comcast NBC Universal Orlando, each of which lost an employee at Pulse,<sup>6</sup> made significant contributions. Initially, the CFF partnered with the city of Orlando to raise and disburse donations through a newly created OneOrlando Fund. But the two parted ways when city officials decided to devote that fund to direct assistance for survivors and victims' families, an approach similar to Equality Florida's GoFundMe campaign. (Brewer, 2016)<sup>7</sup>

The CFF went on to create the Better Together Fund, which allowed donors to dedicate their support either to individuals directly affected by the shootings through OneOrlando or toward broader community needs through CCF. In the same way that Arcus and its colleague LGBT funders responded first to the NCVC's immediate need for support in administering the National Compassion Fund, the CFF also focused on immediate needs, awarding two

<sup>5</sup> Arcus made its own commitment of \$100,000.

<sup>6</sup> A member of the Disney "cast" and a Comcast NBCUniversal employee who worked on the Harry Potter ride were killed in the shooting. See <http://www.orlandosentinel.com/news/pulse-orlando-nightclub-shooting/victims/os-orlando-mass-shooting-jerald-arthur-wright-20160613-story.html> and <http://www.newsweek.com/orlando-shooting-jk-rowling-mourns-harry-potter-ride-worker-luis-vielma-469597>.

<sup>7</sup> Ultimately, the city's OneOrlando Fund and Equality Florida's GoFundMe donations were handed over to the NCVC's National Compassion Fund for disbursement. The NCVC paid benefits totaling \$29.62 million to 305 claimants, according to the NCVC's grant report to the Arcus Foundation.

initial bridge grants, totaling \$172,000, to an assistance center set up by Heart of Florida United Way. The funds offered those whose lives had been disrupted by the Pulse shootings rent assistance and help with other expenses while they awaited aid from the National Compassion Fund and government victim-assistance programs.

## Intermediate Responses

In adhering to best practices in crisis philanthropy, the CFF and Funders for LGBTQ Issues devoted time and energy to a series of listening and learning activities during the summer after the shooting.

In the wake of the tragedy, volunteers from across the country had offered to provide emergency counseling services. It was soon clear, however, that those impacted by the shooting would need long-term therapy and ongoing support that short-term volunteers would be unable to supply. The CFF convened local and regional social service providers to discuss their current capacities, including any needs for assistance in gaining cultural and language competency and for training in providing services to those impacted by a traumatic hate crime. This convening offered the first opportunity for some of these providers to actually meet one another.

By bringing together service providers and meeting with many members of the community, the CFF was able to shape the funding objectives for both the Better Together Fund and the specific grants that followed.

## Assessing Community Needs

Arcus and Funders for LGBTQ Issues, as national organizations, understood that they would need a detailed assessment of the needs on the ground to develop a funding plan for the resources being committed to Orlando by the larger, national

foundations. They determined that a comprehensive community assessment would be necessary to identify those needs and to ensure that the LGBTQ Latinx community was integral to defining funding priorities.

Funders for LGBTQ Issues recruited a team to conduct the community assessment during the summer of 2016. Among the members of the team were Felipe Sousa-Rodriguez, at that time with the ThoughtWorks technology company; two staff members from Funders for LGBTQ Issues; the president of the Our Fund Foundation, an LGBT philanthropy in South Florida; and Karina Claudio Betancourt, a program officer at the Open Society Foundations.<sup>8</sup> They interviewed representatives from 12 organizations in Central Florida, including Latinx service providers, LGBTQ groups, and other advocacy organizations; local funders and eight individuals from the local LGBTQ Latinx community were also interviewed.

The team produced a 22-page report<sup>9</sup> that analyzed a range of topics and made the following recommendations:

1. Use creative grantmaking strategies to bring resources to the communities most affected by the Pulse shooting, particularly LGBTQ Latinx communities;
2. Empower community members and constituencies most affected by the shooting to be involved in decision-making around the allocation of resources;
3. Provide capacity-building support to strengthen the infrastructure of nonprofits serving the LGBTQ and Latinx communities in the Orlando area;

<sup>8</sup> Sousa-Rodriguez, a gay Latinx man, lived in Central Florida for many years before beginning his career in social justice organizing work. In February 2017, he became manager of collaborative partnerships for the city of Orlando, charged with overseeing services to the Pulse victims and survivors. <http://www.orlandosentinel.com/news/pulse-orlando-nightclub-shooting/os-pulse-help-center-felipe-sousa-rodriguez-20170215-story.html> Betancourt, who was funding work in Central Florida's Puerto Rican communities for the Open Society Foundations, became its point person in the Orlando funding effort.

<sup>9</sup> The author of this article was provided a copy of the final report, which was not published and remains an internal document of the Funders for LGBTQ Issues and the Contigo Fund.

*Projects to be considered for support include those that further healing and empowerment; leadership development; bridge building and joint activities among diverse communities; racial, social, and gender justice; and those that are led by women of color, transgender and queer individuals, and youth. Application guidelines specifically encourage groups that do not have tax-exempt status and state a preference for organizations with budgets under \$1 million.*

4. Support efforts to address the regional and transnational impact of the tragedy; and
5. Support programs to advance culture change to make Central Florida's communities more inclusive and accepting of LGBTQ people, immigrants, and of people of color.

#### *Setting the Course: Funding Objectives*

A month after the Pulse shooting, the CFF's Better Together Fund<sup>10</sup> was in operation and announced its priorities: closing gaps in nonprofit

support to survivors and victims' families; addressing the underlying causes of the attack; supporting LGBTQ, Latino, faith, and other affected communities; and responding to unanticipated needs (Central Florida Foundation, n.d.a). A July 15 post on the CFF website detailed the challenges ahead:

We're talking about the long-term repair and healing of our community. This includes things like mental health counseling for those that are living with the grim effects of trauma, increasing our cultural competency in a diverse and vibrant community, organizing and facilitating community conversations between groups that usually don't talk to each other — all of these important pieces come together to make a community stronger than before. (Calderon, 2016, para. 3)

For Arcus, Funders for LGBTQ Issues, and their partners, a key decision was identifying a home for the funds pledged by the national foundations and other contributors. Their choice — the Our Fund Foundation, the only LGBTQ public foundation in Florida — met with some criticism. Our Fund is in Fort Lauderdale, some 200 miles from Orlando.<sup>11</sup> And although it had a track record in developing grantmaking programs geared to the needs of the LGBTQ community, it lacked the necessary degree of cultural competency in working with Latinx communities. This was ultimately addressed when Our Fund hired a program director who had worked with both: Marco Antonio Quiroga, a gay Latinx immigrant who grew up in the Orlando area, had experience in community organizing and had retained his local connections. After the shooting, Quiroga left his policy advocacy job in New York City and moved back to Orlando to help with the recovery effort.

In mid-August, Our Fund announced the formation of the Contigo Fund,<sup>12</sup> whose guiding principles "recognize that the LGBTQ Latinx community and other communities of color

<sup>10</sup> Contributors included the Coca-Cola Co., Charles Schwab, Delta Air Lines, Universal Orlando, Wells Fargo, the John S. and James L. Knight Foundation, a number of individual donors, and colleague community foundations throughout the U.S.

<sup>11</sup> Our Fund's location was a source of consternation among some funders in Central Florida. At a donor forum one year after the tragedy, attended by the author, one speaker recalled her initial unhappiness with the choice and shared a tongue-in-cheek critique that had been making its way around her professional circle: "Don't these national funders know the geography of Florida?"

<sup>12</sup> "Contigo" means "with you" in Spanish.



face significant disparities shaped by long-standing institutional inequalities” and “trust that transformative and lasting change can occur if communities unify” (Contigo Fund, n.d., para. 5–6). The fund’s goals are to support the work of those impacted, by resourcing efforts led by and for the LGBTQ Latinx community; strengthen Central Florida by building bridges among its diverse and marginalized communities; and “address the ripple effects of the Pulse tragedy, particularly involving issues of Islamophobia, xenophobia, and racism” (para. 9).

Projects to be considered for support include those that further healing and empowerment; leadership development; bridge building and joint activities among diverse communities; racial, social, and gender justice; and those that are led by women of color, transgender and queer individuals, and youth. Application guidelines specifically encourage groups that do not have tax-exempt status and state a preference for organizations with budgets under \$1 million. (Contigo Fund, n.d.).

### Grantmaking

Both the Better Together and the Contigo Fund used external allocation committees to make funding recommendations. Better Together’s committee was composed of CFF staff and representatives from its contributing funders, as well as the president of Funders for LGBTQ Issues and the manager of the local donor network in Central Florida; in 2017, the Contigo Fund’s Quiroga also joined. Contigo’s grant committee was a diverse group of grassroots and community leaders, individuals who were directly impacted by the Pulse tragedy, and representatives from two local funders: Sandi Vidal, vice president of community strategies and initiatives at the CFF, and Joan Nelson, senior vice president of community impact for Heart of Florida United Way (Contigo Fund, n.d.).

After awarding its initial bridge grants, the Better Together Fund turned to addressing the gaps in local mental health service delivery. In the fall of 2016, it awarded grants to local

agencies for ongoing weekly support groups, cultural-competency training for service providers, and trauma-recovery “train the trainer” sessions. The fund also awarded \$50,000 to support *Friends Talking Faith*, a radio program hosted by three local clergy representing the Christian, Muslim, and Jewish faiths, to discuss how members of the community had been transformed by the tragedy. The grant also supported a series of community conversations on the topic. (Central Florida Foundation, n.d.a)

In an effort to help Orlando’s LGBTQ community work across organizations and sectors, Better Together funded and provided technical assistance to the newly constituted OneOrlando Alliance. As of June 2017, the alliance had 47 member organizations, including QLatinx, an LGBT Latinx organization formed in the wake of the Pulse tragedy; Equality Florida; service organizations; several local businesses; and the city of Orlando. (OneOrlando Alliance, n.d.)

As of May 2017, the Better Together Fund had raised \$1.15 million and awarded \$545,354 (Central Florida Foundation, n.d.a).

The Contigo Fund initiated its grantmaking in September 2016 with three, \$15,000 rapid-response grants awarded to emerging organizations that were integral to providing services and support to those directly impacted by the tragedy: QLatinx; Somos Orlando, a project of the national Hispanic Federation that provides Spanish-language counseling and support services; and Two Spirit Health Services, which serves low-income LGBTQ individuals.<sup>13</sup>

In early 2017 the Contigo Fund awarded its first round of grants, totaling \$452,433, to 15 organizations involved in a range of efforts: direct services to diverse communities impacted by the tragedy (\$126,200); the needs of LGBTQ people of color who are labor union members, farmworkers, and documented and undocumented immigrants (\$109,162); safe schools programming and curriculum (\$80,700); and culturally competent training

<sup>13</sup> This information is contained in an interim report to Contigo Fund donors from the Our Fund Foundation.

on transgender issues (\$14,750); QLatinx was also awarded an additional \$50,000 to hire staff.<sup>14</sup>

## Analysis

### *Adherence to Best Practices*

In the design and the execution of their funding programs, the CFF and the Our Fund Foundation adhered to many of the best practices in disaster or crisis philanthropy while at the same time staying true to their missions.

For the CFF, that meant shoring up and better coordinating the area's mental health service-delivery system and ensuring that providers had the training they needed to work with diverse communities. The CFF also pursued a leadership opportunity to improve coordination among the diverse organizations within the local LGBTQ community through the development of the OneOrlando Alliance.

The Our Fund Foundation's Contigo Fund focused on building grassroots leadership and capacity, prioritizing communities most deeply impacted by the Pulse tragedy. Like its colleagues at the CFF, Contigo funded a great deal of alliance building, embracing intersectionality<sup>15</sup> to encourage and foster community engagement across lines of race, faith, sexual orientation, and gender identity. Contigo's decision to invite community leaders and representatives from two local philanthropies to serve on the fund's grant committee enabled grassroots activists — many of whom are addressing community needs outside of the mainstream nonprofit infrastructure — and key funders to forge relationships and negotiate funding decisions.

The Better Together and Contigo funds clearly adhered to the five strategies outlined by Philanthropy Northwest (2014) for the “marathon” that is crisis philanthropy:

1. By convening and building relationships, the CFF was able to identify and, later, address important service and coordination gaps. Equipped with the findings of an extensive assessment of community needs, Funders for LGBTQ Issues was able to engage diverse stakeholders in articulating priorities and identifying strengths.
2. To ensure a local voice in grantmaking by Contigo, which was funded by national foundations and housed at an organization outside the region, Our Fund hired a program manager with strong local ties who recruited a grant committee composed of diverse grassroots leaders.
3. Both kept “an eye on equity”: The CFF focused on strengthening cultural competence within the local mental health system; Contigo, in all its grantmaking, elevated the needs of underrepresented groups and built the capacity of emerging organizations like QLatinx.
4. The Better Together Fund ensured that those impacted had money for necessities like food and rent while they waited for their claims for government assistance to be settled. It also supported the ability of Two Spirit Health Services, the small provider of services to the LGBT community, to maintain staffing levels and cash flow while it waited for grant payments from the U.S. Justice Department's victim assistance fund.
5. While recognizing that the impact of a disaster on the natural as well as the built environment is more relevant to natural disasters such as hurricanes and forest fires, Better Together and Contigo acted in accordance with the spirit behind that strategy — to create a community that was better off than the one that existed on June 12, 2016.

<sup>14</sup> The Contigo Fund's internal document lists the amount and duration of each grant. The fund's website — <http://contigofund.org/en> — lists only the grantees and the purpose of the grants.

<sup>15</sup> The term has been defined as “the complex and cumulative way that the effects of different forms of discrimination combine, overlap, and ... intersect — especially in the experiences of marginalized people or groups.” See <https://www.merriam-webster.com/words-at-play/intersectionality-meaning>.

Furthermore, while each funder created a program consistent with its mission and values, the cross involvement of key Better Together and Contigo staff and stakeholders in each other's advisory committees fostered constructive relationships and coordinated funding goals. This, in itself, is one of the ways these two funds expanded the knowledge of best practices in crisis philanthropy.

### *Tensions and Challenges*

While assessment, design, and implementation for both funds largely proceeded without major disruptions or conflicts, some instructive tensions and challenges did arise.

The CFF had initially partnered with the city of Orlando to pool donations through the OneOrlando Fund, but it soon became clear that the city needed to respond to growing public demand that those funds go directly to individuals impacted by the shooting. For CFF, however, such a focus was not compatible with its core mission of funding “local initiatives that build and inspire community” (Central Florida Foundation, n.d.b). The reasonable outcome was the separation of the two efforts, offering donors options for the allocation of their contributions.

This situation highlights the tensions that can arise in crisis philanthropy when the needs of individuals, service providers, and, in cases such as Orlando, social justice advocates compete for limited funding. In Orlando, fortunately, the response from the public and the philanthropic sector was sufficient to provide direct assistance to individuals, help service providers handle increased caseloads in a culturally competent manner, and address the more structural issues of inequality and community capacity. It should be noted, however, that support for policy advocacy — which could have helped with longer-term solutions — was specifically excluded in the funding guidelines of both Contigo and the Better Together Fund.

Establishment of the Contigo Fund created a second set of challenges. It was launched with foundation support in the aftermath of a national tragedy and with virtually no guarantee of

*[W]hile each funder created a program consistent with its mission and values, the cross involvement of key Better Together and Contigo staff and stakeholders in each other's advisory committees fostered constructive relationships and coordinated funding goals. This, in itself, is one of the ways these two funds expanded the knowledge of best practices in crisis philanthropy.*

renewed funding. While large private foundations are able to tailor their grant guidelines in response to unexpected events, such adjustments are for the most part viewed as one-time exceptions. It is, therefore, unclear how funding that originated in response to extraordinary circumstances can be sustained beyond the first few years of its existence. And in the case of Contigo, the fact that it is based at a foundation outside the Orlando area further complicates its efforts to participate as a full member of the local philanthropic community. If Contigo is to remain in existence, it is likely that the issue of its fiscal and operational home will have to be addressed.

### *The Long-Term Response*

The funders and community leaders who came together at a donor forum one year after the tragedy had an opportunity to examine how a community became united in the face of a horrific tragedy and set about the tasks of addressing gaps in service delivery and community infrastructure, focusing on those most vulnerable and marginalized who had been especially impacted by the shooting, and forging new ways of promoting leadership, activism, and understanding.

*[P]hilanthropic entities that come forward to address short-term, intermediate, and long-term community needs in the wake of a crisis can do their best work and make a lasting impact if they work in accordance with their own missions and values while coordinating with and learning from one another.*

The combined efforts of Better Together Fund and the Contigo Fund can teach us that the philanthropic entities that come forward to address short-term, intermediate, and long-term community needs in the wake of a crisis can do their best work and make a lasting impact if they work in accordance with their own missions and values while coordinating with and learning from one another.

In the Orlando area, the community foundation and the startup fund learned from each other as each did what it could do best. For Better Together, it was the practice of strategic philanthropy focused on addressing systemic issues. For Contigo, it was lifting up new and diverse leadership from the grassroots. The CFF's Sandi Vidal forged new relationships through her work on Contigo's grants committee, and Contigo benefited greatly from her grantmaking expertise and knowledge of the area. Marco Quiroga's presence on the Better Together committee allowed him to build relationships with prominent, long-term funders in Central Florida while helping to connect them to emerging grassroots efforts and their leaders.

The Better Together Fund will continue for another few years — as long as its funding

criteria remain relevant to the post-Pulse needs of the community. One legacy might be a dedicated field-of-interest fund at the CFF to address the LGBT community's ongoing needs; through its experience with the Better Together Fund and its broader, deeper connections to the LGBT community, the CFF is in an improved position to create such a fund. The Contigo Fund also plans to continue its work — if it can persuade existing and new funders and donors to help address the intersectional needs of the diverse grassroots in Central Florida.

Meanwhile, grantmaking in both funds continues and relationships that did not exist before the tragedy continue to be made and deepened. This is the case because, at its heart and at its best, philanthropy is a relational practice that often operates in iterative and serendipitous ways. What is possible for the future of Better Together and Contigo may not yet be apparent, but might be built upon what was created when people in a community wracked by tragedy were determined to find new ways to work together.

**TABLE 1** Philanthropic Responders to Pulse Nightclub Shooting

Name	Geographical Focus	Issue Focus	Funding Approach
<b>Central Florida Foundation's Better Together Fund</b>	Greater Orlando	Communitywide needs	Strategic philanthropy; donor/philanthropic advisory committee
<b>Our Fund Foundation</b>	Greater Fort Lauderdale, Florida	LGBT community needs	Responsive to community needs; donor-advised funding
<b>Contigo Fund</b> (based at Our Fund)	Greater Orlando, Florida	Communities directly impacted by Pulse nightclub shooting	Intersectional social justice lens; community advisory committee
<b>Equality Florida</b>	Statewide	LGBT policy issues	GoFundMe campaign distributed by NCVC
<b>National Center for Victims of Crime (NCVC) – National Compassion Fund</b>	Nationwide	Support for victims of violence; research and related activities	Cash assistance in coordination with verification by law enforcement
<b>Arcus Foundation</b>	Global	LGBT social justice, conservation of great apes and their habitats	Strategic philanthropy
<b>Funders for LGBTQ Issues</b>	Nationwide	Philanthropic infrastructure for LGBTQ issues and communities	Grants for efforts to expand LGBTQ philanthropy
<b>City of Orlando – OneOrlando Fund</b>	Orlando, Florida	Direct assistance to those impacted by Pulse tragedy	Funds distributed by NCVC



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# Family Foundation Development in China: Two Case Studies

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*Keywords: Philanthropy, family foundation, case study, organizational assessment, China*

## Introduction

In recent decades, China's private wealth has substantially increased alongside its economic expansion (Cai & Wang, 2010). While accumulating vast wealth, many first-generation entrepreneurs have sought fulfillment outside business. In the past 10 years, China's philanthropic donations have increased, from \$774 million in 2005 to \$16.5 billion in 2014 (based on currency exchange rate in the respective years; Lu, Rios, & Huang, 2016). With this growth in philanthropic involvement, the family foundation has emerged as the primary philanthropic vehicle of the wealthy, an approach that offers donors great autonomy and flexibility (Boris, De Vita, & Gaddy, 2015).

Family philanthropy in China emerged long ago. During the Song dynasty, Fan Zhongyan initiated the Fan-clan Charitable Estate in A.D. 1050 as a private charity in his hometown (Liao & Li, 1991). The foundation was funded by Fan and donations from family members, whose income was derived largely from the rental of their substantial farmland holdings. Its mission was to provide poverty relief to clan members in the form of food, clothing, and funds for marriage and funeral expenses, housing loans, education, and imperial exam fees.

The estate had an advanced management system. To avoid conflicts of interest, clan members were not allowed to rent or sell their own farmlands to the estate. Its manager, an elected male clan member, had full autonomy over the estate's business and his compensation was determined by his performance, which was evaluated by clan members. The estate also monitored beneficiaries; those who misrepresented their financial

## Key Points

- Amid the accumulation of private wealth in China, family foundations have begun to emerge in recent decades. Little research, however, has explored this nascent phenomenon. This article examines the development of two Chinese family foundations — the Lao Niu Foundation and the Lu Jiaxiang Foundation — using document analyses and semi-structured interviews with foundation leaders.
- While detailed data on program effectiveness and efficiency is lacking because of underdeveloped methods of evaluation, it is evident that both foundations have generated positive impacts on social development despite an overall lack of support for the foundation sector from Chinese government policy.
- The case studies indicate that Chinese family foundations are exploring new paths in an increasingly mature philanthropic environment, and suggest several development approaches for family foundations in China and other emerging philanthropic sectors.

status or misused the benefits faced penalties or lost eligibility for further assistance.

By the 1200s the estate had more than 3,000 acres of farmland, and it remained financially independent and effectively managed. Following Fan's path, government officials created similar charitable estates designed to assist families or local residents (Liao & Li, 1991). These efforts, however, focused on short-term, direct assistance rather than long-term capacity building, and their provisions were often limited to local areas.

*In the Chinese context, a foundation refers to a nonprofit legal entity that is established for philanthropic purposes and is funded by donations from individuals or organizations. [...] Since the Chinese government enacted regulations for the management of foundations in 2004, the number of foundations rose from 733 in that year to 2,198 in 2010, and to 6,383 in 2018.*

In the Chinese context, a foundation refers to a nonprofit legal entity that is established for philanthropic purposes and is funded by donations from individuals or organizations (China Charity Federation, 2014). There are two categories of foundations: public foundations, which receive public donations, and private foundations, which until recently accepted only corporate or family donations (Xu, 2013); a 2016 law allows them to accept public donations upon government approval (National People's Congress of China, 2016). Since the Chinese government enacted regulations for the management of foundations in 2004, the number of foundations rose from 733 in that year to 2,198 in 2010, and to 6,383 in 2018 (China Foundation Center, 2018).

Under those regulations, a national public foundation is required to have minimum initial funding of about \$1.2 million; the requirement is lower for local-level public foundations, at about \$630,000, and for private foundations, at about \$315,000. In all cases, these initial funds must be retained in foundation accounts (China Charity

Federation, 2014). Like other nonprofits in China, foundations are subject to dual oversight by the government, and are under the supervision of both a central or local registration department and a department related to the foundation's mission (Huang, Deng, Wang, & Edwards 2014). Although state control over the nonprofit sector declined in the 2000s and early 2010s, Chinese foundations today remain tightly restricted by formal registration requirements and government oversight (Han, 2016).

Despite the strict oversight, public and private foundations are playing increasingly important roles in Chinese philanthropy. According to the 2014 Giving China Report, foundations have become the country's largest fundraisers among all types of charitable organizations (China Charity Information Center, 2015). Private foundations, in particular, have grown substantially, surpassing public foundations in both number and assets. By the end of 2016, private foundations accounted for 72 percent of all registered foundations in China, with net assets of \$10.4 billion in 2015, while public foundations' net assets totaled \$7.8 billion. Total spending by private foundations (\$1.9 billion) was less than public foundations (\$3.3 billion) in 2015, yet spending by private foundations had increased by 6.7 percent from the previous year. Spending by public foundations decreased by 2.8 percent over the same period (Cheng & Guo, 2017).

Among private foundations, 35 are family foundations, with \$254 million in total assets and \$51 million in philanthropic spending. Some ( $n = 24$ ) were established by entrepreneurs in mainland China, with the majority from Fujian, Guangdong, Shanghai, and Zhejiang; others were founded by Chinese entrepreneurs overseas. The majority of the founding families are in manufacturing ( $n = 13$ ) and real estate ( $n = 9$ ); the remaining are in service industries ( $n = 4$ ), finance ( $n = 3$ ), mining ( $n = 3$ ), transportation ( $n = 2$ ), and retail ( $n = 1$ ). These family foundations allocate resources to diverse program areas, including education (25 percent), public services (18 percent), environment (17 percent), poverty (9 percent), employment (7 percent), arts and culture (6 percent), medical assistance (5 percent),

philanthropic organization capacity building (5 percent), and disaster relief (4 percent) (China Foundation Center, 2014).

