Driving Strategy for Social Impact
Strategic Planning for Funders

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Housekeeping Q&A

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Housekeeping Q&A

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Today’s Presenters

Paul Connolly
Senior Partner

Julie Simpson
Senior Strategy Consultant
The Strategy Continuum for Foundations

Charitable Bankers (25%)
- Vague foundation-wide goals
- Internally focused on history and process
- Reactive grantmaking
- No or little assessment

Perpetual Adjusters (25%)
- Some defined goals and implicit strategies
- Decision-making framework mostly internally based
- Mostly responsive grantmaking
- Little assessment

Partial Strategists (25%)
- Multiple goals and implicit planning
- Internal and external data to make decisions
- Mix of responsive and proactive grantmaking
- Assessment mostly at grant level

Total Strategists (25%)
- Clear goals and explicit planning
- Externally focused, with lots of analysis and feedback loops
- Mostly proactive grantmaking strategies
- Ongoing assessment

Source: Center for Effective Philanthropy, *Foundation Strategy Study*, 2007
Poll: Where does your foundation fall along the continuum?
How Strategic Do You Want Your Foundation to Be?

- Determine how strategic you want to be.
- Be aware of your constraints, such as donor restrictions for family and community foundations.
- Acknowledge possible trade-offs related to being more focused.
- Recognize that all types of philanthropy can be beneficial.
- Practice what you preach about being strategic and effective.
Today’s Webinar

This webinar is based on TCC’s briefing paper, *Driving Strategy for Social Impact*. Today, we will discuss strategy for funders:

- Defining it
- Why it matters
- How to get to it
- Final Words
What is Strategy?

TCC Group defines strategy as “an iterative framework that articulates success in terms of desired outcomes, sets priorities, and guides decision making in order to maximize effectiveness.”
Levels of Strategy

- System/ Field/ Sub-Sector
- Community
- Organizational
- Programmatic
Why Develop a Strategic Plan for Your Foundation?

- Understand and manage change in external forces
- Comprehend and address internal issues
- Enable foundation leaders to prioritize and allocate resources well
- Provide stakeholders with clarity about your foundation’s future direction
- Improve your foundation’s effectiveness
Align Your Program Strategy & Capacity-Building Plan

- Mission & Values
- Knowing the Market
- Quality & Effectiveness of Program Strategy

The Fit

Core Strategy for Maximum Mission Impact
What are the Key Components of a Strategic Plan?

- Mission
- Values
- Vision
- Goals
- Objectives
- Strategies
- Implementation detail
Keys to a Successful Strategic Planning Process

- Self-awareness
- Willingness to ask hard questions
- Desire to change
- Inclusiveness
- Strong leadership
The Road to Strategy

If mission is the destination and programs are the vehicle, then **strategy is the guide**.

1. Identify the Right Questions to Ask and Gather the Best Data
2. Turn Data into Knowledge
3. Turn Knowledge into Strategy
4. Make the Strategy Actionable
5. Implement, Assess, Refine
1. Identify the Right Questions to Ask and Gather the Best Data

- Take stock of your foundation’s external situation and internal capacity
- Reflect on the foundation’s mission and values and how it could be more effective
- Determine the critical questions you want to address through the planning process
2. Turn Data into Knowledge

• Know when to **stop** collecting data
• Engage in thoughtful analysis
• Begin to interpret and **make meaning** of the data
• Prioritize findings
3. Turn Knowledge into Strategy

- Use tools such as logic models and scenarios to articulate strategies, desired outcomes, degrees of change, and rates of growth.
- Makes clear to external audiences what your foundation will and will not do in the future.
Focusing the Timeline

The Aaron Diamond Foundation
Creating a Clear Logic Model for Your Programs

• Create a logic model to depict your assumptions about the causal connection between your inputs, strategies, outcomes, and impact related to your programs.

• Involve a range of stakeholders – especially your board members – to develop your program logic model.

• Delineate both your grantmaking strategies and besides grantmaking leadership strategies.

