PRACTICE MATTERS THE IMPROVING PHILANTHROPY PROJECT

Toward Greater Effectiveness in Community Change

Challenges and Responses for Philanthropy

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Editors' Note

With the best of intentions, many foundations enter into large-scale community change initiatives without fully realizing how these engagements will escalate the demand to adapt their usual ways of working. Philanthropic investments in community change raise fundamental questions regarding authority, control and responsiveness on all dimensions of interaction. Based on their years of experience, and extensive interviews with the foundation and community change network, the authors call upon foundations to examine how they think about community change, how they do the work, and how they learn from their efforts. They up the ante for foundations to discipline their analysis of community conditions and how change can occur, to offer far more open engagement with community partners, and to increase their commitment to mutual learning and reflection.

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Executive Summary

Many foundations' community change efforts reveal a commitment to the work, but also a tendency to overreach or be unduly vague.

Philanthropies of all types seek to improve communities—for lots of reasons, and in lots of different ways. Their efforts have produced promising results and some beginning lessons about community change. But more remains to be done to ensure that philanthropic investments in community change meet expectations and that funders use the emerging lessons to move their agendas forward. Based on interviews conducted for this paper, many funders are eager to take on that challenge.

Challenges to Foundation-Supported Community Change

Challenges surface within three core dimensions of philanthropic community change activity: how foundation representatives think about community change, how they do community change work, and how they learn from their efforts. Specifically, these include:

- The clarity and realism in foundations' goals, expectations, ideas, and strategies.

- The alignment between the goals and strategies, and foundations' means and modes of practice.

- The sufficiency and effectiveness of current methods to inform, assess, and revise foundation thinking and practice.

Addressing these issues is a "doable" task, one in which some foundations are already deeply engaged.

Foundation Thinking

The goals, expectations, and ideas reflected in many foundations' community change efforts reveal a commitment to the work, but also a tendency to overreach or be unduly vague. The strategies foundations use to reach these goals also need further development in four areas: their understanding of communities' strengths and weaknesses, the attention paid to external forces that affect community outcomes, their tolerance for conflict and

risk, and the strength of the theories that shape foundation initiative design and drive the work.

Bringing greater clarity and realism to foundations' goals, expectations, and ideas for community change would strengthen the intellectual underpinnings for community-focused philanthropic investment. It would also provide a more effective basis for ongoing learning and improvement. In addition, grounding strategies in a more complete recognition of communities' internal capacities and the external dynamics that affect them, and specifying the pathway to community improvement more completely, would improve the chances that foundations' community change activities produce their intended results.

Foundation Doing

Many foundations' relationships with communities are driven by a new interest in shared commitment, contribution, and action on both sides of the grantmaking table. The challenge is to ensure that the terms of the relationship are clear and consistent with both parties' goals, and translated into foundations' institutional structures and policies. In particular, foundations have increasingly invested in building community "capacity," in recognition that the most pervasive and sustainable change stems from a community's ability to envision, develop, and lead its own solutions. Efforts to develop local leaders, provide technical assistance on specific topics, build local supports for change, and connect community members to resources within and outside their neighborhoods have all helped to increase community capacity. But these efforts are still too often the exception rather than the rule, and even where they exist they are often incomplete and not yet well integrated into community change efforts.

Foundations have opportunities to influence community change in many ways that reach beyond the traditional role of grantmaker. They can facilitate relationships between the powerful and the disenfranchised, foster excitement around creative ideas, disseminate useful information, and advocate for difficult but necessary policy changes. Although some foundations are testing out these new roles, most continue to tread a more familiar path. In doing so, they miss an opportunity to leverage their clout, credibility, and institutional resources on behalf of community change.

Foundation Learning

Over the years, philanthropy has recognized the need for good information to inform practice and policymaking. Foundations' investments in research and evaluation and in the distillation of practical lessons have established an important baseline of information and tools. As funders expand their efforts at community change, they also need to expand efforts to collect, analyze, organize, apply, and share knowledge.

Pervasive and sustainable community change stems from a community's ability to envision, develop and lead its own solutions.

Committing to learning about community change is only half the battle for foundations, however. How will they systematically and routinely interpret lessons and incorporate them into practice? How will they create safe, productive opportunities for staff reflection and debate? How can learning within one foundation contribute to the knowledge of foundations, practitioners, policymakers, and social scientists in general? And how can a foundation's learning methods spawn ongoing knowledge development? These questions point to the need for a more intentional system of learning about philanthropic investment in community change. Lacking an effective system, lessons about community change do not serve as the basis for cumulative knowledge or lead to changes in practice. People and institutions tend to repeat known processes without making necessary innovations.

Implications for Action

More effective *thinking* about community change entails these actions:

- **Using more rigorous, diligent processes to assess communities.** Some funders now use demographic and administrative data to select investment targets, for example, or take extra time to understand community leadership and organizational dynamics, structural factors, and trends before making investment decisions.

- **Aligning goals with realistic expectations.** This requires a greater commitment to clarity and realism, both about what might be achieved in a community and about a foundation's preparedness to play the necessary roles; a more critical analysis of ideas and assumptions; and a willingness to treat progress as developmental.

- **Clarifying thinking about conflict and risk.** Change can be messy, especially when it occurs in the politically charged environments of communities. Foundations will need to acknowledge the inherent conflicts and risks that accompany social investment, specify their level of tolerance for them, and design their strategies accordingly.

- **Using a more disciplined, systematic process for strategy development.** Funders need both better theories of change and better ways of using the theories—processes that make goals explicit, define actions that will produce change, specify key change agents, recognize internal and external barriers, and address issues of intervention "quality, dosage, extent, and timing."

Funders need to expand their efforts to collect, analyze, organize, apply, and share information.

More effective *doing* in philanthropic practice involves these actions:

- **Choosing an operating style.** Foundation representatives need to consider a range of potential working styles; select a style that matches foundation goals and strategies; understand the institutional capacities needed to implement the style; and secure support from the board.

- **Negotiating terms for community engagement.** Foundations and their community partners need to specify explicit roles, expectations, rules for engagement and decisionmaking, relationship boundaries, accountability measures, and processes for monitoring and improving their partnership.

- **Building community capacity to implement.** Foundation representatives need to understand what community capacity is and how it is produced, including the vital component of leadership development. Effective support for community capacity also means assuring long-term core operating funds for an array of key community institutions, efforts, and networks.

- **Expanding foundation potential as a nonmonetary resource for the community.** Externally, foundations can use their credibility and leverage to help communities make strategic connections to influential players in the private, public, and philanthropic sectors. Foundations also can leverage their financial power more creatively through direct investment, loan guarantees, access to favorable credit terms, and program-related investments.

More effective *learning* will require a different stance toward knowledge and learning. Two types of actions are especially important:

- **Fostering learning that supports change.** To achieve maximum long-term impact, funders need to treat learning as a core objective of philanthropic work. That will require the development of an intentional but loosely structured learning "system"—a collection of principles, commitments, and linkages that can be broadly and flexibly implemented by foundations and others. An effective system would emphasize an attitude of inquiry; a commitment to open sharing of knowledge; a belief that knowledge has multiple sources and is collected through multiple means; and a commitment to collecting and shaping knowledge according to users' needs, both within and beyond foundations. Each of those characteristics implies new ways of thinking and doing within foundations.

- **Promoting learning within individual foundations.** Raising the profile of learning in foundations will require changes in individual foundation's organizational culture and behavior, new board practices, new reward systems for foundation staff, and new administrative practices and support structures. Grants may need to include support for learning, in addition to money for evaluation. Reporting requirements might be changed so they more directly contribute to learning. Foundations also could establish high-level staff positions for people who manage organizational learning, knowledge development, and knowledge dissemination to communities, as some have already done.

The philanthropic sector is at an important crossroads with respect to community change efforts. Many funders are impatient with the *status quo* and eager to achieve more complete, lasting results—and they have an increasingly rich and useful base of ideas and experience on which to build. That combination of factors may be what is needed to push the field forward. The challenges that foundations face are not reasons to avoid the work with communities, but opportunities to improve it.

Introduction

Philanthropy's experience in community change provides grounds for both hope and critical consideration.

Community change continues to capture the attention of an important segment of philanthropy. Although this segment encompasses a diverse range of foundations, the foundations are linked by their efforts to improve low-income communities and the circumstances and opportunities of the people who live in them.[1] Thus, philanthropy directed toward community change includes foundations that support community-building efforts, community-focused economic development, comprehensive strategies, social and health service programs and reforms, and many other community-oriented strategies. Sometimes bold and always complicated, philanthropy's experience in community change provides grounds for both hope and critical consideration. Indeed, representatives of many foundations that promote community change feel they are at a juncture where critical assessment and debate can lead to new progress.

The significance of this moment arises in part from funders' pride in communities' progress, and in part from frustration with the limitations of those same accomplishments. On one hand, foundations see substantial achievements in communities: houses have been built, organizations strengthened, residents mobilized, collaboration enhanced, services delivered, employment increased, and so forth. Funders also believe they have learned important lessons about how to promote community change in complex and dynamic circumstances. And they are energized by emerging opportunities within their institutions and in the communities with which they work. On the other hand, funders acknowledge that their support has yielded less for communities in the short term than they and their community partners initially hoped. They also observe that the work is more complex and longer-term than initially anticipated.

Many funders and others active in the community change field believe they are ready to build on their progress and lessons. They conclude that philanthropy can become more effective in promoting community change by clarifying its challenges and promoting actionable learning to address them. This requires further refining their approaches on the following three fronts, connecting them to each other, and sharing them with the field:

- How foundations **think** about community change.

- How they **do** their community change work.

- How they **learn** from their efforts.

Consequently, the major points of this paper address the clarity, realism, and completeness of the goals, ideas, and strategies behind foundation efforts; the alignment between foundations' goals and strategies, and their means and modes of practice; and the adequacy of current methods to inform, assess, and revise foundation thinking and practice.

Purpose

This paper is intended to shape a discussion about philanthropy and community change among foundations and others already working on the issue. It attempts to honor the expertise and wisdom many funders bring to their work with communities by leading with their questions and the unresolved complexities they see in this work. We report our findings in relatively stark language for similar reasons—to honor the deep thinking that has been done by the people most closely involved. Following an analysis of the state of foundation thinking, doing, and learning, in each section of the paper we offer a window into some promising approaches funders are taking to address these challenges. We hope this approach will foster the kind of constructive, critical discussion about philanthropy and community change that funders and others see as a key to increasing foundations' effectiveness in community change.

The analysis presented here has important limitations. First, it is neither a comprehensive scan of philanthropic practice nor an attempt to disentangle the many subtleties and diverse views that characterize the foundation world. We begin with an understanding that each foundation is distinctive, but we do not name, assess, or compare foundation efforts. The paper distills and synthesizes a large body of information and experience about philanthropy directed toward community change. We believe this approach allows us to draw out critical themes, general lessons, and potential solutions of relevance to the field as a whole.

Second, the paper's tone and structure—which begins with concerns before moving on to potential solutions—may appear to overemphasize the importance of challenges while minimizing the progress being made. We present the challenges up front both because that is what we heard in interviews with the people closest to foundations' community change work and because we believe this approach can help stimulate productive debate. Many of the findings reported here are not wholly new, and over the last ten years funders *have* made progress on these issues. However, the unique contribution of this analysis—addressing issues in *thinking, doing,* and *learning* within the same framework—allows us to provide a broader picture of the field, to look for patterns across issues, and to articulate a potential agenda for the next phase of the field's development.

> Community change is complex, highly iterative, and demanding of constant adjustments.