Although the term “family foundation” is widely used, it has no standard definition and is not a legal classification in China. The term typically refers to a private foundation whose funds are derived from members of one family that is actively involved in the operation of the foundation (Council on Foundations, n.d.). Family foundations are generally those that are funded by a family while they provide services for public benefit (China Foundation Center, 2014). After they are established, they may continue to raise funds from family members. The feature that separates a family foundation from other nonprofits is the family’s involvement in its establishment and governance. Throughout the foundation’s life, at least one family member must maintain a significant role in its governance (Boris et al., 2015).

Today, increased private wealth and philanthropic giving have become promising tools for tackling large-scale, global problems (Acs, 2013; Barchi, Deng, Huang, Isles, & Vikse, 2015) such as income inequality and the well-being of vulnerable populations (Saez & Zucman, 2016; Xie & Zhou, 2014). Yet research on family foundations, particularly in China, remains sparse. One report has examined basic information such as numbers, assets, and program areas (China Foundation Center, 2014), but no national data set systematically synthesizes detailed information on family foundations, including their organizational objectives, programs, and outcomes. Despite the growing efforts of Chinese family foundations to address social issues and to disclose organizational information, their development has yet to be examined and few studies have used theoretical frameworks to analyze this information.

Using the organizational assessment framework modeled by Lusthaus, Adrien, Anderson, Carden, and Montalván (2002) and a case study approach, this article explores the development of two family foundations in China. The findings present implications for philanthropists using

private wealth to address social issues in China and other incipient philanthropic sectors.

## Theoretical Framework

Originating from organization and management theories, the organizational assessment framework captures three forces that drive organizational performance: organizational motivation, capacity, and external environment (Lusthaus et al., 2002). Each force comprises various components (See Table 1.):

- Organizational motivation represents the underlying culture of an organization that drives its members to act. It involves the organization’s mission, development history, and a vision for broader contribution.
- Capacity is an organization’s ability to use its resources, and evolves through strategic leadership, organizational structure, and management of external relationships. It pertains to how organizations allocate staff members, plan and manage programs, and connect with other organizations.
- The external environment is relevant because organizations operate in interrelated social systems; political, economic, and sociocultural contexts determine an organization’s potential resources and challenges. These external factors may include regulatory policies, government attitude toward civil society, and local economic conditions.

Driven by these three forces, organizational performance can be defined by effectiveness, efficiency, and relevance. Effectiveness and efficiency indicate how successfully organizations carry out their mission. Relevance denotes to what extent they adjust to and survive in changing environments. Because organizational performance is constrained by available resources, a well-performing organization must balance effectiveness, efficiency, and relevance while sustaining itself financially (Lusthaus et al., 2002).

The framework examines organizations’ behaviors within complex internal and external environments. Literature suggests that the

TABLE 1 Theoretical Framework

Dimension	Significance	Components	Examples
Organizational motivation	Represents the underlying organizational culture; drives members to perform	History	Story of organizational inception, milestones
		Mission, vision	Organizational goals; hopes of broader contribution to society
		Culture	Values, beliefs
		Incentives	Autonomy, prestige, peer recognition
Organizational capacity	Indicates organization's ability to use its resources to perform	Organizational structure	Operational structure
		Human resources	Staffing, appraising
		Strategic leadership	Strategic planning
		Financial management	Financial planning
		Program management	Program planning, implementation, monitoring
		Process management	Decision-making
		Infrastructure	Facility, technology
		External relationship management	Networks, partnerships
External environment	Determines organization's potential resources for, challenges to carrying out activities	Administrative	Legal framework
		Political	Government attitude toward civil society
		Economic	Economic rules
		Sociocultural	Public attitudes
		Technological	Access to technology
		Ecological	Geographic location
		Stakeholder	Labor market

Source: Lusthaus, C., Adrien, M-H., Anderson, G., Carden, F., & Montalván, G. P. (2002).

assessment can be done through qualitative interviews with organizational leaders, participant observation, and surveys. Possible sampling methods include purposeful and stratified sampling. Case study, comparative analysis, and survey analysis can be used to analyze data (Jackson, 2013).

Method

Based on this framework and the exploratory nature of this article, we adopted a case study approach by interviewing Chinese family foundations' leaders, an approach that allowed us to analyze specific cases in depth and identify emerging concepts (Strauss & Corbin, 1998;



Thomas, 2011). Using purposeful sampling, we selected two foundations that were available for interviews: the Lao Niu Foundation, a relatively older foundation with significant assets, and the Lu Jiaxiang Foundation, a recently established foundation with fewer assets. By comparing these two cases, we explored the similarities and differences in motivation, capacity, external environment, and performance, which involve relevance, effectiveness, efficiency, and financial sustainability.

We conducted semi-structured interviews with the secretary-generals of each foundation between December 2015 and February 2016. Our interviews explored the motivations for establishing the foundations and their missions, objectives, programs, implementation processes, external environments, and program outcomes. Two bilingual researchers conducted, transcribed, and analyzed the interviews. After initial coding and analysis, the researchers discussed preliminary results with the interviewees for further insights. Online archives, including web pages, annual reports, and media coverage, were also consulted to gather background and program information in 2015 and 2016. Our analysis involved the three key dimensions of the framework, but might not cover every component of each dimension.

## The Lu Jiaxiang Foundation

### *Organizational Motivation*

The Lu Jiaxiang Foundation, established in October 2014, was founded by Lu Jiaxiang's children after Lu passed away earlier that year. Registered as a local private foundation in Yiyang City, Hunan Province, the foundation's mission is to support the development of the Yiyang area, Lu's hometown, with a focus on poverty relief and rural health care. The foundation's philosophy is "collective sharing" — resource sharing between the wealthy and the poor (Lu, 2018). Its vision is to help local families in need in Yiyang and surrounding areas, while passing Lu's philanthropic spirit to the next generations of his family.

The predecessor of the Lu Jiaxiang Foundation was an informal family fund established by Lu.

Born in rural Hunan Province in the 1920s, he attended only one year of school, held various positions in the county government during the 1940s through the 1960s, worked as a member of the Communist Party Committee and as a deputy secretary of the party, and retired when he was in his 60s. Lu and his wife experienced hardships during the first two decades of raising their nine biological children, especially during China's Great Leap Forward, from 1958 through 1962. Despite their struggles, the couple shared their spare food and clothing with neighbors.

After economic reform in China, Lu's family conditions had greatly improved. His two sons became private entrepreneurs, and Lu and his wife developed assets with their children's support. During the 1990s, the couple provided surrounding villages with millions of dollars to construct over 30 country roads, bridges, and canals. This new infrastructure enhanced the local villagers' well-being and connected them to the outside world. In 1996, Lu and his family invested several hundred thousand dollars to establish a poverty relief fund in their own village. During holidays, Lu's family used this fund to donate clothes and food to local low-income families. Year-round, the fund provided money to older adults and people with disabilities in their own village, and to elderly residents in other villages. During the first years of the fund, Lu personally visited every family in need to distribute donations. After Lu became unable to walk, his youngest son, Lu Jianzhi (the foundation's current board director), made these visits on his behalf. In the two decades before the establishment of the foundation, Lu and his family personally donated approximately \$3 million to their local communities.

### *Organizational Capacity*

The Lu Jiaxiang Foundation was initiated with an endowment of about \$310,000, partially bequeathed by Lu and with contributions from his children. Since the foundation's establishment, the Lu family has donated to it annually in amounts based on project requirements for that year. The foundation currently has four full board members and one supervisory member.

*Registered at the local level, the foundation is endorsed by local governments of Yiyang City. The foundation's program areas — rural education, services for left-behind children, and health care — are the major social issues that Chinese governments, both central and local, seek to tackle. Therefore, the foundation's work is strongly encouraged by the local governments.*

It operates two programs in the Yiyang area: orphan support and rural health care.

The foundation provides cash assistance to local orphans as well as support for educational activities, such as outstanding-student awards and summer camps, to improve educational outcomes and motivate the students. The foundation has contributed over \$778,000 to orphan support since its inception, and envisions another \$4.7 million in donations from Lu family members over the next five years.

To improve rural health care, the foundation has contributed \$1.6 million in the last two years to build a new inpatient and outpatient care facility and provide better access to health care for local villagers, particularly older adults. Over the next two years, the foundation envisions raising an additional \$3 million from the Lu family to improve health care for local villagers, particularly low-income and older adults.

#### *External Environment*

The Lu Jiaxiang Foundation has a good reputation in the local communities of Yiyang. Local

government media has spoken highly of a series of its projects (Liu & Liu, 2015; Liu & Cai, 2015). Its collaborates with partners in the public sector, such as Taojiang District Education Bureau; the private sector, such as Taohuajiang Nuclear Power Co.; and the nonprofit sector, including the Yiyang Red Cross and Yiyang Association for Science and Technology.

Registered at the local level, the foundation is endorsed by local governments of Yiyang City. The foundation's program areas — rural education, services for left-behind children, and health care — are the major social issues that Chinese governments, both central and local, seek to tackle. Therefore, the foundation's work is strongly encouraged by the local governments (Lu Jianzhi, personal communication, December 16, 2015). The foundation recently acquired tax-deduction status, under which corporate donations of up to 12 percent of annual profits and individual donations of up to 30 percent of personal income are tax-deductible (Lu Jiaxiang Foundation, 2016). This policy support is likely to strengthen the foundation's financial sustainability, which in turn will enhance its performance.

#### *Overall Assessment*

The Lu Jiaxiang Foundation's programs are highly relevant to its local rural communities, where basic health care and child care are inadequate. To date, the foundation has supported hundreds of children in need, including those whose parents have passed away and those who have lost their only capable parent, with the other parent unavailable or unable to raise the child. Although some of these children, along with their families, receive certain government assistance, they nevertheless usually live in impoverished conditions.

The foundation targets specific recipients whose needs are closely related to its mission. In May 2015, it collaborated with 70 local elementary and middle schools and identified 120 eligible students from 15 towns of Yiyang's Taojiang District. All recipients were referred by their schools based on their family situation, verified

by the County Education Bureau's student financial assistance management center.

This collaborative referral and screening process helped the foundation identify both legally defined and de facto orphans. It also ensured that funding was distributed to children from the most vulnerable families. In Taojiang, for example, the foundation provides each of these students about \$300 a year — a sum that amounts to about 85 percent of the base poverty level. This cash provision covers basic living costs for these children, most of whom live with their grandparents or other relatives. In November 2015, the foundation contributed to the living expenses of another 200 orphans in the Anhua District for their period of compulsory education (first through ninth grade); in 2016, another 332 students received this financial support. Through 2021, the foundation expects to support 5,000 more orphans inside and outside Hunan Province while they complete their basic education.

In addition, Jiaxiang Hospital, an inpatient and outpatient care facility supported by the foundation, was opened in January 2017. With about 200 beds, it is one of the largest health care facilities in the region.

Because the foundation lacks evaluation measures, the efficiency and long-term effectiveness of its programs, which are in their early stages, remain unknown. And, while currently viable, the foundation needs to accrue more assets. With funding coming from the Lu family, the foundation is now allocating the majority of its annual donations (\$1.2 million) to its projects — leaving assets at a mere \$500,000 at the end of 2015.

## The Lao Niu Foundation

### *Organizational Motivation*

Established in 2004, the Lao Niu Foundation is one of the oldest and largest family foundations in China. It focuses on two program areas — environmental protection and education — and fosters capacity building among Chinese philanthropic organizations by facilitating professional

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nonprofit training while advocating for laws and policies favorable to charitable efforts.

Born in 1958 to an impoverished family, founder Niu Gensheng was adopted by another family one month after his birth; as Niu describes it, his birth parents “sold me for 50 yuan to have a meal.” Niu lived with his adoptive family for 14 years and, in 1978, took his first job as a dairy farm worker at Yi Li Corp., a major dairy business. He ultimately rose to become vice president of operations for the corporation, and from 1987 to 1997 helped to make Yi Li one of the most popular ice cream brands in China.

In 1999, Niu founded Meng Niu Dairy Corp., which at an annual growth rate of 158 percent was by 2003 one of the largest milk producers in China. In that year, China Central Television rated Niu the country's top economic leader: “Mr. Niu is a cow, but has the speed of a rocket.” (The Chinese word for “cow” is also pronounced “niu.”)

## *The Lao Niu Foundation has collaborated with local and provincial governments to support education, provide poverty relief, and improve services for people with disabilities.*

In 2004, Niu established the Lao Niu Foundation as a private family foundation and donated the majority of his family assets, including all Meng Niu corporate stock, to the foundation. In 2006, he resigned as president and chairman of Meng Niu and, as honorary chairman of the foundation, became a full-time philanthropist. His wife and children are also actively involved in foundation operations.

The Lao Niu Foundation is motivated by Niu's personal philanthropic values. He has said that there is little satisfaction in "creating everything from nothing," and that true satisfaction is achieved by distributing personal wealth for the public good. Niu's philanthropic vision is reflected in several mottos: "A small win comes from wisdom; a large win comes from good virtues." "The more wealth you own, the more responsibilities you are carrying." "Cultivate yourself first, and then help others for the rest of your life" (Niu Gensheng, personal communication, December 18, 2015).

### *Organizational Capacity*

The Lao Niu Foundation has endowed assets totaling approximately \$623 million, which are partially managed by a charitable trust in Hong Kong, whose annual proceeds are transferred to the foundation. Since establishment, the foundation has donated \$156 million for philanthropic purposes to date. From 2005 to 2016, its annual grantmaking grew from \$1 million to \$30 million. The bulk of its grantmaking goes to environmental protection (36 percent, 18

projects), followed by education (35 percent, 58 projects), disaster and poverty relief (19 percent, 64 projects), and philanthropic organizational capacity building (10 percent, 31 projects). The foundation has collaborated with 156 organizations and set up 198 programs across China and in North America, France, Nepal, and Africa (Lao Niu Foundation, 2016a).

The foundation's board has nine members, including Niu's son, and one supervisory member; there are 29 full-time and part-time staff as well as volunteers. A CEO oversees the project and finance departments, and a secretariat oversees administration, human resources, information management, and legal affairs (Lao Niu Foundation, 2016b).

### *External Environment*

As a provincial-level organization, the Lao Niu Foundation is registered with the Inner Mongolia Department of Civil Affairs and is directly supervised by the financial office of the Inner Mongolia provincial government. Over the years it has received accolades from the Chinese central government, local governments, media, and the nonprofit sector; it was ranked the top donor among Chinese private foundations in 2014 and the most transparent Chinese foundation in 2015.

The Lao Niu Foundation has collaborated with local and provincial governments to support education, provide poverty relief, and improve services for people with disabilities. The foundation also works with various organizations in China, Hong Kong, the U.S., Canada, and the U.K., including such academic institutions as Tsinghua University, Inner Mongolia Normal University, and the University of Toronto; such nonprofit agencies as the China Charity Alliance; and such private foundations as the Prince's Charities and the Rockefeller and Li Ka Shing foundations.

### *Overall Assessment*

The Lao Niu Foundation has worked with various organizations on projects relevant to its stated mission and vision. Its programs have generated positive impacts on education,

environment, philanthropic sector development, and disaster and poverty relief. The foundation has invested millions of dollars in ecological restoration and protection projects and in partnerships with the China Green Carbon Foundation, the Nature Conservancy, and the Inner Mongolia Bureau of Forestry. Among those projects is the restoration of over 6,500 acres at He Lin Ge'er, also known as International Ecological Demonstration Park at Sheng Le, Inner Mongolia. The foundation also initiated the China Wetland Conservation project in 11 provinces of east China. The Lao Niu Biodiversity Preservation Project in Sichuan Province protects biodiversity by maintaining wildlife preserves and other environmental protections. A current project, Building Ecological Community at the Region of Mount Everest, promotes conservation and enrichment in Tibet.

In support of education, the foundation's programs include the Lao Niu Children's Exploration Museum; the Sheng Le Experimental School at Inner Mongolia Normal University, which provides children with creative education and psychological counseling services; support for higher education institutions; and construction of 14 schools in impoverished regions and disaster areas.

To build Chinese philanthropic organizational capacity, the foundation in 2014 established the Lao Niu Institute, where it plans to train 1,000 nonprofit professionals within five years. In 2015, Niu co-founded the Shenzhen International Philanthropy Institute with four other philanthropists. The foundation also supports such domestic and international conferences as the East-West Philanthropy Summit and the China Philanthropic Forum.

In terms of poverty and disaster relief, the Lao Niu Foundation has initiated and co-sponsored over 70 programs in multiple Chinese provinces and overseas — among them, donating almost \$1 million to build bridges in remote villages in multiple provinces to improve local transportation and access to schools. The foundation has also given millions of dollars to disaster relief,

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including providing psychological intervention for Wenchuan earthquake survivors, reconstructing infrastructure in the Ya'an earthquake area, and providing services to children after the April 2015 earthquake in Nepal (Lao Niu Foundation, 2016c). In addition, the foundation provides assistance to low-income cataract patients and to low-income children with hearing impairments, and prosthetic limbs for people with disabilities.

The foundation's cumulative giving in the past decade represents nearly one fourth of its total assets. Annual giving from 2014 through 2016 totaled between \$26 million and \$29 million (Lao Niu Foundation, 2016d). Its financial sustainability rests on the performance of its charitable trust in Hong Kong and on its strategic financial planning. It operates various programs, yet lacks systematic evaluation for effectiveness and efficiency.



## Summary of Findings

The emergence of family foundations is a nascent phenomenon in China. First-generation entrepreneurs who became wealthy as a result of China's economic reform are now exploring ways to contribute to society. Those who choose the family foundation path create a legacy through philanthropy by involving family members in foundation governance and allocating foundation resources based on family values.

Both the Lao Niu and Lu Jiaxiang foundations were established by entrepreneurs who were born into impoverished families. Each foundation is committed to contributing private wealth to the public good, and each is driven by its founder's philanthropic spirit and sense of social responsibility. With the involvement of founders' family members and descendants, these values are passed down through succeeding generations.

While both are committed to the public good, the foundations' capacities diverge. Established only three years ago, the Lu Jiaxiang Foundation's programs are in their initial phases. With less funding to allocate, the foundation largely operates targeted programs such as direct cash assistance to rural orphans, along with small-scale human capital-building activities such as summer camps. These programs are operated directly by the foundation and supported by the local public, private, and nonprofit sectors.

The Lao Niu Foundation, established for over 10 years, has greater resources and operates more projects within a wider scope. Collaborating with multiple national and international partners, the foundation provides both direct services (e.g., support for educational institutions, medical assistance to low-income individuals) and capacity-building assistance for environmental preservation, education, and various nonprofits.

In terms of external environment, both foundations design programs aimed at regional needs. The Lu Jiaxiang Foundation focuses on vulnerable populations in rural Yiyang, particularly children and older adults without financial

support. The Lao Niu Foundation works on education and environmental protection, two fundamental elements of sustainable social development in the less-developed and ecologically diverse region of Inner Mongolia. Both foundations have some level of legal and social legitimacy: both are endorsed by either municipal or provincial governments and have good reputations in the communities they serve.

Because it operates programs in one municipality, the Lu Jiaxiang Foundation's reach is limited to its local communities; while well-known in the Yiyang area, it is lesser known in other regions. Its programs, largely concerned with direct relief, respond to the urgent financial needs of individuals and families. In contrast, the Lao Niu Foundation's programs have national and global impact, thus giving it wider recognition and broader social impact. With its support for both direct relief and capacity building, the Lao Niu Foundation is more likely to generate long-term outcomes. The programs of both foundations, which are detailed in their annual reports, are relevant to their stated missions and visions.

While the foundations are presently operating within their fiscal capacity, both need to produce more detailed public data on program effectiveness and efficiency. The Lao Niu Foundation started with millions of dollars in assets and is exploring the Western practice of managing assets through a charitable trust, which could enhance its financial sustainability. The Lu Jiaxiang Foundation was established with significantly fewer assets, and relies on continuous donations from family members.

## Implications

The case studies of the Lao Niu and Lu Jiaxiang foundations suggest several approaches to developing family foundations in China and nascent philanthropic sectors elsewhere, involving the key practice implications of strategic planning, collaboration, outcome evaluation, involvement of the next generation, and building a supportive external environment.

### Strategic Planning

In order to achieve far-reaching ambitions, it is important for family foundations to design feasible work plans and adopt strategies based on their capacities. The activities of both family foundations correspond to mission, vision, and financial capacity. The Lu Jiaxiang Foundation has met its current goal of providing relief to vulnerable families in the local community; as an emerging organization, its programs await expansion. Aiming to promote sustainable social development, the Lao Niu Foundation has been operating global programs on diverse issues.

As a prerequisite to strategic giving, however, early-stage foundations should identify a long-term goal. The Lu Jiaxiang Foundation, for instance, might look beyond cash assistance and provide local orphans with counseling, school social work services, and paired peer groups. While financial support may temporarily relieve economic hardships, emotional support will benefit child development over time. For relatively mature organizations such as the Lao Niu Foundation, capacity building should be prioritized. For example, it might systematically monitor its program performance to evaluate whether its projects are achieving their expected goals.

### Collaboration

These two Chinese family foundations primarily conduct programs independently. Western family foundations, however, regularly partner with other grantmakers. For example, an American coalition of both family and nonfamily foundations, public-sector organizations, and service agencies launched A New Way Home America (2017), an initiative to address youth homelessness. New family foundations may achieve greater impact through similar collaboration with the public, private, and nonprofit sectors. In 2010, for instance, after identifying a lack of transparency among foundations sectorwide, 35 foundations initiated the China Foundation Center to address this and other issues. The center built an information collection system and online disclosure platform that

*The political environment may also determine how foundations collaborate. Chinese private foundations have limited independence while under government oversight, for example, and many foundations collaborate with local governments to fill gaps in public services.*

significantly improved government and public trust of foundations (Han, 2016).

Collaboration may also empower foundations to influence government actions. For example, the Chinese government requires all registered foundations to submit annual reports, but does not as a rule disclose these reports to the public. Since the China Foundation Center has advocated for information sharing in 2010, some central and local governments have begun to release data to the center (Han, 2016).

Nevertheless, collaborations may not always be effective. Nonprofits' dependence on funders, for example, may diminish their autonomy and influence. The political environment may also determine how foundations collaborate. Chinese private foundations have limited independence while under government oversight, for example, and many foundations collaborate with local governments to fill gaps in public services (Han, 2016). In such cases, a discussion about how to achieve equal deliberation in collaborations must take place between family foundations and governments.

There is great potential, on the other hand, in cross-border exchanges, workshops, and global conferences with philanthropists in the U.S. and Europe. Collaborative training of foundation

*Currently, the Chinese government claims to embrace family philanthropy, but does not demonstrate policy support. Strict registration rules and government oversight may limit the options for family foundation strategic planning and development. For instance, restrictions on foundation spending for staff wages and overhead to no more than 10 percent of total expenditure can inhibit hiring of professional staff and limit program expansion.*

personnel and board members is essential given the overall lack of professional philanthropic training among the leadership of Chinese family foundations. In November 2015, for example, the Bill & Melinda Gates Foundation and the Beijing Dalio Public Welfare, Lao Niu, Beijing Qiaonyu, and Zhejiang Dunhe foundations founded the China Global Philanthropy Institute (n.d.), China's first collaborative philanthropist training initiative. In the future, more experienced philanthropists can build partnerships with nascent nonprofit sectors to facilitate global philanthropy. Meanwhile, large foundations can establish more supportive programs, such as the Lao Niu Foundation's nonprofit capacity-building projects, to facilitate the growth of younger, smaller foundations.

#### *Other Practice Implications*

- Outcome evaluation: The Lao Niu and Lu Jiaxiang foundations showed little evidence

of program evaluation, which is generally underdeveloped in China. Well-established family foundations in the West increasingly emphasize performance-based funding and measurable outcomes in proposal guidelines and final report requirements. In contrast, Chinese family foundations implement their own programs and focus less on project effectiveness. To improve the likelihood of desired outcomes, these foundations must shift their focus from resource input to documenting and evaluating the process and outcomes of project implementation. The results of those evaluations may then serve as criteria for future grantmaking.

