

# Responsive Philanthropy

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## IN THIS ISSUE

Foundation-Nonprofit Partnerships: Fact or Fiction? By JAN MASAOKA	1
The Power of "We": A Journey through Collaboration By FRANK BAIOCCHI	3
Why Sign On to Philanthropy's Promise? By DAVID WOOD	6
Improving the Social Utility of Philanthropic Investments By DAVID WOOD	9
A Message from the Executive Director	2
Member Spotlight	15



## Foundation-Nonprofit Partnerships: Fact or Fiction?

The question posed to me for this article: "Is it possible for a foundation and a grantee to have an honest, real partnership?"

My answer: It's the wrong question. The key words in the question – honest, real and partnership – contain so much coded meaning that the only reasonable response by a grantee is a

slow blink. By using these words, we trap ourselves in a framework that ignores the material, business basis for the funder–grantee relationship. This language diverts us from understanding the key dynamic.

And unless we take a clear-eyed look at that dynamic, we won't be able to see a path towards productive, effective and perhaps even enjoyable grantmaker-grantee relationships.

### INSTITUTIONAL OR PERSONAL RELATIONSHIPS?

Essentially, the relationship between a funder and a grantee is one between institutions, driven by institutional inter-

ests, and fundamentally about money.

"Shared values," warm personal interactions and nonfinancial support to grantees all are fine. But without money changing hands, these positives are insignificant. And grantmaking can be effective without *any* of these minor characteristics. What's more, although foundation *language* is about shared values and partnerships, foundation *behavior* (and grantee behavior) reflects the underlying business relationship.

At the core of anti-partnership behavior by foundations is the implicit financial reality that nonprofits aren't really partners: we're vendors or consulting clients. (*continued on page 12*)



challenging grantmakers  
to strengthen communities

# A Message From the Executive Director



Dear Readers,

By now you've heard of NCRP's exciting new initiative, Philanthropy's Promise. Foundations and institutional grantmakers from across the country are signing on to maximize the impact of their grant dollars with two strategies: targeted universalism and policy and citizen engagement. Grantmakers that signed on have submitted public statements indicating their intent to use these two strategies. We hope you will enjoy reading highlights from several of these statements and be inspired by their commitment to supporting this initiative.

Also in this issue of *Responsive Philanthropy*, Jan Masaoka, editor of *Blue Avocado*, explores partnerships between nonprofits and foundations. She offers advice to grant seekers and grantmakers to build more effective and grounded relationships.

In "The Power of 'We': A Journey through Collaboration," Frank Baiocchi of the Polk Bros. Foundation describes the foundation's work to improve arts education in Chicago public schools, and how collaborating with other grantmakers and nonprofits moved the foundation toward its goals and deepened the impact of its work.

David Wood, interim director of the More for Mission Campaign Resource Center, discusses mission-related investing and examines common uncertainties that grantmakers have about the practice. He writes, "We have a window of opportunity to turn interest and excitement in mission investing into action that improves the social utility of foundation investments."

Finally, our member spotlight highlights the work of Tides Foundation, a grantmaker that strives to facilitate progressive nonprofit work.

We always are striving to make *Responsive Philanthropy* a better resource on important issues in philanthropy. Please send comments, suggestions or story ideas to [readers@ncrp.org](mailto:readers@ncrp.org).

We look forward to hearing from you.

Sincerely,

Aaron Dorfman  
Executive Director

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# The Power of “We”: A Journey through Collaboration

By Frank Baiocchi

As grantmakers, we realized we were engaged in similar conversations – just not with each other.

We acknowledged the need to communicate more effectively among ourselves to strengthen our individual work and deepen our collective impact. And we recognized we all had been in this situation before.

Funders of arts education in Chicago have a long history of working together. Chicago Arts Partnerships in Education (CAPE) was created in 1992 by a group of funders and other arts education stakeholders to build sustainable partnerships among schools, arts organizations, artists and funders so that relevant, effective arts education could be provided in classrooms throughout the Chicago Public School (CPS) district. Funders came together again in 2002 to form the Chicago Arts Education Collaborative (CAEC) after a Chicago Community Trust-sponsored survey demonstrated that the typical CPS student received less than one hour of arts education a week during the 2001–02 school year. In 2005, the Board of Education of the City of Chicago and the Chicago Community Trust (on behalf of the CAEC) entered into a public-private partnership agreement to establish an Office of Arts Education in the district and develop a plan to reform arts education in CPS. Many funders have been instrumental in the initial and ongoing development of ChiArts, the city’s first public high school to offer a college-preparatory, pre-professional arts training program, which opened in 2009.



Frank Baiocchi

All of these accomplishments are extremely meaningful and resonate powerfully today. CPS students and teachers have access to new, innovative arts education programs. The Office of Arts Education remains at the center of the district’s efforts to expand and deepen arts learning opportunities and has developed *The Chicago Guide for Teaching and Learning in the Arts*, a comprehensive scope and sequence manual in four arts disciplines for all grade levels that also provides additional resources, including sample evaluation tools and referrals. ChiArts is about to welcome its third class of freshmen this fall.

But how do these different initiatives intersect to form a strong, coordinated, sustainable arts education system for CPS? How do we collect the power of these and literally hundreds of other arts education efforts to impact every student in the district? How do we advocate for increased resources to ensure that programs are high quality and

that formative, authentic learning exists at all levels throughout the system?

Also, who is the “we?” And how can we strengthen the “we” to achieve all our mutual goals?