Third, treating *thinking, doing,* and *learning* sequentially could make community change efforts seem linear and simple, when, in fact, they are quite the opposite. When done well, the people involved in this work suggest that it is always complex, highly iterative, and requires constant adjustments in thinking and doing in response to learning about conditions and opportunities on the ground. Moreover, the people we interviewed for this analysis emphasized that the struggle to keep the three activities connected and aligned is constant. As authors, we separate the three dimensions in order to clarify aspects of each, but we also understand that in real life the processes of community change are highly dynamic, interrelated, and often nonsequential.

Finally, a paper on community change that focuses primarily on philanthropy can reinforce the sense that foundations are lone and sufficient agents for promoting community change. This is particularly problematic because many of the people involved in this work both within and outside of philanthropy suggest that foundations tend to both overestimate their potential to effect change and see themselves in isolation. In the words of one observer, "They overestimate what they can do and they don't acknowledge their limits."

Concentrating on philanthropy could also be taken to imply that grantees and communities are always easy partners or are all merely passive recipients of foundation action. Yet, many of our informants emphasized that communities and grantees are an integral part of the foundation dynamic. Some communities bring long histories of internal conflict, fractured leadership, and previous negative relations with funders, as well as important knowledge, experience, and know-how. That said, the focus here remains on foundations because our informants suggest that philanthropy—as one of the many players in community change efforts that include communities, service providers, private business, and public, political, and civic actors—needs to better understand its own part in the ecology of community change.

Sources

This paper is the product of ongoing research on philanthropy and community change at the Chapin Hall Center for Children. The paper draws on five sources. The first is a series of 45 interviews about philanthropy and community change conducted over a six-month period spanning 2001–2002 with a diverse group of current and former foundation executives and staff; representatives from community change organizations and intermediaries; evaluators, researchers, and technical assistance providers; and close observers of foundation efforts. These interviews sought to elicit varied perspectives, insights, and ideas from people who have played many roles in community change efforts.[2] The quotes used in this paper come

> Philanthropy needs to better understand its own part in the ecology of community change.

exclusively from these interviews, although some of the examples are drawn from other sources. (See the Appendix for a list of interviewees.)

Second, the paper reflects insights gained from interviews conducted during the same time period with leaders of 22 community foundations. Although these interviews were conducted as part of a different project, many of the issues and perspectives we heard from these respondents reinforced and deepened our understanding of the questions raised in this paper. Third, the paper is informed by findings from wide-ranging research on community initiatives that Chapin Hall has conducted over the last 15 years. Fourth, the authors' collective experience in community change efforts as foundation staff and board members, evaluators and documenters, program developers, foundation and community advisers, and technical assistance providers has provided a base for the analysis, particularly for the framework of "thinking, doing, and learning." Finally, the paper has benefited greatly by several rounds of comments from reviewers and interviewees, and from a half-day discussion of an earlier draft sponsored by *Practice Matters: The Improving Philanthropy Project.*

Foundation Thinking

How foundations *think* about community change shapes their goals, expectations, strategies, and investments. This thinking emerges from ideas, values, and information at play in the larger culture; from internal dynamics and ideological commitments; and from external political pressures. As one researcher observed:

> Foundations are motivated by very different things: politics, loftier goals, the talent of their people, and interests of their boards. It's a very complex question to really try and tease out why foundations do what they do. The dynamics are almost Byzantine because you do have so many forces influencing them—some internal, some external.

Complex motivations and multiple sources, in and of themselves, do not make foundation thinking problematic, however. Few respondents suggest that foundations lack serious intentions or that the processes by which they develop approaches are frivolous. Yet, a number of funders and observers identify concerns with the thinking itself. In this section, we raise two broad concerns about the thinking behind philanthropic efforts to promote community change:

- A lack of clarity evident in many foundations' goals, expectations, and ideas.

- The incomplete nature of many community change strategies.

Our point throughout the following discussion of foundation thinking is that unclear or incomplete thinking can get in the way of foundations' effectiveness at promoting community change.

Goals, Expectations, and Ideas

Many foundations' community change efforts show commitment and achievement, but the goals, expectations, and ideas of some reflect a tendency to overreach or be unduly vague. Bringing greater clarity and realism to these aspects of foundations' work in communities will strengthen the intellectual

Unclear or incomplete thinking can get in the way of foundations' effectiveness at promoting community change.

underpinnings for it and provide a more effective basis for ongoing learning and improvement.

Clarity of goals. The precise goals of many foundation-supported community change efforts are unclear, potentially competing, or even contradictory. At a fundamental level, respondents note that there is often confusion about whether a community change effort is intended to improve the lives of people in poverty, or to eliminate poverty. This distinction is critical because it goes directly to issues of scale, ambition, and type of intervention. At another level, foundations' goals often include divergent ends. For instance, is an effort primarily about building the capacity of organizations, individuals, or communities to promote change? Shifting power relationships? Addressing structural racism and inequity? Connecting individuals and communities to economic opportunity? Reforming public systems? Promoting democratic participation? Fostering social capital? Building intermediary institutions? Or all of those things? These goals are often treated as compatible, but they can involve quite different assumptions, points of intervention, and outcomes. Moreover, their differences are often not reconciled in foundation thinking or doing.

While agreeing about the importance of greater clarity, some respondents also comment that a degree of ambiguity can be useful in the early stages of community change work. Some ambiguity can also allow a foundation the flexibility it may need to adjust its approach, while giving program officers freedom to take necessary risks. It can capture the spirit of an effort and be used to consolidate diverse interests.

In considering these potentially competing insights, some respondents suggest that difficulties arise primarily if funders assume that broad principles—such as comprehensive change or collaboration—are substituted for goals, such as improved quality of life or poverty reduction, or if funders develop goals too quickly and without enough understanding of the on-the-ground realities. One funder observed, "We can't confuse our broad principles and vision with our goals. They need to be compatible, but they are not the same thing. We still need to get to specific doable goals." Most respondents agree that without this kind of clarity, foundations can end up funding activities that are not sufficiently aligned with a clearly articulated goal to produce the desired results.

Realism of expectations. In recent years, some funders heightened their ambitions for community change efforts. These ambitions are reflected in bold and broad expectations for "fundamental," "comprehensive," or "systemic" change. Yet, numerous respondents suggest that philanthropies' hopes can be unrealistic. A number of factors contribute to this, beginning with the philanthropic sector's assumptions about its own power and potential. As one observer noted, foundations "misjudge the

Competing goals: Is a community change effort intended to improve the lives of people in poverty, or to eliminate poverty?

potency of their involvement and overestimate how much difference their attention, skills, ideas, and money are likely to make." To make matters worse, grantees often collude with this misjudgment because they want the foundation to become a champion—and significant funder—of their work.

Second, respondents suggest that internal institutional factors shape foundations' expectations and contribute to a lack of realism. Prime among these is the dynamic between foundation boards and staff. While board members are often excited by "getting at root problems," they can also be impatient with complex, long-term solutions. In the words of one funder, "They [boards] prefer silver bullets." In these circumstances, staff often ignore the field's experience in an effort to satisfy boards' legitimate questions, and then overpromise what can be achieved. For example, the time frame of most grants is usually shorter than the time actually needed to make substantial change in a community; many foundations continue to work within three- to five-year time frames although both experience and research have demonstrated that measurable community-level change usually takes longer. Respondents also point out that the board-staff dynamic should not be seen as one-sided and that staff sometimes contribute to board members' attitudes by underestimating them. One funder observed, "Boards hesitate to support deeper community work because we [staff] don't effectively educate them about the challenges and time frames [of those endeavors]."

Finally, some respondents suggest that the field tends to devalue community efforts aimed at modest or incremental improvement. Ameliorating a problem or improving the quality of a service may be viewed as less worthy of serious consideration than more ambitious goals. One respondent noted that the pressure to produce social change can lead to a "drive at the board level to turn everything they do into something systemic, which to them is shorthand for the opposite of wasteful and inconsequential." Although expecting major social changes from philanthropic investments is not inherently wrong, respondents comment that it can backfire in community change work. As one philanthropic observer reflected,

> People in communities need child care, and getting it would be a significant thing. But you shouldn't expect efforts to improve the quality and availability of child care to change the structure of poverty. I think there are many good things that can be done that are not entirely systemic, but that are also not inconsequential. But that is a more nuanced space into which many board members and staff do not want to go. Sometimes changing everything is a false refuge from the reality that requires you to say instead: "If we are only part of the solution, and we only have part of the resources, and some of the

Board members can be impatient with complex, long-term solutions and, in response, staff often overpromise what can be achieved.

neighborhood organizations we have to work with are weak, what can we usefully do?"

Most respondents conclude that poor communities can benefit from both incremental *and* more ambitious kinds of work, and the field is more likely to get good examples of both when funders are clearer and more realistic about the benefits, requirements, time frames, and effects of each.

Use of ideas and knowledge. The thinking of many funders about community change is informed by broad ideas drawn from social science theory and research, and from experience on the front lines of community-based work. Thus, limitations in foundation ideas and knowledge closely reflect limitations in the social sciences and community practice. These include the field's understanding of social capital, empowerment, community asset development, resident involvement, comprehensiveness, capacity building, leadership development, and collaboration, among the current concepts in "community," broadly defined.

The first issue that respondents raise is about areas in which knowledge is limited but the field still acts as if more were known. Respondents suggest that funders often do not explain the basis for their ideas or develop sufficiently what they mean by the ideas they use. Some suggest that funders frequently treat certain ideas as self-evident, and do not make clear whether a concept is a testable idea or primarily a value statement. This can preclude more critical consideration, development, or application. It can also lead to confusion about the basis of decisions. For example, although research suggests that aspects of community social capital are important for social control, social support, and access to opportunity, the research provides little guidance for foundations on how to promote or support this asset. Similarly, there is little empirical evidence about the extent to which community control of an agenda for change necessarily contributes to long-term improvements, yet the idea is treated as an established fact.

Respondents also suggest that there are areas about which a good bit is known—such as the racialized structure of economic opportunity—but about which the field tends to do little. They explain that this can happen both when the field lacks the know-how to deal with a problem and when persistent barriers such as racism and classism keep a problem "off the table."

By raising concerns about foundations' use of ideas and knowledge, respondents are not implying that particular ideas are necessarily wrong. Nor are they suggesting that the practice of applying new ideas to promote community change is inherently flawed. Respondents unequivocally assert that some of the best work in philanthropy is decidedly experimental. As one said, "If the field had to rely only on what is established through research or what is fully worked out conceptually, it would attempt little." The point is that a lack of adequate discipline and clarity in using ideas

The field tends to devalue community efforts aimed at modest or incremental improvement.

and knowledge to shape foundation goals and strategies can preclude opportunities to improve the knowledge base over the long term, and can ultimately undercut philanthropies' efforts.

Strategies

Most funders have learned important lessons from experience and have improved their strategies along the way. The strategies need further development in four areas, however: foundation reading of communities' internal capacities, their attention to external dynamics that affect community outcomes, their tolerance for conflict and risk, and the strength of their theories. Grounding strategy development in a more complete recognition of communities' internal capacities and external dynamics, and specifying the pathway to change more completely, would improve the chances that foundations' community change strategies produce their intended results.

Readings of internal community capacity and dynamics. As important as clear goals and ideas about community change are, many funders also say they need to better ground their strategies in a deep and realistic sense of a community's capacity to achieve the goals. Thus, strategy and existing capacity need to go hand in glove. As one observer saw it, the failure to accomplish this can lead to "a fundamental disconnect between the reality on the ground and the mental image that the foundation staff person has about what is going on—between the foundation's intentions and what the community is capable of or interested in doing."