- The next generation: As the trend toward family foundations grows overall, so will their transition to younger generations. In the U.S., 43 percent of family foundations anticipate that more younger-generation family members will be serving on the foundation boards (Boris et al., 2015). Aware of this trend, more philanthropists may engage their children and grandchildren in board governance and fundraising to extend their legacies.
- The external environment: The significance of a supportive external environment to a foundation's success is particularly relevant to China's policy context. According to the organizational assessment framework, the external environment can either facilitate or constrain an organization's performance (Valters, 2014). Currently, the Chinese government claims to embrace family philanthropy, but does not demonstrate policy support. Strict registration rules and government oversight may limit the options for family foundation strategic planning and development. For instance, restrictions on foundation spending for staff wages and overhead to no more than 10 percent of total expenditure can inhibit hiring of professional staff and limit program expansion (Cheng & Guo, 2017). To mobilize private wealth for the public good, the government should lower the asset threshold and other requirements for foundation registration,

open more space for private foundation operation, and offer more tax benefits to family donors.

## Conclusion

This article indicates several directions for future research.

- Since empirical data on Chinese family foundations are limited, we designed an exploratory study through purposeful sampling based on organizational size and scope. Future research may use other selection criteria, such as program area, for a more comprehensive understanding of this issue.
- Based on individual interviews and archive searches, our findings are mainly descriptive. Future studies may pursue a more in-depth study through participatory observation and comparative analysis of more cases.
- The lack of a standard definition for and absence of a complete list of Chinese family foundations calls for more policy attention to this burgeoning category, and warrants further study of the emerging phenomenon of family foundations in China.
- Future research might compare family philanthropy in China with that in countries with longer histories of family philanthropy, such as the U.S. and the U.K., which will provide implications for emerging family philanthropic sectors.

In recent decades, family foundations have played increasingly more important roles in Chinese society. This trend reflects growing private wealth and rising awareness of the contribution of wealth to the public good, along with the establishment of family legacies through philanthropy. However, little research has explored the development of family foundations in China.

In this case study of two Chinese family foundations, we used the organizational assessment framework to explore family foundation motivation, capacity, external environment, relevance,

effectiveness, and financial sustainability. Our findings indicate that although motivations, capacities, and external environments vary, both the Lao Niu Foundation and the Lu Jiaxiang Foundation showed relevance, effectiveness, and financial sustainability of a certain level.

The family foundation approach, though still an emerging phenomenon in China, is a promising way to mobilize private wealth for public well-being. In order to improve the state of family foundations in China, strategic planning, collaboration, outcome evaluation, the involvement of second-generation philanthropists, and government policy support are necessary.

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# Foundation Transparency: Opacity — It's Complicated

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*Keywords: Transparency, private foundations, foundation-grantee relations, opacity, private foundation practices, grantee practices*

## Introduction

Calls for greater transparency from social institutions are gaining momentum in American culture, especially given concerns about the potential risks to society from misconduct hidden from public view. Such concerns have escalated since the 2008 global financial crisis (Rourke, 2014, Kelly, 2009), where consequences of misconduct had broad impact. While social institutions had little role in bringing about that crisis, broadly applied transparency is increasingly represented as society's best defense against unethical behavior (Jennings, Mitchell, & Hannah, 2014; Morrison & Mujtaba, 2010). Accordingly, advocates for increased transparency are acquiring a growing voice in the field of private philanthropy.

Private foundations have been criticized for conducting themselves in a manner that is mysterious (Fleishman, 2007) and unaccountable (Sandy, 2007). Yet, the privacy literature suggests that transparency is not a panacea (Briscoe & Murphy, 2012; Bernstein, 2012; Desai, 2011; Osborne, 2004; Hannan, Polos, & Carroll, 2003). It is not achieved without cost (Briscoe & Murphy, 2012; Desai, 2011; Osborne 2004, Hannan, Polos, & Carroll, 2003), and its influence on conduct and accountability within private philanthropy may be less than straightforward (Fox, 2017; Reid, 2017; Andrews, 2014; Rourke, 2014). Nonetheless, growing interest in transparency on the part of private foundations is easily observed in recent professional journals and conference agendas.

Key to this transparency debate is whether private foundations are viewed as genuinely private or as quasi-public entities. Some argue that the

## Key Points

- The perception that private foundations lack accountability has led to calls for greater transparency. The literature, however, suggests that transparency is neither a panacea nor achieved without cost, and that its positive influence on the conduct of philanthropy may be less than straightforward.
- This article seeks to examine transparent and opaque practice in private philanthropy, studying the literature as well as findings from interviews with foundation staff, trustees, and grantees that sought answers to two relevant questions: Does opacity exist in private philanthropy? Have foundations and grantees developed strategies for overcoming challenges related to opacity?
- U.S. tax law affords private philanthropy unique discretion regarding transparent practice. Before abandoning such discretionary capacity, it might be productive for private foundations to explore how transparent and opaque practices impact their reputation and inhibit or support their activities.

tax advantages and charitable status enjoyed by private foundations make them quasi-public institutions (Fleishman, 2007). Others contend that because their assets derive entirely from private donors and not from fundraising activities, they are genuinely private entities (Brody & Tyler, 2010).

Transparency in private philanthropy is a complex matter. Considered essential to public trust (Fleishman, 2007) and an enhancement to grantee relations (Boldouc, Buchanan, &

**FIGURE 1** Defined Terms

- **Private philanthropy** and **private foundation** are used interchangeably to represent what the Internal Revenue Code refers to as an “independent foundation.”
- **Transparency** is defined by Osborne (2004) as “helping people to see into systems and understand why decisions are taken” (p. 292).
- **Opacity** is a practice that effectively reduces transparency between organizational insiders and outsiders (Reid, 2015).
- **External stakeholders** are “government agencies, private donors, ... media, clients of the organization,” and members of the public with legitimate interests in private foundations (Hodge & Piccolo, 2011, p. 521).
- **Foundation insiders** include donors and donor families, trustees, and key managers (Crimm, 2001).
- **Philanthropic freedom** is the unimpeded ability to put private contributions to charitable purpose by making grants, setting grant terms, and resisting political or other external influence in grant decisions, as well as avoiding pressure for external accountability related to grant decisions or outcomes (Hudson Institute, 2015).
- **Strategic grantees** are those who private foundations perceive as especially important to specific charitable interests (Reid, 2015).

Buteau, 2007), transparency can also impede certain philanthropic advantages uniquely available in opaque settings (Reid, 2017, Desai, 2012). Through tax returns, foundations reveal the identity of trustees and key personnel; insider compensation; grant recipients and grant amounts; and investment holdings. Yet they are being challenged to be even more transparent.

The research on which this article is based was intentionally agnostic about whether foundations are private or quasi-public entities — or even if they should operate with more transparency. The findings here reach beyond philosophical convictions to instead provide a more practical examination of transparent/opaque practice and related issues. Accordingly, this research contributes to a more complete understanding of both practices in private philanthropy. A list of questions is provided to help foundations assess their practices within the context of philanthropic objectives.

## Literature Review

Private foundations represent a segment of the nonprofit social benefit community known as the third sector, which exists in the space between government and the private sector (Bubb, 2010). The institutional form of private philanthropy is a relatively recent development in U.S. public policy (Fleishman, 2007; Gardner, 1992), generally thought to have been in existence for just over a century.

Approximately 78,580 U.S. private foundations collectively control an estimated \$584 billion in charitable assets, accounting for 82 percent of combined assets under the control of all categories of domestic foundations (Foundation Center, 2014). Private foundations annually distribute approximately 5 percent of their assets, an amount estimated at \$35.4 billion in 2014, for charitable purposes (Diller, 1993). Over the past couple of decades, government support to domestic nonprofits in the United States has

significantly declined and such support from private foundations has grown substantially (Kerlin & Pollak, 2013). This, understandably, seems to have accelerated interest among grant seekers in private foundations.

According to Fleishman (2007), private foundations run the risk of new legislative or regulatory oversight should they fail to respond appropriately to demands for greater transparency. Yet the opacity under which private foundations have been able to operate has provided grantmaking capacities not available to other kinds of grantmaking organizations (Reid, 2017; Dowie, 2011). Those unique capacities need to be better understood within the context of this debate.

Opaque practices can make prospecting private foundations especially difficult for grant seekers (Glücker & Ries, 2012). It has been argued that opaque practice and a failure to be externally accountable (Sandy, 2007; Ostrander, 2007; Leat, 2006) stem from arrogance and a sense of entitlement among foundation insiders. Foundation program officers have been described as aloof toward and even disrespectful of grant seekers (Boldouc et al., 2007); Tuan's "Dance of Deceit" (2004) also observed the potential for such conduct by program officers.

Research into private foundation practice, however, failed to substantiate existence of such behavior among foundation insiders (Reid, 2015), which raises the possibility that opaque practice could derive from other factors. Such practices by private foundations were observed to be efforts intended to protect important grantmaking capacities, such as preserving philanthropic freedom, shielding grant decisions from political considerations, facilitating the ability to experiment, making important grants potentially too controversial for other funders, and more freely engaging in higher-risk projects (Reid, 2017).

Most organizations seek to enlarge their autonomy as part of their efforts to limit external interference that can inhibit efficiency or innovation (Drees & Heugens, 2013), and private foundations have been observed to make practical use of their autonomous capacity for

*This research sought to confirm the existence of and better understand contextual circumstances underlying foundation opaque practice, as well as instances of greater transparency.*

similar purposes (Reid, 2015). Perhaps evidence of practical use of opaque practices by private foundations, combined with natural inclinations toward enhancing autonomy, might better explain motives underlying opaque practice in private philanthropy.

Grant seekers are understandably interested in greater foundation transparency with respect to grantmaking processes, decisions, and outcomes (Brock, Buteau, & Gopal, 2013). Yet, some transparency-related interests of grant seekers may be at odds with efforts to preserve autonomy within foundations. It is unclear if such competing objectives can be universally resolved for all grant-seeking nonprofits, but research has found that foundations do engage in situationally specific transparency with certain grantees (Reid, 2015).

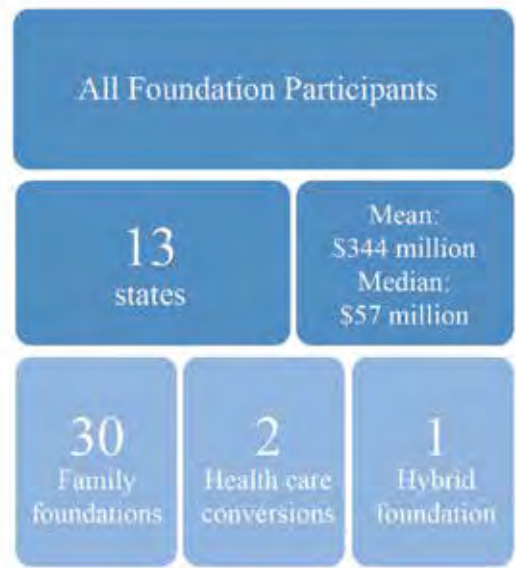
## Research Questions

This research sought to confirm the existence of and better understand contextual circumstances underlying foundation opaque practice, as well as instances of greater transparency. Among the research questions that guided this investigation, two are relevant to this article:

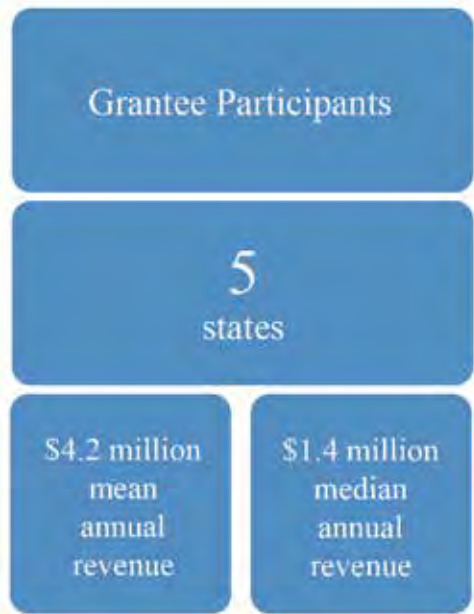
1. Does opacity exist in private philanthropy?
2. Have foundations and/or grantees developed strategies for overcoming challenges related to opacity?

The first question required an investigation of opaque practices employed by private

**FIGURE 2** Foundation Participants



**FIGURE 3** Grantee Participants



foundations. Four specific indicators of opaque practice emerged, and were helpful in understanding both the extent to which foundations engaged in such practices and the contextual circumstances in which they occurred. The second question prompted an assessment of the relationships between foundations and grantees to determine if they overcame challenges stemming from opaque practices to establish more effective partnerships and greater foundation transparency. This assessment led to the discovery of situational transparency, which foundations practiced with grantees they perceived as strategic.

**Methodology**

This investigation employed an interpretive research model, which differs significantly from mere confirmation of hypotheses or propositions (Stebbins, 2001). This methodology permitted freedom to move beyond a binary approach in analyzing data, resulting in a deeper understanding of both practice and context.

The study involved interviews with 19 current and past foundation professional staff, 16 foundation trustees, and 16 grantees; all participants

were assured of confidentiality. The total number of interviews — 51 — was large for a qualitative study and resulted in significant data on 30 family foundations, two health care conversions, and a foundation started by the owner of a private company for the benefit of employees. (See Figure 2.)

The professional staff who participated in the interviews represented 22 private foundations, with mean assets of \$455 million. The asset size of these foundations ranged from \$1 million to \$5.99 billion and they were located in 10 states. Some foundation staff participants reported experiences in more than one foundation and there was inadvertent overlap between trustee and staff participants in five foundations. The trustees represented 15 private foundations, with mean assets of \$237.2 million. Their total assets ranged from \$1.7 million to \$2.3 billion and they were located in seven states.

Among the 16 grantees interviewed were representatives of 14 paired-grantee agencies, recruited by foundations participants, comprised of trustees and staff. This led to important

insights into perceptions mutually shared by foundations and grantees as well as into perspectives unique to grantees. (See Figure 3.)

### *Data Analysis*

Strategies for documenting and analyzing data included multiple means of triangulation, with a clear audit trail for recorded interviews, transcribed data, and analysis. Interviewing three distinct categories of participants supported triangulation of data (Patton, 1999). Findings and analyses were also confirmed by subject-matter experts from four foundations and two grantees, none of which participated in the research.

Reliability in qualitative research is supported by the accuracy of insights gained from interviews and assuring proper representation of the views of the subjects (Creswell & Miller, 2000). This required a systematic process capturing “concepts, themes, and dimensions” (Gioia, Corley, & Hamilton, 2012, p. 22). Interviews were recorded and transcribed, and data were coded using NVivo 10 software (Hilal & Alabri, 2013).

### *Purposive Sampling*

Purposive sampling is often employed to identify and recruit subjects for a population to be studied, especially when subjects are difficult for researchers to identify or recruit (Barratt, Ferris, & Leton, 2015). Under such circumstances, purposive sampling is especially helpful in identifying and securing subjects (Tongco, 2007). Experts in private philanthropy who were consulted during the design of this project suggested that the research would be more successful if gatekeepers for potential subjects, rather than random selection, were employed to recruit potential participants — an approach consistent with purposive sampling (Devers & Frankel, 2000). Accordingly, all foundation participants were secured through three intermediary foundation membership organizations: Philanthropy Southwest, the New Mexico Association of Grantmakers, and Grantmakers for Education.

Foundation participants varied in geographic location, asset size, and grantmaking interests — a diversity consistent with effective purposive

sampling (Advice, 2000). Confidence in the sample was further enhanced by having distinctly different classes of foundation participants (e.g., trustees and staff) in addition to grantees, and in utilizing multiple intermediaries (Sinkovics & Alfoldi, 2012) to recruit knowledgeable subjects (Devers & Frankel, 2000).

There was a different objective in recruiting grantee participants. While the literature contains reports from grant seekers on difficult experiences with foundations, it was necessary to find grantees with good foundation relationships in order to determine if some of them had overcome untoward effects of opaque foundation practice. Given this objective, participating foundations were invited to recruit grantees they considered to be strategic.

Of the 16 organizations that agreed to participate, 14 were considered “paired grantees” because of their close relationship to participating foundations. The other participants were a colleague recruited by one of the paired grantees and a representative of a regional United Way affiliate who asked to participate. The grantee participants varied significantly in annual budget, geographic location, and mission. While participants were not solicited on the basis of demographics, most of the participants were from the Southwest as a result of the location of two of the intermediaries.

### *Credibility of Data and Analysis*

The following procedures were followed to assure trustworthiness of data analysis and findings:

- There was a comprehensive review of the literature, the research methodology was appropriate, participants confirmed interview summaries, interviewers had domain-specific knowledge, and interviewees were accessed through third parties.
- To support the transferability of the findings, there were a large number of interviews (Shenton, 2004).



*Most foundation participants, especially family foundations, maintained a low profile within the communities they served. Only half of the participating foundations had websites. Some accepted grant applications only by invitation, and several prohibited grantees from publicly acknowledging their grants.*

- The consistency of questions, use of a single interviewer, and overlapping classes of participants (e.g., foundation trustees/staff and grantees) enhanced the reliability of the findings. (Shenton, 2004).
- The credibility of observations was enhanced by triangulation of three sets of data, use of consistent methodology, a clear audit trail for data and findings (Shenton, 2004), and confirmation of findings by six independent domain experts.

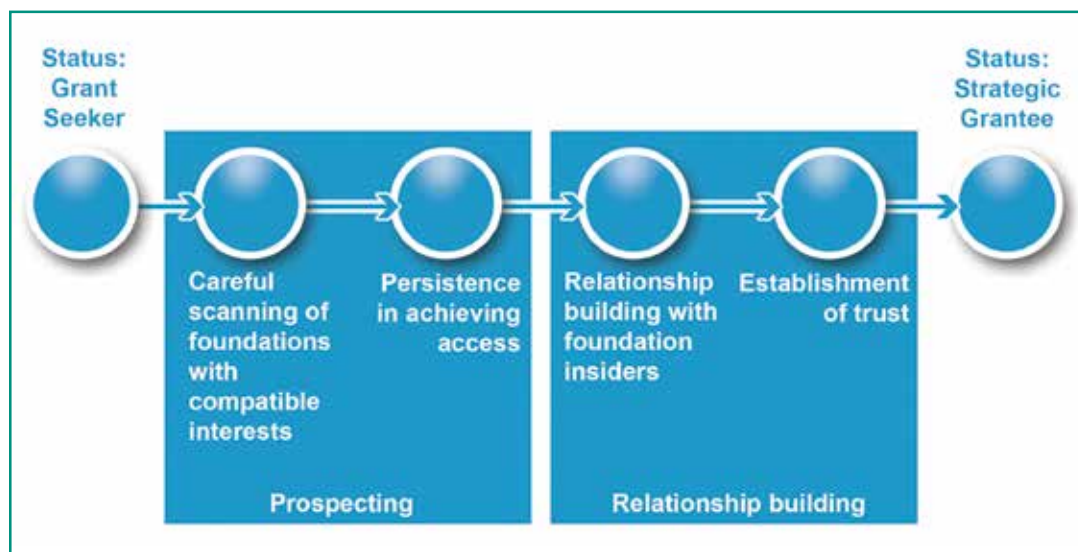
## Findings

Findings are reported within the context of four indicators of opaque practice, which evolved from the research: the capacity to maintain relative anonymity (i.e., ability to maintain a low public profile), to limit unwanted outside influence while maintaining independence in grant decisions (i.e., preserving philanthropic freedom), to sustain homogeneity of insider organizational control (i.e., perpetuating insider control), and to protect autonomous domain (i.e., resisting external accountability/reporting). Findings for the second research question also address how grant seekers evolved into strategic grantees, which are important in understanding the strategies addressed.

### *Question No. 1: Does Opacity Exist in Private Philanthropy?*

The following are findings related to foundation practices with external parties including grant seekers, which generally confirmed existence of significant opacity.

1. *Low public profile:* Most foundation participants, especially family foundations, maintained a low profile within the communities they served. Only half of the participating foundations had websites. Some accepted grant applications only by invitation, and several prohibited grantees from publicly acknowledging their grants. Foundations were often motivated to manage their public profile to avoid overwhelming limited staff with distracting inquiries.
2. *Preservation of philanthropic freedom:* Participants overwhelmingly reported the ability to make grant decisions without concerns about external stakeholder perceptions, effectively shielding grant decisions from outside interference. As one grantee remarked, “If the mayor calls on your behalf, you might have a better chance at the community foundation than if the mayor calls a private foundation.” This allowed the foundations greater freedom to innovate, experiment, make grants considered important that might otherwise be too politically risky for public grantmakers, and to administer grants with greater flexibility.
3. *Perpetual insider control:* The trustees of most private foundations were largely insiders: family, friends, or business associates of the founder or subsequent generations. With successive generations of trustees, family foundations were typically able to perpetuate insider control. “Because we are a private family foundation,” said one participant, “the board members are appointed by ... the donors.”
4. *Limiting external accountability/reporting:* Few private foundation participants

**FIGURE 4** Process for Becoming a Strategic Grantee

provided annual reports, and the websites that did exist often contained limited content. Many private foundations reported that they routinely and actively limit outsiders' access to information about internal processes and grant activities, including criteria for grantmaking and reasons for application denials, and make grants anonymously or with limited public notice.

#### **Question No. 2: Strategies for Opacity-Related Challenges**

Private foundations were found to engage in situationally enhanced transparency with certain grantees in ways intended to improve collaborative relationships. Grantee participants overwhelmingly confirmed this observation.

Foundations were not uniformly transparent with all grantees. Some strategic grantees developed deep relationships with foundation partners that seemed to produce situational transparency that was substantive and mutual; such transparency was not typically extended to nonstrategic grantees. Foundation and grantee participants reported that such relationships, and the corresponding transparency, enabled especially meaningful and satisfying projects.

Findings suggested that grant seekers who became strategic grantees followed a fairly consistent evolution: scanning for relevant foundation interests, persistence in achieving access to foundation insiders, patience in developing relationships, and establishing trust. (See Figure 4.) Grant opportunities were not pursued until this process was reasonably complete.

The first two steps involve a diligent process of foundation prospecting through a detailed investigation of a foundation's mission, interests, philosophical or ideological convictions, and grantmaking through a review of tax returns, data base services, foundation documents, and observations from previous grantees, former consultants, and friends of foundation insiders. Grantees then sought opportunities to meet with foundation insiders to establish access and gather additional information. Grantees were careful to avoid raising grant seeking motives too early in the process, and focused instead on building meaningful relationships, based on shared interests and openness to new ideas, though candid sharing of successes, failures, and lessons learned from prior work.

At this point, grantees reported they had better access to and relationships with private

foundations; foundations viewed grantees less as mere resource-seekers than as trusted associates who were strategic to shared philanthropic interests. Under these circumstances, foundations reportedly demonstrated willingness to relax opaque practices, and relationships were formed involving the kind of cooperation deemed essential to effective partnerships (Fairfield & Wing, 2008). Grantees reported that foundations treated them as valued partners and were more deferential to their expertise. And a representative of one foundation observed, “I tell my partners all the time: ‘You guys are the experts. That’s why I’m here, to learn from you. This is a partnership’”

Relationships between foundations and strategic grantees thus progressed beyond a transactional nature to more integrated, intimate partnerships that tended to involve recurring grants — creating relational currency on which major initiatives were progressively built. Said one grantee, “The relationship doesn’t stop and start back up when it’s time to reapply again; there’s information sharing and sharing of successes — and even setbacks — with those foundations.”

Participating foundations reported that strategic grantees were especially important to their grantmaking objectives; they enjoyed high levels of perceived relevance, trust, and respect from foundation partners. One foundation representative expressed enthusiasm for working “with partners that are willing to be by our side to go through these bold changes, so long as they’re willing to put things on the line as well, [to] rethink and re-strategize.”

The following findings provided evidence of vast differences in foundation practice with strategic grantees, pointing out a practice of situational transparency reported here within the context of the four indicators of opaque practice:

1. *Low public profile:* Private foundations were much less guarded about public disclosure regarding grantmaking and other involvement with strategic grantees. Grantees reported that foundation partners actively engaged in efforts to attract attention to their work and promoted them to other potential grantmakers. Private foundations exhibited enthusiasm for their partnerships with strategic grantees and were willing to be more open in their support. Strategic grantees also reported untethered access to their foundation partners. Said one grantee, “Most of our private funders ... care about what we’re doing. They care about, at the end of the day, the lives that have been impacted in our community.”
2. *Preservation of philanthropic freedom:* Efforts to protect against outside influence in grantmaking did not extend to strategic grantees. Input from strategic grantees was welcomed and encouraged. Private foundations were much more relaxed about preservation of their philanthropic freedom with strategic grantees, who reportedly were intimately involved in decisions about grant-program details and strategy. Opaque practices were eased, if not completely eliminated, in favor of promoting genuine partnership engagement with strategic grantees. A foundation’s capacity to embrace risk was extended to its grantees: “I’m not afraid to drill dry holes,” said one foundation official. “That’s where the money came from.”
3. *Perpetual insider control:* While foundations continued to perpetuate insider control, strategic grantees were given significantly greater access to insiders, including trustees, with whom they enjoyed active exchanges of ideas and experiences. Strategic grantees enjoyed a status functionally equivalent to foundation insiders: “They treat you like family,” said one.
4. *Limiting external accountability/reporting:* Private foundations were less protective of public knowledge about their activities with strategic grantees, and more likely to employ external communication to promote strategic grantees and their projects. Private foundations imposed high expectations regarding grantee accountability, but were willing to be accountable to strategic partners. As a grantee acknowledged,

“There’s a level of accountability and transparency that as a nonprofit you have to maintain, but especially when you’re dealing with a private foundation.”