I believe arts education is a social justice issue. Access to effective, facilitated creative processes help youth learn about themselves, find their voices and connect more deeply to their peers and communities. Among other things, students learn how to express themselves, work as part of a team and understand different perspectives and cultures. They also develop artistic skills. I think these opportunities should be a part of every child’s education and life experience.

A few years ago, a group of arts education stakeholders from Chicago (including me, other funders, leaders of arts education nonprofits, district staff and others) gathered in Los Angeles to attend a conference that featured information on the processes and outcomes of the Arts for All initiative. Many stakeholders presented on their experiences with the initiative and most approached the work from different perspectives: teaching artist, principal, funder and other roles.

However, in addition to the thoughtful and intentional content and structure of the work, there was a common thread that ran throughout all of the sessions: each presenter would use the word “we” when explaining who was involved in the work. Finally, at a larger session that involved most of the attendees, one of my colleagues from Chicago stood up and asked, “Who is the ‘we’? You all are saying ‘we decided this’ and ‘we imple-



Photo by Charlie Westerman. Courtesy of the Erikson Institute and the Polk Bros. Foundation.

mented that,’ but I’m not sure who the ‘we’ is in these scenarios.”

Our friends from LA actually seemed at a loss for a moment. After a short time, someone from the back of the room answered, “It’s all of us.” By the time we attended this conference, many years into the initiative, the “we” had just been woven into the fabric of the effort. It was no one funder or district staff member or arts educator leading the conversation; they all were. Arts for All, indeed.

Those of us from Chicago looked at each other. This is what was missing at home. A number of exciting, creative ventures were occurring in arts education throughout our city, but we did not have a cohesive community reaching toward the accomplishment of mutual goals.

I began to ask colleagues from other cities engaged in similar initiatives about this collective aspect of their work – shared and distributed leadership – and noticed similar verbiage and, more importantly, a similar feeling that permeated the work. In Dallas, New York, Boston and elsewhere, descriptions of the process were peppered with “we” and “all.”

Around the same time as this conference, the RAND Corporation released a report titled *Revitalizing Arts Educa-*

*tion through Community-Wide Coordination*, which considered similar arts education initiatives among six cities. This report mentions, “We found little collaborative effort [in Chicago] other than that of a group of foundations supporting the school district’s newly hired [Director, Office of Arts Education]. The city’s many other networks of providers and influencers were involved in their own efforts, but there was little coordination across them.”

This remark really brought it home for us. Although we felt that we were collaborating, we had not achieved the community feeling and sensibility necessary to move our efforts forward.

To take up this challenge, the CAEC launched the Chicago Arts Learning Initiative, also known as CALI. CALI was a community-wide effort bringing together large and small arts and cultural organizations, Chicago schools, the district’s Office of Arts Education and funding organizations. Its goal was to leverage existing assets, including Chicago’s strong community of cultural institutions and the work of hundreds of dedicated arts teachers, to ensure equitable and sustainable access to innovative arts learning for all CPS students.

CALI began by taking stock: it surveyed the arts education community, convened more than 200 individuals through four community forums, and held a daylong retreat of 60 arts and education leaders. Through these efforts, Chicago’s arts education community identified opportunities and gaps to be addressed through increased collaboration and coordination, thus making it possible to improve and expand the delivery of arts education in Chicago.

CALI formed workgroups of teachers, principals, parents, artists, funders and representatives from higher education and cultural organizations to create action plans. The groups developed recommendations on how to identify and fill information gaps, create a stronger network of arts educators, and build the capacity of schools and school leaders. They were able to leverage the CPS Office of Arts Education’s *Chicago Guide for Teaching and Learning in the Arts*, to build a platform for greater coherence and quality in arts education for students.

Finally, the groups were able to articulate a set of shared values and goals for arts education in Chicago, and establish a set of desired outcomes for CALI:

- Increasing information and understanding about the levels and availability of arts education in CPS.
- Creating a strong, evidence-based case and a unified message about the importance of investing in arts learning.
- Establishing effective arts leadership within schools and communities, particularly in areas where students receive little or no arts instruction.
- Identifying, understanding and leveraging models and best practices to promote more effective, innovative arts instruction by well-prepared and empowered educators.
- Pursuing equitable distribution of arts resources and services in schools across the city.

Although we felt  
that we were  
collaborating,  
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efforts forward.

Earlier this year, after a competitive RFP process that was informed by the efforts of our colleagues in other cities (particularly New York, Philadelphia and Dallas), members of the CAEC elected to start a new nonprofit called Ingenuity Incorporated, to continue this community-building effort and implement CALI's recommendations. We are in the initial stages of developing this organization, and are excited by the opportunities. Paul Szniewajs, the former founder and executive director of Snow City Arts Foundation, was chosen to lead Ingenuity. His inspiring approach is twofold – to act as a strong voice for arts education and also to facilitate existing and emerging leaders as they respond to the community's strengths and needs.

I think we continue to build the “we” of this work. One of Ingenuity's primary goals is to further develop the “we” and maintain the momentum generated by CALI. The workgroups from CALI are being reorganized to adjust to an evolving

educational landscape in Chicago while also maintaining the integrity of the community's recommendations. We are attempting to bring more stakeholders to the worktable, especially CPS principals and teachers, district leaders and arts educators from small community-based nonprofits. We are also expanding the “we” through bringing different types of stakeholders to work with us. Youth development specialists, professors, lawyers, engineers, arts fans - to name a few - have places at the table and voices to add to the conversation. And we haven't heard from them yet.

Do “us” and “them” still exist? Yes, and there always will be people who feel they exist outside the “we.” We understand we have to take some responsibility for them and make sure we reduce the barriers to inclusion. We also need to make sure we advance the recommendations from the community.