For instance, one funder described how his foundation chose its sites after an extensive assessment, confident that each of the neighborhoods was a "community" with which they could "partner." Each site "appeared to have a strong infrastructure and a collaborative idea," he said. But the assessment of infrastructure and ability to collaborate proved incomplete: "Sometimes there wasn't really a community that existed, in the sense of effective and representational organizations and networks." Other funders explain that although their assessments captured "the static picture" of a community, their analyses often fail to reveal the way certain issues in the community were "trending," and thereby miss critical information that could inform their choices.

Most respondents agree that even under promising circumstances, a realistic community "reading" is hard to get and requires more time than many foundations are prepared to invest. As a result, some funders enter community work with inadequate knowledge about neighborhood conditions, capacities, and trajectories. This lack of understanding can slow, impede, or even derail their strategies, and sometimes make the neighborhood less receptive to other change initiatives. For example, misreading the neighborhood's politics or anointing local leadership without an appreciation of these politics can create unproductive internal conflict

A realistic community "reading" is hard to get and requires more time than many foundations are prepared to invest.

among neighborhood groups, passive resistance to participation and change, or a cynical sense of "here we go again" with all parties trying to get something from the funder for themselves but lacking commitment to a collaborative change effort.

Attention to external dynamics. Many foundations' strategies for community change do not pay sufficient attention to external dynamics and structural constraints. Sometimes this reflects a belief in local capacity to act accompanied by an underestimation of the power of external policies and dynamics. In other cases, foundations may not want or feel able to exert an influence on the political forces that shape and constrain neighborhood conditions. These forces include:

- Public policy impacts on transportation, public safety, land use, gentrification, and displacement.

- Private market forces in the job, real estate, and capital markets.

- Embedded structures of racial preference and discrimination.

- Distribution of political power.

- Patterns of concentrated poverty, rates of immigration, and demographic shifts.

The relationship between low-income communities and the larger economy is often inadequately understood and addressed by philanthropy.

Population mobility is an important example of this kind of external dynamic. Although frontline practitioners, the U.S. Census, and school data identify population mobility as a significant phenomenon, philanthropic thinking and practice have not typically incorporated the impact of frequent individual and family mobility on neighborhood improvement efforts. For instance, a school reform effort in a school district with a 40 percent turnover of children during a year may require a very different strategy from a reform effort in a district with low mobility. Similarly, respondents suggest that the relationship between low-income communities and the larger economy is often inadequately understood and addressed by philanthropy. As one observer cautioned, "You can't vitalize a neighborhood without paying attention to helping people get jobs and get to those jobs throughout the region." Despite dissatisfaction with many community-based poverty alleviation strategies, funders acknowledge that some community change efforts continue to treat neighborhoods as autonomous economic units.

Of course, mobility, regional labor markets, public policy and funding, and other external factors do not invalidate the value or potential of community-level work. But an incomplete appreciation for external dynamics, constraints, and opportunities in foundation strategymaking can lead to inadequate resources (if the flow of public and private dollars is not

addressed) or to misdirected resources (if the dollars are invested in less strategic ventures).

Conflict and risk. Respondents note a central paradox at the heart of philanthropic thinking and practice: foundations' quest for greater impact is not usually accompanied by an increased tolerance for conflict or risk. On one hand, many suggest that real community change is inherently risky, political, and fractious because it affects the distribution of power and resources. They say that although substantial change can sometimes be achieved without turmoil, that is not often the case. As one funder commented, "When power or money is at stake, people are going to fight because someone is usually going to gain and someone is going to lose." On the other hand, respondents also suggest that foundations are wary of stimulating such conflict even as they seek to achieve ambitious ends. Some think this wariness emerges from "subtle and not-so-subtle pressure" of legal regulation and sanction that constrain foundations' latitude. Others suggest foundations think they can be more effective change agents if they "stay below the radar." Still others claim that some staff and many boards are ambivalent about fundamental change. "The system has worked for them and they don't see a need to change it," comments one analyst.

This paradox affects what change strategies foundations select and how they carry them out. Some foundations may avoid certain approaches that are deemed "too political" or that lead to more fundamental questions about the power structure. For instance, one observer commented that foundations' self-imposed constraints "translate into support for activities that do not overtly shake up the political *status quo*." She continued, "Similarly, [foundations] are highly constrained in their notions of acceptable reform. Systems reform, yes; real labor market, political, or regulatory reform, no." Other respondents observe a misalignment between foundations' bold goals and strategy and the timid way many pursue their work. "If things start heating up, they [the foundation] either back off or put on the brakes."

Respondents also suggest that this paradox has led some foundations to embrace too quickly broad strategies of "collaboration and mutual gain" without thinking through the degree to which existing arrangements and players may benefit from current inequities and may have little real incentive to address those inequities unless more fundamental pressure is applied. Acknowledging this phenomenon, a funder observed, "Sometimes we want change, but don't want everything that goes with it. We don't want it to be messy. But we can't have change without *change*. Win-win can be great, but it's not always realistic."

Most respondents emphasize that the central challenge for foundations is to become clearer internally about their core beliefs about community change, more aware of the requirements and risks inherent in the choices

Foundations' quest for greater impact is not usually accompanied by an increased tolerance for conflict or risk.

they make, and more consistent in aligning the two. As one technical assistance provider notes, "There are more and less risky approaches, and funders have to be clear about which they are best suited for."

Strength of theories. Foundation discourse about theories of change and logic models has increased in recent years, and some foundations have used these thinking tools to shape community change efforts. According to respondents, however, many of the theories have not been sufficiently developed, systematically applied, or grounded in evidence of prior success. One foundation executive characterized the theories he has seen as "little more than a gut-level sense that local conditions have to change and that getting your arms around a neighborhood is the best way to do that." Suggested another, "Every foundation goes in with a vision but not with a deep enough effort to clarify what the change process really is."

Unclear goals and expectations make it hard to articulate the assumptions about cause and effect that are the key to a viable theory (and, consequently, to good decisionmaking). Often, even when assumptions are specified, the logic that guides them and the interim measures of progress that make them testable are not clear. The theory of change used in one foundation effort, for instance, tied an increase in civic capacity to poverty alleviation. Yet neither foundation staff nor the community participants were able to explain in any detail the steps by which the intangible asset of civic capacity would be transformed into the tangible asset of increased income. Increased civic capacity and poverty alleviation can both be valid goals, but the relationship between them (if any) needs to be thought through and mapped out if the foundation's expectations, investment, and outcomes are to align. This kind of specificity is important because it can help a funder understand whether an approach might produce the desired outcome or whether another strategy might have greater promise. Certainly "coherence" can be overdone, but the lack of sound and articulated theory leaves little basis for shaping consistent action or for interpreting the results.

Toward More Effective Thinking

Respondents suggest that better thinking about community change in philanthropic practice will require clearer goals, strategies that are grounded in a more complete assessment of internal and external contexts, and a more critical stance toward what is known, what is working, and what a reasonable outcome is. Although the use of ambiguous principles can be useful, respondents suggest that progress is likely to be accelerated by a disciplined effort to specify theories that can both guide actions and help to interpret results. Those working on community change efforts also emphasize the importance of being able to respond flexibly to practical realities and opportunities. Most agree that foundations have made

> "Every foundation goes in with a vision, but [usually] not with a deep enough effort to clarify what the change process is."

significant strides in addressing challenges of "thinking" over the last decade. They are engaged in:

- Improving their understanding of communities and the context in which they are situated;

- Aligning their assumptions, information, and ways of thinking with their goals for community change efforts; and

- Disciplining their strategy with theory-based logic.

Improving understanding of community and context. Foundations are increasing the practical knowledge they have available for effective strategy development by improving the way they learn about a community's capacity, condition, and context. This kind of information is particularly important at the beginning of a foundation's engagement with community, but funders comment that it is also critical throughout the change effort. Three approaches are especially important, according to respondents:

Using demographic and administrative data. New community statistical systems and geocoding technologies have made it possible for foundations to use demographic and administrative data to inform their selection of target communities and other decisions. Some foundations also make these data available to grantees to guide local thinking, strategy development, and tracking. For example, the National Neighborhood Indicators Partnership (NNIP) provides data support to both community organizations and foundations in cities across the country,[3] and several foundations are supporting data collection and analysis activities by community organizations and intermediaries.

Analyzing community capacities and dynamics. Some foundations are taking extra time and effort to assess and understand internal community dynamics, including history, culture, needs, strengths, and informal leadership. They are paying special attention to the differences and competing interests within communities and developing deeper relationships with community players before making long-term commitments. One foundation, for example, provided modest funds for a community organization to explore informally the capacity and "appetite" for change across different sectors. Another foundation started its work in a community with a few small test grants to support ongoing community activities, feel out local realities, get to know local leaders and organizations, and build a richer understanding of the various funding streams entering the community. These funding strategies have the potential both to reduce risk and to produce a change strategy that is customized to the community's realities.

Some foundations are also paying more attention to the trajectories of neighborhood change. That is, in addition to examining a neighborhood

New community statistical systems and geocoding technologies aid foundations' and communities' strategy development and tracking.

at a point in time, these funders are also looking at the key factors over time in order to understand how they are trending. Explained one program officer:

> You have to see these neighborhoods as being in motion. The demographics in two neighborhoods may look exactly the same, but they may be going in totally different directions. You can only understand what is really possible if you understand where the community is going.

This kind of awareness is especially important because it makes the potential and the limitations of each community more explicit. Trying to reverse a declining neighborhood trajectory is likely to take more time and resources than a goal of accelerating the progress of a neighborhood that is already in the early stages of revitalization. Both are legitimate enterprises but each will require a different funding strategy.

Situating a community in a broader context. Some foundations are trying to understand the external constraints and dynamics that reinforce community conditions, including the operation and effects of private markets and public policy on community change. Such efforts reflect a conceptual shift away from a focus on single factors, single actors and institutions, or a single level of community function such as economic development. Instead, these foundations view a community as a complex "ecology" made up of many different individual and institutional actors that interact at different levels and respond to numerous different internal and external factors. Observed one respondent, "Neither markets, government, nor philanthropy have all the tools, so their impacts are partial by nature." These funders view foundations as just a part of that larger system and thus they emphasize the need to link to other critical parts.

For instance, to understand impediments to redevelopment in a group of low-income communities, one funder did a regional power analysis that revealed significant patterns of public and private investment and disinvestment in land use and transportation. The patterns appeared to negatively influence outcomes and opportunities in the low-income communities with which the foundation was working. Although the unexpected finding did not jibe with his foundation's primary approach, the program officer responsible for this work began incorporating this awareness into his institution's neighborhood-based strategy by linking grantees in different communities with each other and with a citywide organization that was working on the problem of disinvestment. As a result, targeted efforts were initiated to inform relevant constituencies and to influence key public policy and private real estate market decisions being made regionally, in order to address the conditions in the communities in which the foundation was working as well as in other such low-income communities.

Some foundations are making a conceptual shift—away from a focus on single factors, single actors and institutions, or a single community function.

Aligning foundation thinking. Foundations are also making intellectual and institutional adjustments at the staff and board levels in order to align their goals with realistic expectations. For some, these adjustments may include:

Emphasizing clarity and openness. Some funders are emphasizing a need for greater clarity and transparency in their decisions and processes of decisionmaking. Such a stance entails greater willingness to build strategies out of a solid basis of evidence and knowledge about foundation and community capacity, as noted above. It also suggests taking a more critical look at ideas and assumptions and pushing for realism in internal foundation thinking. This means pushing all parties to articulate to each other their definitions of what success might look like down the line. In the watchwords of one funder, "Moderate specificity trumps vague ambition every time."