## Key Takeaways

This research found that private foundations are indeed generally opaque, and that they employed such opacity in highly pragmatic ways — primarily to enhance their grantmaking ability. While such practices result in real barriers to grant seekers in general, private foundations were surprisingly transparent in certain situations and with strategic grantees. When their strategic charitable interests aligned, foundations became more transparent in order to build more effective relationships with their grantees. The level of apparent intentionality in the use of opaque and transparent capacities by private foundations was significant in these findings.

While opaque foundation practices may confound grant seekers, foundation and grantee participants reported that such opaque capacities benefited their shared charitable activities with respect to ability to experiment and test new ideas without fear of consequences to institutional reputation. They also reported that opaque capacities provided a unique environment for grant work that effectively resisted unhelpful outside interference and resulted in greater flexibility, efficiency, and potential impact. The advantages to charitable work in private philanthropy are reasonably analogous to the flexibility and efficiency enjoyed by privately held companies in contrast to publicly traded companies, from which much greater transparency is required. As one foundation representative put it,

I believe [private] philanthropy can do things that the public sector cannot. I believe we can take risks and try new things to see if they do work. That then allows for new systems to emerge that can be utilized by the public sector.

Grantees confirmed that private foundations were much less bureaucratic, tended to view their grants more as investments seeking social returns, and demonstrated greater business discipline than other kinds of grantmaking

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organizations. “I would say the angel investors are closest to the private foundations — angel investors and, possibly, venture capital,” a grantee remarked. Grantee participants also expressly observed that private foundations are markedly different than other kinds of grantmakers. According to grantees, their ability to freely shift between opaque and transparent practice was a striking example of such difference.

## Limitations

Research is inescapably contextual. Accordingly, the findings reported in this article should be considered within the specific context of this research — especially in two particulars. While this was a relatively large qualitative study, it remains a very small sample — 33 private foundations within the context of the more than 78,000 nationwide. And while grantees observed that foundations tend to be more generally transparent as they increase in size, larger foundations are less likely to participate in the kind of intimate partnerships described in this article. This may in part account for some contrasts between the findings of this research and the private foundation literature.

*U.S. tax law affords private philanthropy unique discretion regarding transparent practice. Before abandoning such discretionary capacity, it might be productive for private foundations to explore how transparent and opaque practices impact their reputation and inhibit or support their activities.*

This study suggested that large, non-local foundations may not possess the ability to shift between transparent and opaque practices that is exhibited by small and midsize foundations that are more proximal to grantees. Differences in foundation behavior by scale and proximity should be further studied.

## Conclusions

This research found that private foundations were indeed opaque institutions at the public level and with grant seekers; four indicators of opaque practice were consistently confirmed across most participating foundations. However, foundation participants adeptly demonstrated situational transparency — the willingness to relax opaque practices — with select grantees.

When perceived as strategic grantees, participants indicated a strong preference for working with private foundations over other kinds of grantmaking organizations. They were able to grow and learn with partner foundations — experiment, innovate, and even fail without risk to their institutional reputations. They reported that relationships with partner foundations allowed for deeper, more meaningful work.

The overwhelming majority of foundation participants in this research were family foundations, which represent the vast majority of private foundations in the United States. These participants were more inclined to embrace opaque practices, but were also observed to employ their opaque capacities in pragmatic ways intended to support charitable objectives. They also exhibited more transparency with strategic grantees as part of efforts to establish more effective partnerships for greater grantmaking impact.

U.S. tax law affords private philanthropy unique discretion regarding transparent practice. Before abandoning such discretionary capacity, it might be productive for private foundations to explore how transparent and opaque practices impact their reputation and inhibit or support their activities. This may prove a less than a straightforward exercise.

Foundations that fully embrace the underpinnings of transparency advocacy are likely to be enthusiastic about opportunities to engage in transparent conduct; this approach is known as enthusiast transparency. Foundations that embrace the principles of privacy advocacy, on the other hand, are more likely to merely comply with minimal transparency requirements, an approach known as compliant transparency. These represent opposing philosophies with respect to transparent practice.

Conflicting philosophical convictions between transparency and privacy-rights advocacy might suggest that only two options exist in setting transparency-related policy. However, research findings suggest there is a third, more pragmatic option: situational transparency. This option is less straightforward and more complex, because it requires clear objectives and correspondingly nuanced intentionality. It might be helpful to consider options for transparent conduct within the context of a continuum bounded by opposing philosophical convictions. (See Figure 5.)



**FIGURE 5** Transparency Continuum

### *Enthusiast Transparency – Advantages and Risks*

A hallmark of enthusiastic transparency is an unqualified commitment to provide to virtually all external stakeholders as much insight as possible into foundation processes, decision-making, and achievements. This might include robust, informative websites; press releases and position papers; meetings with community members and grant seekers; public reporting on grant decisions and outcomes; and efforts to solicit public input.

The potential advantages of this approach include enhanced public trust and improved access to and relationships with grant seekers. Potential risks include exposure to outside interference, which can compromise philanthropic freedom and internal control and lead to greater risk aversion for both foundations and grantee partners.

### *Compliant Transparency – Advantages and Risks*

This approach is primarily motivated by a duty to satisfy minimal statutory requirements, and may also involve a foundation's attitudes toward privacy rights.

Its potential advantages include the likelihood of enhanced autonomy and flexibility as well

as minimized outside interference, which can offer greater control over external access. The approach can be a way to better preserve philanthropic freedom, providing more flexibility to make risky grants, to experiment, and learn from failures. Among its risks are a greater vulnerability to complaints about accountability and an accompanying diminishment of public trust, and may also impede the development of effective grantee relationships.

### *Situational Transparency – Advantages and Risks*

The overwhelming majority of foundation participants followed this approach to some extent, and primarily with strategic grantees. For strategic grantees, this approach mirrors practices embraced more broadly in enthusiast transparency. Others, however, tend to perceive it as more opaque, similar to compliant transparency. While not examined in this research, it is possible that situational transparency can also be practiced with select external audiences, such as members of the public who are not grant seekers, where doing so is considered strategic.

Situational transparency is unlikely to attract outside interference, thereby enhancing philanthropic freedom through possibilities for

experimentation and risk and the ability to make potentially controversial grants. It also allows for intimate partnerships with strategic stakeholders and grantees. At the same time, there is the potential risk of a loss of public trust, and the approach can make grantee prospecting more difficult.

### Questions for Foundations

Foundations are free to follow their philosophical convictions in choosing their approach to transparency. But those interested in a more pragmatic policy might consider the following questions:

- With whom and in what specific ways can transparent practice build public trust? What public benefits can be expected from specific transparent practices?
- Are there specific transparent practices that could result in unwelcome consequences, such as inhibiting grant decisions or challenging tolerance for risk?
- Which transparent practices should be extended to all grant seekers? Are there more intimate levels of transparency that should be reserved for grantees with whom especially deep partnerships exist?

Findings from this research underscore the complicated nature of transparency in private philanthropy, especially when the approach is not entirely guided by philosophical convictions. Flexibility in U.S. tax law permits private foundations to make transparency decisions that are both pragmatic and nuanced. Potential advantages and risks are not always straightforward, and likely require careful contemplation.

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# Becoming Strategic: Finding Leverage Over the Social and Economic Determinants of Health

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*Keywords: strategy, strategic philanthropy, health conversion foundations, social determinants of health, health equity*

## Introduction

The defining legal feature of a foundation is that it expends its resources on charitable purposes. Most foundations, however, have an orientation that transcends charity. Steve Gunderson (2006), former president of the Council on Foundations, provided the following distinction between charity and philanthropy:

Charity tends to be a short-term, emotional, immediate response, focused primarily on rescue and relief, whereas philanthropy is much more long-term, more strategic, focused on rebuilding. One of my colleagues says there is charity, which is good, and then there is problem-solving charity, which is called philanthropy, and I think that's the distinction I have tried to make. (para. 28)

More and more, the concept of philanthropy is associated with solving problems and with changing social conditions in ways that improve the well-being of people and communities. Along the same lines, foundations have become increasingly focused on generating measurable impact with their grantmaking. They are also taking fuller advantage of the nonfinancial assets available to them (e.g., knowledge, experience, reputational capital, influence over decision makers) in order to move into lines of work that lead more directly to change. This includes bringing public and political attention to critical problems, convening interagency groups to address complex challenges, providing education on policy issues, and building the capacity of organizations and people who are in a position to solve particular issues (Hamilton, Parzen, & Brown, 2004; Bernholz, Fulton, & Kasper, 2005; Easterling, 2011).

## Key Points

- While a number of observers have offered advice to foundations on how to be more effective with the implementation, evaluation, and adaptation of their strategies, there is little guidance on how foundations should go about designing their strategies.
- This study fills that gap by analyzing the strategic thinking of health conversion foundations when they determined how they would address various social determinants of health. Based on interviews conducted with the leaders of 33 foundations across the U.S., we identified four strategic pathways: expanding and improving relevant services, creating more effective systems, changing policy, and encouraging more equitable power structures.
- In choosing a strategic pathway, a foundation is determining the type and degree of social change it wants to achieve. This choice should be aligned with the foundation's mission, values, philosophy, resources, and sphere of influence.

When a foundation shifts its orientation from making grants to generating impact, it may discover that it has entered a whole new world (Brown, 2012). The thinking and activity that are required to generate impact are strategic in nature, rather than transactional. Paul Brest (2015) contends that a foundation that adopts an outcomes orientation is by definition entering into the realm of strategic philanthropy.

## Unpacking the Concept of Strategic Philanthropy

Drawing on the various definitions that exist in the literature (e.g., Porter & Kramer, 1999; Brest, 2012, 2015; Buteau, Buchanan, & Brock, 2009; Kramer, 2009; Patrizi & Heid Thompson, 2011; Kania, Kramer, & Russell, 2014; Easterling & Metz, 2016), we believe that a foundation needs to meet eight conditions in order to be considered “strategic”:

1. Resources and effort are focused on a small number of issue areas and goals.
2. The foundation publicly commits itself to achieving these goals.
3. The goals are defined in measurable terms, so that it's possible to determine whether or not the goal has been achieved.
4. The foundation uses evidence and strategic analysis to develop a strategy that is capable of achieving its goals.
5. The strategy is clearly operationalized and fully implemented.
6. Mechanisms are put in place to evaluate how well the strategy has been implemented and the degree to which it is achieving its expectations, including the intended outcomes.
7. Drawing on those evaluation findings, the foundation reaches an informed assessment of where the strategy is and is not effective.
8. The strategy is adapted in light of evaluation and learning.

Becoming strategic requires time, commitment, in-depth analysis, hard choices, focused action, a host of complex skills, the ability to learn, and the willingness to let go of approaches that aren't working. A number of authors have described how foundations have come up short in carrying out the necessary tasks (e.g., Patrizi & Heid Thompson, 2011; Patrizi, Heid Thompson,

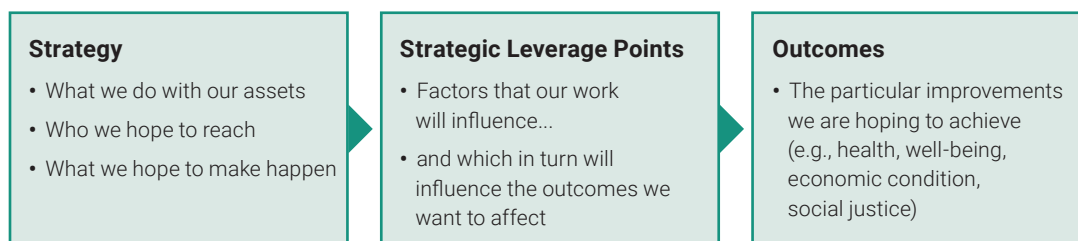
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Coffman, & Beer, 2013; Coffman, Beer, Patrizi, & Heid Thompson, 2013; Kania, Kramer, & Russell, 2014; Snow, Lynn, & Beer, 2015). Metz and Easterling (2016) present a summary of what too often does not happen:

- The strategy is based on a weak or naïve theory of what is required for the intended outcomes to occur,
- The strategy fails to appreciate what the strategy requires with regard to new and different work on the part of the foundation,
- The foundation is overly confident in the willingness and ability of grantees and partner organizations to accomplish what the strategy expects of them,
- The foundation fails to carry out the work that the strategy requires, and
- The foundation fails to put in place procedures and systems that promote learning and the adaptation of the strategy.

The various authors cited above have coupled their critiques with a host of remedies designed to help foundations become more effective with



**FIGURE 1** The General Form of a Strategic Pathway

the implementation, evaluation, and adaptation of their strategies. Our review of this literature, however, finds that little guidance is available to foundations on how they should go about designing a strategy that has the potential to achieve their goals. This article is intended to help fill that gap.

Our overarching recommendation with regard to strategy development is that staff and board need to conduct a more thoughtful, realistic, and research-informed analysis of what it will take for the foundation to achieve its goals. Such an analysis would pay particular attention to three strategic questions:

1. What are the factors that significantly influence the conditions we are hoping to improve?
2. Given our resources, experience, competencies, reputation, etc., which of these factors are we potentially in a position to influence?
3. What would we need to do in order to actually exert this influence?

These three questions guide the foundation in determining where and how it has strategic leverage over the issue it is attempting to influence. By intelligently and honestly answering these questions, the foundation will be in a position to develop a compelling theory of change and to determine exactly which resources and actions to bring into its strategy.

In answering these three questions a foundation is mapping out the strategic pathway through which the work it does can produce the outcomes it is seeking. (See Figure 1.) This figure

emphasizes the role of strategic leverage points in determining the focus of strategy. A strategic leverage point is a factor that (1) exerts influence over the conditions that the foundation wants to change, and (2) is within the scope of the foundation's influence.

Foundations differ in terms of asset size, experience with grantmaking, skill sets of staff, and reputation and leadership profile within the community(ies) they serve. As a result, each foundation will have its own strategic pathways with leverage points that are specifically appropriate to the foundation. Finding those leverage points requires the foundation to embark on a journey to define who it is, what it wants to accomplish, and what it is willing and able to do in order to get there. To a great extent, the questions required to identify strategic leverage points are the same questions that Patton, Foote, and Radner (2015) pose in their methodology for developing a foundation's "theory of philanthropy."

Although every foundation needs to engage in its own exploratory process to determine its leverage points, there is much to be learned from other foundations that have taken the time to develop thoughtful strategies. This article presents examples of the strategic thinking that health conversion foundations engaged in when they determined how they would address various social determinants of health. Through interviews with the leaders of 33 foundations across the United States, we gained an understanding of the thinking that led to the decision to focus on social determinants of health, as well as the development of specific strategies. We found that these foundations are operating through a multitude of strategic pathways, but these pathways generally fall into four

categories: (1) expanding and improving relevant services, (2) creating more effective systems, (3) changing policy, and (4) encouraging more equitable power structures. Some strategic pathways involve incremental improvements in services and systems, while others involve more radical disruptions in how institutions operate and how society is structured. In the final sections of this article, we consider the question of how a foundation can develop a strategic pathway that fits with its mission, values, philosophy, resources, and sphere of influence.

### Strategic Leverage for Health Conversion Foundations

The drive for outcomes is particularly pronounced among health conversion foundations (sometimes referred to as “health legacy foundations”). These foundations are created when a nonprofit health organization (e.g., hospital system, physician practice, health insurance plan) is involved in a sale, acquisition, merger, conversion, or other transaction that generates proceeds that need to remain in the nonprofit sector (Standish, 1998; Frost, 2001; Grantmakers in Health, 2005, 2017; Niggel & Brandon, 2014). The two most common scenarios are the conversion of a health plan (e.g., Blue Cross Blue Shield) from nonprofit to for-profit status and the sale of a nonprofit hospital or health system to a for-profit firm that is seeking to expand into a new market. When these sorts of transactions occur, the proceeds are typically used to create a new foundation that maintains the general mission of the nonprofit entity that was sold (i.e., improving or advancing the health of the population served by the entity).<sup>1</sup>

According to a recent census by Grantmakers in Health (GIH), there are at least 242 conversion

*More than family foundations and community foundations, conversion foundations tend toward strategic philanthropy. They specifically seek to achieve measurable improvements in health care, health status, and/or health equity.*

foundations in the U.S. (GIH, 2017).<sup>2</sup> These foundations vary tremendously in their size and reach. At the high end are The California Endowment, the Colorado Health Foundation, Missouri Foundation for Health, Episcopal Foundation for Health in Texas, and Group Health Community Foundation in Washington state, each of which hold more than \$1 billion in assets. While these large conversion foundations have attracted a great deal of public and political attention in recent years, it is important to recognize the resources and influence of small and medium-size conversion foundations, many of which are the dominant funder in their respective community.

More than family foundations and community foundations, conversion foundations tend toward strategic philanthropy. They specifically seek to achieve measurable improvements in health care, health status, and/or health equity. This strategic inclination is due to a variety of factors, including the specific nature of most conversion foundations’ mission statements (focusing on the health of a particular region or population), the

<sup>1</sup> Another option is for the proceeds to be transferred to an existing foundation that serves the population served by the health organization that was sold or converted (e.g., a community foundation based in the same region as the health organization). A more complicated approach to handling the transaction is for the nonprofit health entity to stay in business but change its mission from delivering health care to making grants (i.e., disbursing funds derived from the sale or conversion).

<sup>2</sup> The Bridgespan Group produced a somewhat lower figure of 228 (Hussein & Collins, 2017), but Niggel and Brandon (2014) counted 306 conversion foundations as of 2010. The discrepancies reflect different search methods and differences in the criteria for counting a transaction. For example, there are differences of opinion as to whether an existing foundation that receives the proceeds from the sale of a nonprofit health organization should be viewed as a conversion foundation. Likewise, there is disagreement as to whether a “conversion” occurs when a nonprofit health organization is acquired by another nonprofit entity.

large degree of discretion that board and staff have over allocating grant funds (as opposed to community foundations with donor-advised funds), and the fact that most conversion foundations have been established at a time when there is an emphasis on strategic philanthropy.

On the other hand, it would be erroneous to assume that all conversion foundations operate with a strategic orientation. Some conversion foundations are more oriented toward serving as a local resource than an agent of change. This is especially true when the board is directly involved in individual grant decisions and its members bring in their own personal interests and perspectives. As in any other subsector of philanthropy, conversion foundations differ in terms of how much they aspire to be strategic.

Likewise, among those conversion foundations that do operate from a strategic orientation, there are different patterns as to when they became strategic. Because of who is on the board and/or who is hired as the first CEO, some conversion foundations begin with a strategic orientation. Others start out with a more open-ended approach to their grantmaking, but then move in a more strategic direction.

Easterling and Main (2016) describe how The Colorado Trust, one of the oldest conversion foundations, shifted to a more strategic orientation five years after embarking on a fairly scattershot approach to supporting health-oriented nonprofit organizations in the Denver region. The impetus for this shift came from the board, which consisted primarily of physicians and successful business leaders. In what turned out to be a seminal board retreat in 1990, one of the board members raised the clarion call of outcome-oriented philanthropy, namely, “How do we know we are making any difference with our money?” (Easterling & Main, 2016, p. 88). This question triggered a conversation that eventually led The Trust to make grants through multi-site initiatives with foundation-specified objectives and to invest significantly in evaluation.

The Colorado Trust’s initiatives were developed in response to an environmental scan that

pointed to a small number of strategic leverage points — factors that diminished the health of Coloradans and that the foundation was in a position to influence because of its resources, reputation, and expertise. A critical leverage point identified by the scan was a sense of disenfranchisement among residents throughout the state. Residents felt that they were not able to participate in critical decisions involving policy, resource allocation, and the design of programs and projects intended to improve health. According to the scan, this led to a perceived lack of control and a mismatch between the programs available in a community versus what local residents needed and valued (Colorado Trust, 1992). The foundation sought to change this situation — and in the process to improve health across the state — through a variety of community-based initiatives that created venues for local problem-solving and offered opportunities to build individual, organizational, and collective capacity (Easterling & Main, 2016). The most prominent of these was the Colorado Healthy Communities Initiative, which engaged broadly representative stakeholders in a 15-month process of visioning, assessment, planning, and consensus formation (Conner & Easterling, 2009).

Conversion foundations throughout the United States have similarly taken intentional steps to set a strategic direction that takes into account their resources, position, and values, as well as the needs and interests of the community that the foundation is serving. One of the specific ways in which they are demonstrating their strategic thinking is by turning their attention upstream to address the social determinants of health (SDOH). An ever-increasing body of research demonstrates that factors such as income, employment, housing, education, neighborhood conditions, political power, and social standing exert a powerful impact on one’s health status and life expectancy (e.g., Williams & Collins, 1995; Pickett & Pearl, 2001; Wilkinson & Marmot, 2003; Braveman & Egerter, 2008; Braveman, Egerter, & Williams, 2011).

Conversion foundations are increasingly appreciating the critical role that social and economic conditions play in influencing the health of

individuals and communities, and in response are developing strategies to improve these conditions. This trend was highlighted by GIH in its September 2017 *GIH Bulletin*. Drawing on a recent survey of GIH's current and former board members, most of whom are either the CEO or vice president of a health conversion foundation, GIH President and CEO Faith Mitchell (2017) reported that several survey respondents "identified the social determinants of health as a primary challenge — now and in the future — for health philanthropy" (para. 3).

Many of the country's large statewide conversion foundations (e.g., The California Endowment, California Wellness Foundation, Colorado Health Foundation, Missouri Foundation for Health, Connecticut Health Foundation) are devoting major portions of their grantmaking portfolio to addressing upstream determinants of health, including poverty, education, and discrimination. The California Wellness Foundation (2018) presents the following rationale on its website:

The Foundation's grantmaking is grounded in the social determinants of health research that states that where people live and work, their race and ethnicity, and their income can impact their health and wellness. It's the Foundation's desire to help "level the playing field" so that everyone has access to good-paying jobs, safe neighborhoods, and quality health care services. (para. 3)

Smaller health conversion foundations are also allocating more of their attention and resources toward improving social and economic conditions (Niggel, 2014). Conversion foundations with a local or regional service area are especially well suited to address social and economic determinants. They can tailor their grantmaking and other philanthropic resources to community-specific issues, conditions, and systems. In addition, locally and regionally oriented conversion foundations are often the dominant philanthropic institution in their communities. These foundations take advantage of their visibility and influence to stimulate new work and new ways of thinking that lead to improved community health, including more deliberate and

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strategic action on the social and economic determinants of health.

By moving upstream and focusing on social and economic determinants, these foundations are operating from a more "strategic" vantage point. They are seeking to influence the factors that are at the root of poor health and health disparities. But deciding to focus resources and attention on a particular upstream determinant of health does not in itself constitute a strategic orientation. There remains the hard work of determining how to intervene effectively on those factors. Most social and economic determinants correspond to entrenched conditions, and as such are not easily changed. In order to be truly strategic and impactful, these foundations need to find and take advantage of specific opportunities to impact conditions such as poverty, unaffordable housing, poor-quality education, and unsafe neighborhoods.

## Study of Health Conversion Foundations

In order to understand how foundations find this sort of leverage, we interviewed the leaders of 33 health conversion foundations that have a reputation for being strategic, especially with regard to the social determinants of health. These interviews asked about the strategic thinking that led to the decision to focus on social determinants, as well as how and why specific strategies were developed. We paid special attention to the question of what the foundation was seeking to make happen and the logic as to how this would pay off with regard to the outcomes it was seeking.

Our sampling frame for the study was health conversion foundations that were known to be investing in improving social and economic conditions through some combination of grantmaking, convening, advocacy and leadership work. Based on conversations with longtime observers of health philanthropy at GIH, the Robert Wood Johnson Foundation (RWJF), and other leading health foundations, we estimated that 40 to 50 conversion foundations across the country were intentionally focusing resources on SDOH at the time we initiated the study in September 2015, with many additional conversion foundations exploring the possibility of moving into this space. The study was intended to explore the approaches of a representative sample of the subset of conversion foundations that were focusing on at least some of their resources on SDOH (as opposed to a representative sample of all conversion foundations).

