

# PATHWAYS TO GROW IMPACT

PHILANTHROPY'S ROLE  
IN THE JOURNEY

Scaling What Works  
A LEARNING INITIATIVE OF



**Social Impact**  
**EXCHANGE**

**1aproot**  
FOUNDATION



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### GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

Grantmakers for Effective Organizations is a community of more than 400 grantmakers challenging the status quo in their field to help grantees achieve more. Understanding that grantmakers are successful only to the extent that their grantees achieve meaningful results, GEO promotes strategies and practices that contribute to grantee success.

Launched in 2010, *Scaling What Works* is a multiyear learning initiative of GEO to expand the number of grantmakers and public sector funders that are working together to broaden the impact of high-performing nonprofits. Through *Scaling What Works*, GEO offers trainings, networking opportunities and a host of tools and resources to better equip grantmakers to help the nonprofit organizations they support to plan, adapt and grow their impact in creating sustainable benefits for people, their communities and our planet.

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# FOREWORD

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Hope fuels us when the path isn't completely clear or the hill we are climbing seems inordinately high. It enables us to envision and work toward a better, more equitable world even when times are tough. Though recent reports on the nonprofit sector paint a gloomy picture of decimated resources and expanding need, I see extraordinary reasons for hope in the form of:

- ▷ nonprofit leaders who achieve phenomenal things by consistently putting the work ahead of their own egos or organizations,
- ▷ funders who are dramatically changing their approaches to work more effectively in collaboration with others, and
- ▷ community groups that are coming together to tackle major challenges even though progress is slow and the constraints obvious.

It is not a bleak landscape that I see, but one peppered with bright spots and reasons for hope. Many of these bright spots are featured in this report. I'm convinced that with a commitment to do some things differently, we can help high-performing nonprofits make more progress on the issues and causes we care about. The key is to focus on *growing impact*.

When Grantmakers for Effective Organizations launched the *Scaling What Works* initiative in 2010, we understood that many in our community were skeptical about the concept of scale as applied to nonprofit organizations. A series of stakeholder interviews and focus groups revealed that for some the disconnect begins with the use of language borrowed from the business sector that they feel is misapplied in the nonprofit context. For others, scale implies a need for resources far beyond what they could reasonably generate. Still others find that the predominant narrative — which emphasizes spreading programs to more places — applies to only a few, if any, of the organizations they support.

As a community that includes more than 400 grantmakers committed to building nonprofit capacity, providing flexible funds, and encouraging learning and improvement, GEO members are clearly dedicated to nonprofit effectiveness as a means of increasing their impact, yet the idea of scale did not seem to resonate broadly.

At the same time, some of the forerunners in supporting program replication and organizational growth have long been part of the GEO community. Leadership from the Edna McConnell Clark Foundation, REDF, Venture Philanthropy Partners, New Profit Inc., Social Venture Partners, and others has heightened the attention paid to the importance of making decisions on the basis of evidence and the need to build the systems and culture necessary to support such an approach.

Funders who support organizational growth and program replication typically are committed capacity builders who hold themselves accountable for the goals and performance targets their grantees set forth. They provide crucial, flexible support and have pioneered approaches to combining their financial resources with those of others to generate enough money to help grantee organizations achieve big results. And even though not all funders can muster the resources these innovators have been able to bring to bear, every grantmaker can learn from their efforts.

Alongside this good work, others in the GEO community are learning what they can do to better support people and organizations that are making a profound difference without necessarily replicating programs or substantially growing institutions. Approaches such as catalyzing networks and supporting advocacy hold a great deal of promise because they offer ways to respond that are as sophisticated, complex and far-reaching as the issues they seek to address.

This report explores the intersections and differences in various pathways to grow impact in order to spark a conversation that engages more funders and nonprofits. All grantmakers are interested in seeing their grantees achieve as much as they possibly can. Whether you are interested in helping your grantees expand their impact or improve as institutions, we hope that the stories, data and illustrations included here will aid you in your important work. We encourage you to join the GEO community in the discussion by visiting [www.geofunders.org](http://www.geofunders.org).