And I realize, even in writing this article, that we are closer to the “we” than before. And I think it just happened organically. As Rainer Maria Rilke says in *Letters to a Young Poet* (1903):

“[T]ry to love the questions themselves as if they were locked rooms or books written in a very foreign language. Don't search

for the answers, which could not be given to you now, because you would not be able to live them. And the point is to live everything. Live the questions now. Perhaps then, someday far in the future, you will gradually, without even noticing it, live your way into the answer.”

I think the question changed in Los Angeles and we have lived our way into some answers.

We stand on the shoulders of leaders who have orchestrated these important initiatives, both here in Chicago and across the nation. We listen; we learn from you; we celebrate successes and mourn lost opportunities; we join you in advocating for more federal dollars and attention; and we have fun engaging in meaningful creative and educational experiences along the way.

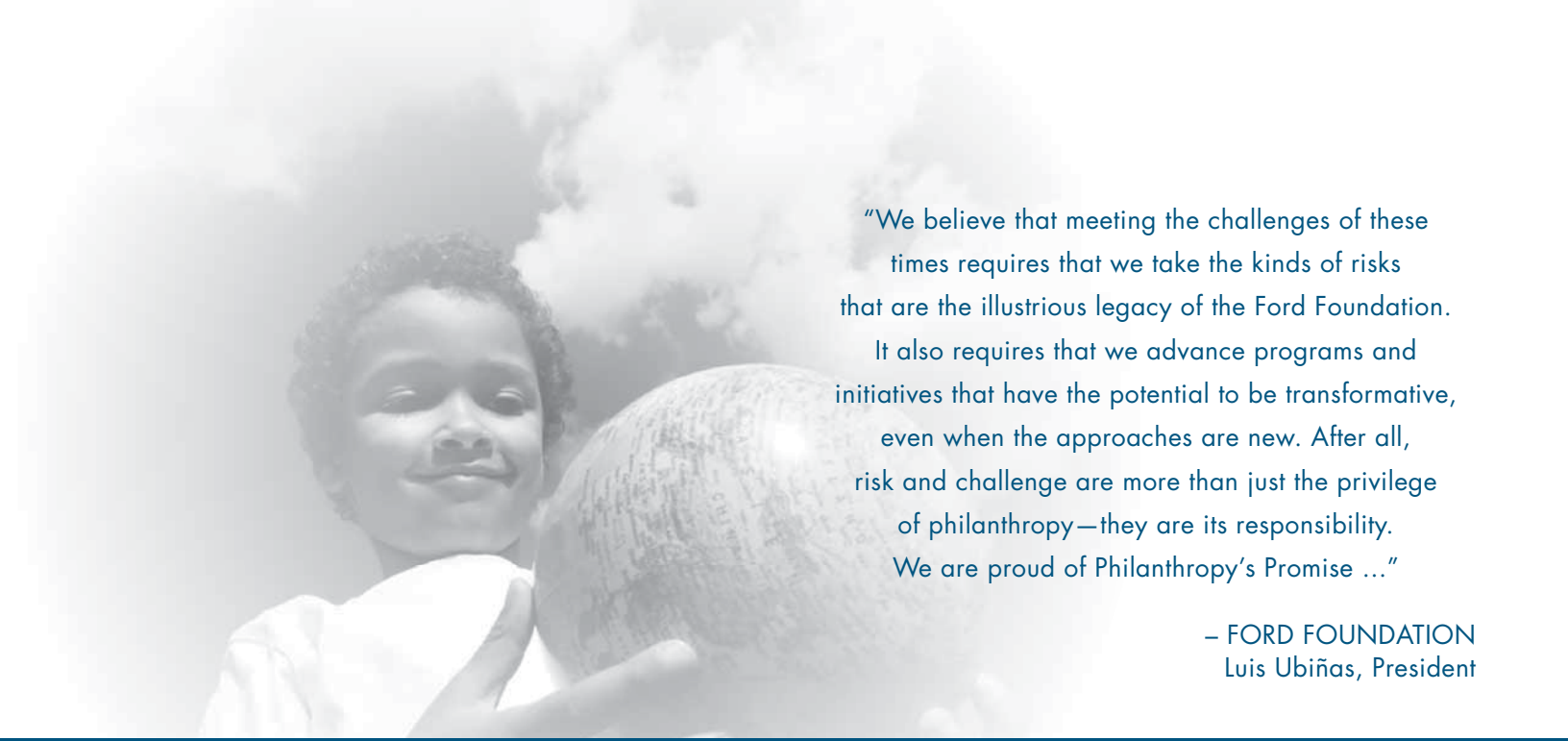
And we are very grateful. ■

For more information on Ingenuity, Incorporated and the Chicago Arts Learning Initiative, and to become part of the “we,” please visit <http://www.ingenuity-inc.org/Home.html>.

*Frank Baiocchi is senior program officer of Polk Bros. Foundation.*



*Left: Courtesy of ChiArts and the Polk Bros. Foundation. Right: Courtesy of Chicago Arts Partnerships in Education and the Polk Bros. Photos by Charlie Westerman.*

A young girl with dark curly hair, wearing a white shirt, is smiling and holding a globe. The background is a soft-focus image of a cloudy sky.

“We believe that meeting the challenges of these times requires that we take the kinds of risks that are the illustrious legacy of the Ford Foundation. It also requires that we advance programs and initiatives that have the potential to be transformative, even when the approaches are new. After all, risk and challenge are more than just the privilege of philanthropy—they are its responsibility. We are proud of Philanthropy’s Promise ...”