In collaboration with the program officers at RWJF who oversaw this project, we determined that the study would seek a sample size of 25 to 30 conversion foundations. We also defined a set of stratification factors to take into account when selecting the sample. In particular, the sample needed to include foundations with funding regions of different scales (e.g., statewide, regional, local), with different levels of financial assets, and from different regions of the country. We also wanted to be sure to include those conversion foundations that were widely recognized as national leaders in developing ambitious and/or innovative SDOH strategies. Through a series of email exchanges, phone calls, and meetings with informants at RWJF, GIH, and the Kate

B. Reynolds Charitable Trust, we were able to assemble a diverse list of 38 conversion foundations from across the country. All 38 were known to have made at least some grants to improve social and economic conditions.

To each of these foundations, we emailed an invitation to participate to either the CEO or another foundation leader who was known to be central to the social-determinants work. If we did not hear back following our initial email, we followed up with additional emails and phone calls. Of the 38 foundations invited to participate, we were able to schedule interviews with leaders from 33 (an 87 percent participation rate). (See Appendix.)

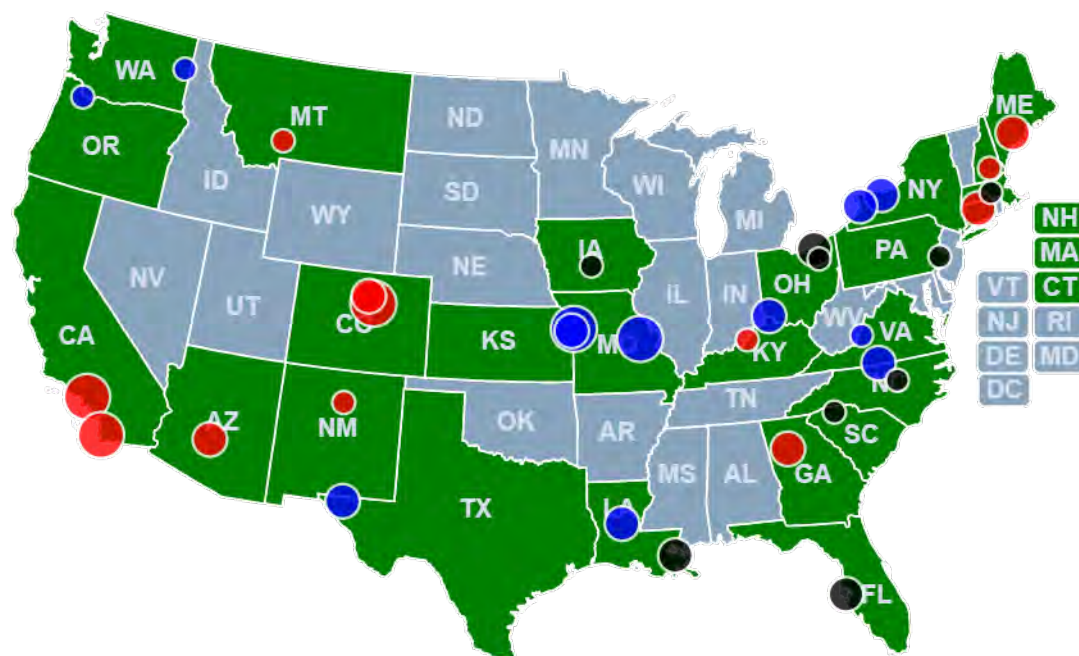
For 21 of the 33 foundations in the study, we conducted a single interview with a single representative of the foundation. For eight of the foundations, we conducted a single interview with multiple representatives. And for the remaining four foundations, we conducted multiple interviews with different representatives. Altogether, we conducted 39 interviews and talked with 48 representatives. The CEO was interviewed for 27 of the foundations.

The 33 foundations are located in 25 states in all regions of the country. (See Figure 2.) Four of the foundations have funding regions that cross into multiple states, and one (the Paso del Norte Health Foundation) makes grants in both the U.S. and Juarez, Mexico.

The sample is diverse on a number of attributes beyond location. (See Table 1.) We included a mix of statewide foundations (12) and foundations that make grants within either a single county (nine) or a multicounty region (12). Looking at the level of assets, 13 of the foundations had less than \$100 million, 15 had between \$100 million and \$500 million, and five had more than \$500 million. The smallest foundation is the Con Alma Health Foundation, in New Mexico, with \$25 million, while the largest is The California Endowment, with \$3.7 billion. In terms of the foundations' tax status, most (23) were private foundations, with the remainder split between public charities (six) and social welfare



**FIGURE 2** Geographic Distribution of Participating Foundations



Key

Black = Local

Blue = Multicounty

Red = Statewide

Small circle = Assets up to \$100 million

Medium circle = Assets between \$100 million and \$500 million

Large circle = Assets over \$500 million

Sector

organizations (four). The vast majority of the sample (28 of 33) were established between 1990 and 2009.

It is important to point out that our sample has a different profile than the overall population of health conversion foundations. Grantmakers in Health (2017) and Niggel and Brandon (2014) conducted separate censuses of the sector and reported how conversion foundations distribute on various characteristics. Based on those studies, we can conclude that our sample has proportionately more foundations with (1) statewide and multicounty funding regions, (2) assets over \$100 million, and (3) private-foundation legal status. These “deviations” indicate what types of conversion foundations are most likely to be taking the lead in addressing social and economic determinants of health.

For each of the 33 foundations in the sample, we compiled, reviewed, and synthesized materials available on websites related to the foundation’s history, organizational structure, philosophy, strategic priorities, grantmaking, educational resources, advocacy, and evaluation approaches and findings. This information was used to characterize each foundation with regard to the level and breadth of investment in SDOH, as well as the particular SDOH issues that the foundation was seeking to affect.

Interviews with foundation leaders were conducted between December 2015 and July 2016. These provided a fuller view of the nature of each foundation’s strategy, how strategies were developed, what they were seeking to achieve, the underlying logic, and outcomes to date. We

TABLE 1 Characteristics of Participating Foundations

Characteristic	Number of Foundations	Percentage of Sample
<b>Service Area</b>		
Statewide	12	36.4%
Multicounty	12	36.3%
Single county	9	27.3%
<b>Asset Size</b>		
Less than \$50 million	3	9.1%
\$50 million to \$100 million	10	30.3%
\$100 million to \$200 million	8	24.2%
\$200 million to \$500 million	7	21.2%
\$500 million to \$1 billion	2	6.1%
Over \$1 billion	3	9.1%
<b>Legal Entity</b>		
501(c)(3) private foundation	23	69.7%
501(c)(3) public charity	6	18.2%
501(c)(4) social welfare organization	4	12.1%
<b>Date Established</b>		
Before 1990	3	9.1%
1990–1999	17	51.5%
2000–2009	11	33.3%
2010–2015	2	6.1%

Sector

elicited this information with an interview protocol that covered the following topics:

- the foundation’s origins, history, mission;
- the interviewee’s history with the foundation;
- how and why the foundation decided to focus on social determinants of health;
- which social and economic conditions the foundation is seeking to improve;
- strategic frameworks that guide the foundation’s work;

- exemplar initiatives — intent, approach, results, lessons;
- observations and reflections on the foundation’s larger body of work; and
- future directions for the foundation and for the larger field.

Interviews were transcribed and analyzed to characterize each foundation’s strategic orientation, priority issues, and approach to achieving impact. We extracted quotes that reflect the foundation’s orientation and strategies. These data were used to develop conceptual frameworks and typologies that depict the variation in approach we observed across foundations, particularly

with regard to strategic pathways and leverage points. Those frameworks and typologies were vetted with interviewees through follow-up email exchanges, as well as with participants at a breakout session at the 2017 annual GIH conference. The frameworks underwent significant revision and refinement based on the feedback from interviewees and conference participants.

## Strategic Considerations in Pursuing an SDOH Approach

Among the 33 foundations in our sample, the vast majority (28) were making what we regarded as extensive investments of grant dollars and other philanthropic resources in one or more social determinants of health. By “extensive,” we are referring to evidence such as multiple grants aligned around a particular SDOH goal, the convening of a community planning process around one or more SDOH issues, and foundation-sponsored advocacy and policy work to improve social and economic conditions. Some of these 28 foundations are focused on one or two targeted SDOH domains, while others are supporting a broader body of work to improve many different social and economic conditions.

The remaining five foundations had made at least some grants to address social and economic factors, but these investments were more isolated and did not reflect a larger commitment to addressing SDOH on the part of the foundation.

Regardless of whether the foundation was investing extensively in SDOH, the foundations in the study had all devoted considerable attention to the question of whether it was an appropriate strategic direction to pursue. The argument in favor of this approach is that social and economic factors are major drivers of health status — possibly even more influential than the availability, accessibility, and quality of health care.

For example, the Rapides Foundation, in Alexandria, Louisiana, contracted with Tulane University to conduct a community health assessment shortly after its founding in 1994. Based on that assessment, the board adopted a set of priorities that included not only health issues

(health care access and health behaviors), but also social issues (education, economic development, and community development). The foundation has continued to focus on this mix of issues.

According to Rapides’ president, Joe Rosier, the foundation is currently allocating 40 percent of its grant funds to health care access and health behaviors, 40 percent to education (prekindergarten through grade 12) with an emphasis on increasing high school graduation rates, and 20 percent to community development in order to increase median income and civic engagement.

The Danville Regional Foundation (DRF), in Danville, Virginia, likewise chose from the outset to focus much of its grantmaking and community leadership work on education and economic development. From its beginning in 2005, DRF has emphasized the social context within which health is attained and maintained. This approach is reflected in the foundation’s vision statement: DRF “envisions a thriving Dan River Region that works well for everyone” (Danville Regional Foundation, n.d., para.1). A large portion of the foundation’s resources are focused on increasing educational attainment throughout the region. The foundation’s president, Karl Stauber, told us: “Our original charter talks about economic development, health, education, workforce, and community capacity rather than simply a pure health orientation. We’re trying to simultaneously create a new economy and new culture.”

Our interviews showed that in addition to Rapides and DRF, a handful of other foundations (e.g., the Health Foundation of Central Massachusetts, the Mid-Iowa Health Foundation) honed in on social and economic determinants of health in developing their initial organizational strategies. Most of the foundations in the sample, however, adopted their SDOH approaches at a later stage of organizational development and learning. Amy Latham, vice president of philanthropy at the Colorado Health Foundation, described the evolution toward an SDOH approach:

We learned from [our earlier place-based initiative] that we have to have a social-determinants lens

*With health equity, the goal is not so much to improve the average health of a population, but rather to reduce the disparities in health that exist between different racial groups, different ethnic groups, different levels of wealth, and different geographic regions. Moreover, the intent is not so much to improve social and economic conditions throughout their region as it is to change the underlying structures in ways that create more opportunity for people who have historically been disenfranchised — and whose health has suffered as a consequence.*

when we approach any kind of community work. We learned that you can't influence the health of a community without talking about all the ways that the environment influences health, that poverty influences health, that civic engagement influences health.

Foundations that are committed to advancing health equity have an even stronger rationale for focusing on social and economic factors. With health equity, the goal is not so much to improve the average health of a population, but rather to reduce the disparities in health that exist between different racial groups, different ethnic

groups, different levels of wealth, and different geographic regions (World Health Organization, 2010). For health-equity funders such as the Northwest Health Foundation, Con Alma, The Colorado Trust, and the Connecticut Health Foundation, operating on social and economic factors is essential. Moreover, the intent is not so much to improve social and economic conditions throughout their region as it is to change the underlying structures in ways that create more opportunity for people who have historically been disenfranchised — and whose health has suffered as a consequence. This work is inherently broad in scope, extending well beyond health and health care.

While the vast majority of the foundations in our study found ample justification to invest at least some of their philanthropic resources in improving social and economic conditions, it would be erroneous to conclude that this was an easy or straightforward decision. One of the most common concerns we heard in the interviews has to do with the breadth of social and economic issues that potentially warrant the foundation's attention. When a foundation expands its grantmaking to move beyond programs that advance "health" (narrowly defined), there is a risk that the foundation will become a go-to funder for all nonprofit organizations and government agencies in a community. More generally, moving into the arena of SDOH opens up the foundation to funding a much broader range of issues, which raises obvious challenges with regard to finding and maintaining a strategic focus. In order to operate in a truly strategic fashion, the foundation needs to define a limited number of specific SDOH issues where it will make a difference.

Another countervailing factor that discourages conversion foundations from investing in SDOH is the difficulty of influencing social and economic conditions. Most social and economic determinants correspond to entrenched conditions, and as such are not easily changed. Health foundations find it challenging enough to improve the availability, accessibility, and quality of health care. It can be even more daunting to improve job opportunities, the quality of schools, the fairness of the justice system, family

**TABLE 2** Targets of Foundation Work on Social Determinants of Health

Domain	What conditions are foundations seeking to improve?
<i>Community building</i>	Increased civic engagement, improved sense of connectedness and trust, collective efficacy and ability to set communitywide goals
<i>Educational success</i>	Increased educational attainment and graduation rates, more educational opportunities, increased access to quality education
<i>Parenting and early childhood</i>	Parenting skills, healthy family environment, increased access to quality child care
<i>Economic well-being</i>	Increased job opportunities and workforce development; a growing, thriving economy that is enticing to business and entrepreneurs; increased homeownership and financial literacy
<i>Built environment</i>	Promotion of walkways, parks, trails, and exercise routes; conversion of former rail lines to exercise paths; more public spaces to encourage social interaction and healthy activity
<i>Housing</i>	More affordable and transitional housing, more independent living for seniors, reduced homelessness
<i>Community safety</i>	Violence prevention, criminal justice reform, better opportunities for re-entry among ex-offenders
<i>Transportation</i>	Transit-oriented urban development, expansion of transportation options to promote healthy activities and reduce traffic, increased availability of public transportation in underserved communities

circumstances, neighborhood conditions, housing options, transportation options, etc. One of our interviewees pointed to the difficulty of impacting these conditions as a rationale for not pursuing a SDOH approach:

Our conclusion is that strategies to impact such social factors and their direct impact on health are not well established, or we can't find them. Or they are highly political, not evidence-based approaches. We know there is a relationship between social factors and health. The question is where does the foundation place itself in the chain of events.

### Which Changes in Social and Economic Conditions to Pursue

If a health foundation decides to adopt a SDOH approach, one of the first hard choices it faces is which social and economic factors are appropriate places to focus. While health is influenced by a broad array of social determinants, many of these are deeply rooted in historical, political, economic, and cultural contexts, and thus are difficult for foundations to influence. Health foundations face the added challenge that they

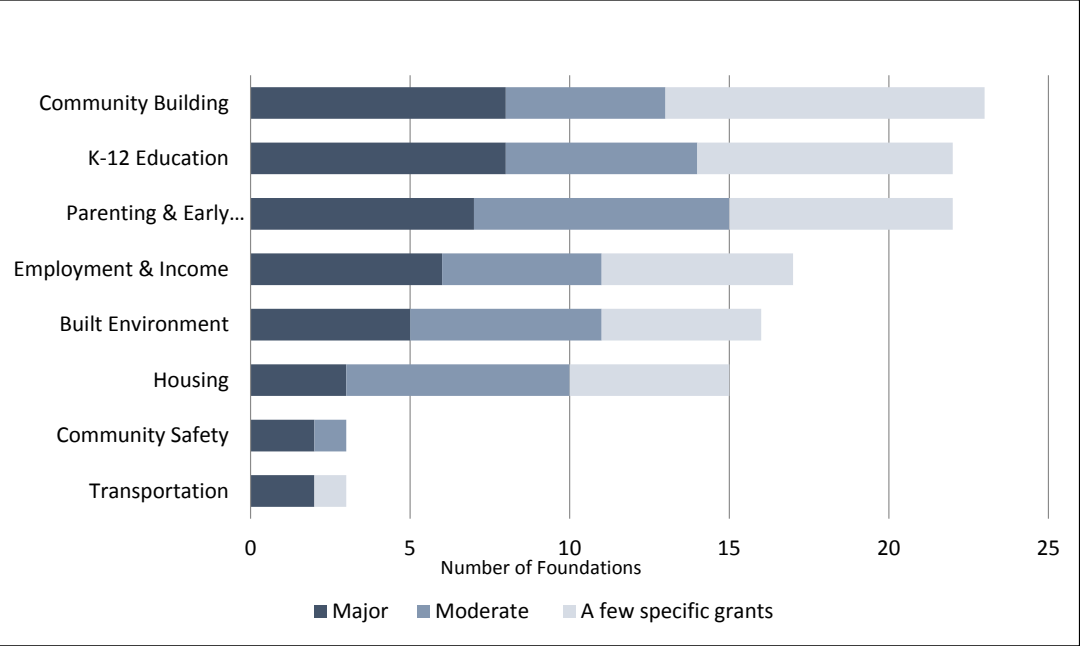
often haven't established strong working relationships with the government and nonprofit organizations that focus on such SDOH issues as housing, transportation, economic development, civic engagement, and criminal justice.

Despite these challenges, the conversion foundations in our sample have in fact staked out specific SDOH issues where they believe they can stimulate positive change. These include increasing civic engagement, increasing high school graduation rates, reducing out-of-school suspensions, improving opportunities for job training, increasing access to quality child care, creating more transitional housing for the homeless, and making it easier for ex-offenders to re-enter their communities. (See Table 2.)

The foundations in our sample are trying to influence social and economic conditions in various ways; each is focusing on its own particular subset of issues. We assessed each foundation's SDOH portfolio by reviewing the grants and initiatives listed on the foundation's website and their work in eight domains. (See Figure 3.) We



**FIGURE 3** Prevalence of Funding in Different Social-Determinant Areas



Sector

classified each foundation into one of the following categories: (1) no work in the domain, (2) a few isolated grants, (3) a “moderate” level of grantmaking (in terms of size and number), or (4) a “major” area of investment (either with multiple grants or a focused initiative).

Among our sample, the most popular domains for investment are community building, K-12 education, and parenting and early childhood; approximately two-thirds of the foundations in the sample are making at least some grants in these areas. The next tier contains economic well-being, the built environment, and housing. The two domains with the least investment are community safety and transportation. Only three foundations are investing in each of last two domains, but in each case two of the three are making what we regard to be “major” investments.

### Strategic Pathways

By focusing philanthropic resources on social and economic conditions that are upstream of health, one might say that these health

foundations in our sample are acting in a “strategic” fashion. To be truly strategic, however, the foundations also need to use their resources in ways that are capable of producing the SDOH-related outcomes they are seeking. This requires identifying and operating on factors that offer strategic leverage over the conditions they are trying to change. In other words, what can a health foundation do that will lead to the changes listed in Table 2?

In our interviews, we asked foundation leaders to describe key SDOH strategies with regard to (1) what the foundation was trying to accomplish, (2) the specific grantmaking and beyond-grant-making approaches it was employing, and (3) the strategic pathways through which the foundation’s resources and activities would generate the desired outcomes. Interviewees were generally able to answer all these questions in fairly specific terms. Nearly half of the foundations in the sample provided us with a logic model or theory of change that mapped out the foundation’s assumptions of how change would occur.

While each foundation strategy has its own distinct pathway from inputs to impact, those pathways fall naturally into a smaller number of categories. For the foundations in our sample, the vast majority of strategies had pathways that fit into the following four categories (and sometimes into more than one category):

1. *Expand and/or improve programs and services.* Within this pathway, the foundation engages with key agencies, organizations, and institutions in the community that have programs and services capable of influencing the target condition (e.g., poverty, transportation, housing). Through grants, technical assistance, and other philanthropic resources, the foundation supports those organizations in enhancing their programming. This might include expanding the number of clients the organization is able to serve, adding new services, incorporating evidence-based practices, making services more culturally relevant, or offering training opportunities to staff. At a more macro level, the foundation might support organizational capacity building in areas such as fundraising, technology, strategic planning, leadership development, and succession planning. The foundation might also act proactively to establish a new organization that fills a void in the services available within the community.
2. *Create higher functioning multiagency systems.* This pathway extends beyond expanding and improving the services offered by individual organizations to focus on the larger systems within which those organizations operate. It is those larger systems that determine how fully people's needs are met. For a system to be high-functioning, it needs to effectively deliver the services and resources that meet the needs of its clients. This requires having strong organizations that provide the necessary services, as well as alignment and coordination among those organizations. This, in turn, requires policies, connections, and norms that promote effectiveness, responsiveness, collaboration, learning,

*By focusing philanthropic resources on social and economic conditions that are upstream of health, one might say that these health foundations in our sample are acting in a “strategic” fashion. To be truly strategic, however, the foundations also need to use their resources in ways that are capable of producing the social determinants of health-related outcomes they are seeking.*

and adaptation (Foster-Fishman & Watson, 2012). Foundations are increasingly seeking to improve the functioning of existing systems and to foster new systems that address unmet needs. Typically, this involves bringing together the leaders of organizations that are addressing a common issue and supporting the group in strategic analysis, planning, identifying promising models, creating and implementing shared strategies, evaluation, and relationship-building.

3. *Create or change policies.* Any condition that a foundation seeks to improve will inevitably be influenced to at least some degree by policy at the federal, state, and/or local level. This includes both public policy (e.g., legislation) and the policies adopted by institutions (e.g., school districts, housing agencies, transportation districts, health systems, banks, employers) that have influence over a particular issue. Foundations can influence policy through a number of pathways, some more direct than others. This can include publicizing critical issues where policy change is needed, supporting

**TABLE 3** Foundation Initiatives That Illustrate the 4 Strategic Pathways

Strategic Pathway	Examples
Expand and improve relevant programs and services	<i>The Mary Black Foundation</i> , in Spartanburg, South Carolina, partnered with local agencies to develop a system to monitor and help child care centers increase the quality of care they offer and provide information to families about their options. Elements of this monitoring and improvement system have been adopted by the state.
	<i>The Rapides Foundation</i> , in Alexandria, Louisiana, is seeking to increase the readiness of preschool children for kindergarten and of high school students for employment and post-secondary education. A major focus is to increase professional development opportunities for teachers. Because there were no organizations in the region with the capacity to provide this training, the foundation created a new entity, the Orchard Foundation, to administer the training program.
	<i>The Colorado Health Foundation</i> , in Denver, made a major program-related investment to the Colorado Coalition for the Homeless to establish a revolving housing fund. This loan, at a favorable interest rate, allows the coalition to finance affordable housing projects, including the development of 500 units of permanent supportive housing for families and individuals by 2025.
	<i>The Health Foundation for Western &amp; Central New York</i> (2015), based in Buffalo and Syracuse, established GetSET (Success in Extraordinary Times) to assist health and human service organizations in strengthening their strategies, operations, and structures. Each organization formulates a capacity-building plan and addresses key issues with training, consulting, and peer learning.
	<i>The REACH Health Foundation</i> , in Merriam, Kansas, introduced a Cultural Competency Initiative in 2009, which provided health and human service organizations in the Kansas City region with individualized technical assistance to improve their services to uninsured and underserved populations. This assistance included organizational assessment, coaching, policy development, change management, and peer learning. More than 60 organizations participate in a learning community (Cultural Competency Initiative, 2015).
Create higher functioning multiagency systems	<i>The HealthSpark Foundation</i> , in Colmar, Pennsylvania, convened and supported the Your Way Home coalition to reduce homelessness. The coalition developed and implemented a Homeless Prevention and Rapid Rehousing plan to end recurring and long-term homelessness in the community. The foundation's role included hiring a consultant to facilitate the process, researching best practices, and forming a learning community.
	<i>The Health Foundation of Central Massachusetts</i> , through its Synergy Initiative, provides financial resources, evaluation support, and structured planning to agencies that come together to solve a shared problem. The Together for Kids project focused on children being suspended from preschool because of behavioral issues. With the foundation's funding and active engagement, the group designed and implemented a program that significantly reduced suspensions. The foundation also supported policy analyses and advocacy work that were instrumental in persuading Massachusetts policymakers to fund the model statewide.
Create or change policies	<i>The Foundation for a Healthy Kentucky</i> supports policy change at both the state level, through advising legislators and leaders of government agencies, and the local level, through the dissemination of model legislation. This strategy includes research, education, coalition building, training community members in local advocacy, and statewide conferences and trainings to highlight issues and strengthen coalitions.
	<i>The Con Alma Health Foundation</i> , in Santa Fe, New Mexico, has publicized the detrimental effects of a proposal to downgrade the state's water quality standards, which would potentially affect wildlife, ranchers, and a number of indigenous communities that depend on the Pecos and Rio Grande rivers for drinking water. In addition to its own role in raising public awareness, the foundation funds Amigos Bravos (Con Alma Health Foundation, 2014) to organize political participation within the affected communities.
	<i>The California Endowment</i> , following the lead of students in the Building Health communities, created a multi-pronged awareness-raising and advocacy campaign to change school discipline policies in districts across the state. This has led to notable reductions in suspensions and expulsions.
Create more inclusive and responsive societal structures and institutions	<i>The Greater Rochester Health Foundation</i> , in upstate New York, uses a community-organizing strategy to improve the physical, social, and economic environments of neighborhoods. With its Neighborhood Health Status Improvement initiative, the foundation funded a community organizer position in 10 neighborhoods and rural communities throughout the region. The organizers are trained in the Asset-Based Community Development paradigm of Kretzman and McKnight (1993), which focuses on resident-led efforts to improve the quality of life by drawing on a community's own assets.
	<i>The Northwest Health Foundation</i> , based in Portland, Oregon, uses its position and reputation to enhance the influence of grassroots groups that are not yet connected to political structures. For example, the foundation hosted a high-profile dinner with the speaker of the Oregon House of Representatives as a means of providing an audience for a grassroots organization that had been unable to draw attention to its policy priorities.
	<i>The Colorado Trust</i> , based in Denver, uses a community-organizing approach to advanced health equity in communities across the state. The Trust hired community partners who organize local resident councils and facilitate the development of community-change strategies. The councils determine funding priorities for The Trust's grants to the community.

or carrying out studies that identify policy options, mobilizing public support for a particular policy, and disseminating model legislation or institutional policies. Foundations with a 501(c)(4) social welfare organization status are able to advocate more directly for specific policies through communications campaigns and conversations with policymakers.