**Kathleen P. Enright**

President and CEO

Grantmakers for Effective Organizations



# INTRODUCTION

From the outset of the *Scaling What Works* initiative, GEO has supported a conversation about scale that includes a variety of ways nonprofits and their funders are creating more value for communities and making fast and substantial progress on the issues and causes we all care about.

*Pathways to Grow Impact* is for those who want their grant dollars to have a greater effect. This publication isn't a roadmap outlining one route to follow; instead, it identifies the various kinds of support nonprofits need to increase mission impact and explores strategies and practices that grantmakers are using to meet those needs. You will hear directly from a number of successful nonprofit leaders about the ways funders have helped them on the journey to deliver more effectively on their missions.

We offer examples to illustrate several pathways to grow impact, some that involve organizational growth and others that do not. We then match the pathways with specific grantmaker actions to support each approach. For those who want to dig deeper on a particular idea, we've included a list of some of the best resources available (and more are available at [www.scalingwhatworks.org](http://www.scalingwhatworks.org)) in the Select Resources section at the end of this publication (see page 32).



How can grantmakers best support high-performing nonprofits in their efforts to grow their impact?

## How This Publication Was Created

Recognizing that little information exists on the role funders are best positioned to play in growing impact, GEO initiated a collaborative project with Ashoka, Social Impact Exchange (a partnership between Growth Philanthropy Network and Duke University), Taproot Foundation and TCC Group. GEO and our four partners explored this question: *How can grantmakers best support high-performing nonprofits in their efforts to grow their impact?*

We attempted to understand which grantmaker practices are universally beneficial and which are uniquely effective in supporting specific efforts to grow impact. We also hoped to understand the grantmaking practices that impede progress.



Each partner approached the project from a different vantage point. Ashoka tapped its network of Fellows from around the globe, asking them about the kind of support they need most. Many Ashoka Fellows are constrained by extreme resource deficits but possess an abundance of creativity and drive. You'll hear from Fellows who have had a profound impact without abundant resources.

Taproot took advantage of its firsthand experience providing service grants to high-performing nonprofits, many of which are attempting to grow their impact quite ambitiously. Through a series of interviews and focus groups with both funders and nonprofits, Taproot attempted to understand the grantmaker practices that support or hinder these efforts.

TCC Group brought deep expertise in capacity building and a data set of organizational assessments from nearly 3,000 nonprofits that have participated in the group's Core Capacity Assessment Tool. TCC conducted a quantitative analysis of the CCAT data set to find common characteristics among nonprofits that have consistently grown financially at a rate equal to or greater than inflation. The group then probed the practices of funders who supported these organizations.

Social Impact Exchange produced an annotated literature review that analyzes what is known about growing impact (select resources from which are included in this publication). With this content, the exchange built and is maintaining a multimedia database of resources related to scaling organizations and other approaches to growing impact. The database is available at [www.socialimpactexchange.org](http://www.socialimpactexchange.org).

As part of *Scaling What Works*, GEO has published a series of briefing papers and guides on topics related to growing impact. We conducted dozens of stakeholder interviews and included relevant questions in our 2011 national survey of all staffed foundations in the United States. In this report you will find some of what GEO has learned in the course of that work and through feedback from our primary stakeholders — our members.

## Methodology

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Ashoka conducted an in-depth analysis of Ashoka Fellows who are currently part of the Globalizer cohort, many of whom have already reached significant levels of global scale. The Globalizer program includes a subset of Ashoka Fellows with the greatest potential to catalyze global systems change. Through a survey and interviews, Ashoka explored various topics related to the challenges of growing impact, including optimal strategies; organizational structure and management; and legal, financial and other resource requirements.