Open discussion of the issues can heighten tensions in the program officer's role between being a disengaged analyst and a committed advocate. Once invested in the community, a program officer may worry about the board's patience with the pace of action or how that pace reflects on his or her own standing in the foundation. This tension may tempt the program officer to report selectively on the neighborhood's progress or to serve as a champion for the neighborhood in ways that undermine the evolution of board thinking and learning. According to some respondents, acknowledging that tension head-on—without trying to eliminate it—can lead to more effective analysis and informed debate within foundations and greater consistency in decisionmaking and action.

Assessing institutional readiness. Some funders are emphasizing the need to be more realistic about what their own institutions are willing (and able) to do. One funder described the effect of this on his foundation's choices, saying, "I knew [the opportunity] was great, but I also knew we weren't really ready to do what it would take, so I urged the board to wait until we could get ready so we could do it right." In this case, the foundation had a strict limit on the size of its staff so it needed to identify an intermediary that could engage in the labor-intensive work of managing a multisite initiative. In another case, the foundation decided to redefine the role of its program officers to enable them to spend a much greater amount of time in the neighborhood. This kind of institutional assessment also encourages greater realism about what philanthropic support can actually accomplish.

Acknowledging the limits of knowledge. Respondents say that program officers and executives have to make more consistent efforts to disclose to their boards and communities the limits of current knowledge and "experimental" approaches, even as they may be encouraging positive action. Supporting experimental work does not mean that funders start in a vacuum, but rather that they build on evidence of prior success. But the

"Moderate specificity [in defining success] trumps vague ambition every time."

success of such work going forward is not assured, and measurement and assessment need to reflect that condition. At some foundations, this has led to more conscious efforts to engage boards in discussion about the uncertainty inherent in all social change efforts and the temptations and tradeoffs involved in most quick-fix solutions. While such candor has caused some boards to avoid community change work altogether, that is not an automatic consequence, especially if the board receives relevant information and has opportunities, over time, to discuss the issues.

Treating progress as developmental. Rather than framing goals solely in terms of the degree of change desired in the long run, such as reducing poverty rates or increasing employment rates by a certain percentage, some respondents recommend casting expectations in incremental, developmental terms. As one evaluator explained:

> Incremental gains can be cumulative, sometimes leading to larger and more significant changes within a community over time. We have plenty of examples of this in communities where change work has been supported over a long period of time. . . . Years of small gains and very slow progress often set the stage for larger changes to follow, particularly when there is a shift in the broader context (for example, in political leadership or local funding patterns).

Specifying institutional risk. Despite the frequent use in philanthropy of phrases like "risk capital" and "supporting innovation," few foundations typically specify their risk tolerance or differentiate among "risk pools" across their portfolio of grants. Foundations that have addressed risk directly report that it brought a new clarity to their boards' considerations and made ground rules clearer for staff. In particular, it helped surface "sleeping" questions and assumptions—about involvement in politics, tolerance for public criticism, shaking up existing power structures—that were subtly influencing decisions. Importantly, the answers are sometimes unexpected.

One consultant, who witnessed an exchange between a board and its chief executive, observed that "the board was much more willing to tolerate failure and risk, and much more direct about the need for hard-nosed political change, than anyone in the room had ever assumed." Similarly, one foundation executive discovered that specifying risk levels provided a means for her board to question whether its grantmaking was sufficiently bold to achieve its goals for neighborhood change. She developed a simple methodology for reporting risk to the board that was based on indicators such as degree of financial exposure, likelihood of outcomes being achieved within a specified period, potential for stirring controversy, and leadership capacity at the neighborhood level. Using this simple tool to rate each grant helped both this executive and her board become more conscious of the risk level reflected across the portfolio. This led to more

Addressing risk directly helps surface "sleeping" questions and assumptions about foundations' tolerance for controversy that subtly influence decisions.

direct conversation about the foundation's desire to be an agent of change, and resulted in the board asking for and approving more "high-risk" grants.

Disciplining strategic thinking. Many funders are using a more disciplined and systematic process for strategy development. For some, this involves developing better theory. Others emphasize the need to actually *use* the theory. Whether "theory of change," "logic model," or some other phrase is used to describe such a process does not matter as much as how the tool is developed and applied. The result is a set of concrete, plausible, testable assumptions that:

- Provide an explicit statement of proximate, intermediate, and long-term goals.

- Define specific actions that are presumed to lead to the outcomes and explain the pathways through which actions are likely to work.

- Specify the instrumental "agents"—community-based organizations, associations, individuals, informal networks, citywide nonprofits, public systems, and for-profit companies—or "functions" that will conduct the work.

- Specify what is known and what kinds of additional research and development are needed.

- Take into account key internal and external factors that may affect the theory's implementation and the intervention's effect.

- Speak to the quality, dosage, extent, and timing required of interventions.

Such a process—if it is public, shared, and discussed, and includes opportunities for input and revision—forces foundation thinking to ever finer levels and offers enhanced opportunity for questioning and testing, especially by community partners and others outside the foundation. While endorsing the benefits of a strong theory, respondents advised against treating any theory as "closed" or "once and for all." They observed that the realities of community change will inevitably challenge a theory and require ongoing adjustments as new insights and opportunities emerge.

Disciplining strategic thinking—for example with "theories of change" or "logic models"—yields concrete, plausible, testable assumptions.

Foundation Doing

How foundations act on their thinking—that is, how they *do* their work—and the degree to which their actions align with their goals, expectations, and strategies for community change, is the second important dimension of foundation-sponsored community change. As used here, *doing* refers to an array of implementation topics, such as how foundations' relationships with communities are constructed and executed, the way foundations support community capacity, issues in grantmaking and nongrantmaking activities, and the roles foundations play in community change. "Foundation doing" also includes the way that foundations organize themselves internally to accomplish their work and the external means they employ, such as intermediary organizations.

In light of the questions raised about goals and strategies, it is not surprising that respondents believe that the means some foundations use to achieve their objectives can be inadequate, mismatched, or simply unaligned with stated goals. As one respondent observed:

> I think there is often a disconnect between ends and means in foundation practice. The ends are described as wanting big things to happen—social change, systems change, neighborhood transformation—and the means are often tepid, small grants that are over-scrutinized and over-evaluated.

Respondents identify three dimensions of current foundation practice that merit particular attention:

- The ambiguous nature of funder-community relationships.

- Underinvestment in internal and external community capacity.

- The unrealized potential of foundation roles and resources other than grantmaking to contribute to community change goals.

Foundation–Community Relationships

Many foundations' relationships with communities are driven by a new interest in shared commitment, contribution, and action on both sides of the grantmaking table. Further progress depends on ensuring that the

requirements for the relationship are clear and negotiated, consistent with the goals, and translated into foundations' institutional structures and policies.

Complexity of the relationship. The complexity of funders' relationships with grantees is almost a truism, but community change investments seem to pose a particularly acute relationship challenge, given the often higher level of interaction between funders and grantees in community initiatives. Several factors contribute to this complexity. Increased interaction between foundations and communities can heighten the potential tensions inherent in an exchange where the parties have differing levels of financial independence and power. As a funder observed, "Creating a situation that is highly relational only exacerbates issues of power."

Racial and class differences further complicate the exchange, given that many of the low-income communities with which foundations work have high percentages of people of color, and the staffs and boards of many foundations are predominately white and economically secure. Respondents also observe that it is easy for communities to identify foundations with the larger society's neglect, and thus foundations involved in community change can bear the burden of communities' resentment of this neglect. As one funder noted, "Sometimes we are the only ones there. We're the stand-in for mainstream society, and we become the lightning rod for all the [community's] legitimate frustration."

Because community change initiatives typically aim to foster self-help as a goal, some respondents also suggest that the foundation-community relationship faces a deeper and more fundamental conundrum: The goals of "helping people" and "fostering self-help" can be at odds. As one analyst explained:

> If the *doers* [in community] are really helping themselves, then the helpers may not have an obvious, demonstrable, or "measurable" effect on the outcomes, so the helpers will have a hard time convincing their bosses of the measurable outcomes of their help. [On the other hand,] if the [external] *helpers* are more in the driver's seat generating demonstrable outcomes to satisfy their organizational demands for "making a difference" and "having an impact," then it is very likely that the doers are not exercising much self-help and are probably operating more in an aid-seeking mode, going along for the well-lubricated ride.

Many foundation staff acknowledge this context among themselves, understanding that these are not issues that can be either dismissed or easily resolved. Some respondents suggest, however, that "everyone in the community knows the issues are out there but pretends they aren't," in one funder's phrase. Such lack of candor in foundation-community conversations can have repercussions for the levels of trust that develop in these relationships.

Terms of community engagement. The rules, expectations, and boundaries of relationships between community change funders and grantees are often unclear, and they rarely are specified at the front end. The vagueness of terms often helps the parties establish a positive tone and avoid discord during the early stages of mutual courtship. Both funders and communities often assume that they understand each other, respondents suggest, and neither wants to acknowledge doubts about its own or its potential partner's ability to perform. Not surprisingly, each side interprets what is said (and not said) according to its own interests and experience. Thus, apparent agreement can mask real differences in perspective, and this can have high costs in the long term. As a technical assistance provider observed of several community change efforts:

> Things were either so grandly articulated or so fuzzily articulated that the grantees had no idea what the funder was talking about. When push finally came to shove, the foundation looked up and said to the grantees, "That's not what we meant," but it was too late. The community actors said, "We never understood what you meant anyway."

Apparent agreement can also cloak a deep misunderstanding about the nature of the relationship. Although it is fundamentally a means to an end for both parties, foundations' rhetoric around the relationship can confuse community grantees about the degree and nature of a funder's commitment. One oft-repeated scenario is that the relationship begins auspiciously but the community's progress is slower than expected. Within two or three years, the foundation's internal dynamics shift as its board becomes impatient, new executive leaders and program staff with different priorities come in, or new and different ideas grab the foundation's attention and displace old enthusiasms. Consequently, foundation staff feel internal pressure to justify the investment by showing that the project has produced measurable outcomes. The program officer begins making nonnegotiable demands on community grantees, despite previous assurances of support and patience. This is the point where major tensions and conflict often come into play.

Because feedback and accountability mechanisms are not usually built into the funder-community relationship—such as a regular venue where concerns can be raised, a set of pre-agreed operating standards that will guide all parties, or some kind of performance measures for the relationship itself—the inconsistency (perceived or actual) between initial assurances and the demands for measurable progress and accountability two or three years along is not checked and becomes a pattern. The less powerful partner—the community—has little recourse, community trust declines, and resentment grows. Ultimately, these unresolved issues fester and become impediments to the foundation's effectiveness in the community.

Apparent agreement between funders and community representatives can turn out to be shallow and mask real differences in perspective.

Foundation culture and community partnerships. Many funders are seeking a better way to work with communities, and they acknowledge that they are still learning what these "partnerships" entail. As respondents describe it, foundations' interest in new roles and relationships with communities arose because of perceived limitations in traditional, program-oriented funding. That approach to funding was seen as narrow, fragmented, piecemeal, and incapable of tapping broad community energy and buy-in. Establishing relationships of trust and mutuality with a broad cross section of community players was seen as opening up new possibilities for lasting impact.

Some funders acknowledge, however, that such relationships appear to require a level of reciprocity and openness that is foreign to many foundations. Foundations' donor guidelines, organizational cultures, board and management expectations, reporting requirements, and legal constraints do not fit easily with the processes and attitudes required to build mutual, trust-based partnerships. For instance, who decides how money should be spent and whether it is being effectively and wisely spent? To what extent is a foundation really prepared or able to share control? How much room should a program officer have to negotiate ends and means? Would foundations be prepared to live by the terms agreed upon?