4. *Changing political, economic, and social structures in ways that expand who has access to resources, opportunities, and power.* Some foundations have determined that their goals will be achieved only if there are more fundamental shifts in how institutions function, how societal problems are identified and solved, and who has the power to make key decisions. These foundations are interested in improving programs and systems, but with a particular focus on ensuring that those programs and systems are more inclusive, responsive, and equitable. They seek this higher form of social change through strategies such as community organizing, developing leadership capacity among grassroots groups, building the political power of those groups, and encouraging established institutions to change in ways that promote equity.

We observed strong examples of all four of these strategic pathways within our sample of conversion foundations. (See Table 3.) One way to interpret this is that there are multiple subpathways within each of the four major pathways.

### How Much Change Is the Foundation Seeking?

The four strategic pathways reflect different types and different degrees of change to the organizations, systems, and structures that define a community (or society more generally). Operating through either of the first two pathways — services and systems — amounts to improving existing institutions. Operating on the next pathway — policy — involves changing the context. Operating through the fourth pathway implies that the foundation is in the business

of changing the fundamental structures that underlie key institutions and that organize society more generally.

The conversion foundations in our sample are at different points in this “change spectrum.” Some focus their attention on improving the programs and services that assist people in meeting their social and economic needs. Others are seeking to change how communities and society are organized, especially with regard to who has political and economic power. This latter group includes the foundations in the sample that have incorporated “health equity” into their mission or identity (e.g., Northwest Health, The Colorado Trust, Con Alma). These foundations are less focused on improving the overall health of a community or region than on increasing opportunity and seeking justice for groups that have been historically underserved, neglected, or discriminated against — particularly communities of color.

The Northwest Health Foundation is explicit in articulating the need to focus on changing the fundamental structures and systems that define society:

Equity requires the intentional examination of systemic policies and practices that, even if they have the appearance of fairness, may, in effect, have the opposite result. Working toward equity requires an understanding of historical contexts and the active investment in social structures over time to ensure that all communities can experience their vision for health. (n.d., para. 3)

During our interview, Nichole Maher, the foundation’s president, described what this perspective implies in terms of where and how they seek to catalyze change:

We have moved away from services and more to deep, core capacity building; away from policy advocacy and more to power building and disrupting some of the systemic and structural barriers that prevent those communities from being included at all levels of government, from boards and commissions to elected office.

*Any given strategy will have distinct requirements for how staff members do their jobs, how grants are made, how grantees are supported, how partnerships are entered into, how the foundation shows up in various venues, etc. The foundation needs to have the right policies, procedures, and organizational structure. And, perhaps most importantly, the foundation's staff members need to have the competencies and orientation that the strategy demands*

By focusing on the structural factors that are responsible for health disparities, health-equity funders tend to adopt a more activist or disruptive role within their “community” (local, regional, or at a state level). This means that they are often challenging institutions to be more responsive to and inclusive of people who have historically not been well served because of their race, ethnicity, class, or level of wealth. Likewise, health-equity funders typically focus on changing public policy, employing strategies such as analyzing current policy, developing policy alternatives, building public will around policy change, organizing coalitions, and directly advocating with policymakers.

Beyond changing institutions and policy, some foundations are working toward more fundamental shifts in the culture of communities and society more generally. Changing a culture means changing the norms, beliefs, and

expectations that influence how people behave and interact with one another (Easterling & Millesen, 2015).

It is important to point out that it is not only health-equity funders who are striving for shifts in fundamental structures, systems, and culture. The Danville Regional Foundation is focusing specifically on changing the local culture as a core element of its strategy to transition the local economy beyond the dwindling textile and tobacco industries. Karl Stauber pointed specifically to the need to change the community's culture: “Creating a new economy is hard. Creating a new culture is even harder. We are talking about personal responsibility, talking about education as a key pathway to living-wage jobs, talking about growing living-wage jobs.”

### Implications for Foundations

This study provides foundations with guidance for strategic thinking, including answering the three strategy-design questions posed at the outset of this article. While the study examined a specific subset of foundations (conversion foundations that are addressing SDOH), we believe that many of the findings apply more generally to foundations seeking to become more strategic. The four strategic pathways identified here are relevant for generating philanthropic impact in virtually any domain.

Nearly all foundations are in a position to improve and expand existing services, but the demands are much higher when it comes to developing better functioning systems, changing community conditions, and, especially, changing fundamental social structures. Operating on these leverage points requires the foundation to have considerable influence over institutions and to play a disruptive role.

Once a foundation has set its strategic direction, identified the leverage points it will work through, and decided how it will use its various resources, it is critical to test how well the selected SDOH strategies actually fit within the organization. Any given strategy will have distinct requirements for how staff members do their jobs, how grants are made, how grantees



are supported, how partnerships are entered into, how the foundation shows up in various venues, etc. The foundation needs to have the right policies, procedures, and organizational structure. And, perhaps most importantly, the foundation's staff members need to have the competencies and orientation that the strategy demands (Easterling & Metz, 2016).

One specific competency that many of our interviewees pointed to is the ability to do systems thinking and to analyze the often-complex systems that are in place to ensure that there will be economic prosperity, high-quality education, efficient transportation, adequate and affordable housing, etc. This also means seeing the dynamic interactions between people and issues. Molly Talbot-Metz at the Mary Black Foundation, in Spartanburg, South Carolina, described how its staff came to be more oriented toward family systems:

We've really been focused on the child. So, we've been talking more with our partners about the family system in which the child lives — so if Mom and Dad are living in poverty or have other stressors that are impacting the health ... and success of that child, then we should be looking at the systems in which that child is surrounded.

Some of the foundations in the sample have moved in dramatically different directions that require a completely different skill set on the part of staff. As part of its commitment to advancing health equity with a community development approach, The Colorado Trust reinvented its approach to grantmaking. This included disbanding the program department, dismissing all of the program officers, and hiring a cadre of “community partners” (Csuti & Barley, 2016). The partners operate with a community-organizing orientation, focusing specifically on the factors that lead to disparities in health and the underlying inequities in resources and opportunity. In various communities around the state, the partners recruit, organize, and support teams of residents, with the expectation that each team will develop a locally relevant strategy to improve health and advance health equity. Grantmaking on the part

of The Trust is guided — even directed — by the resident team. During our interview, The Trust's president, Ned Calonge, indicated that these changes were in some ways predetermined by the foundation's commitment to community-based social change: “Community ownership depends on us changing our decision model and pushing decision making power out to the groups we hope will make change.”

This example demonstrates that strategic work can be disruptive both externally in the community and internally within the foundation. Antony Chiang, president of Empire Health Foundation, acknowledged the discomfort that can come with aligning the organization with its social-change strategy:

In all of our initiatives, we know that in order to move the needle we can't just convene or suggest disruptions or changes. We have to help catalyze or lead those changes or disruptions. It's a double-edged sword. It feels uncomfortable for folks. It's uncomfortable for us sometimes.

## Conclusion

Becoming strategic is a challenging journey replete with complex tasks, existential questions, and awkward uncertainty. One of the most underappreciated tasks is to determine where the foundation is best positioned to generate impact. For the foundation to act in a strategic manner, it needs to thoughtfully apply its resources to factors that (1) exert influence over the outcomes that the foundation is hoping to achieve and (2) are within the scope of influence of the foundation. This is a high bar — more challenging than has been acknowledged in most writing on foundation strategy.

In exploring potential leverage points, it is important to recognize that the leverage points available to foundations are different from the leverage points of government agencies or organizations involved directly in service delivery — even though they are often seeking similar goals. As a rule, the amount of money that a local or state foundation has available for grantmaking is a small fraction of the budget of local and state government agency. And unlike

the organizations they fund, foundation staff do not directly improve the lives of specific people. But foundations do have a unique ability to influence key institutions, public discourse, and the manner in which people work together to solve problems and make the world a better place.

Some of the strategic pathways and sub-pathways identified here — especially improving programs and services, improving systems, building capacity, and supporting policy change — are well recognized within philanthropy. The idea of changing social and political structures involves less charted territory for foundations. Foundations such as The California Endowment, Con Alma, The Colorado Trust, and Northwest Health are venturing boldly into this territory. Their strategic analysis has led them to embrace the idea of being disruptive. Other foundations have been equally strategic in their analysis, but decided to focus on stimulating more incremental changes in services, organizations, and systems.

Are foundations truly able to change the economic, social, and political structures that organize society? Is this truly a leverage point that is available to foundations? What capacities does a foundation need to build among its staff and board to actually have this sort of influence? And is this a legitimate strategic direction for foundations to take? These are questions involving not only strategy, but also the business of philanthropy in the 21st century.

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## APPENDIX Foundations Participating in the Study

Name	Office Location	State(s)	Service Area	Year Est. <sup>1</sup>	Legal Entity	Assets (in millions) <sup>2</sup>	Annual Grantmaking 2015 (in millions) <sup>3</sup>
Vitalyst Health Foundation	Phoenix	AZ	Statewide	1995	501(c)(3) public charity	\$120.9	\$3.4
The California Endowment	Los Angeles	CA	Statewide	1992	501(c)(3) private foundation	\$3,698.2	\$184.5
California Wellness Foundation	Los Angeles	CA	Statewide	1992	501(c)(3) private foundation	\$941.1	\$33.8
Colorado Health Foundation	Denver	CO	Statewide	1995	501(c)(3) private foundation <sup>4</sup>	\$2,271.1	\$64.9
The Colorado Trust	Denver	CO	Statewide	1985	501(c)(3) private foundation	\$458.9	\$9.8
Connecticut Health Foundation	Hartford	CT	Statewide	1999	501(c)(3) private foundation	\$109.7	\$3.0
Foundation for a Healthy St. Petersburg	St. Petersburg	FL	Single county	2013	501(c)(3) private foundation	\$196.4	\$0.1
Healthcare Georgia Foundation	Atlanta	GA	Statewide	1995	501(c)(3) private foundation	\$117.7	\$3.5
Mid-Iowa Health Foundation	Des Moines	IA	Single county	1984	501(c)(3) private foundation	\$15.8	\$0.5
REACH Healthcare Foundation	Merriam, KS	KS, MO	Multicounty	2003	501(c)(3) public charity	\$133.1	\$4.5
Health Care Foundation of Greater Kansas City	Kansas City, MO	KS, MO	Multicounty	2003	501(c)(3) public charity	\$518.8	\$20.2
Foundation for a Healthy Kentucky	Louisville	KY	Statewide	1997	501(c)(3) public charity	\$55.4	\$1.7
Baptist Community Ministries	New Orleans	LA	Single county	1995	501(c)(3) private foundation	\$277.2	\$8.7
Rapides Foundation	Alexandria	LA	Multicounty	1994	501(c)(3) public charity	\$256.0	\$8.8
Health Foundation of Central Massachusetts	Worcester	MA	Single county <sup>5</sup>	1996	501(c)(4) social welfare organization	\$71.5	\$2.5
Maine Health Access Foundation	Augusta	ME	Statewide	2000	501(c)(3) private foundation	\$123.7	\$3.9

Continued on next page.

<sup>1</sup> Year that assets were released from sale or conversion.<sup>2</sup> Grantmakers in Health, 2017.<sup>3</sup> Taken from tax data reported by GuideStar tax forms; 2014 figures shown where 2015 figures not available.<sup>4</sup> The Colorado Health Foundation changed its tax status from 501(c)(4) to a 501(c)(3) private foundation in 2016.<sup>5</sup> The Health Foundation of Central Massachusetts serves Worcester County and the communities sharing the county border.



**APPENDIX** Foundations Participating in the Study (continued)

Sector	Name	Office Location	State(s)	Service Area	Year Est. <sup>1</sup>	Legal Entity	Assets (in millions) <sup>2</sup>	Annual Grantmaking 2015 (in millions) <sup>3</sup>
	Missouri Foundation for Health	St. Louis	MO	Multicounty	2000	501(c)(4) social welfare organization	\$1,079.8	\$50.3
	Montana Healthcare Foundation	Bozeman	MT	Statewide	2013	501(c)(3) private foundation	\$61.6	\$1.2
	John Rex Endowment	Raleigh	NC	Single county	2000	501(c)(3) private foundation	\$75.4	\$3.3
	Endowment for Health	Concord	NH	Statewide	1999	501(c)(3) private foundation	\$85.3	\$2.8
	Con Alma Health Foundation	Santa Fe	NM	Statewide	2001	501(c)(3) private foundation	\$25.1	\$ .6
	Greater Rochester Health Foundation	Rochester	NY	Multicounty	2006	501(c)(3) private foundation	\$238.8	\$7.8
	Health Foundation for Western & Central New York	Buffalo & Syracuse	NY	Multicounty	2000	501(c)(3) private foundation	\$120.4	\$2.5
	Interact for Health	Cincinnati, OH	OH, IN, KY	Multicounty	1997	501(c)(4) social welfare organization	\$218.4	\$6.7
	Saint Luke's Foundation of Cleveland	Cleveland	OH	Single county	1987	501(c)(3) private foundation	\$178.9	\$8.9
	Sisters of Charity Foundation of Cleveland	Cleveland	OH	Single county	1995	501(c)(3) public charity	\$93.0	\$1.7
	Northwest Health Foundation	Portland	OR, WA	Multicounty	1995	501(c)(4) social welfare organization	\$50.0	\$3.5
	HealthSpark Foundation	Colmar	PA	Single county	2002	501(c)(3) private foundation	\$45.6	\$ .5
	Mary Black Foundation	Spartanburg	SC	Single county	1996	501(c)(3) private foundation	\$80.5	\$2.9
	Paso del Norte Health Foundation	El Paso	TX, Mexico	Multicounty	1995	501(c)(3) private foundation	\$227.2	\$10.2
	Danville Regional Foundation	Danville, VA	VA, NC	Multicounty	2005	501(c)(3) private foundation	\$219.9	\$5.7
	Allegheny Foundation	Covington	VA	Multicounty	1995	501(c)(3) private foundation	\$64.8	\$5.0
	Empire Health Foundation	Spokane	WA	Multicounty	2008	501(c)(3) private foundation	\$77.5	\$4.1

# Newfoundland and Labrador's *Vital Signs*: Portrait of a Foundation-University Partnership

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*Keywords:* Community reports, community dashboard, quality of life, foundation partnerships, academic partnerships

## Introduction

Newfoundland and Labrador's *Vital Signs* report, a reader-friendly checkup on quality of life in the province, has been published annually since 2014. (See Figure 1.) *Vital Signs* is a national program of Community Foundations of Canada, and the edition for Newfoundland and Labrador (NL) is one of the few reports to be produced in partnership between a community foundation and its local university. Because the Community Foundation of Newfoundland and Labrador (CFNL) is a small foundation, with an endowment of approximately \$1.5 million and only one, part-time, staff person, it lacked the capacity to assemble a *Vital Signs* report internally. The foundation partnered with the Leslie Harris Centre of Regional Policy and Development, a research unit of Memorial University, which has expertise in both promoting community-based research across the university and making academic information accessible to the general public. As a result of this collaboration, NL's *Vital Signs* is able to access administrative support and research management expertise beyond the foundation's in-house capacity.

This article begins by detailing the background of the national *Vital Signs* program and the history of both partner organizations. It then describes the origins of the collaboration behind NL's *Vital Signs* and gives an overview of how the production of the report has evolved. Finally, it examines the lessons that have been learned, including key challenges, successes, and best practices, and addresses how *Vital Signs*

## Key Points

- *Vital Signs*, a national program of Community Foundations of Canada, produces annual reports of the same name that examine the quality of life using statistics on fundamental social issues. With these reports, community foundations are able to present a comprehensive and balanced picture of well-being in their communities.
- The *Vital Signs* report for Newfoundland and Labrador is produced in partnership between the Community Foundation of Newfoundland and Labrador and the Leslie Harris Centre of Regional Policy and Development, a university research unit with expertise in both promoting community-based research and making academic information accessible to the general public.
- This article examines the origins of this collaboration and the lessons that have been learned from it, and discusses how the report addresses a need for community knowledge in Newfoundland and Labrador.

answers a need for community knowledge in Newfoundland and Labrador.

## History of *Vital Signs*

In 1998, by an act of the provincial government of Ontario, the six constituent municipalities of the Toronto metropolitan area amalgamated to form the new City of Toronto, becoming overnight the most populous municipality in Canada and the fifth most populous in North America.

**FIGURE 1** The cover image for the 2017 edition of Newfoundland and Labrador's VITAL SIGNS

Leading up to the merger, staff at the Laidlaw and Maytree foundations, two privately established foundations headquartered in Toronto, became concerned that public dialogue was focused on the cost-saving and administrative aspects of the union, rather than its ramifications for the quality of life of the city's residents (Canadian FundRaiser, 1999; Staunch, 2012). The Toronto Community Foundation (TCF), now the Toronto Foundation, took the lead in determining how to measure and monitor well-being in the newly amalgamated city. Following a series of meetings and a public consultation with more than 200 leaders from a variety of sectors, TCF commissioned research teams at the University of Toronto, Ryerson Polytechnic University, and York University to help produce a report on the city (Lewington, 2000; Rose, 2014). In 2001, TCF released Toronto's *Vital Signs*, which featured

statistics on fundamental issues affecting quality of life in the metropolis.

*Vital Signs* became a flagship program for TCF, and other community foundations in Canada became interested in replicating the *Vital Signs* model in their own areas. Community Foundations of Canada (CFC) began to coordinate the program at a national level in 2005, providing guidelines, branding materials, and support for foundations wishing to produce their own reports (Patten & Lyons, 2009; Rose, 2014). CFC adopted the framework of 10 issue areas developed by Toronto's *Vital Signs* as the basic structure of these local reports. By reporting on arts and culture, belonging and leadership, the environment, the gap between rich and poor, getting started in the community, health and wellness, housing, learning, safety, and work,

foundations could present a comprehensive and balanced picture of well-being in their communities (Patten & Lyons, 2009).

To make the report more manageable to produce and more adaptable to local priorities, foundations were permitted to participate in the Vital Signs program if they included a minimum of three of the 10 recommended issue areas in their local report, with the stipulation that they strive to address the other areas in a future report or in some other way (CFC, 2014). In 2016, CFC expanded the Vital Signs program to include three components in addition to the full report format:

- *Vital Conversations*, community-discussion events on Vital Signs issue areas;
- *Vital Brief*, short reports on one to three issue areas released in the interim between full reports; and
- *Vital Focus*, in-depth reports on one issue area released as an alternative to a full report (CFC, 2016d).

These options make the program accessible to a broader range of participants, and 32 Canadian community foundations and 80 international organizations were actively engaged in Vital Signs in 2017 (C. Lindsay, personal communication, September 8, 2017). CFC has also produced its own *Vital Signs* reports — first, to address the 10 issue areas for the country as a whole and later, to delve into such areas of pressing national interest as sense of belonging, food security, and the impact of Canada's changing social and economic landscape on the nation's youth (CFC, 2016c).

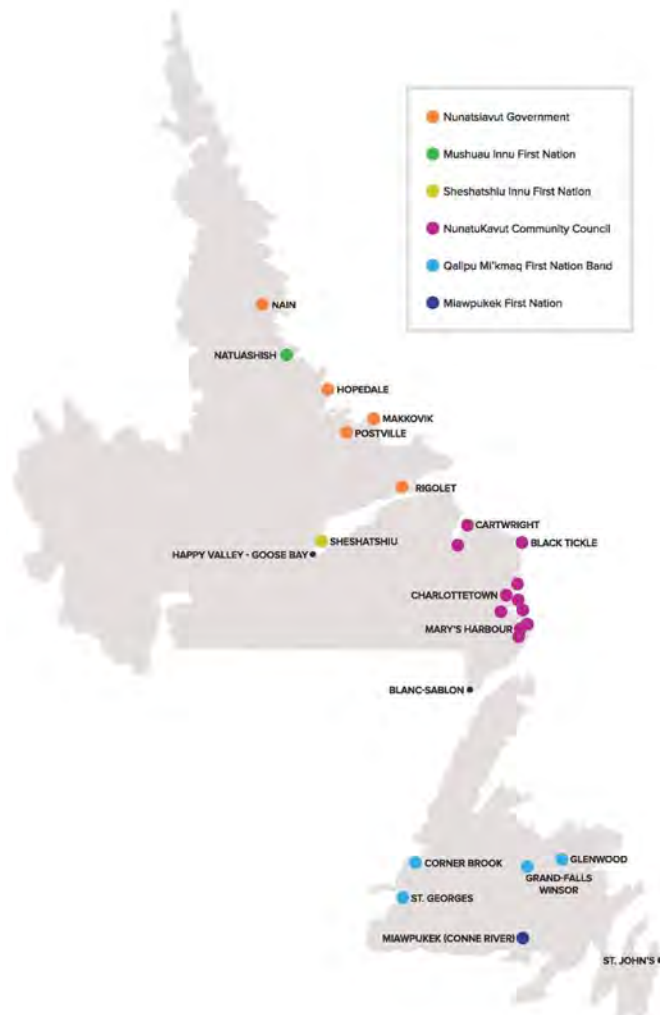
### *Newfoundland and Labrador*

Newfoundland and Labrador is the easternmost province in Canada, encompassing both the island of Newfoundland and the neighboring portion of the Labrador Peninsula to its north, on the Canadian mainland. (See Figure 2.) It was the last province to enter into confederation with Canada, in 1949. Human habitation in the region dates back 9,000 years, and then, as now, most

*By reporting on arts and culture, belonging and leadership, the environment, the gap between rich and poor, getting started in the community, health and wellness, housing, learning, safety, and work, foundations could present a comprehensive and balanced picture of well-being in their communities*

settlements were dotted along the coastline to take advantage of the area's rich sea life (Tuck, 1991; Cadigan, 2009). It was the plentiful fishing areas surrounding the province, particularly the legendary Grand Banks to its southeast, that drew European settlers beginning in the 16<sup>th</sup> century, and fishing remained the mainstay of the region's economy until the late 20<sup>th</sup> century, supplemented by hunting, lumbering, and small-scale farming (Cadigan, 2009). In recent years, after the discovery of significant deposits in the province and its waters, oil and minerals have become the region's primary exports (Lambert-Racine, 2013).

With a land area of some 143,000 square miles — larger than all but four states in the U.S. — and a population that has for decades hovered around only 500,000 individuals, NL has a pronounced rural/urban divide (Statistics Canada, 2017c; U.S. Census Bureau, 2010; CFNL and Leslie Harris Centre, 2014, 2016). Slightly less than half the population of the province — 205,955 individuals — is concentrated in the capital metropolitan area, while the next largest city, Corner Brook, is home to only 19,806 people; more than 200 towns, or three quarters of all municipalities, have fewer than 1,000 inhabitants (Statistics Canada, 2017b). The province has the oldest

**FIGURE 2** Newfoundland and Labrador's Indigenous Communities

population in Canada, with its rural communities hardest hit by declining population growth and an aging citizenry (CFNL and Leslie Harris Centre, 2014, 2015, 2016). About 11.4 percent of the population identifies as Indigenous, the second-highest percentage of any province in the country. Over 80 percent of Indigenous residents live outside the capital area, and Indigenous people make up almost half the population of Labrador, which is home to Nunatsiavut, a self-governing Inuit region (Statistics Canada, 2017c, 2017a). On the other hand, only 3.1 percent of Newfoundlanders and Labradorians are immigrants or nonpermanent residents, compared

to 23.4 percent of the Canadian population as a whole (Statistics Canada, 2017c).