Ashoka also conducts an annual Global Survey of Fellows that focuses primarily on their impact and on systemic change. This year's global survey — to which 217 Fellows in 42 countries responded — included a set of questions about growing social impact.

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### Social Impact EXCHANGE

Through a field wide scan of content, Social Impact Exchange analyzed the available literature to identify the best set of resources related to grantmaking strategies that support growing impact. This literature review contains links and abstracts, as well as recommendations for future work.

The exchange's report summarizes existing research on the stages of nonprofit growth cycles and readiness to grow for both replication and nonreplication models. The review also includes articles on good business planning, the evaluation and capacity-building needs of organizations at various stages of development, and financing tools and strategies to support growing nonprofit impact.

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Taproot conducted more than 25 in-depth interviews with leaders representing both funders and nonprofits, and conducted two focus groups with leaders from eight nonprofits. The interviews with funders included large traditional foundations, small community foundations and corporate funders as well as funders who support growing impact and those that do not.

Taproot explored how the funding community can make practices to grow impact more accessible for nonprofits. In particular, Taproot asked interview subjects to identify grantmaking practices that either supported or hindered a nonprofit's effort to grow its impact, with special attention to whether specific types of grantmaker support are helpful at certain points in the nonprofit life cycle.

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TCC analyzed its Core Capacity Assessment Tool data set to identify the factors that make some nonprofits more likely to grow in budget size. Using an organization's ability to meet or beat inflation as the definition for growth, TCC found 124 nonprofit organizations in its 2,710-organization data set that were three times as likely to grow consistently over a two-year period. From that subset, the group identified three capacities that appear to predict whether an organization grows at a rate that beats inflation.

The group investigated these capacities through interviews with nonprofits from the CCAT data set. Nonprofit leaders whose organizations grew steadily were asked to identify the grantmaker practices and specific funding partners that had helped them build these capacities. TCC then conducted a round of interviews with funders who exemplify these practices, in an effort to better understand the strategies they use.





# WHAT WE MEAN BY SCALE


Like many buzzwords, “scale” conjures up different meanings for different people. In fact, several grantmakers we interviewed acknowledged that multiple concepts and definitions exist even among their own staff and trustees. The majority think of scale in terms of bigger organizations and programs replicated in more sites. However, scale can also refer to ways to expand impact beyond the walls or the oversight of one organization.

For the purposes of *Scaling What Works* and this project, we define scale as growth in impact. Our partners explored the full spectrum of possibilities, but in this report we describe the type of growth in impact that we’re talking about rather than using the label “scale” to refer to any type of growth.


Those who write about and research scale increasingly support an expanded view that includes many pathways to grow impact. After all, the most important thing to scale is not the size of an organization, but the results it achieves. Bridgespan Partner Jeff Bradach takes this point even further when he observes, “The question now is ‘How can we get 100x the impact with only a 2x change in the size of the organization?’”<sup>1</sup>

Only 15 percent of the case studies and publications cited in the literature review conducted for this project relate to efforts to grow impact that go beyond program replication and organizational growth. Clearly, a need exists for a greater understanding of nonreplication approaches.

To illustrate the multiple pathways to grow impact, GEO has adapted a synopsis that originally appeared in *The Evaluation Exchange*, a publication of the Harvard Family Research Project. By categorizing different approaches to scale and providing definitions of what scale means in each of these contexts, this framework helps outline strategies for growing impact. To add clarity, we’ve included an example that illustrates each of the strategies as well as indicators that suggest readiness to follow a particular pathway. On page 30 we map supportive grantmaker practices for each pathway.



The most important thing to scale is not the size of an organization, but the results it achieves.



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1. Jeffrey Bradach, “Scaling Impact,” *Stanford Social Innovation Review* 8, no. 3 (Summer 2010): 27.