– FORD FOUNDATION  
Luis Ubiñas, President

## Why Sign On to Philanthropy’s Promise?

Philanthropy’s Promise is NCRP’s latest initiative that seeks to improve the effectiveness and impact of philanthropic dollars by encouraging grantmakers to prioritize meeting the unique needs of underserved communities and supporting significantly those efforts that address the root causes of complex social issues.

Since the initiative’s launch in June, more than 70 grantmakers have signed on to Philanthropy’s Promise. Below are excerpts from the public statements from 13 of these foundations. We hope that their words will serve to inspire more leaders from foundations and other public grantmaking charities to think about how the strategies offered by Philanthropy’s Promise might help their own organizations get better results from their grantmaking.

“Although General Mills does not categorize its work in NCRP’s terms, General Mills devotes substantially all of its grants to nourishing communities through hunger and nutrition wellness and educational support, particularly in underserved communities, and expects to continue to do so.

To create change that is deeply rooted and sustainable, General Mills’ work is based in the following values: integrity, leadership, innovation, diversity and impact.”

– THE GENERAL MILLS FOUNDATION  
Ellen Goldberg Luger  
Executive Director

“The solutions to chronic diseases, poverty, and disparities are complex. We cannot achieve our mission by simply funding good people to do good work. We must seek impact and results. Thus, KBR is also committed to funding systemic change. This work reaches beyond direct services to one individual at a time. This work seeks to change the factors that create barriers to wellness, education, and thriving communities. This work affects the way entire systems operate—the health care safety net, public education, mental health treatment, juvenile justice, to name a few—in order to improve the quality of health and the quality of life for our entire society.”

– KATE B. REYNOLDS CHARITABLE TRUST  
Karen McNeil-Miller, President

*“As a responsible steward of wealth for the public good whose grantmaking affects the public, we make our goals as transparent as possible and that is one reason we make this public statement. We also hope this statement will contribute to the discussion within philanthropy about how we, as a sector, can best promote the public good.”*

– LEVI STRAUSS FOUNDATION, Daniel Lee, Executive Director

“Simply put, our mission is to improve the health and health care of all Americans. Thus, our fundamental responsibility is to help improve the conditions, policies and practices that protect and promote health. Our philanthropy represents a public trust, and we recognize that we are stewards of private resources that must be used in the public’s interest and particularly to help the most vulnerable in our society.”

– ROBERT WOOD JOHNSON FOUNDATION, Risa Lavizzo-Mourey, President and CEO

“I believe most foundations could draw similar connections between the asset base of their philanthropy and the challenges of lower-income communities, communities of color and other marginalized groups. Wealth is not created in a vacuum. It arises within a complex social fabric in which the haves and the have-nots are interdependent. At its best, philanthropy acts on this truth in ways that honor our institutions’ origins and advance our diverse missions.”

– NORTHWEST AREA FOUNDATION, Kevin F. Walker, President and CEO



# PHILANTHROPY'S PROMISE

Higher Impact, Stronger Communities

“As a result of our mission, values and grantmaking strategies, we fully believe that our unrestricted grantmaking will be consistent with NCRP’s goal of challenging foundations to provide at least 50 percent of their grants to underserved communities. In addition, we believe that 25 percent of these grants will meet NCRP’s criteria for social justice grantmaking. ... We encourage every grantmaking to actively consider how their individual mission statements and grantmaking priorities may enable them to participate in this challenge or, at the least, fully understand and reflect on the constraints that prevent them from doing so.”

– SILICON VALLEY COMMUNITY FOUNDATION  
Emmett Carson, President and CEO

“This statement publicly affirms our belief that philanthropy’s task is to defend and promote the health, dignity, aspirations and potential of all people.”

– MAINE INITIATIVES, Charlie Bernstein, Executive Director

“An essential characteristic of an open society is that all people count equally and that all should enjoy equal opportunities. The Open Society Foundations are committed to initiating and supporting efforts to improve the situation of underserved communities across a range of issues and by a variety of means. By shaping public policies that assure greater fairness in political, legal, and economic systems and safeguard fundamental rights, the Foundations help to support vibrant and tolerant democracies whose governments are accountable to their citizens.”

– OPEN SOCIETY FOUNDATIONS  
Aryeh Neier, President

“Through our 32 years of experience making grants, we’ve found that supporting grassroots efforts led by those most affected by injustice and inequality is the most efficient and effective strategy for creating change. Focusing on those grassroots organizations that use advocacy and organizing strategies has resulted in the biggest positive impact on marginalized communities.”

– SOCIAL JUSTICE FUND NORTHWEST  
Zeke Spier, Executive Director

To read statements from other grantmakers about why they’ve signed on to Philanthropy’s Promise, please visit [philanthropypromise.org](http://philanthropypromise.org).

*“With limited resources, McKnight’s programs seek to provide support where we believe we can have the greatest impact. In many cases, this requires that we attend to underserved communities. ... Additionally, McKnight’s board has long recognized the power of pursuing lasting, systemic change through advocacy, community organizing, and civic engagement.”*

– THE MCKNIGHT FOUNDATION, Kate Wolford, President

“At United Way, we have come to understand that we must be focused on scale and lasting change since we work in a region that is larger than most states. While it is important to fund great programs on the ground, lasting change is accomplished through linking those investments to systemic changes and influencing public dollars and policies.”

– UNITED WAY GREATER LOS ANGELES  
Elise Buik, President & CEO

“Although Wallace does not categorize its work in NCRP’s terms, Wallace devotes substantially all of its assets to improve learning and enrichment opportunities for children, particularly those living in distressed urban areas, and expects to continue to do so. This work grows out of our vision that all children should have access to good schools and a variety of enrichment programs in and outside of school that prepare them to be contributing members of their communities.”