• Use the program logic model as a framework for evaluating your programs.
Sample Foundation Strategy Logic Model

Inputs
- Board
- Staff
- Funding
- Knowledge & expertise
- Commitment to social justice & equity
- Commitment to working in partnership with existing groups
- Grassroots approach
- Evidence-based decision making & investment
- Relationships & reputation

Strategies
- **Access to Economic Opportunity**
  - Grant to support community & economic development
- **Engaging Citizenry**
  - Leadership development fellowships
  - Nonprofit capacity building support (TA & grants)

Short-term Outcomes
- Community development corporations (CDC) & similar entities have access to needed capital
- CDC's & similar entities have access to resources & opportunities to strengthen their business models
- Residents & nonprofits have the skills & tools needed to take leadership roles in rebuilding their communities

Long-term Outcomes
- Safe, affordable, & permanent housing for low-income families
- Communities affected by historic marginalization and economic hardship are more resilient and stable
- Residents & nonprofits lead planning & policy efforts related to economic development

IMPACT
- Communities are equitable, prosperous, & sustainable
Select:

- Areas of concentration where you perceive the greatest need and gap to fill.
- Ideas and approaches that have the power to move people and institutions.
- Points of leverage that connect at small inputs to redirect larger forces.
- People and institutions of unusual capacity and/or influence to set the pace and standard for others.
- For sustainability or survival those threatened by diminishing resources and/or public support.

Some Key Decisions to Make About Your Grantmaking

- How proactive or reactive do you want your grantmaking to be?
- What is the time horizon for your grantmaking?
- What type of grants do you want to make?
- How active do you want to be during each stage of the grant cycle?
- What other activities beyond grant making do you want to pursue to help achieve your goals?
Determine Your Other Strategies, Beyond Grantmaking

Use all of your tools:

- Research
- Advocacy
- Convening
- Capacity building
- Mission-related investments (MRIs)
4. Make Strategy Actionable

- Convene foundation leaders and stakeholders to determine priorities and objectives
- Determine the capacities needed to implement the strategy
- Draft the plan with clear benchmarks of success
“Execution trumps strategy. At the end of the day, what matters is the strength and usefulness of what has been built, not how elegant was the blueprint.”

Former Robert Wood Johnson Foundation President Steven Schroeder
Build the Organizational Capacity You Need to Create the Impact You Want

Consider all aspects of your foundation:

- Mission and values
- Programs
- Governance
- Management and operations
- Human resources
- Endowment and financial management
- External communications
5. Implement, Assess, and Refine

- Make the strategy a “living document”
- Evaluate the success of the plan

1. Identify the Right Questions to Ask and Gather the Best Data
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Ongoing Learning to Refine Strategy

Plan

Evaluate Implement
Keys to a Successful Foundation Planning Process

➤ Be inclusive and involve a broad range of stakeholders.

➤ Be clear about who makes the decisions related to goals, resource allocation, and plans.

➤ Invite candor and constructive criticism.

➤ Emphasize existing assets, while being realistic about where improvements are needed.

➤ Include research about effective practice regarding what has worked elsewhere.
Keys to a Successful Foundation Planning Process

- Ground strategy in detailed and feasible action plans.

- Ensure an integrated process and embrace opportunities to coordinate the strategy with others’ related goals and plans.

- Make tough decisions about what to stop doing and where to stop spending money.

- Determine appropriate measurement tools and times to reflect on how the strategy is being executed.

- Refine strategies based on lessons learned.
And Finally… Stay in Balance

**Technocratic**
- Objective
- Proactive
- Top-down
- Disciplined

**Humanistic**
- Passionate
- Responsive
- Bottom-up
- Agile
Some Ambidextrous Funders

THE F.B. HERON FOUNDATION
Strategy Resources

Driving Strategy for Social Impact
Paul Connolly

How We See Strategy for Nonprofits and Funders
For several decades, the private sector has grappled with the role strategy plays in corporate growth and success. Yet the social sector — encompassing nonprofits, foundations, and corporate citizenship programs — continues to struggle to come to terms with strategy, both conceptually and in practice. For nonprofits and funders, the bottom line is not characterized by metrics such as reported share or profit margins, as it is in the private sector. Rather, success is defined by social impact — the improvement that occurs as a result of an investment in an organization, initiative, or program. Thus, strategy is the pathway to impact — to the change we seek to affect in society. More precisely, TCC Group defines strategy as an "idea, a process, a framework that articulates success in terms of desired outcomes, key priorities, and guides decision making in order to reach impact objectives."

The Best of the Humanistic and Technocratic: Why the Most Effective Work in Philanthropy Requires a Balance

Paul M. Connolly, M.P.P.M., TCC Group

Key Points
- As a more technocratic approach to philanthropy has emerged over the past 15 years, it has been seen as the opposite of humanistic philanthropy.
- Rather than a dichotomy, these approaches are on a continuum.
- The best tools from each approach should be brought to bear thought out together.

Impact. While modern features are now part of the mix, this way of thinking is not new. In the early 20th century, founders like the Rockefeller Foundation followed a "scientific" approach that similarly combined science and social equity.

The Foundation Review