TABLE 1. FOUR APPROACHES TO GROWING IMPACT<sup>2</sup>

What Is Scaled	Definition of Scale	Recognizing Readiness
 <p><b>Program</b> A system of projects or services that meets a need for individuals or communities.</p>	<p>Increasing the reach of a program that research has shown to be effective in the same location or copying the program with the expectation that it can or will produce the same results in different places. Scaled programs often allow for flexibility in implementation to adapt to local context.</p>	<p>Program has demonstrated reliable results for a specific population over a period of time.</p> <p>Well-documented quality assurance measures are in place.</p>
 <p><b>Idea or innovation</b> A new way of thinking about or doing something; a new solution to a problem.</p>	<p>Spreading an idea among individuals or organizations within a certain area or system (geographic, organizational, professional); ideas can be adapted to fit different purposes or contexts.</p>	<p>Idea is shown to have currency in a limited setting.</p> <p>Idea has been recognized by key leaders in the community.</p> <p>Innovation is relevant to a challenge many experience.</p> <p>Capacity exists to disseminate idea broadly (e.g., effective spokespeople, marketing support).</p>
 <p><b>Technology or skill</b> A product, tool, technique or practice.</p>	<p>Increasing the number of people or places that use or apply a technology, practice or approach.</p>	<p>Technology or skill has had demonstrable impact on solving a social problem or strengthening organizations.</p> <p>Technology or technique is open to the public and customizable.</p> <p>Measures are in place to maintain and improve technology.</p> <p>Others have the capacity to adopt the technology or skill.</p>
 <p><b>Policy</b> A plan of action adopted or pursued by a government body, corporation or other institution.</p>	<p>Ensuring that ideas expressed as policy are transformed into behavior throughout a place or jurisdiction (e.g., city, county, state, region, country).</p>	<p>Organizers have successfully influenced legislation or administrative policy in a particular jurisdiction.</p> <p>Approach can be adapted by other groups in a network.</p>

2. Adapted from Julia Coffman, "Broadening the Perspective on Scale," *The Evaluation Exchange* (Harvard Family Research Project) 15, no. 1 (Spring 2010): 3.

# Examples of Pathways to Grow Impact



## PROGRAM

The Center for Employment Opportunities is growing its operation and replicating its model of providing comprehensive employment services to men and women with recent criminal convictions. By keeping participants in the mainstream workforce, CEO's model makes it more likely that they will maintain their freedom. For the first 15 years of operations, CEO worked exclusively in New York City and spent that time improving and codifying its programs. Recently — through grants from the Social Innovation Fund administered by the Corporation for National and Community Service, grantmaker intermediaries REDF and the Edna McConnell Clark Foundation, and private donors including the George Kaiser Family Foundation and Open Society Foundations — CEO has opened offices in upstate New York, the San Francisco Bay Area, San Diego and Oklahoma. The combined resources enabled CEO to serve 3,078 people in 2012, including 1,010 outside New York City, and place 1,663 people in permanent jobs, including 521 outside New York City.



## IDEA OR INNOVATION

**Innovation.** Before September 11, 2001, online giving was a rarity. Individual donors had a hard time accessing the entities they hoped to fund, and only the largest nonprofits were equipped to receive donations online. In the wake of September 11, AOL, Yahoo and Cisco Systems came together to create an independent nonprofit organization called Network for Good. Their vision was to make it as easy to donate online as it is to shop online. They created a customizable donation processing service to enable all nonprofits to accept credit card gifts online. Anyone who has made an online gift recently has witnessed the scale that Network for Good's "Donate Now" button has achieved. The organization serves more than 100,000 nonprofits, and many more have adopted the innovation of a "Donate Now" button.