– THE WALLACE FOUNDATION  
M. Christine DeVita, President



# Improving the Social Utility of Philanthropic Investments

By David C. Wood

Despite the attention and increasing use it has seen over the past decade or so, mission investing – the practice of investing foundation endowment capital in funds and projects that are intended to yield social as well as financial returns – remains a fundamental challenge to traditional foundation practice.

Those of us who advocate for increased mission investing tend to make a blend of both moral and practical points to encourage uptake, including: 1) mission investing is an imperative, as foundations are public purpose entities and favored with tax exempt status because they turn financial resources into social benefit; and 2) mission investing is useful because it expands the resources traditionally considered available to foundations to achieve their organizational goals. If these claims are true, then foundations that do not engage in mission investing are underperforming on the terms under which society has granted them special tax-exempt status.

I think that these are powerful arguments, and to some extent, the fact that mission investing remains relatively underemployed among U.S. foundations is as much a matter of dissociation – a cultural predisposition to divorce endowment management from the purpose of the foundation – as it is a rational response to the challenge.

The most common response from skeptics to mission investing is that foundations should concentrate on growing their endowments as much as possible, so as to have more money to give in grants. This isn't much more than



David Wood

a dodge. It assumes both that there is a non-mission investing strategy that necessarily outperforms a mission-investing counterpart, and, perhaps more importantly, that investment strategy itself should be determined without regard to the ultimate goals of the organization.

But this does not mean that hard questions about the practicability of mission investing – the costs involved in developing and managing strategies; engaging consultants, lawyers and fund managers; and identifying opportunities that create real impact – don't need answers. Indeed, one of the heartening aspects of the mission investing conversation in recent years is the turn from existential questions of whether it is possible to much more useful questions about how it can be done.

In what follows, I will outline a few of the ways in which foundation investors and related parties are thinking about mission investment in practice. I concentrate on barriers to entry for foundations considering the field, at the expense of exciting (often sector-specific) developments in strategic innovation among the more experienced mission investment community, which brings a different though related set of issues worth exploring another time. This article draws

on our experience at the Initiative for Responsible Investment working with foundations and other stakeholders on the More for Mission Campaign – now with 96 foundations representing more than \$38 billion in assets – as well as complementary investment organizations in the foundation and responsible investment community.

We have a window of opportunity to turn interest and excitement in mission investing into action that improves the social utility of foundation investments. If mission investing is a challenge to conventional investment practice, we in the mission investing community face a challenge in building a healthier, sustainable and resilient investment marketplace.

## BUILDING INTERNAL CAPACITY

For new entrants into the field, the first step in mission investing is achieving board-level consensus on investment strategy. For these discussions to proceed beyond the level of whether mission investing is possible, board members must be convinced that: 1) mission investing will not compromise the financial integrity of the foundation; 2) mission investments have the potential to create positive social impact in line with a foundation's objectives; 3) there is a robust enough market in mission investing vehicles to commit to the practice; and 4) foundation board and staff will have the resources and expertise to oversee strategic implementation.

In our own interaction with foundation boards and individual trustees at IRI, we have found trustees who gener-

ally are open to mission investing but remain particularly concerned about the depth of the market and internal oversight capacity. Mission investing as a topic is more familiar now than it has been in the past, but the actual state of the market is much less so. The recent growth of peer networks, proliferation of publicly available investment policy statements and case studies, and easier access to reports on and databases of investable opportunities have created momentum in favor of mission investing in large part by convincing trustees that it is a world worth exploring.

Staffing and oversight remain important considerations. Foundation board members and staff rarely are chosen for mission investing expertise, though there are heartening examples where this has happened. For many board and staff members, investment is a foreign topic, removed from daily considerations and job descriptions by design, and mission investing requires education and active engagement on top of already busy schedules. A number of resources have been developed in recent years that are intended to lower the burden of mission investing adoption, but there must be an internal institutional commitment to use or develop proper resources for successful implementation.

Internal capacity can mean many things. Few foundations take on resource-intensive mission investments; most have tended to work with established investment intermediaries that they or their investment consultants underwrite for both financial and social performance. Again, peer networks have served to reduce transaction costs to some extent, as foundations and advocates share information. In recent years, more “traditional” investment consultants who work with foundations have built their own capacity in mission investing, which has significantly expanded foundations’ ability to enter the market.

## ENGAGING WITH INVESTMENT SERVICE PROVIDERS

Most foundations do not manage their investments themselves, but rather engage investment consultants and managers. Even those (typically large) foundations with substantial internal investment capacity have extensive interaction with the broader investment community practice. Internal capacity most often means mediating mission investment through financial intermediaries.

Though the investment consultant community is more engaged than in the past, mission investing remains a relatively small slice of the foundation investment universe, and this can pose challenges for those foundations that want to engage. Too often, one still hears stories from foundations that ask their consultants about mission investing, only to hear that it is not practical, or that it will necessarily reduce returns. In many cases, these answers reflect an unfamiliarity in the consultant community with the mission investing market, as well as an institutional bias toward conventional investment styles for which consultants already have capacity.

The relationship with consultants is complicated by the internal cultural resistance at many foundations to challenging the consultant community. To the extent that investment is seen as an external mechanism that enables a foundation’s “proper” work, investment intermediaries will be deferred to as much as engaged on mission investing in particular, as well as investment strategy more generally. But recent years have seen movement. I’ve had more than one investment consultant say to me over the last few months that foundations are coming in to say they want to do mission investing, rather than seeing if it is possible.