### *The Community Foundation of Newfoundland and Labrador*

CFNL was founded on the inspiration of Peter Roberts, who was born and raised in Newfoundland and spent his career working as a physician on the island's Great Northern Peninsula and along the coast of Labrador. On a trip to Ontario, he became acquainted with the work of community foundations and realized the tremendous benefit this type of organization



could bring to his province by encouraging philanthropy and providing support to underserved rural regions. Roberts assembled a team of philanthropists, entrepreneurs, and community sector organizers as CFNL's founding board of directors, and the foundation received charitable status in 2002.

CFNL is one of the few community foundations in the country with a provincewide mandate. The community foundation movement in Canada has expanded outward from Winnipeg, Manitoba, where the first foundation was established in 1921; there are now 193 community foundations nationwide (Winnipeg Foundation, 2017; C. Lindsay, personal communication, August 23, 2017). While most of these have municipal or regional catchment areas, each of the three provinces where community foundations were last to penetrate — Prince Edward Island, NL, and Nova Scotia — is home to a provincewide foundation (Knight, 2017). Provincewide foundations have the advantage of being able to provide resources to rural and remote communities that have few other sources of financial or organizational support. It is, however, challenging to maintain up-to-date knowledge of, communicate with, and secure representative foundation leadership from populations so geographically dispersed. Newfoundland and Labrador's *Vital Signs* report is one of CFNL's key tools for serving the needs of the diverse communities under its care.

### *The Harris Centre and the History of Public Engagement at Memorial University*

Memorial University has a rich history of publicly engaged research, service, teaching, and learning. As NL's only university, founded in memory of those who served and died in World War I and World War II, the institution has a special obligation to the people of the province. Campuses and research sites located throughout the province as well as internationally extend the reach of the university and its capacity to engage the wider community. In 2012, the university senate approved a public engagement framework, which lays out four overarching goals:

1. Make a positive difference in our communities, province, country, and world;
2. Mobilize Memorial for public engagement;
3. Cultivate the conditions for the public to engage with the university; and
4. Build, strengthen, and sustain the bridges for public engagement.

The senate charged the newly formed Office of Public Engagement with catalyzing action and providing support to achieve these objectives. Since then, the office's portfolio has grown as it has assumed responsibility not only for stewarding the framework across the university's many departments and institutes, but also for leading diverse units such as a botanical garden, the *Newfoundland Quarterly* cultural magazine, alumni affairs, and the Leslie Harris Centre of Regional Policy and Development.

An early champion of public engagement, the Harris Centre was formed through the 2004 merger of the Public Policy Research Centre and the Centre of Regional Development Studies. The Harris Centre aims to support collaboration between the university and the people of the province and to promote informed public dialogue. To that end, it holds regular public policy forums and regional workshops throughout the province and leads a number of programs and initiatives in keeping with its mandate.

One such initiative is the Harris Centre's Regional Analytics Laboratory (RAnLab), led by Alvin Simms from Memorial's Department of Geography with support from senior researcher Jamie Ward. RAnLab uses specialized data tools to help regional and economic development decision-makers better understand their operating conditions. By combining economic, demographic, and spatial analytics, RAnLab aims to provide research-based evidence and projections that enable organizations to make more informed decisions in the present by understanding what the future is likely to bring.

*[S]ome of the challenge in getting a “state of the province” initiative launched was navigating the relationship between the publicly funded university and the provincial government, which could interpret such a report as a critique of its policies. Partnering with the community foundation to access the politically neutral, community-based Vital Signs format eliminated any basis for accusations of partiality.*

By 2013, representatives of CFNL and the Harris Centre had already met to discuss potential avenues for partnership. Among the primary objectives of the Harris Centre are mobilizing academic expertise within Memorial University to respond to pressing issues in NL, fostering collaborations between the university and community, and promoting public engagement. In connection with these purposes, Rob Greenwood, the Harris Centre’s executive director, had expressed an interest in creating a “state of the province” report, and Doug May of Memorial University’s Department of Economics had prepared a review of various national and provincial indices of well-being with funding from the Harris Centre’s Applied Research Fund (May, Powers, & Maynard, 2006).

To Guy and Hawthorn, Greenwood’s “state of the province” report sounded a lot like *Vital Signs*. When they showed him an example of a local report from Nova Scotia, he immediately agreed to partner on the publication of a *Vital Signs* for NL. Collaborating to create the report for the province would not only provide CFNL with a partner with expertise in research coordination and communications, but would also offer the Harris Centre a national format and community face for reporting on the state of the province to the general public. Indeed, some of the challenge in getting a “state of the province” initiative launched was navigating the relationship between the publicly funded university and the provincial government, which could interpret such a report as a critique of its policies. Partnering with the community foundation to access the politically neutral, community-based *Vital Signs* format eliminated any basis for accusations of partiality.

The launch of the partnership was facilitated by the fact that the chair of CFNL had served on Memorial University’s board of regents and another CFNL board member was an associate of the Harris Centre. These connections provided each organization with knowledge of the other from the outset, and the established relationships between members of the two groups created trust and supplied pathways for easy communication. Small jurisdictions can often

### Forging a Partnership

In the spring of 2013, CFNL Executive Director Ainsley Hawthorn and then-Chair Jennifer Guy attended the biennial Community Foundations of Canada conference in Winnipeg, Manitoba. The conference included a workshop on how to implement *Vital Signs* at the local level, and both CFNL representatives returned from the conference inspired by the program’s potential. There were obstacles, however, to producing such a report in NL. CFNL was what Community Foundations of Canada defines as a Group 1 foundation — a foundation with an endowment of less than \$2 million (Gibson & Parmiter, 2013). With only one, part-time, staff member, CFNL had a limited capacity to administer additional programs. There would also be a need to recruit new expertise in social science data collection and analysis in order to provide accurate, timely, and detailed information on the communities of the province.

benefit from pre-existing social capital, as limited population enhances the likelihood of personal connections among organizations (Baldacchino, Greenwood, & Felt, 2009). Having foundation staff who understand the unique time horizons of university faculty also helps to forge university-community partnerships. Nongovernmental organizations and other collaborators are often frustrated by timelines dictated by academic semesters and deadlines for peer-reviewed publications. University knowledge-mobilization units like the Harris Centre can play a key role in mitigating these tensions by guiding external partners through institutional processes and timetables, while community collaborators who have direct knowledge and experience of universities can also smooth the way.

Once the decision had been made to proceed with producing a report for 2014, CFNL and the Harris Centre set about recruiting additional partners. The *Vital Signs* production committee struck by the two organizations reviewed several options for printing and distributing the report, with the goal of providing paper copies directly to as many residents of the province as possible in order to maximize access to and awareness of the report and its findings. After considering the possibility of disseminating the report by mail, the committee chose instead to emulate the Toronto Foundation's approach of distributing the report in the form of a newspaper insert. There are 13 regional newspapers in the province, with a combined circulation of 100,000 and coverage extending from the Burin Peninsula in the south to Labrador in the north. Their publisher, TC Media (now SaltWire Network), generously agreed to sponsor *Vital Signs* and to issue the report as a 16-page insert in all regional papers. In addition, the publisher provides 5,000 to 10,000 extra copies of the report to CFNL and the Harris Centre each year for distribution to libraries, schools, and stakeholders.

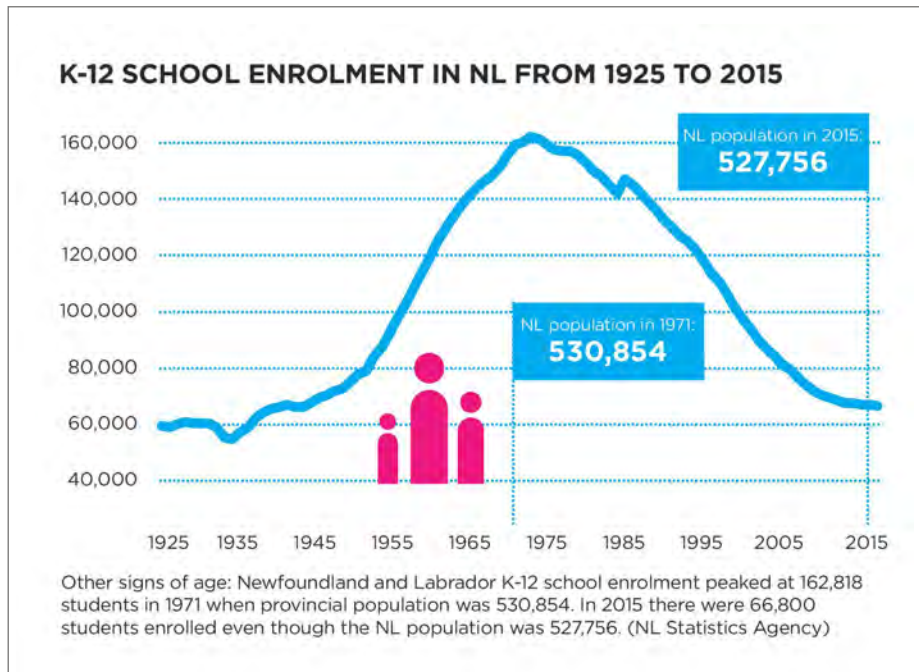
### *Funding the Project*

Next, both organizations turned their attention to attracting sponsors to fund the production of the report. Potential funders were selected on the basis of the affinity between the report and their work: prospects had either a provincewide

outlook, a community development focus, or a mission related to one of the report's issue areas (wellness, education, youth, and so on). The value of the sponsorship includes both the publicity associated with the prominent placement of the funder's logo on the more than 100,000 copies of the report and the creation of a research product that will ideally furnish the funder, as well as the wider community, with information useful to its line of work. Past sponsors have included businesses, boards of trade, university departments, and sectoral organizations. A number of charities have also taken advantage of a special rate intended to make the benefits of partnering as a report sponsor accessible to nonprofits.

A foundational principle of NL's *Vital Signs* was that the statistics chosen for publication should be driven first by the nationally recommended set of issue areas and indicators, second by the discovery of noteworthy trends in the data for NL, third by community feedback from stakeholders in the province, and fourth by the advice of subject-matter experts. In order to preserve the neutrality of the report, sponsors would not participate directly in its preparation. To avoid the appearance of influence, the NL *Vital Signs* steering committee has to date also opted not to invite sponsorship of individual report issue areas (for instance, the sponsorship of the wellness section of the report by a health-related organization) but rather to recognize all sponsors on the report's back cover.

Attracting sponsors has been a challenge. The Harris Centre's experience over 13 years has been that there is reluctance among both corporations and nongovernmental organizations to support public policy-related projects (Vardy, 2013). Many see this as the role of government or prefer to subsidize causes with more tangible community benefits. To date, however, NL's *Vital Signs* has been able to attract sufficient sponsorships to enable the production of the report each year, when combined with an investment of significant CFNL and Harris Centre staff time. Because community and industry stakeholders have now come to anticipate, appreciate, and make use of this regular update on the state of the province, we expect to be able to continue to secure

**FIGURE 3** K-12 Enrollment in NL

adequate sponsorships to support *Vital Signs* and do not expect its long-term viability to be compromised by lack of funding. Securing additional funds to expand the project beyond the basic format, however — to hire a dedicated project manager, conduct original research on issues of community interest, or develop a sophisticated website with easily shareable information — is likely to pose a more significant hurdle.

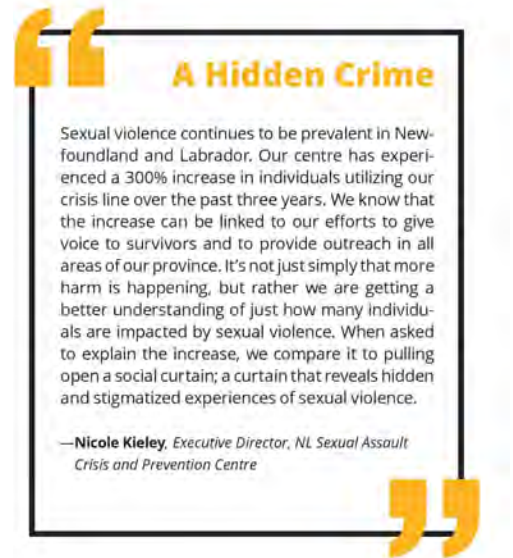
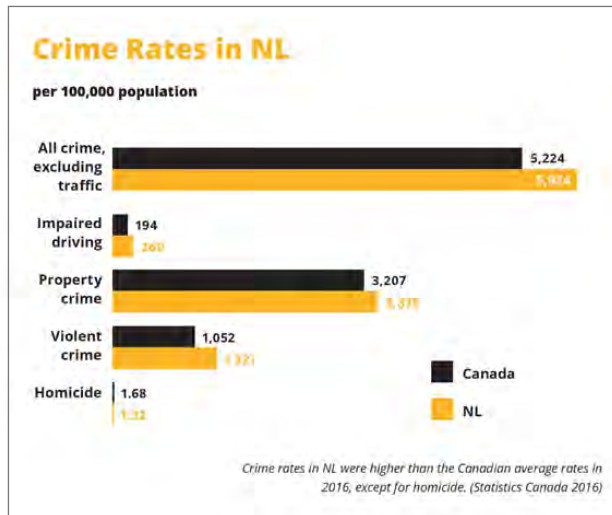
Capitalizing on the robust supports for public engagement partnerships at Memorial has been fundamental to resourcing NL's *Vital Signs*. In its third year, the project was awarded competitive funding from Memorial's Office of Public Engagement to hire a postdoctoral researcher, in partnership with Tony Fang in the university's Department of Economics. Universities across North America are increasing their financial and administrative investment in university-community collaborations that result in mutually beneficial research projects or help to

make academic research findings accessible to the general public, and numerous resources are now available to inform best practices in this area.<sup>1</sup> This burgeoning university interest in public engagement and knowledge mobilization makes it an ideal time for foundations and other third-sector organizations to partner with universities on socially beneficial projects.

Because CFNL is an emerging community foundation with a relatively small endowment, it does not have internal financial resources that it can allocate to NL's *Vital Signs*, but CFNL's membership in Community Foundations of Canada has enabled it to leverage the national network of community foundations for support. CFC is funded by its member organizations on a sliding scale, so foundations with larger endowments pay higher membership dues; the annual *Vital Signs* participation fee paid to CFC by foundations that are activating the program at the local level varies according to endowment base.

<sup>1</sup> These resources include ResearchImpact (<http://www.researchimpact.ca>) and Community-Based Research Canada (<http://communityresearchcanada.ca>); see also Bouillon, Chingee, & Pinchbeck, 2013.



**FIGURE 4** Crime Rates in NL (per 100,000 Population)

Thanks to this strategy of pooling the resources of many foundations to benefit communities across the country, CFNL has been able not only to access Vital Signs research data, graphic design, and brand resources compiled by CFC, with its greater capacity, at relatively low cost but also occasionally to take advantage of national CFC funding earmarked to support local Vital Signs projects. In 2017, for example, NL's Vital Signs received a grant from CFC to host three Vital Conversations across the province.

### Producing the Report

Work on NL's *Vital Signs* began with the establishment of a committee to guide its development. The committee included staff and board members from both CFNL and the Harris Centre, a project manager, the two lead researchers of RAnLab, and a graphic designer. For the inaugural report, the committee chose to implement the nationally recommended format, covering the 10 fundamental issue areas and adding sections on population, transportation, and youth. The committee reasoned that this approach would offer a broad overview of quality of life in the province and serve as a point of reference that could be adapted in future years. Each section in the report would include infographics representing statistical indicator data

(See Figure 3), an expert comment (See Figure 4), and the story of a community project creating positive change in that field. The report was published on October 7, 2014, to coincide with the national *Vital Signs* release day, and a launch event was held in St. John's and simulcast online to present the report's findings and answer questions from the community and the media.

The committee decided early on that, in principle, *Vital Signs* would be an annual project, and full reports for NL have been published every year since 2014. This decision was made for several reasons, including the preference of the Harris Centre to run programs on an annual basis, the value of the report as a public relations piece for CFNL, the enthusiasm of the media partner, the high level of community interest in the project, and the wide variety of issues meriting coverage. Given the large investment of staff time necessary to produce *Vital Signs*, which is particularly onerous for CFNL with its single employee, the annual production schedule has recently come up for review between the partners. Strategies for alleviating the administrative burden are under discussion, including the option of moving to a biennial production schedule for the full report and releasing a shorter-format *Vital Brief* or *Vital Focus* in intervening years.



*Participants in the consultations expressed an interest in learning not just about the overall state of domains like work and wellness, but also how specific groups of people in the province were faring. How did women's employment levels compare to men's? What was the profile of the province's Indigenous population? What health challenges were facing the growing population of seniors?*

#### *Consultations With Stakeholders*

Community consultations were held in three locations across the province in the spring of 2015 to solicit feedback on the report, and representatives from a variety of sectors were invited to participate, including Indigenous, municipal, and community leaders. These consultations were our first opportunity to ask stakeholders whether the first edition of NL's *Vital Signs* had been useful to them and how we could improve it. What questions did participants have about their own fields? What information did they want the public to know? Attendees were asked which of the first report's issue areas they found least interesting, what areas they would like to see addressed in future reports, and any indicators or experts they felt should be included.

The input we received at these consultations shaped the 2015 and 2016 reports. Participants in the consultations expressed an interest in learning not just about the overall state of domains like work and wellness, but also how specific groups of people in the province were faring.

How did women's employment levels compare to men's? What was the profile of the province's Indigenous population? What health challenges were facing the growing population of seniors? As a result, the 2015 report included demographic sections that gauged how a range of issues were affecting Indigenous people, families, seniors, women, and the LGBTQ community, among others. One topic that came up repeatedly in the consultations became the theme of our 2016 report: the rural/urban divide. The 2016 edition of NL's *Vital Signs* considered how the economy, housing, sense of belonging, and other quality-of-life measures differ if a person is living in Cartwright instead of Corner Brook or Parson's Pond instead of Paradise. The Harris Centre's RAnLab initiative was able to leverage significant existing work on functional economic regions in the province to inform the report. Having an embedded university partner has connected NL's *Vital Signs* to existing strengths in the university that external parties would have found more difficult to locate. University units that can play this navigation role are critical to fostering university-community partnerships (Goss Gilroy Management Consultants, 2012; Hall, Walsh, Vodden, & Greenwood, 2014).

#### *Streamlining the Process*

Since 2014, the process for producing NL's *Vital Signs* has evolved substantially. The original single, large committee has been replaced with three smaller groups: a steering committee, which includes executive members of both CFNL and the Harris Centre; a production committee consisting of staff members and project contract personnel; and a review panel of subject-matter experts representing each of the report's issue areas. Decisions on the direction of the report, such as its overall theme (if any) and issue areas to be included, are made by the steering committee, which also recommends potential experts, community stories, sponsors, and other resources. More detailed decisions on the text, indicators, infographics, and photographs are made by the production committee. Once the report is drafted, it is read by the members of the steering and production committees, and their revisions are incorporated before a second draft is forwarded to the members of the

expert review panel for their input. The goal of dividing the committee into smaller, specialized groups was to streamline the production of the report, and the process has become more efficient since the inaugural year as a result.

It took some time to determine the precise research needs of the project. In its first year, research for the report was conducted by Alvin Simms and Jamie Ward of RAnLab; in its second year, *Vital Signs* employed a graduate student on a summer contract; and in its third and fourth years, the report has had the half-time support of a postdoctoral fellow. Initially, the team's approach to determining which statistical indicators should be included in the report was to get an overview of recent research and then to select indicators based on which data exhibited the most revealing or surprising trends. The problem with this method, however, was that much more data was collected than was ultimately needed for the report, which placed an unnecessary burden on the *Vital Signs* researchers and increased the amount of editing work delegated to other staff. Since the second year, indicators have been chosen based on community feedback and the advice of subject-matter experts, so that only fine-tuning needs to be done if some indicators prove to be less useful than expected. A part-time postdoctoral fellow has brought the ideal amount of research support to the project. The fellow's level of expertise allows for her or him to recommend indicators that will answer community questions and to collect data efficiently, identify and reach out to appropriate academic experts for more detailed information, and troubleshoot potential problems or inaccuracies.

## Project Outputs

CFNL and the Harris Centre, with the support of their partners, have produced three outputs through the *Vital Signs* program:

1. A 16-page, reader-friendly report distributed annually in paper format to 100,000 households and businesses provincewide and published online on the CFNL and Harris Centre websites.

*The print distribution of the report plays a crucial role in ensuring public access to its contents. CFC's 2016 national Vital Signs report revealed that 28 percent of rural households in Canada have access to high-speed internet, compared to 99 percent of urban households, and only 60 percent of Canadians with an annual household income below \$31,000 have internet access at home.*

2. A launch event hosted in St. John's, NL, on or shortly before the report's publication date and transmitted simultaneously online.
3. A 40-minute roundtable discussion broadcast by a provincewide radio network and posted afterward as a podcast.

The print distribution of the report plays a crucial role in ensuring public access to its contents. CFC's 2016 national *Vital Signs* report revealed that 28 percent of rural households in Canada have access to high-speed internet, compared to 99 percent of urban households, and only 60 percent of Canadians with an annual household income below \$31,000 have internet access at home (CFC, 2016b, 15). The regional newspapers have a wide circulation to both urban and rural areas, guaranteeing high visibility for the report. Because there is a purchase cost for the newspapers, we also mail copies of *Vital Signs* to public libraries across the province as one means of making it available to NL's low-income residents. Since the purpose of the report is to

provide the province's communities with the information they need to address challenges, identify opportunities, and improve their quality of life, making the report accessible to as wide a swath of the population as possible is essential to achieving its mission.

The launch event and radio roundtable complement the print publication of the report. At the launch, a presentation is given on the report's findings and a panel of community and university experts is available to answer the public's questions. In 2017, the launch was followed by community conversations in three locations — St. John's, Corner Brook, and Happy Valley-Goose Bay — to solicit feedback on the report and discuss how to use its data to drive positive change. The chance for the public to raise questions and have an open dialogue at the launch event encourages the community to exercise ownership over the report and its contents; we were thrilled when an attendee at the first launch referred to "our *Vital Signs* report." By demonstrating to community members that we value their knowledge and insights, we not only improve our ability to produce a report that is useful to the residents of our province but also foster the sense of personal investment that motivates people to contribute their time, resources, and gifts to the places they call home. By encouraging conversation participants, many of whom represent community organizations, to brainstorm ways to address the challenges raised by the report, we hope to foster a community-sector culture that is responsive to the province's changing needs and to create a pipeline for CFNL's discretionary granting, where *Vital Signs* uncovers issues of pressing importance to the community, community organizations strategize to respond to these needs, and CFNL funds their work through its annual grant program.

The radio roundtable, a new addition to NL's *Vital Signs* program in 2016, was hosted by and broadcast on VOCM, a provincewide private radio network (VOCM, 2016a). The roundtable featured two academic and two community experts; the station's news director led them in a discussion of the 2016 report and its implications. The idea for a *Vital Signs* audio program

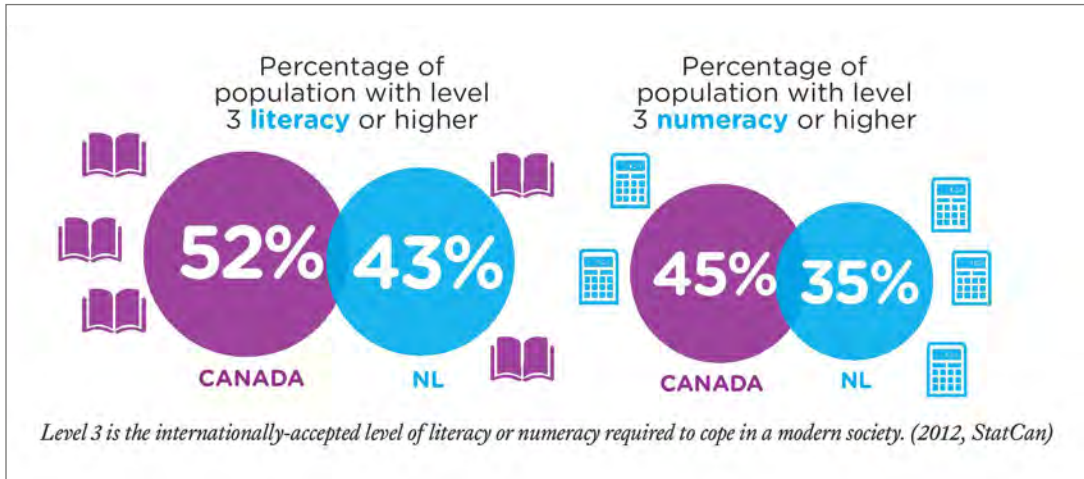
was sparked by a finding we published in our first report showing that only 43 percent of Newfoundlanders and Labradorians have level 3 literacy — roughly equivalent to high school literacy — or higher. (See Figure 5.) People with less than level 3 literacy struggle to read a newspaper, making the print version of *Vital Signs* inaccessible to over half of the adult population of the province. We decided to approach VOCM to host the program because the network targets the rural, older demographic most likely to be affected by low literacy.