Most respondents suggest that working in this new way requires more personal and institutional adjustments than they initially anticipated. Respondents observe that few funders make the fundamental institutional changes (e.g., altering grantmaking processes, changing the job requirements for program officers, retraining staff, addressing board expectations) that a new way of working often entails. Thus, funders frequently find themselves whipsawed between their interest in partnering with communities or community groups and their long-standing institutional imperatives. Without institutional structures and accountability mechanisms to support and guide the new behaviors, foundations' interest in partnering with communities often gets ahead of their ability to act on that vision consistently or over the long term.

Investment in Community Capacity

Foundations' investments in community capacity are driven by a conviction that the most pervasive and sustainable change stems from a community's ability to envision, develop, and lead its own solutions. As a result, foundations increasingly contribute to community capacity by providing support to develop local leaders, providing technical assistance on specific topics, building local supports for change, and connecting community members to resources within and outside their neighborhoods. But these efforts are not widespread, and even where they exist, they are often incomplete or not fully integrated into community change efforts. Greater attention to building internal and external

> Building mutual, trust-based partnerships with communities requires more personal and institutional adjustments than funders initially anticipate.

capacities in the community will help foundations create the core infrastructure and resources in a community that can carry their agendas forward.

Attention to internal community capacity. Most funders of community change would agree with a colleague's comment:

> In communities, there are people and organizations that, if given a chance, can do the work of community change but they just need the opportunity to learn and get better.

In fact, many foundations have begun to fund pieces of a capacity-building agenda, such as individual skill training and leadership development, or organizational development, or community organizing. But respondents suggest that most foundations have gone about this in a piecemeal fashion and are not yet thinking about it systematically. Many funders are still learning the exact scope, sequence, amount, and types of capacity development that communities need and want, and the best techniques for bringing this about. One result is that foundation practice sometimes places too much emphasis on building the capacity of one or a few organizations as a proxy for community infrastructure, while giving too little attention to building the broader infrastructure itself—the whole range of individuals, organizations, and associations in a community that have the ability, commitment, and resources to address community-level problems.

Some respondents especially emphasize the importance for foundations of supporting the development and alignment of community leadership skills with the tasks to be accomplished. For example, when a funder's strategy relies on a lead organization as the central change agent, an investment in management training or other organizational capacities for community leaders may be particularly critical to success. Otherwise, there may be a mismatch between the skills that some community leaders have and the strategy and goals embraced by the foundation. Observed one technical assistance provider:

> [Funders pay] inadequate attention to leadership issues within the community-based organizations that are so often the vehicles through which funders attempt to achieve community improvement goals. By leadership, I mean the whole array of attributes, ranging from personality characteristics and belief systems to practical management and organizing skills.

This focus on organizational leadership is part of a broader intent to strengthen the capacity of community—through its individual members, its organizations and institutions, and effective networks of relations among them—in ways that might allow it to foster and manage community change over time.

Foundation practice sometimes places too much emphasis on building the capacity of one or a few organizations as a proxy for community infrastructure.

Attention to externally oriented community capacity. The many factors that characterize a neighborhood—the availability and quality of housing, the configuration of roads and access to public transportation, the level of safety, the cleanliness of streets and public spaces, the availability of disposable income—are in turn influenced by external markets, policies, institutions, laws, politics, and funding. Yet, foundation capacity-building efforts and funding often neglect to develop the skills, information, relationships, and organizations that communities need to solve issues that are best addressed *outside* their own boundaries. For example, to influence a regional transportation decision, a community may need to connect to transportation advocates and suburban mayors. To address a redevelopment concern, a community may want to harness the support and expertise of citywide environmental advocates, land-use groups, and other low- and moderate-income communities. As one funder acknowledged:

> Community change is also about connecting neighborhoods to people and markets external to them, about preparing and connecting isolated neighborhoods to enter the larger world.

Some respondents caution that foundations can inadvertently reinforce neighborhood isolation rather than help break it down. For instance, many foundations shy away from supporting efforts with promise to build neighborhoods' political power. Ultimately, lack of foundation support for such efforts limits communities' ability to influence external laws and other factors that affect them, and it constrains the neighborhoods' potential power by failing to develop strategies for linking communities with external resources.

Attention to core funding and linkages. Respondents emphasize three critical issues that influence the effectiveness of foundation funding for community change initiatives. The first is the need for core funding. It is hard to build stable and effective organizations and processes for changing a community or influencing external dynamics without reliable core funding, but foundations usually do not provide such funding. Core support is funding that is not tied to a specific outcome or program, but rather provides for the basic existence of an organization by fostering strong internal systems and staff stability.

A closely related challenge for those working on community change initiatives is the lack of flexibility in many of their funding sources. Because most funding is categorical, the money comes narrowly defined (often with tightly specified means and outcomes), and so thinly budgeted that even narrow goals are hard to achieve. Lacking flexible core funding, many community organizations find themselves thinly staffed and hindered by archaic internal systems, high turnover, poor quality control, and staff burnout. Moreover, for organizations trying to develop new approaches

Building community capacity requires attention to the problems for community organizations that result from lack of flexible core funding.

and energies in their communities, the lack of flexible support leaves little time to reimagine their own organizations and roles, expand the relationships and ideas upon which organizations thrive, or pursue new opportunities.

Respondents also raise a third concern about funding limitations: the tendency of each foundation to view its community investments in isolation from other funding. One foundation executive characterized this as "the single-minded individualism of philanthropy." Another observer commented:

> Foundations often fail to take sufficient note of other people's initiatives, going on in the same place at the same time and often involving the same individuals and organizations, which are impacting the same community conditions or at least taking up space and energy.

There are exceptions, of course, as some foundations focus on "leveraging" contributions from local investors or national partners and helping community representatives apply for federal funding. But respondents say that funding in isolation remains typical of much public and private investment in community change. The lack of a larger funding framework is seen as limiting the sustainability and long-term impact of foundations' and communities' work.

Foundation Roles and Internal Resources

Foundations have opportunities to influence community change in many ways that reach beyond the traditional role of grantmaker. They can facilitate relationships between the powerful and the disenfranchised, foster excitement around creative ideas, disseminate knowledge, and advocate for difficult but necessary policy changes. Although some foundations are testing out these new roles, most continue to tread a more familiar path. In doing so, they miss an opportunity to leverage their clout, credibility, and institutional resources on behalf of community change.

Breadth and flexibility of roles. Beyond pure grantmaking, some foundations are increasingly playing roles as conveners and brokers, and a much smaller number also take on varied roles such as strategic resource, fundraiser, public policy advocate, dealmaker, or information resource. Generally, however, our respondents suggest that most foundations do not sufficiently consider the innovative roles they might play to support their community change goals. Moreover, most foundations are not flexible once they have chosen a particular role. Instead, foundation roles typically emerge from long-standing institutional habits, commitments, and dynamics, as well as from principled concerns about the appropriateness

Funding in isolation is typical of much public and private investment in community change.

of foundations taking on roles beyond grantmaking. Noting the gap between foundations' potential and their performance, one foundation executive commented:

> Foundations are the one place that can take risks in organizational identity and role, but most don't do it. We institutionalize, become rigid, and lose that ability to move and respond.

Thus, when new threats and opportunities emerge in communities (as they frequently do) and new capacities seem to be required, foundations are often not oriented toward playing a different role, even at their communities' request. Because communities often need links to other resources and actors, as well as to a variety of other supports and assistance—only some of which are grants—the inattention of foundations to the broader roles they might play limits their ability to help produce positive community changes. For example, one foundation claimed an interest in addressing public policy, but when the opportunity arose to play a role in seeking policy changes from the local housing authority through its connections there, it failed to step up to the plate.

Use of human and financial resources. Foundations have significant human, organizational, board, and financial resources that can be harnessed to community change goals, but funders are still exploring how to tap and develop them fully. First, respondents note a lack of conscious alignment between foundations' human resources—both in terms of the skills that individuals have and the way their roles are constructed—and their community change goals. The competencies of program officers are crucial because these foundation staff are the frontline brokers in the foundation-community exchange, both funders and observers comment, but they also acknowledge that those skills are often wanting. As one technical assistance provider observed:

> Foundation staff [are] not always professionally prepared or personally suited to do community-level work. You shouldn't tell a person who has been an academically oriented grantmaker throughout their career that now they are a community change activist and expect much in the way of results.

But respondents also caution that even the most skilled program officer cannot succeed if his or her foundation is not ultimately supportive. Respondents also suggest that some board members—collectively and as individuals—could be tapped as resources for communities. Board members' access to power, knowledge, and relationships give them potential to add considerable value to community change efforts if they assume broader roles.

Foundations are still exploring how to harness their significant human, organizational, board, and financial resources to community change goals.

Second, respondents note that a wide array of foundations' organizational resources—skills, relationships, access, capacities, and financial clout—is not used to promote community change. They describe an internal culture, structure, management style, and set of procedures that tend to be overly bureaucratized and compartmentalized and appear ill-suited to promoting the kind of flexible, integrated, and hands-on involvement that seems to benefit community change efforts. For instance, one community effort needed a quick response from its foundation partner in order to pursue a federal grant that had suddenly become available through the intervention of a congressional committee chair. The community needed outside expertise to quickly develop a proposal. Although the foundation was helpful in identifying an appropriate consultant, its response was too slow to enable the community to meet the application deadline, and the funding opportunity was lost.

Toward More Effective Doing

More effective philanthropic practice will require greater specificity and shared understanding about the terms for funder-community relationships, better alignment of grantmaking activities with the goal of building long-term community capacity, and more innovative use of foundations' institutional resources to support community change. It will also require some foundations either to address their own internal ambivalence about mutual relationships with communities or at least become clearer and more consistent about the kind of relationship they are willing to have.

Further improvement will come from acknowledging, legitimizing, and openly discussing the tensions in community-foundation relationships, including issues around power, race and class. Respondents note that this presents a substantial challenge for foundations. Although some respondents questioned whether the demands of doing community change well may be "structurally impossible for foundations" because of inherent power and control issues, most seemed to believe that foundations' potential to move in these directions has neither been fully tested nor fully exploited. The four approaches we identify below are drawn from among the foundations exploring new and better ways to do their community change work.

Aligning operating styles and implementing organizations. According to most respondents, "the nuts and bolts of foundation practice in communities" are more important than is often acknowledged. They recommend addressing these implementation issues as a key aspect of strategy development. Respondents described several dimensions of implementation that affect the success of community change initiatives:

Foundation operating styles. Foundations' efforts to adopt an effective community engagement style need to be informed by an awareness of their own operating styles and of alternative styles. Among the options mentioned by respondents are: a) a traditional, transactional style of relationship in which the funder is a distant "banker" but responds directly to grant requests; b) a mediated relationship in which the foundation chooses or creates an intermediary organization to function as a go-between with a community, and the funder's interaction is primarily with that organization; c) an interactive and responsive style through which the funder has an active and direct relationship with actors in the community; and d) an exclusive style through which the funder works with several high-capacity organizations (based outside or inside a community), which are seen as acting on behalf of the community.

Foundations need to select a style of operation that is aligned with their community change goals and strategies and then be exquisitely clear and consistent in applying this choice. This has led some funders to:

- Consider a range of potential styles for working with the community, and the trade-offs inherent in each.

- Understand the internal foundation capacities needed to implement a new style, as well as the barriers.

- Consciously select a style that aligns with foundation goals, strategies, and institutional culture.

- Secure board understanding, buy-in, and authorization for the style.

- Have a chief executive with the will, capacity, and vision to implement tough organizational changes (if needed).

- Be clear internally and externally about the processes of decisionmaking related to community change work broadly.

- Make concrete organizational changes in relevant structures, procedures, and personnel, such as the procedures that allow for small, quick-turnaround grants.

- Establish a process for the foundation to assess its performance and hold itself (or be held) accountable, including interim and long-term measures of institutional progress.