The relative (or perceived) newness of the field also can complicate rela-

tionships with investment fund managers. Foundations must find ways to identify appropriate products, communicate their mission objectives and concerns to fund managers and develop oversight systems that fund managers can report to on mission impact.

The growth of and attention to mission investing (and its siblings responsible and impact investing) raises two specific concerns. First, as fund managers come to see potential in the space, they increasingly lay claim to mission impacts, raising concerns about greenwashing or ineffective delivery of social benefits. Second, mission investing, by its very nature, encourages innovative integration of financial and social objectives, and so can help encourage the development of products with idiosyncratic value propositions without substantial track records. This can be challenging for both investment service providers and foundations, as institutional investment strategies tend to favor investment vehicles with track records and readily comparable peers.

## WHERE MIGHT THE FIELD GO?

As noted, the field has received a great deal of concerted attention recently, which has increased acceptance of mission investing as a practice and is, we hope, laying the groundwork for significant new pools of capital coming into the field.

Groups such as More for Mission, PRI Makers Network and Confluence Philanthropy for mission investing; the Global Impact Investing Network for impact investing, US SIF and the United Nations Principles for Responsible Investment for responsible investing, all have played a role in building legitimacy for the broader field, and in creating networks of shared information and best practices that make it easier to engage in socially and environmentally focused investing. There remains a great deal of hard organizing work to

build internal capacity and expand the range of opportunities among service providers, all of which can leverage on what these advocacy networks have done to date.

Less attention has been paid to the role of foundations in shaping the structure of markets themselves. There are ways that the conversation around mission investing might inform broader discussion over the role of markets in society. Indeed, many of us think that mission investing has gained attention in part because of the weaknesses in conventional financial practice revealed by the global financial crisis. To date, this has been a missed opportunity. Mission investors have focused largely on building capacity within the constraints of conventional investment paradigms. But the very existence of the field does call into question how we can measure and improve how financial systems serve the public good. Indeed, one measure of success in mission investing is how much foundation investments can leverage other sources of capital.

Over time, I hope we find the mission investing conversation turning to public policies and investment structures that move entire markets toward more socially beneficial allocation of capital. ■

For more on the IRI, see [www.hauser-center.org/iri](http://www.hauser-center.org/iri). For More for Mission and additional resources, see [www.moreformission.org](http://www.moreformission.org). Relevant peer networks can be found at [www.primakers.org](http://www.primakers.org), [thegiin.org](http://thegiin.org) and [confluencephilanthropy.org](http://confluencephilanthropy.org). For responsible investing more generally, see [ussif.org](http://ussif.org) and [unpri.org](http://unpri.org).

*David C. Wood is interim director of the More for Mission Campaign Resource Center, a project of the Initiative for Responsible Investment at the Hauser Center for Nonprofit Organizations at Harvard University.*

# HELP IMPROVE PHILANTHROPY

## Join or Renew with NCRP Today!

Join NCRP as we promote philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness. Enjoy exclusive member benefits, including:

- Subscriptions to our quarterly journal *Responsive Philanthropy* and e-newsletter Roundup;
- Member-only discounts, news alerts, and invitations to NCRP events, including our monthly webinars;
- Opportunities to meet and work with other members who seek a more inclusive, effective, accountable and responsive philanthropic sector; and
- Fundraising tools and tips for our nonprofit organizational members.

## JOIN ONLINE at [ncrp.org](http://ncrp.org) OR FILL OUT AND RETURN THIS FORM!

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Other \$ \_\_\_\_\_

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(by budget size)

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(by asset size)

*For organization or foundation memberships, please contact Samantha Davis at [sdavis@ncrp.org](mailto:sdavis@ncrp.org) or (202) 387-9177 ext. 16*

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# Foundation-Nonprofit Partnerships

(continued from page 1)

## New and Renewing Members

Arca Foundation  
Arkansas Public Policy Panel  
Casa Latina  
Catholic Community Services of  
Western Washington  
Children's Alliance  
Community Day School  
Association  
Economic Security for Disabled  
Americans  
F.B. Heron Foundation  
Family & Youth Counseling Agency  
Ford Foundation  
Foundation for the Mid-South  
Grantmakers for Effective  
Organizations  
King County Coalition Against  
Domestic Violence (KCCADV)  
Kresge Foundation  
Los Angeles Metropolitan  
Churches  
Louisiana Bucket Brigade  
Mertz-Gilmore Foundation  
Minority Executive Directors  
Coalition of King County  
Nathan Cummings Foundation  
Nonprofit Assistance Center  
Rosenberg Foundation  
Safe Futures Youth Center  
Seattle/King County Coalition on  
Homelessness  
Solid Ground  
Surdna Foundation  
The PERICO Institute for Youth  
Development and Centre  
Three Rivers Community Action,  
Inc  
Walter and Elise Haas Fund  
Women's Community  
Revitalization Project (WCRP)  
YWCA Seattle



Jan Masaoka

For example, the president of a large community foundation recently referred to its grantees as “our vendors” at a board meeting. Trustees called him on it, but he continues to use the term. Others advocate “sector agnosticism,” by which they mean that foundations are not about building community institutions and capacity; they are about hiring whoever can do the best job of carrying out the foundation’s business. And despite decades of research, non-profit advocacy and some foundation exhortations (Paul Brest of the William and Flora Hewlett Foundation and Gary Yates of the California Wellness Foundation come to mind) for multi-year, unrestricted grants to nonprofits, foundations still overwhelmingly make single-year, project grants.