**Idea.** Those born after the 1970s are likely to be shocked at how much the characters on the television series *Mad Men* smoke. One memorable scene is when Don's wife is in the kitchen chatting with her pregnant neighbor, who is puffing a cigarette and sipping a martini. The social acceptability of smoking, though unquestioned in the 1960s, has shifted drastically through the hard work and advocacy of a variety of organizations, including the Campaign for Tobacco-Free Kids. Recognizing that 90 percent of adult smokers began the habit as teenagers,

the Robert Wood Johnson Foundation created the campaign in 1996 to develop a national strategy to reduce smoking by young people. One of its four original goals was “to serve as a media center that would develop national information efforts to prevent youth tobacco use and counter the promotional efforts of the tobacco industry.”<sup>3</sup> The campaign has made great progress in changing the image of smoking among teens from rebellious and cool to stupid and gross. Far fewer teens use tobacco now than a decade ago.<sup>4</sup>



## TECHNOLOGY OR SKILL

Since the mid-1990s, KaBOOM! has worked to solve a problem it calls “the play deficit,” using a community-driven model to improve the well-being of children and the neighborhoods in which they live. In the process of building more than 2,200 playgrounds, KaBOOM! has refined an approach that enables any community group to lead a successful playground project. Through support from Dr Pepper Snapple Group, KaBOOM! awards grants to communities interested in following its process. Through the Let’s Play initiative, by the end of 2013 KaBOOM! will have empowered communities to build or spruce up 2,000 playgrounds in three years. Not only has codification and adoption of a community-led process resulted in many more playgrounds, KaBOOM! has discovered that it also leads to greater ownership and more use of the playgrounds.



## POLICY

College Summit works with high school principals, teachers and influential students in lower-income communities to raise the college enrollment and success rates among 50,000 students annually in 180 high schools in 12 states. Recognizing that most high schools measure their success through high school graduation rates rather than college enrollment or success rates, College Summit began an advocacy effort to change that dynamic. Though it took years of work with Members of Congress and the Department of Education, College Summit successfully advocated for giving parents and educators data on the college-going and success rates of their high schools. Through Race to the Top, the American Recovery and Reinvestment Act and the No Child Left Behind waiver, policy makers are making it easier for students, parents and educators to build a culture and expectation of college readiness at many high schools, advancing College Summit’s core purpose of raising college enrollment and retention rates.

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3. Digby Diehl, “The Center for Tobacco-Free Kids and the Tobacco-Settlement Negotiations,” *To Improve Health and Health Care 6*, eds. Stephen L. Isaacs and James R. Knickman (2003). Available at [www.rwjf.org/content/dam/web-assets/2003/01/the-center-for-tobacco-free-kids-and-the-tobacco-settlement-nego](http://www.rwjf.org/content/dam/web-assets/2003/01/the-center-for-tobacco-free-kids-and-the-tobacco-settlement-nego).

4. According to the 2011 National Youth Tobacco Survey, 34 percent of teens smoked in 2000 and only 23 percent in 2011. Centers for Disease Control and Prevention, “Current Tobacco Use Among Middle and High School Students – United States,” *Morbidity and Mortality Weekly Report 61* (2011): 581 – 585. Available at [www.cdc.gov/mmwr/preview/mmwrhtml/mm6131a1.htm](http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6131a1.htm).



## MULTIPLE PATHWAYS

Playworks is attempting to transform school recess into an interlude that engages kids, prevents bullying and sends kids back to the classroom ready to learn. Playworks has relied on multiple pathways to grow its impact over the past 16 years. Its current goal is to provide safe, healthy school-based play for more than a million kids in 27 cities by 2015. To achieve this ambitious goal, Playworks is relying on a combination of direct program replication, skills transfer and movement building.

- **Program:** Since its inception, Playworks has replicated its program. So far, it has placed full-time coaches charged with transforming recess in schools in 22 cities across the United States.
- **Skill:** Playworks is training teachers and other school staff so that its model is available in more schools than it could directly reach with full-time coaches.
- **Policy:** Founder and CEO Jill VIALET describes the third pathway as “movement building.” Playworks is galvanizing parents, teachers, staff and administrators to ensure that school policies enforce its principles — that recess and structured play time are part of every school day.