This list encompasses a more orderly and complete process than most respondents describe, but it indicates the complexity of the task and the commitment needed to succeed.

> Foundations need to select a style of operation that is aligned with their community change goals and then be exquisitely clear in applying this choice.

Initiating action. A critical decision for any foundation is whether to support local efforts or to initiate and sponsor its own effort. A foundation's decision to do one or the other may depend on how developed or functional a community's existing problem-solving apparatus is, as well as on internal pressures in the foundation. The decision is not always easy and often involves trade-offs.

On one hand, a change strategy and a standardized set of best practices can sometimes be imposed successfully from outside when there are very specific outcomes that need to be achieved in a short amount of time (e.g., houses to be built, children to be vaccinated) and there is knowledge and capacity to bring it off. On the other hand, respondents say, as soon as the goal becomes deeper and more fundamental—and when sustainability is more of an issue—the people and organizations most directly affected need to be involved in setting goals, carrying out the change process, and developing capacities and relationships to sustain the results.

Some respondents suggest that a foundation partner that is capable of responsiveness and mutuality appears to have the most potential to accelerate a community's progress. In fact, several funders commented that their most successful work in community change has come from responding to local initiative rather than developing and driving the agenda themselves. Yet, they also find that they are far from passive partners in these ventures and are often called upon to play a variety of roles to support the community's agenda.

Implementing organizations. For those foundations that choose to use a lead agency, a collaborative structure, or an intermediary as their agent, the choice of agent may be more difficult than is apparent at first. Respondents suggest that a general level of organizational competence is not enough. They warn that an intermediary that is otherwise skilled can still be poorly placed in a community change effort. Effective implementing organizations need to be 1) truly aligned with the funder's philosophy and strategy, and 2) able to execute the foundation's goals and strategy.

Negotiating terms for community engagement. Partnerships become more robust, responsive, and sustainable when people specify roles and expectations, establish rules for their engagement with each other, set boundaries for the relationship, and identify the means by which they will hold each other accountable over time. These activities require an early commitment to taking time to understand each partner's institutional imperatives, capacities, pressures, and limitations. At a minimum, respondents suggest negotiating clear criteria and conditions under which decisions will be made. They also report that it is useful to negotiate processes for reviewing and revising the partnership, establishing the methods and standards that partners will use to address conflicts, and communicating within and outside the partnership. Noted one observer:

> A foundation partner that is capable of responsiveness and mutuality appears to have the most potential to accelerate a community's progress.

> So many aspects of the program relationship—for example, the designation of one [community-based organization] as a "lead organization," the establishment of guidelines for local collaboration or resident involvement, the determination of funding priorities, the selection of indicators for tracking performance, the design of a site visit, or the strategy used to gather information for evaluation or documentation purposes—have the potential for stirring up issues and complicating working relationships among local stakeholders.

Regardless of the specific arrangements, the point is to make the terms and processes of decisionmaking explicit. Clarity is not a panacea for all negative funder-community dynamics—and it certainly does not guarantee that goals will be achieved—but it can minimize predictable barriers and tensions and provide a basis for other kinds of strategic partnerships.

Building community capacity to implement. Building stronger capacity for change in low-capacity communities requires a long-term investment in developing effective players at many levels and fostering the connections among them. According to respondents, such efforts involve the following components:

Fostering effective internal community relations. Community change appears to require an understanding of what community capacity is, its levels (individual people, organizations, associations, communitywide, etc.) and the agents through which community capacity is realized. This knowledge grows from conscious attention to the relative roles of various community players—including large intermediaries, informal associations, networks, individual entrepreneurs, community-based organizations, and political advocates and actors—and to the different kinds of support needed by each. One community initiative, for example, devised a very intentional leadership development strategy, with each of its partner organizations devoting substantial time and resources to grooming community residents for leadership positions. It successfully made the case to its funders that this investment was vital to long-term sustainability, even if it meant slowing down the pace at which certain outcomes (such as housing production and service expansion) were achieved.

Diversifying funding strategies. Core operating support for an array of key community institutions, efforts, and networks is crucial. This includes support for different kinds of interventions that reach and develop various levels of community capacity. Thus, a full community change agenda might simultaneously support community organizing, organizational development, and individual leadership development, as well as collaboration and organizational networks. For many funders, this range of activities suggests a need for multiple partnerships with other foundations and with public- and private-sector players to generate the necessary support.

Clarity is not a panacea for all negative funder–community dynamics, but it can minimize predictable barriers and tensions.

Some funders are increasingly emphasizing the importance of multilateral relationships with other funders, and their role collaborating with other private and public funders.

Expanding external strategic relationships and externally oriented capacities. Respondents suggest that both foundations and communities need new capacities—a higher degree of skill, knowledge, and relationships—if they are to succeed at influencing policy or the ways in which resources are allocated that affect the community (the "outside game"). For communities, this means greater understanding and a better ability to influence the barriers that isolate communities. For all stakeholders, it means establishing external links of many kinds. This does not require all stakeholders to have the same degree of expertise or linkages, of course. Some community practitioners may simply need to recognize what others are doing, while other stakeholders may need to influence a key public policy decision by monitoring and informing a city council committee. Citywide organizations may need to shift their emphasis to specific neighborhoods and establish new partnerships. Funders may want to support formal alliances or collaborations among grassroots activists, community organizations, organizing intermediaries, policy advocates, researchers, funders, government, and so on. New organizations and intermediaries may be required. And foundations may need to fund several levels of activity (e.g., front-line practice, citywide constituency building, policy development) around the same issue or to provide collaborative funding to achieve a similar result.

Expanding foundation potential as a community resource. In addition to their obvious grantmaking function, some foundations are trying to leverage additional, distinctive, and largely unrealized institutional assets. These include their strategic roles, organizational capacities, and creative funding methods.

Assuming strategic roles. Foundations can tap their networks of relationships to connect communities with corporations and other funders. A foundation might serve as a high-level salesperson, for example, if a corporation is considering placing a new warehouse in a neighborhood where the foundation has investments. Or, a foundation could work with a large corporation to create employment pathways for a community's residents. Foundations also can serve as a community's advocate when governmental and private enterprise interests converge in a neighborhood. For instance, when one foundation discovered that a planned freeway spur (favored by well-organized private developers) would bisect a low-income community, it consulted with community partners about what should be done. Realizing that a deadline was looming and community action would take weeks to organize, the partners chose to make the foundation the community's agent in the short term. The foundation's intervention led to a radically revised plan that had minimal negative effects on the

> Both foundations and communities need new capacities to succeed at the "outside game"— influencing policy and the ways in which resources are allocated.

community; in the long term, community groups began paying more attention to external issues.

Using organizational capacities. Many respondents suggest that foundations' institutional energies and assets can be better harnessed for community change purposes, even within the confines of existing administrative, grantmaking, and financial boundaries. One promising avenue is the development of new foundation policies and practices. For instance, one foundation became more responsive to community needs by giving program officers authority to recommend small grants without formal board approval. Another redefined the role of the board altogether, focusing its deliberations and decisionmaking on whether and how to support community change rather than on which particular grants to fund.

Staff roles and responsibilities can also be modified to better support a foundation's community change work. One technical assistance provider recommends that foundations have at least some staff with "the hands-on perspective and seasoning that only come from actually *doing* this kind of work." He continued:

> I'm certainly not suggesting that all staff should have this background. However, there ought to be within any team shaping a community change program enough of this pragmatic, implementation-focused perspective to keep the thinking grounded . . . people who can think strategically and bring this practical perspective to the work.

Others recognize a need for staff and foundations to have "better partnering skills," especially for their work with other foundations. For instance, one foundation eliminated "program silos" and reconfigured its staff into interdisciplinary teams that work with individual communities. This foundation also decided not to accept unsolicited proposals because handling them responsibly required an enormous amount of time that could be better spent working with people in the chosen communities. The foundation felt that these organizational changes positioned staff better to serve as active and available resources for communities around their change agenda.

Using financial resources. Foundations are well positioned to use their financial power in several nontraditional, creative ways. They can make direct and program-related investments, underwrite and guarantee loans, and broker access to favorable credit terms, to name just a few options. They can also find new ways to leverage philanthropies' financial assets. For instance, one foundation positioned itself as an active and vocal corporate stockholder in order to highlight and influence a particular company policy that directly affected poor communities with which it was working. Another foundation is trying to influence the housing market by encouraging a large real estate syndicate to include more diversified

Foundations can leverage their financial resources on behalf of communities to offer program-related investments, loans and loan guarantees, and favorable credit.

products in the portfolios it offers to institutional investors. A third foundation is investing directly in a community in order to create viable shopping and commercial development, while also making community residents actual stockholders in the project. Most respondents suggest that foundations have barely scratched the surface of this activity's potential for promoting community goals.

Foundation Learning

Foundation *learning* is the feedback mechanism between foundation *thinking* and *doing*.

How foundations learn about the many dimensions of community change—that is, the way they assess, interpret, revise, share, and apply their knowledge—is the third and final dimension we address. As used here, foundation *learning* refers both to the content of their knowledge about philanthropy and community change, and to the processes through which such knowledge is shared within and beyond the field. In this sense, foundation learning is the feedback mechanism between foundation *thinking* and *doing*. One foundation executive described this as the field's system for the "production, distribution, and application" of knowledge.

Respondents note advances in recent years in improving evaluation and knowledge transfer. Yet most also say these improvements have not gone far enough or fast enough, and that progress on foundation learning about community change is at the heart of progress on community change itself. Without it, as one funder asserted, "We are going in circles. We don't learn from history, either within foundations or across foundations or across other domains of social action."

Some of the concerns about learning that respondents discuss are common to much of philanthropy, such as certain problems with evaluation. But other concerns are particular to the community change arena because of its complexity, the state of knowledge, and the often higher level of foundation involvement and exposure. The boundaries between learning issues specific to community change and those relevant to other philanthropic endeavors were sometimes not distinct in our interviews, but we report them primarily as issues for this field of practice.

In this final section, we identify two issues in current foundation learning about community change:

- The limits of useable knowledge for the field.

- The lack of a sufficient learning system within and across foundations.

Development of Useful Knowledge

Over the years, some foundations have recognized the need for good information to inform practice and policymaking. Their investments in research and evaluation and in the distillation of practical lessons have established an

important baseline of information and tools. As foundations increase their involvement in community change initiatives, expanded efforts are needed to collect, analyze, organize, apply, and share knowledge.

The adequacy of knowledge. Some foundations have made significant investments in research and evaluation that have borne fruit. That said, the extent and nature of philanthropies' useable knowledge about critical ideas and issues in community change—such as synergy, social capital, empowerment, community asset development, or resident involvement—is still limited and often disconnected from users' needs. Respondents cite numerous reasons:

- Foundations and others generally have not invested consistently enough or at sufficient levels to build systematic knowledge about community change. As a result, the research literature remains relatively thin and uneven.

- The knowledge development about community change supported by foundations also tends to be narrowly defined in the context of program evaluation. This led one funder to note that "investment in evaluation has served as a kind of proxy for a system of learning" instead of as a critical component of that system. And, since many evaluations focus primarily on tracking compliance with foundations' grant terms, many assessments fail to address critical issues for strategy development and practice.

- Respondents further suggest that *tacit* knowledge—that is, knowledge that draws on the rich and varied experience and perspectives of participants at all levels, such as community leaders, directors of community-based organizations, active residents and foundation program officers—is neither sufficiently valued nor systematically captured. This reflects an ongoing tension in the social sciences.

- Knowledge about community change is also fragmented and partial. Often, existing pieces of knowledge about community change are not brought together into a larger whole, new findings are presented in isolation from existing knowledge, or a project report fails to situate its conclusions in a larger context. This tends to diminish findings' importance and usefulness.