Note: single-year project grants are exactly how one hires a vendor, and the exact opposite of how one works in a partnership. Arts thinker and executive John Killacky of Vermont’s Flynn Center for the Performing Arts recently wrote about the tendency of arts funders to give small management improvement grants to community arts organizations, a reflection of the common foundation view that they must counsel nonprofits on how to manage their organizations.<sup>1</sup>

The point here is not that foundations shouldn’t choose their own goals.

The point is that foundation goals are seldom as simple as filling potholes; foundation goals often reflect complex, nuanced, abstract visions (just listen to the foundation taglines on NPR). Such visions require complex and nuanced actions within the ecosystems of communities, not just hiring nonprofits to be factories of specific outcomes.

Both foundations and nonprofits want to use money to change the world in some particular way. The institutional financial interests of foundations are to spend money in a way that gives them satisfaction. The institutional financial interests of nonprofits are to get as much money, with as few strings attached as possible.

## LEARNING FROM OTHER RELATIONSHIPS

The one-to-one rapport between a foundation program officer and a non-profit executive clearly is important, but this personal connection brokers – not incarnates – the institutional relationship. The two relationships are not synonymous. Too many programs of officers mistake praise and warmth from their grantees as evidence of their personal worth and professional expertise; the evidence for this includes the all-too-frequent experience of former program officers who find that their former grantees (and foundation colleagues) are surprisingly unresponsive once the program officers have become job-seekers or consultants. One foundation officer recently said to me, “It’s been a rude awakening, very rude. I thought I had really developed trust with our grantees, but when it comes down to it, they won’t tell the truth if it means they won’t get the money.”

This comment reflects the underlying foundation sense of what an “honest” relationship would look like: one where the grant-seeker tells its problems and failures to the foundation program officer. When a person goes to the

bank for a car loan, the banker wants to know the risks. The borrower will be honest about current income, but may leave out the part about layoffs looking imminent where he or she works.

But foundation staff often think of honesty as absent only on the grantee side. In our view, we grant-seekers don't hear the "honest" stuff from the foundation side – that, for example, a grant is declined because there's an informal quota for grants to Asian organizations, or because your organization is too close to a foundation that this foundation disdains. Or a grant is made because a foundation wants to get close to your main funder (like the Bill and Melinda Gates Foundation) or as a reciprocal favor for a grant made by another funding entity to this foundation's in-house imitative. New program officers often want their "own" grantees and not those with loyalty to their predecessors. Many program officers fall in love with grantees that make them feel cool and hip and smart. Non-profit governance researcher Bill Ryan's findings on how program officers see "more effective" and "less effective" grants are telling: program officers correlated "effective" grants with those on which they had the most influence in the proposal content and framing, and "less effective" with those on which they had the least influence.



Let's not deny the financial basis for the funder-grantee relationship, or try futilely to "change the power imbalance," or hope that individual closeness can trump institutional and financial imperatives.

Let's take a different approach. Let's not deny the financial basis for the funder-grantee relationship, or try futilely to "change the power imbalance," or hope that individual closeness can trump institutional and financial imperatives. Instead, we can look elsewhere for effective relationships that exist among overlapping – but distinct – power-imbalanced players.

Most of us have experienced such a relationship between a supervisor and a subordinate. A supervisor can't expect a subordinate to be "honest" on the first day of work. Over time, a relationship of mutual respect and confidence can grow. If, as an employee, I make a mistake and don't get fired for it, I am more likely to admit to a mistake the second time. If I express anxiety that I can't do a particular task and get assistance instead of a pink slip, I am more likely to grow in the job. By demonstrating confidence in my work (such as putting me on salary instead of as a temp), by giving me enough time to get the work done (including a few mistakes) and by legitimate praise and criticism, a supervisor and a subordinate can develop trust in one other over time. Even so, I still might not tell my supervisor that I've got a hangover or that her jokes are unfunny.

So here's some advice for grantmakers and grant-seekers seeking effective, grounded relationships.

For grantmakers:

- Make multi-year, unrestricted grants. When the pink slip (also known as a decline letter) is always hanging over our heads, we can't be as open.
- Share what you can about the internal dynamics of your own institution. Tell grantees what *you* need to look good to your boss and what you need to make the case to your committee that this grant should be made. Admit it when there's been a problem – that a proposal was overlooked for months, that funding guidelines changed between when a proposal was invited and when it was considered, that your foundation has an informal quota for a certain kind of grant or that you've heard negative things about the grant-seeking nonprofit.
- Recognize that your personal relationship with a grantee is based on a business relationship. Don't inadvertently send the message that you want grantees to fawn over you. Let a sense of mutual confidence build gradually over time.

For grant-seekers:

- When a funder says, "Jump," we still have to jump. We can complain to one another about especially egregious foundation behavior, but we have to do what our organizations and our constituencies need us to do.

- Find ways to sneak in a little education in your conversations with funders. If you receive a multi-year, unrestricted grant, tell the program officer, “When you show this kind of confidence in my organization I can be much more open with you.” To others perhaps you can say, “For this to become more of a partnership, it would help if I could feel that any mistake or changed analysis would not result in your foundation deciding not to renew this grant.” Remind funders that your organizations have mutual business interests, and that the degree to which you can be confident about talking with them is the degree to which they have demonstrated their confidence in you by significant, multi-year, unrestricted funding.
- Remember that foundation program officers are not the embodiments of their institutions. They have their own needs as employees striving to succeed in their own workplaces. Cultivate them as you cultivate major donors, understanding their persuasions, the pressures they face and what kind of fawning works on them.