## Best Practices

Three central factors have contributed to making NL's *Vital Signs* a successful foundation-university partnership:

- *Vital Signs* aligns with the missions of both organizations, supporting CFNL's goal to be a source of community knowledge and the Harris Centre's aim to stimulate informed discussion of important provincial issues.
- CFNL and the Harris Centre are willing to compromise to ensure that *Vital Signs* serves each of their objectives. For example, our coverage of NL's economy has been more extensive than is usual for local *Vital Signs* reports to reflect the Harris Centre's interest in economic development and the capacity of RAnLab, and we have profiled CFNL grant recipients in our community stories to demonstrate the impact of strategic grantmaking.
- Each organization contributes distinct resources and competencies. The Harris Centre is able to source researchers, broker partnerships with other university departments, and marshal academic expertise to answer critical questions about the state of the province. CFNL brings research, graphic design, and communications materials through the national community foundation-led *Vital Signs* program, relationships with community stakeholders, and an apolitical, community face for the project.

**FIGURE 5** NL Literacy/Numeracy Levels



Over our four years of collaboration on the Vital Signs program, we have also developed a number of best practices for overcoming potential challenges:

- Lay out responsibilities and overall program structure in a written partnership agreement. Having clear guidelines in place for how decisions are to be made enables both organizations to have input into the report's content without overburdening the volunteer members of the steering committee.
- Establish an expert review panel to check the final draft of the report in order to avoid errors of fact or interpretation.
- Engage a balance of university and community experts to provide comments for publication in the report and to serve on its review panel. This recognizes the complementary ways of knowing of academics and community members.
- Ensure the report presents information on different regions and municipalities in NL, and not just on the province as a whole. Provincewide data can obscure differences within the province that may be as significant as distinctions between this province and other parts of Canada. Where the data do not break down to the regional or

municipal levels, diverse geographic representation is achieved through the stories told in the report's journalistic-style articles.

- Solicit feedback from community stakeholders at regular intervals and use their comments to guide the direction of future reports. Receptivity to feedback enables *Vital Signs* to be a responsive resource that answers the community's most pressing questions and contributes to a culture of public engagement.
- Give equal prominence to CFNL and the Harris Center in the report itself, at the launch event, and in all communications materials. This reflects the full partnership that underlies NL's *Vital Signs* and ensures that both organizations benefit from the profile associated with releasing the report.
- Remain politically neutral. The purpose of the report is not to assign blame for NL's problems, but instead to provide the residents of the province with knowledge that can inform debate, guide policy, and inspire community action. The report refrains from conjecturing about the influence of government policies on the data presented and aims to present a balanced picture that includes both the negative and the positive.



*The long-term goal of the report, however, is to bring about improvement in quality of life in the province, which will only happen if the data are translated into action.*

*The engagement components of the Vital Signs program are therefore integral to its success, as a means of encouraging community members and political leaders to think about how they can respond to the challenges identified by the report.*

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### Measuring Impact

From the beginning, the community embraced NL's *Vital Signs*. More than 125 community, government, and industry representatives attend the launch event every year, and staff of charitable organizations and ministerial offices have informed us that they refer to the report in the course of their work. Municipalities NL, the umbrella organization for local government in the province, has been a funder from the outset and hosts a presentation on each year's report at its annual convention, reaching an audience of over 300 elected officials and staff. Chambers of Commerce and Rotary Clubs from across the province have also requested presentations based on *Vital Signs*. In 2016 and again in 2017, a dozen pieces on NL's *Vital Signs* appeared in print and on radio and television — the most extensive coverage of any local *Vital Signs* report in Canada — and journalists have used information from *Vital Signs* as background for other stories well after each year's launch (Venn, 2016; Nikota,

2017; VOCM, 2016b). The report has become an integral component of community dialogue in Newfoundland and Labrador.

The long-term goal of the report, however, is to bring about improvement in quality of life in the province, which will only happen if the data are translated into action. The engagement components of the *Vital Signs* program are therefore integral to its success, as a means of encouraging community members and political leaders to think about how they can respond to the challenges identified by the report. Testimonials from local government officials have included statements to the effect that *Vital Signs* is motivating conversations on issues critical to the well-being of their communities. The mayor of the remote Northern Peninsula municipality of Roddickton, Sheila Fitzgerald, reports that the demographic data in *Vital Signs* is inspiring her town to mobilize to promote sustainability (S. Fitzgerald, personal communication, November 17 2016). At the provincial level, ministers in the current liberal government have often referred to demographic projections for the province published in *Vital Signs* and drawn from the Harris Centre's Population Project and have instituted numerous population-growth initiatives consistent with the issues raised in the report.

But how to measure change over time? *Vital Signs* may be unique in that it can serve, to some extent, as its own metric. By regularly publishing the latest data on indicators like literacy, the incidence of disease, and the volunteer rate, we can track whether social progress is occurring in the communities of our province. Our intent is to revisit the basic issue areas of our inaugural report every five years to update the indicators with data from the latest census, creating a current snapshot of well-being in NL that can be compared to the benchmark indicators in the first report. An evaluation framework for NL's *Vital Signs* will be developed in our fifth year to inform the return to the issue areas and indicators of the inaugural report. Case studies, testimonials, and quantitative data will be utilized. What will perhaps be most significant is when we can point to culture change in our governments, NGOs, and industry organizations



that reflects increased recognition and use of evidence in decision-making.

## Conclusion

In the three years since the publication of NL's first *Vital Signs* report, the program has gained a great deal of traction in our province. Journalists, political representatives, and community leaders anticipate and attend the report's annual launch, and statistics from *Vital Signs* are referenced throughout the year in the media and at community events. All this public attention has substantially raised the profile of CFNL. The report, with its timely and eye-opening facts about the province, draws media coverage in a way that grant announcements and calls for applications never could. As a communications piece that the foundation distributes to fund holders, prospective donors, and event attendees, *Vital Signs* is tangible evidence of what sets community foundations apart: solid, place-based knowledge. In particular, NL's *Vital Signs* helps CFNL to bridge the rural-urban gap by connecting the foundation with rural stakeholders through its provincewide distribution and by providing up-to-date information on the needs of the province's rural communities. An evidence-based understanding of the communities of the province enables CFNL to make strategic investments and guide donors so that their gifts have the utmost impact. Ultimately, *Vital Signs* and CFNL's grantmaking initiatives go hand-in-hand to provide Newfoundland and Labrador's communities with the knowledge to identify challenges and the resources to change things for the better.

Without partnering with the Harris Center and Memorial University, CFNL would not have been able to implement the *Vital Signs* program at this stage in its development. CFNL is the smallest of the 26 Canadian foundations that produced local *Vital Signs* reports in 2016 (CFC, 2016a; Knight, 2017). Collaboration with the university significantly increased staff support for the project and enlarged the networks through which the report could be sponsored and promoted, making this large-scale project accessible to an emerging foundation. Most of all, partnering with the Harris Centre has made the research resources of

the university available to the project, facilitating access to recent findings from university faculty and lending credibility to the report.

From the university perspective, NL's *Vital Signs* has become a signature public-engagement initiative that has enabled faculty and students from many faculties and schools to connect their work with community organizations and issues. Memorial University is the only university in Canada with a public engagement framework approved by its senate as a governing document. *Vital Signs* provides a platform for Memorial to collaborate with a community partner in a manner that spans not only the entire university but the entire province. The president of the university keeps a copy of the report on the coffee table in his office and cites *Vital Signs* in his speeches. Newfoundland and Labrador's *Vital Signs* is an example of one way that a local university and a place-based foundation have partnered to their mutual benefit and to the long-term benefit of the province they both serve.

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# Design Thinking for the Greater Good: Innovation in the Social Sector

Reviewed by Brenda Sipe, M.F.A., C.P.P, Director, Continuing Studies, Kendall College of Art and Design, Ferris State University

The emerging value of design thinking for problem solving and innovation by organizations in the social sector was signaled by Tim Brown in *Change by Design* (Brown & Katz, 2009), claiming design thinking is particularly useful for solving complex problems involving human needs. Now, Liedtka, Salzman, and Azer, in *Design Thinking for the Greater Good: Innovation in the Social Sector*, offer glimpses into design processes at eleven real-world organizations. These richly descriptive stories highlight impressive and creative solutions to problems in complex and uncertain environments. The authors who, like Brown, came from the business sector, articulate that challenges faced by the social sector are bigger, messier, and also more urgent, since they involve human needs.

*Part One: Why Design Thinking?* begins by drawing a parallel between innovation and the Quality Movement decades earlier, which utilized a Total Quality Management (TQM) approach. Liedtka, Salzman, and Azer believe a revolutionary shift is underway today, a move from Innovation I, innovating by designers, to Innovation II, which involves multiple stakeholders in the process. According to the authors, this “democratizing of innovation” changes the meaning of innovation. It’s not about big breakthroughs; it’s about serving people more effectively, which is the primary mission of social sector organizations.

This shift from Innovation I to Innovation II is characterized by change in:

- Who does the designing
- Team composition
- Relationship with outside stakeholders
- Problem framing
- Expectations for solutions
- The conversation itself



*Design Thinking for the Greater Good: Innovation in the Social Sector* by Jeanne Liedtka, Randy Salzman, and Daisy Azer. Columbia University Press, 2017. ISBN: 0231545851, 9780231545853

The authors propose that design thinking aligns with Innovation II, and should become a core competency in organizations. Design think-

ing, like TQM in quality management, provides a common language and a methodology for applying innovation. It makes a “clear and compelling case for an altered future,” bringing stakeholders along. Their four-question toolkit and approach to design thinking, as used in their previous books, is:

- What is? Explore current reality.
- What if? Begin to generate ideas.
- What wows? Create a pre-experience, or prototype.
- What works? Test and try out prototypes with stakeholders.

*In Part Two: The Stories*, case studies of ten organizations are shared. The organizations span the fields of health care, agriculture, transportation, social services, and security, both government and non-government entities. These inspirational stories demonstrate there is no one-size-fits-all approach to design thinking, and that results can be achieved with particular emphasis upon inquiry and deep understanding of constituents. *Part Three: Moving into Action: Bringing Design Thinking to Your Organization*, features a case study from the education sector. The authors then describe how design thinking can be used to increase capacity for innovation.

The case studies presented were all from large or bureaucratic organizations. Since both problems and resources look quite different depending on the size of the organization, the book may be less helpful for practitioners in smaller organizations who may not easily see themselves in these circumstances. A more diverse group of organizations may have been more useful.

The depth and complexity of information in the case studies makes it difficult to read the book all at once. The book may be better used as a reference guide with case studies being read and assimilated individually, and ideas put into practice over a period of time. Parts One and Three serve as bookends to the case studies, introducing the concepts and concluding the study. The placement of the eleventh case study in Part Three does not fit with this format, and potentially confuses the reader.

Further, the authors have created their own system of new designations for the design thinking process: *What is, What if, What wows, and What works*. By naming processes differently than those in other design thinking literature, they add another layer to an already complex process. Practitioners may become lost in reading the case studies, needing to refer back to the meanings of these designations.

*Design Thinking for the Greater Good: Innovation in the Social Sector* was written for social sector managers and practitioners looking to implement design thinking as an innovation practice, and to address the many challenges that arise

with its use. The authors stress the need for beginning practitioners to spend significant time becoming familiar with design thinking tools and practice them in real life situations in a disciplined and rigorous manner. The book can aid in this process. Readers may get ideas for solutions that will work in their own organizations.

Somewhat surprisingly the authors contend that design thinking is most successful when it begins at a grassroots level in an organization. They conclude that the best successes occur when employees are supported in their innovation efforts by leaders who provide the tools, time, and resources that the innovators need. Practitioners may find this encouraging, and upper level leaders may learn how to support innovation in their organization.

Benefits of the design thinking process are described and illustrated throughout. These include the avoidance of polarizing debates among stakeholders, focus on inquiry which holds users in the problem space long enough to develop deep insights about human needs, development of multiple solutions, and the ability to share prototypes with stakeholders and funders, gaining support and reducing resistance to change.

The authors appeal to social sector organizations by referencing human needs and using quotes to illustrate stories and outcomes, such as the quote by the farmer who stated: “For the first time I’m producing enough to feed my family, feed my animals and a bit extra to put in the market” (p. 216).

Taken altogether, *Design Thinking for the Greater Good: Innovation in the Social Sector*, is an excellent resource on a practice which has gained popularity in the business press and academic literature. This work is important for its contribution to research and understanding of the practice of design thinking at eleven organizations. Importantly, it serves as a practical guide for those who want to undertake organizational change from Innovation I to Innovation II, in a social sector environment that focuses on meeting human needs.

## Reference

BROWN, T., & KATZ, B. (2009). *Change by design*. New York, NY: HarperCollins Publishers.



# executive summaries

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## Results

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7

### In a Good Way: Advancing Funder Collaborations to Promote Health in Indian Country

*Linda M. Bosma, Ph.D., Bosma Consulting; Jaime Martínez, M.Ed., and Nicole Toves Villaluz, B.A., ClearWay Minnesota; Christine A. Tholkes, M.P.A., LaRaye Anderson, B.S., and Sarah Brokenleg, M.S.W., Minnesota Department of Health; and Christine M. Matter, B.M., Center for Prevention, Blue Cross and Blue Shield of Minnesota*

Funders continue to be challenged by how to best promote work in American Indian communities that builds health equity, addresses community context, and reduces the disproportionate impact of commercial tobacco. In particular, public health programs that address substance abuse and tobacco control promote the use of evidence-based practices that tend to emphasize a one-size-fits-all approach and that are rarely researched among American Indian populations. This article examines how three organizations collaborated on work to control commercial tobacco use in Minnesota's Indian Country, and shares lessons learned on how they came to incorporate tribal culture, respect traditional tobacco practices, and acknowledge historical trauma to inform their grantmaking.

DOI: 10.9707/1944-5660.1403

## Tools

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### Aligning Evaluation and Strategy With the Mission of a Community-Focused Foundation

*Claudio Balestri, Ph.D., Fondazione Monte dei Paschi di Siena*

Foundations are commonly recognized as having a comparative advantage in supporting forward-looking projects and programs. When a mission is focused more on improving the quality of life in a specific community than on addressing a specific social problem, evaluation of outcomes becomes more challenging. While available methods can provide valuable support to measuring the impact of a foundation's specific program, they are unlikely to provide an overview of the outcomes of a multitude of projects financed over time. This article presents the case of an Italian foundation committed to developing a tailored approach to evaluating the durable benefits of its local philanthropic activity.

DOI: 10.9707/1944-5660.1404

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## PCI: A Reflective Evaluation Framework for Systems Change

*Beverly Parsons, Ph.D., InSites, and Huilan Krenn, Ph.D., W.K. Kellogg Foundation*

Systemic change involves deep shifts in social norms, beliefs, power, and privilege — and seldom, if ever, follows a straightforward, predictable path. Such change also requires incremental, long-term action and evaluation. To better support systemic change, how might a foundation reframe its approach to evaluation? This article explores the interconnected dimensions of the PCI Reflective Evaluation Framework, an approach now in prototype form which is grounded in practical thinking about working within complex social systems. This article focuses on its use in advancing racial equity, describing possible applications to integrate a racial equity lens in unpacking and addressing the complexity of systemic change. DOI: 10.9707/1944-5660.1405

## Sector

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## Crisis Philanthropy: Two Responses to the Pulse Tragedy in Orlando

*Cindy Rizzo, J.D., Arcus Foundation*

This article examines two philanthropic responses to the mass shooting at the Pulse nightclub in Orlando, Florida, on June 12, 2016, a tragedy that particularly impacted the region's growing Latinx LGBT community. The Central Florida Foundation's Better Together Fund and the Our Fund Foundation's Contigo Fund, while organized and operating in different ways, looked to best practices in crisis philanthropy and, in the wake of the massacre, provided the region with resources to address both short- and longer-term needs. Each learned from the other and in doing so, they made important contributions to their community and, in planning and implementation, to the field of crisis philanthropy. DOI: 10.9707/1944-5660.1406

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## Family Foundation Development in China: Two Case Studies

*Shuang Lu, Ph.D., The University of Hong Kong and Chien-Chung Huang, Ph.D., Rutgers University*

This article examines the development of two Chinese family foundations — the Lao Niu Foundation and the Lu Jiaxiang Foundation — using document analyses and semi-structured interviews with foundation leaders. While detailed data on program effectiveness and efficiency is lacking, it is evident that both foundations have generated positive impacts on social development despite an overall lack of support for the foundation sector from Chinese government policy. The case studies indicate that Chinese family foundations are exploring new paths in an increasingly mature philanthropic environment, and suggest several development approaches for family foundations in China and other emerging philanthropic sectors. DOI: 10.9707/1944-5660.1407

# executive summaries (continued)

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## Foundation Transparency: Opacity – It’s Complicated

*Robert J. Reid, Ph.D., JF Maddox Foundation*

The perception that private foundations lack accountability has led to calls for greater transparency. This article seeks to examine transparent and opaque practice in private philanthropy, studying the literature as well as findings from interviews with foundation staff, trustees, and grantees that sought answers to two relevant questions: Does opacity exist in private philanthropy? Have foundations and grantees developed strategies for overcoming challenges related to opacity? U.S. tax law affords private philanthropy unique discretion regarding transparent practice. It might be productive for private foundations to explore how transparent and opaque practices impact their reputation and inhibit or support their activities.

DOI: 10.9707/1944-5660.1408

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## Becoming Strategic: Finding Leverage Over the Social and Economic Determinants of Health

*Douglas Easterling, Ph.D., and Laura McDuffee, M.P.A., Wake Forest School of Medicine*

This article presents examples of the strategic thinking engaged in by health conversion foundations when they determined how they would address various social determinants of health. Interviews with the leaders of 33 foundations across the U.S. found that these foundations are operating through a multitude of strategic pathways that generally fall into four categories: expanding and improving relevant services, creating more effective systems; changing policy; and encouraging more equitable power structures. The article also considers how a foundation can develop a strategic pathway to address the social determinants of health that fits with its mission, values, philosophy, resources, and sphere of influence.

DOI: 10.9707/1944-5660.1409

## Reflective Practice

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### Newfoundland and Labrador's Vital Signs: Portrait of a Foundation-University Partnership

*Ainsley Hawthorn, Ph.D., Community Foundation of Newfoundland and Labrador; and Sandra Brennan, M.A., and Rob Greenwood, Ph.D., Memorial University of Newfoundland*

Vital Signs, a national program of Community Foundations of Canada, produces annual reports of the same name that examine the quality of life in each of Canada's provinces using statistics on fundamental social issues. The *Vital Signs* report for Newfoundland and Labrador is produced in partnership between the Community Foundation of Newfoundland and Labrador and the Leslie Harris Centre of Regional Policy and Development, a university research unit with expertise in both promoting community-based research and making academic information accessible to the general public. This article examines the origins of this collaboration and the lessons that have been learned from it.

DOI: 10.9707/1944-5660.1410

## Book Review

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### Review of *Design Thinking for the Greater Good: Innovation in the Social Sector* by Jeanne Liedtka, Randy Salzman, & Daisy Azer

*Reviewed by Brenda Sipe, Kendall College of Art and Design of Ferris State University*

Liedtka, Salzman, and Azer, believe a revolutionary shift is underway today, a move from Innovation I, innovating by designers, to Innovation II, which uncovers multiple possible solutions and involves stakeholders in the process. The authors offer glimpses into design processes at eleven real-world organizations. This is an excellent resource on a practice which has gained popularity in the business press and academic literature. It serves as a practical guide for those who want to undertake organization change from Innovation I to Innovation II, in a social sector environment that focuses on meeting human needs.

DOI: 10.9707/1944-5660.1411

# call for papers

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## For Two Themed Issues of *The Foundation Review*

Abstracts of up to 250 words are being solicited for Volume 11, Issues 1 and 2, of *The Foundation Review*. These two issues, sponsored by the Gordon and Betty Moore Foundation, the Walton Family Foundation, the McKnight Foundation and the Kauffman Foundation, are focused on the two related issues: 1) how foundations promote their own organizational learning; and 2) how foundations learn collaboratively with others, including grantees, community stakeholders, government and other funders.

Abstracts for the Foundation Learning issue (11.1) are due May 15, 2018. Abstracts for the Collaborative Learning issue (11.2) are preferred by May 15 but will be considered if submitted by July 15, 2018.

Some of the issues that might be addressed in the Foundation Learning issue include:

- **What does organizational learning look like in foundations?** What are foundations currently doing to promote staff reflection about key turning points in their work? How are foundations utilizing the resulting lessons to improve their programs and strategies? What are they hoping to accomplish as a result? What are the barriers to learning – time, resources, expertise, etc.?
- **How are foundations linking evaluation, learning, and action?** How is empirical evidence being incorporated into foundation learning systems? How are learning systems different when integrated with evaluation? How do foundations navigate the tension between learning and accountability, particularly in relation to evaluation? How do they insure that learning is moved to action?
- **Who is responsible for foundation learning?** What are the different ways foundations have structured their learning systems? Are they generally part of the evaluation function, or are they separate? To what extent are program, operations, and other staff involved in these systems?
- **What tools and frameworks have been shown to support organizational learning effectively and efficiently?** Are there tools for different audiences? What are the special needs and opportunities related to engaging foundation boards around organizational learning?
- **To what extent and in what ways are foundations addressing equity in their learning and evaluation practices?**
- **What are the roles and responsibilities of external consultants in supporting organizational learning systems?**
- **How might learning practices be influenced by the type of strategy being pursued?** For example, are they different when the strategy is emergent vs. clearly defined?
- **Where is organizational learning generally focused** — e.g., learning to improve internal operations, specific grantees or programs, foundation strategy, the field more broadly, or elsewhere?

Much of the benchmarking research on organizational learning in foundations has emphasized internal rather than external learning. For the Collaborative Learning issue, articles might address issues such as:

- **What does collaborative learning look like currently?** What are foundations doing to promote collaborative learning with others, including grantees, community stakeholders, government and other funders?



- **What tools and frameworks have been shown to support foundations engaging their communities in learning?** Are there tools for different audiences? How can learning be effectively moved to action?
- **How is equity addressed in community learning?** How do foundations navigate power differences when engaging communities in learning activities?
- **Are there differences in collaborative learning based on the geographic context** — for example between a local, place-based initiative vs. an international program?
- **What tools, frameworks, or practices are most effective with different audiences, such as community members, community leaders, and other funders?**
- **How are foundations addressing learning and accountability to communities?** What role does transparency play?
- **Systems interventions generally benefit from learning with other stakeholders.** What are effective strategies for managing learning in this context?
- **What are the roles and responsibilities of external consultants in supporting collaborative learning among multiple stakeholders?**

## Abstracts are solicited in four categories:

- **Results.** Papers in this category generally report on findings from evaluations of foundation-funded work. Papers should include a description of the theory of change (logic model, program theory), a description of the grant-making strategy, the evaluation methodology, the results, and discussion. The discussion should focus on what has been learned both about the programmatic content and about grantmaking and other foundation roles (convening, etc.).
- **Tools.** Papers in this category should describe tools useful for foundation staff or boards. By “tool” we mean a systematic, replicable method intended for a specific purpose. For example, a protocol to assess community readiness and standardized facilitation methods would be considered tools. The actual tool should be included in the article where practical. The paper should describe the rationale for the tool, how it was developed, and available evidence of its usefulness.
- **Sector.** Papers in this category address issues that confront the philanthropic sector as whole, such as diversity, accountability, etc. These are typically empirically based; literature reviews are also considered.
- **Reflective Practice.** The reflective practice articles rely on the knowledge and experience of the authors, rather than on formal evaluation methods or designs. In these cases, it is because of their perspective about broader issues, rather than specific initiatives, that the article is valuable.

**Book Reviews:** *The Foundation Review* publishes reviews of relevant books. Please contact the editor to discuss submitting a review. Reviewers must be free of conflicts of interest.

Please contact Teri Behrens, Editor of *The Foundation Review*, with questions at [behrenst@foundationreview.org](mailto:behrenst@foundationreview.org) or (734) 646-2874.

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