- Too little attention is paid to providing both short-term and interim information, in addition to more conclusive information that may require years to gather. As one observer described, "I think [evaluations] are very often counting the wrong things, costing too much, being too slow and too cautious to provide

Investment in evaluation has served as a kind of proxy for a system of learning.

useful advice, and taking up too much of people's valuable time—only to write final reports years after the initiative is over that are too little, too late, and that end off by raising all the questions, for a next study, that people wondered about in the first place."

Consequently, many funders, community practitioners and researchers call for a richer, more complete, and more useful range of knowledge products. These products would include more periodic, time-sensitive, and interim information, as well as more refined and applicable long-term findings.

Effective evaluation. As a core process for producing knowledge, the extent and quality of evaluation has improved significantly in recent years throughout philanthropy. But most respondents say there is still a way to go for the community change funders to tap the full potential of evaluation as a knowledge-building and learning tool. Some evaluations suffer from unclear project goals and unspecified evaluation purposes. This results in efforts that are misdirected or not integrated into foundation decisionmaking. Two additional issues—the use of appropriate outcomes and the search for "attribution"—can also undercut the effectiveness of evaluations of community change for foundation learning.

The use of outcomes in evaluation can be a double-edged sword, according to respondents. On one hand, evaluations are hindered by a lack of clear and measurable outcomes. On the other hand, too broad a spread of outcomes that are unrelated in any coherent way can also undercut evaluation. Although many funders have adopted a focus on outcomes in recent years as a way to structure grant management and accountability, observers of community change worry that many of the outcomes used are not carefully derived from projects' goals and strategies. Cautioned one respondent:

> We need to get better at attaching the right outcome to the right goal so that it can be measured at the right time. . . . Badly defined outcomes, or tying them to the wrong goal, or measuring them at the wrong time, are worse than no outcomes at all.

Poorly developed outcomes may even preclude precisely the kind of deeper inquiry and learning that many funders say they want. A technical assistance provider elaborated:

> I suspect the "outcome problem" rests with the combination of a *premature* definition of program outcomes . . . along with the need for funders and the communities they work with to then be accountable for delivering results consistent with those

Many funders, community practitioners and researchers want more frequent, time-sensitive, and interim information.

outcomes. This weird dynamic [of communities being held accountable for outcomes that were prematurely defined] reduces the potential for real learning between funders and communities, between evaluators and their foundation clients, and between foundation staff and boards.

Respondents add, however, that not all important changes can be measured or tracked using "hard" outcome measures, and that other kinds of measures are sometimes more useful to indicate changes in community conditions.

"Attribution"—that is, determining cause and effect—is a second critical issue for foundation evaluation of community change. Most respondents acknowledge that evaluation cannot always provide the kind of unambiguous answers that many foundation boards want. Even when community change projects have sufficient power to promote desired changes and can measure these changes, it is often difficult to attribute specific changes to the work that a foundation is supporting. In some cases, the state of the art may be limited and researchers may still be conceptualizing or refining the range of measures that can be used. In others, the complexity and number of internal and external factors may frustrate the determination of attribution.

Thus, attribution is a problem both of limited measurement tools and applications, and of limited understanding within foundation boards of the challenges inherent in assessing any social effect. Respondents suggest that addressing the issue requires further development of measurement tools and evaluation models, as well as ongoing work with boards to broaden their perspective on learning. As one respondent saw it, "If significant changes actually occur, there is always a lot to be learned, both with and without clear attribution."

How Foundations Learn

Committing to learning about community change is only half the battle for foundations. How will they systematically and routinely interpret lessons and incorporate them into practice? How will they create safe, productive opportunities for staff reflection and debate? How can learning within one foundation contribute to the knowledge of foundations, practitioners, policymakers, and social scientists in general? And how can a foundation's learning methods spawn ongoing knowledge development? These questions point to the need for a more intentional system of learning about philanthropic investment in community change. Lacking an effective system, lessons about community change do not serve as the basis for cumulative knowledge and necessary innovations.

An intentional learning system. The philanthropic field has not yet developed a consistent or effective system for knowledge transfer *and*

> Lacking intentional systems of learning, foundations' lessons about community change do not serve as the basis for cumulative knowledge.

application. As a result, the fate of many findings from evaluation and research is well described by one researcher's remark: "It sits where it lands." On the other hand, when foundations do share their knowledge, it can have a powerful impact. Some funders comment on how the experience of earlier initiatives changed their thinking. For instance, one program officer described how he was able to use another foundation's periodic evaluation reports of a community change initiative to shape his strategic planning and "to build on the successes and avoid the pitfalls."

Despite examples of this kind of positive experience, respondents suggest that too much useful knowledge is still unavailable to foundations and community practitioners. The lack of sustained efforts to extract existing knowledge from individual minds and foundation files and then make it available is often the culprit. But the lack of access to potentially useful information is also caused by foundations treating some reports and evaluations as proprietary. In fact, only a few foundations currently make a commitment to sharing all their evaluation materials.

Many of the learning materials that do exist do not get at the crucial operational issues funders and others want to hear about. Sometimes, these documents' usefulness is limited by a funder's or evaluator's level of candor. Other times, a report fails to address the issues that users consider most significant, or, the information is presented in a format tailored for program officers but not for community practitioners or others.

Moreover, respondents say that foundations have not invested sufficiently in building the components of an effective learning system, i.e., the human resources and the processes or vehicles for promoting learning. In particular, respondents comment on the lack of major foundation investment in training for their own and grantees' staffs. Both have untapped potential to create and apply useable knowledge. And, although good examples of learning venues exist, respondents suggest that they are not sufficient to meet the philanthropic arena's needs. As one funder remarked:

> Despite all our meetings, there's really no ongoing, cumulative conversation where we really push each other and question each other and hold each other accountable.

Funders and other observers further suggest that, for the most part, foundations need to develop cultures and procedures—both internally and across the field—that do a better job of promoting learning. As one foundation executive acknowledged, "Foundations have a culture that precludes learning. They can only deal in positive feedback." In particular, many respondents think foundations should develop approaches to better promote learning that comes from the experiences of grantees. Respondents commented that incentives rarely exist within individual foundations for grantees to discuss information that might reveal an organizational weakness, even if it offers an opportunity for learning and

improvement. In fact, grantees may be punished for revealing information about problems.

Finally, philanthropy in the community change field generally does not sufficiently encourage constructive criticism and open exchange. Respondents note that many funders are unwilling to directly question each other's work, or to engage in the critical conversations and interactions that might promote deeper understanding and spur change. As one observer suggested:

> The inhibitions against real criticism may have less to do with authoritarianism and more to do with spoiling the highly collegial tacit contract that "I won't publicly criticize your work if you won't criticize mine."

Incentives for learning. Many respondents state that "we actually know a lot," but they also suggest that the knowledge is not adequately used to influence decisions, for many reasons. Even when evaluation and research appear to inform efforts, ideological biases and political circumstances may lead foundations to disregard the lessons as the work progresses. And the absence of competition, production goals, and accountability expectations can leave foundations without an overwhelming internal or external pressure to apply knowledge rigorously. Referring to the lack of such pressure, one respondent observed, "The *push* factors seem missing." Another respondent commented that the lack of such pressures create "the perfect environment for pseudo-learning, which takes the form of constantly changing fads—even cyclical fads allowing for new jargon each time around."

Pressure to change will only come from a different kind of accountability, most respondents said. Suggested one:

> The real problem here is that there is no mechanism for holding the foundations accountable—certainly not by the foundations themselves, and certainly not by the communities and organizations that rely on them for funding.

Observers were not arguing for an external or rule-bound system, however. They encouraged foundations to develop other, more flexible avenues to accountability, and to work more extensively with their boards on these issues.

Toward More Effective Learning

Over the long term, more effective foundation thinking and practice will require a different stance toward knowledge and learning and an array of new mechanisms to help generate, collect, distribute, and internalize the

"We actually know a lot," but the knowledge is not adequately used to influence decisions.

knowledge. A new kind of foundation accountability for learning will also be important.

These changes are not one foundation's project, of course. Nor is it a project for community change funders alone. According to respondents, success will require the active involvement of a broad cross-section of people and institutions concerned with community change. Although the elements of such a system are scattered, respondents indicate that they are beginning to emerge. For instance, more than a decade ago a group of foundations created the Aspen Institute's Roundtable on Comprehensive Community Initiatives as one such intentional learning vehicle.[4]

More recently, a number of foundations have been taking steps to reorient their organizations' internal and external stance toward knowledge generation, sharing, and application. These steps range from establishing learning goals for staff internally or making a commitment to sharing information publicly, to expanded use of the internet for reporting or creating new venues for foundation peer exchange. The challenge for the field is to bring together these pieces of an evolving approach to foundation learning into a more complete and effective whole. According to respondents, the two clusters of ideas outlined below are linchpins of such an intentional learning system.

Fostering learning that supports community change. Greater foundation effectiveness in community change will come from treating learning as a core objective of philanthropic work and as an important contributor to long-term impact. That shift will require a more intentional learning system. By *system*, respondents were not referring to a single, highly centralized entity or to some sort of rigid mechanism. Rather, they attempted to describe a series of principles, commitments, and links that could be broadly embraced, loosely structured, and flexibly implemented by foundations and others. There are at least four characteristics of such a learning system.

An attitude of inquiry. An attitude of inquiry is essential to the process of foundation learning. Respondents suggest such an attitude is characterized by curiosity, an independence of ideology, a willingness to reject preconceptions, and openness to new information. It is also decidedly experimental in its orientation. As one respondent noted:

> You try something—you test out an approach that aims to build on strength, but you have to be vigilant about signs that you've misjudged that strength, or moved too quickly, or been too narrow in your responses. You have to model that attitude for everyone else involved, too, and set up structures that reinforce ongoing learning, make sure the terms of engagement value and protect the learning process.

Improvements in foundation learning about community change will require the active involvement of a broad cross-section of people and institutions.

Other respondents also place a premium on institutional practices of self-examination and disclosure.

A commitment to "publicness." Making a commitment to "publicness" is a keystone of a new learning system. Knowledge must be shared, say respondents. Information cannot be proprietary, even if it discusses failure. In fact, many respondents say that lessons from fully analyzed failures provide the most valuable kinds of information.

A commitment to learning in public will require a substantial number of foundations to share evaluation reports, assessment materials, and other kinds of synthetic "thinking" documents that might add value elsewhere. Most important, it will require internal changes in foundations so that incentives are in place to reward disclosure and discussion. One funder whose foundation has made this commitment discovered that knowing all documents would be shared publicly changed the way staff negotiated their evaluations with grantees, what they tracked, and how they released findings. In all cases, he found that the quality and usefulness of the documents improved.

An interest in different kinds of information. Validating information that comes from a range of different sources and that is gathered through different means is a third dimension of the emerging learning system. It includes both polished, "complete" knowledge and fragmentary, partial, and time-sensitive information. Thus respondents view both long- and short-term knowledge as instrumental, and they recognize that the two kinds of knowledge are intertwined.

This approach to knowledge views evaluation as a crucial part of a larger process, rather than as the sole element. It emphasizes the need to synthesize and connect disparate pieces of knowledge, contextualize findings, make knowledge cumulative, and provide opportunities for feedback. Viewed in this way, foundations, grantees, communities, university-based researchers, evaluators, and external sources can all contribute to the knowledge base.