### IN SUMMARY

Can you tell a program officer that a project is late because of some uncontrollable circumstance? Yes. But can you tell the same person a project is late because you completely screwed up? No. Can you tell a foundation that its “strategic initiative” is idiotic? No.

Can we talk productively about how a particular outcome can be achieved

by each of us playing the parts we can best play? Yes.

Why don’t we get started, and stop wasting time asking the wrong question over and over again? ■

*Jan Masaoka is the editor of Blue Avocado, an online magazine for nonprofits, with occasional articles on philanthropy, such as “Decline and Fall of the Vanguard Foundation,” and “Foundations: Fleas or Elephants?”* [www.blueavocado.org](http://www.blueavocado.org).

## Notes

1. John R. Killacky, “Regrets of a Former Arts Funder,” *Blue Avocado*, 23 June 2011, <http://www.blueavocado.org/node/664>.

# High Impact Strategies for Philanthropy



*Confronting Systemic Inequity in Education*

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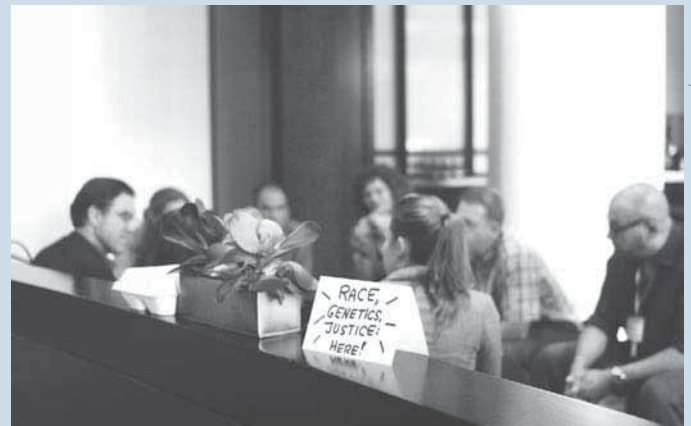
# Tides Foundation

San Francisco, CA  
<http://www.tides.org>  
 Est. 1976

**TIDES**  
 WHAT'S POSSIBLE



*Tides project National Asian Pacific American Women's Forum.*



*Open Space at Tides Momentum Conference 2009.*

Photos courtesy of Tides Foundation.

Social entrepreneur Drummond Pike founded The Tides Foundation in 1976 to ease the work of philanthropists who wanted to build a better future for individuals and communities all over the world. In addition to grantmaking, Tides offers a wide variety of services to facilitate progressive nonprofit work such as fiscal sponsorship, nonprofit management, consulting, mission-related investing, advocacy and more.

Pike retired from the foundation in 2010 and board member Melissa Bradley signed on as CEO. "I had the good fortune to know most of what I was walking into. I also had a pre-existing relationship with Drummond and a healthy understanding of his desires and intentions when starting Tides, and his vision," she said.

The foundation now is celebrating its 35th anniversary, and the occasion has made people look back on all that Tides has accomplished over the years. "The first thing to reflect on is what pioneers Tides and Drummond were. Thirty-five years ago, there was not the

proliferation of donor-advised funds and the levels of fiscal sponsorship and fiscal agency that you hear about today. I also think it's noteworthy that Tides was able to identify the needs of a sector that typically is not known for innovation and really started to shift the traditional trajectory of nonprofits," said Bradley. Long-tenured staff member Tod Hill added, "I think our contribution is being multi-issue and multifaceted, taking on risks and being a place where people can experiment."

Bradley plans to maintain that versatility, and has three goals for the foundation as it moves forward:

- **Continue to be innovative**, supporting nonprofit growth and providing services by which individuals and donors can continue to give and meet their philanthropic goals.
- **Honor the shift that's happening in the sector**, with traditional investment banking firms beginning to talk about philanthropy, capitalizing on the opportunity to collaborate and raise the standard, impact

and dollars going into the sector.

- **Improve and enhance customer service delivery**, ensuring that Tides has the right products, knowledge, capacity and tools.

Hill believes that with Bradley on board, the foundation has a fresh perspective and is positioned for change. Tides started the Tides Learning Community as an institutional learning tool for everyone in the sector. It also signed on to the initiative Philanthropy's Promise.

"The ability for us as a public foundation to move money and to impact and support worthy causes or contribute to campaigns, initiatives or recovery efforts – that's really what philanthropy is all about, providing the support and resources needed to make change," said Bradley.

*This Member Spotlight was written by Meredith Brodbeck, communications associate at the National Committee for Responsive Philanthropy (NCRP).*



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## Select Publications

***Confronting Systemic Inequity in Education: High Impact Strategies for Philanthropy*** October 2010

Authors Kevin Welner and Amy Farley examine the cycle of unequal educational access and opportunities faced by students from marginalized communities. They recommend concrete strategies for philanthropy to help solve this education equity crisis.

***Towards Transformative Change in Health Care: High Impact Strategies for Philanthropy*** April 2011

Americans continue to rely on an inequitable health care system that is fragmented, inefficient and costly. Terri Langston recommends two high impact strategies for grantmakers to more effectively achieve their missions and help address disparate health outcomes resulting from unequal opportunities.

***Strengthening Democracy, Increasing Opportunities: Impacts of Advocacy, Organizing and Civic Engagement in the Gulf/Midsouth Region*** May 2011

NCRP looks at how 20 nonprofits and their allies helped improved their communities and amplified the voices of vulnerable residents in the democratic process through advocacy and community organizing efforts.

visit: [www.ncrp.org/publications](http://www.ncrp.org/publications)

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