A commitment to key audiences. The final component is a commitment to meeting the learning needs of a range of clearly defined audiences. First, respondents emphasize the importance of starting with users' needs, determining what type of product users want, and tailoring the collection and presentation of information to meet audiences' learning styles. Thus, knowledge may be translated from one format to another, for example, or the same set of findings may be translated into several different products. As one funder commented:

> If the key audience (or *a* key audience) is outside the foundation, foundation staff cannot assume they know what the audience wants to learn. The foundation has to *ask* the external audience what they see as the key gaps in their knowledge and experience that are impeding their ability to make progress.

A commitment to "publicness" is a keystone of a new learning system. Knowledge must be shared.

Second, these learning processes broaden the audience for knowledge. Grantees, other foundations, researchers, policymakers, and other audiences are seen as part of a network of learners. Being responsive to them means creating an ongoing process of exchange, consultation, discussion, reporting, synthesis, and agenda-setting.

Promoting learning within individual foundations. Most respondents suggest that efforts to make learning a priority within foundations will require changes in organizational culture and behavior, new board practices, new reward systems for foundation staff, and new administrative practices and support structures. In addition, review of and reflection on information will need to occur at all levels of the organization. Two dimensions are especially important:

Grantmaking that reinforces a commitment to learning. A system for foundation learning requires funding to support multiple levels of learning. Foundations might need to alter their investments in community change to support more learning within and among grantees, foundations, and other audiences. Although a few foundations have made impressive investments in learning, overall the philanthropic field needs to consider better ways to support knowledge development beyond current grantees. For instance, grants might promote learning by including more support for coaching, hands-on training, peer learning, capturing neighborhood lessons, and paid time for reflection and learning.

Respondents emphasize that grantmaking must incorporate incentives for grantees to be candid, so that both funders and grantees are actively encouraged to learn. Where appropriate, each grant might also have a learning objective (articulated at the beginning of the investment), and grantees might be more deliberately linked with each other. And reporting requirements could be broadened so they contribute to learning more directly rather than focus narrowly on compliance with grant terms. For instance, they could include more reflection on how and why outcomes were achieved.

Because it is not always clear at the beginning of a community change effort exactly what learning opportunities will emerge, one foundation has set aside a flexible pool of funds (separate from evaluation money) that can be used to pursue learning opportunities when they arise. Such funds could be used, for example, for a case study of a particularly promising organizing effort or to compare the development of grassroots leadership in two very different communities.

Support for learning within foundations. New organizational functions and internal structures may be needed to manage information and promote learning across foundations' program areas. For instance, a few foundations have established high-level positions for managing broad organizational learning, fostering knowledge development, and sharing lessons with communities. Others suggest that staff assessment practices should

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Efforts to make learning a priority within foundations will require, first of all, changes in organizational culture and behavior.

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be changed; for instance, staff might be held accountable for their contributions to foundationwide learning. Staff training could be reconfigured to emphasize knowledge-building and -sharing, and learning could be better integrated into foundations' routine planning, oversight, and implementation activities. For instance, one foundation developed a set of learning and reflection questions for different stages of its community change work. Each staff team was required at least once a quarter to meet with colleagues from other teams to reflect on these questions, discuss current and previous work, and brainstorm about how they might do things differently in the future. That foundation reports that its culture shifted over time to reward honest inquiry and critical reflection as core staff competencies. Finally, foundations' learning agendas about community change need to include what they are learning about themselves so that they can be more reflective about their practice.

Endnotes

1. "Community change" is used in this paper to refer to an array of community conditions, and to ideas, approaches, and practices aimed at changing those conditions. Geographically defined communities have been a recurring focus of social policy and organized social action in the United States at least since the Progressive Era, and foundations have supported a range of community change strategies. This segment of philanthropy encompasses funders that emphasize different dimensions of community and who are involved with communities in different ways. For instance, some foundations view well-functioning communities as critical to shaping the supports and opportunities available to children and families. Others emphasize the role of community in the economic and social life of the city and region. Still others believe that community-level participation and connections are at the core of a healthy democratic society. Foundations also take varied approaches to promoting community change, setting institutional goals and roles, and making investments. Finally, as a group, the foundations that support local community change are institutionally diverse. They encompass national and local funders; urban and rural interests; and private, corporate, family, and community foundations. Despite variations in scope and structure, many of these foundations have held in common a few guiding principles. These include a geographic focus, a holistic view of the circumstances of people in poor neighborhoods, and an emphasis on citizen participation in the implementation of community change efforts.

2. Whether speaking from the perspective of local, regional, or national philanthropy, respondents generally suggested that their insights were potentially relevant to a range of institutional types. That said, different types of foundations—family foundations, community foundations, and private foundations—also face distinct challenges that are not addressed in this paper. Such differences clearly warrant further elaboration and discussion.

3. NNIP is a partnership of organizations in 19 cities that work together to build advanced information systems with integrated and recurrently updated information on neighborhood conditions. Such systems require sophisticated technical capacity and the agreement of local public agencies to share administrative data. NNIP aims to democratize information by facilitating the direct practical use of data by city and community leaders, particularly in distressed urban neighborhoods.

4. The Roundtable was established in 1992 to keep track of the then emerging field of Comprehensive Community Initiatives (CCIs)—as well as related innovations in inner-city revitalization—in order to capture and distill the lessons being learned about policy and practice. It was also created to identify underlying problems that receive inadequate attention within the community revitalization field as a whole and to incubate ideas and approaches to address the voids. Its 36 members include foundation officers, public officials, community-based practitioners, researchers, and other technical experts in the field.

Appendix

Persons Interviewed

Ashoka Headquarters Office. . . . . Bill Drayton
Chair and CEO

Aspen Institute Roundtable on
 Comprehensive Community
 Initiatives . . . . Anne Kubisch
Co-Director

Mary Reynolds Babcock Foundation . . . . . Gayle Williams
Executive Director

Bethel New Life . . . . Mary Nelson
President

The Boston Foundation . . . . Paul Grogan
President

Brophy and Reilly . . . . Paul Brophy
Principal

Annie E. Casey Foundation . . . . Robert Giloth
Senior Associate

Ralph Smith
Vice President

Center for Community Change . . . . Andy Mott
*Director, Community
 Learning Project*
Former Executive Director

Center for Effective Philanthropy. . . . . . . Mark Kramer
Founder

Center for Neighborhood Technologies. . . Scott Bernstein
President

Edna McConnell Clark Foundation. . . . . . Michael Bailin
President

Cleveland State University . . . . Ned Hill
Professor

The Common Enterprise . . . . Juan Sepulveda
San Antonio Site Director

Cornerstone Consulting Group, Inc. . . . . . Ira Cutler
Co-Founder and Partner

Council on Foundations . . . . Dot Ridings
President

East Bay Community Foundation . . . . Michael Howe
President

The Ford Foundation. . . . . Linetta Gilbert
*Program Officer,
     Community and Resource
     Development*

Foundation for the Mid South . . . . George Penick
President

Georgetown University Public
     Policy Institute. . . . . Pablo Eisenberg

George Gund Foundation . . . . Dave Bergholtz
President

Harlem Children's Zone
     (formerly Rheedlen Centers for
     Children and Families). . . . . Geoffrey Canada
President/CEO

The Hauser Center for Nonprofit
     Organizations, John F. Kennedy
     School of Government,
     Harvard University. . . . . William Ryan
Research Fellow

John F. Kennedy School of Government,
     Harvard University. . . . . Xavier Briggs
Professor

John S. and James L. Knight Foundation . . Penny McPhee
Vice President

John D. and Catherine T. MacArthur
     Foundation . . . . Tom Dewar
*Consultant
Former Director of
     Program Evaluation*

Rebecca Riley
*Consultant
Former Vice President*

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Economic Advisor to the
*   Chief Economist*

About the Authors

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Prudence Brown is a Research Fellow at the Chapin Hall Center for Children at the University of Chicago. Based in New York, her work at Chapin Hall focuses primarily on documentation and evaluation of community change initiatives, the role of philanthropy in community change, and strategic grantmaking. Among the projects she has participated in over the last year are: the development of a Learning Project for the Duke Endowment's Program for the Rural Carolinas; documentation of a comprehensive faith-based initiative; reviews of several foundations' grant portfolios in the areas of community capacity building, and children and families; and the development of an executive education program for community foundations. Prior to joining Chapin Hall, she was Deputy Director of the Urban Poverty Program at the Ford Foundation and, before that, Assistant Professor in the School of Social Work at Columbia University in New York, and Director of Edgewood Village Community Services in East Lansing, Michigan. She holds a Bachelor's from the University of Chicago and a Master's in Social Work and Ph.D. in Social Work and Psychology from the University of Michigan.

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Robert Chaskin is a research fellow at the Chapin Hall Center for Children and an associate professor at the School of Social Service Administration at the University of Chicago. His research focuses primarily on the role of community and community-based efforts to improve the lives of children and families. Among other work, he has been principal investigator for the national evaluation of the Ford Foundation's Neighborhood and Family Initiative, for a series of studies on approaches to neighborhood-based governance, and for an exploration of the concept of "community capacity" and how it can be built and measured. In addition to his research and teaching responsibilities, he directs Chapin Hall's International Program for Children's Policy Research. He holds a Master's in anthropology and a Ph.D. in sociology from the University of Chicago.

Ralph Hamilton

Ralph Hamilton is a Senior Research Associate at the Chapin Hall Center for Children at the University of Chicago. He also co-directs the Center's Program on Philanthropy and Community Change. Recent projects include: an assessment of the Sandtown-Winchester Neighborhood Transformation Initiative in Baltimore for the Enterprise Foundation; co-authoring "Voices II: Reflections on Comprehensive Community Change" for the Aspen Institute; a strategy paper for the Ford Foundation's Sustainable Metropolitan Communities Initiative; a review of the Hewlett Foundation's Neighborhood Improvement Initiative; an analysis of issues in funder collaboration for the Funders' Network on Smart Growth; and a forthcoming discussion paper on the role of community foundations in community change for the Coalition for Community Foundations for Youth and the Annie E. Casey Foundation. Hamilton is currently working on a guide to funder collaboration for GrantCraft, a project of the Ford Foundation; and an analytic paper on foundation learning for the Casey Foundation. He also serves as senior adviser to the Pathways Mapping Initiative, a web-based effort to provide communities with a broad, deep, and coherent body of information to strengthen efforts to improve communitywide outcomes. Among other past assignments, Hamilton served for six years as Director of Florida Philanthropy for the John D. and Catherine T. MacArthur Foundation. Mr. Hamilton serves as a trustee of the Chastain Foundation and chairs the board of Roycemore School.

Harold A. Richman

Harold A. Richman was the founding Director and is currently a Research Fellow at the Chapin Hall Center for Children at the University of Chicago and the Hermon Dunlap Smith Professor of Social Welfare Policy in the University's School of Social Service Administration and College. Mr. Richman has been on the faculty of the University of Chicago since 1967. He served as Dean of the School of Social Service Administration from 1969 to 1978, and he was the founding chairman of the University's public policy studies program. He received the University's Quantrell Award for Excellence in Teaching in 1990. Mr. Richman has served on boards, commissions, and panels in both the public and private sectors, and he is the author of numerous publications in the field of children's policy. He is currently co-chair of the Aspen Institute Roundtable on Comprehensive Community Initiatives, and is on the boards of Michael Reese Health Trust, Chicago, Illinois; After School Matters, Chicago, Illinois; Children's Institute, University of Capetown, Capetown, South Africa; Information and Research Center, Amman, Jordan; Brookdale Center on Children and Youth, Jerusalem, Israel; MB Fund, Chicago, Illinois;

Benton Foundation, Washington, D.C. He is chairman of the board of the Center for the Study of Social Policy, Washington, DC. Mr. Richman was educated at Harvard University and the University of Chicago, and was a White House Fellow and Special Assistant to the Secretary of Labor from 1965 to 1967.

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