## What Does This Mean for Grantmakers?

Though only a very few foundations, primarily larger ones, explicitly articulate scaling as part of their strategy, all grantmakers want their grantees to have a greater impact. Most grantmakers support nonprofits that employ one or more of the approaches outlined in table 1 on page 8.

Scale is clearly part of the mission of most grantmakers when it is defined as growing impact. It can be accomplished through activities as varied as advocating for policy change, transferring technology or skills, marketing an idea or replicating a program. One person we interviewed observed, “We’re all doing it; we’re just using different words.”



# SUCCESS FACTORS FOR NONPROFITS

No conversation about the grantmaker's role in growing impact would be complete without listening to and synthesizing the input of nonprofit leaders engaged in this work. Our partners explored the characteristics and capacities these organizations possess as well as what they say they need most from grantmakers.

As table 1 shows, there are multiple pathways to grow impact, and they are often undertaken in combination. Growing an organization is not an end in itself but one strategy for expanding impact. In this section, we explore the capacities nonprofits have cultivated to pursue a few specific approaches to growing impact. The information does not map directly to specific pathways, but it comes from nonprofits that have diverse experience with various pathways. Ashoka Fellows identified the capacities critical to their success primarily in scaling an idea, innovation or policy, and TCC Group's work uncovered core characteristics and behaviors common to organizations that grew financially. In the next section, we detail the grantmaker practices that best support those capacities.



For funders, an important conversation to have with grantees is whether the nonprofit is pursuing the most appropriate pathway(s) and whether the chosen approach plays to its strengths.



For funders, an important conversation to have with grantees is whether the nonprofit is pursuing the most appropriate pathway(s) and whether the chosen approach plays to its strengths. This publication is not a guide to help nonprofits choose the right approach, nor do we include a comprehensive list of what nonprofits need to grow impact; however, some helpful publications on this topic are listed in the resource section.

The content related to success factors for nonprofits has been divided into two sections. The first section focuses on the characteristics and behaviors of organizations that have grown financially. The second section looks at nonprofit efforts to expand impact that do not necessarily include organizational growth.

## Growing an Organization

In tough economies, some nonprofits find ways to sustain and even grow their organizations, although growth of any magnitude remains extremely rare. TCC Group attempted to discover what, if anything, is different about the competencies of growing organizations compared with those that remain stagnant or shrink. They discovered three statistically significant variations. The small subset of organizations in the data set that were three times as likely to grow at a rate that was equal to or greater than inflation had well-developed capacities to engage in research and design, to generate revenue that enables independence and to ensure program reliability. Table 2 outlines these core capacities as well as some key milestones and behaviors for nonprofits.

TABLE 2. CAPACITIES OF ORGANIZATIONS THAT GREW AT A PACE THAT BEATS INFLATION

Capacities	Developmental Milestones	Key Behaviors in Growing Nonprofits
<p><b>Research and Design</b></p> <p>The ability to gather and interpret data from those served and to use the findings to inform program design and implementation. This is important because competence in research and design typically signals a commitment to learning and improving over time, which enables leaders to understand what is working and make changes to achieve more.</p>	<ul style="list-style-type: none"> <li>▶ Developing a preliminary program model and engaging in research and development to figure out what works.</li> <li>▶ Formalizing research and development efforts so that the organizations can move from an output to an outcomes focus.</li> <li>▶ Institutionalizing the research and design capacity and integrating it with performance management systems.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Decide on outcome metrics by listening to, documenting and sharing client success stories and results.</li> <li>▶ Gather data directly from program recipients to determine how to improve services.</li> <li>▶ Engage key leaders and staff in making meaning out of client-derived data.</li> <li>▶ Identify patterns and themes in program data that show which program ingredients worked, for whom, and how.</li> <li>▶ Bring program design leaders together to assess and address the resources needed to deliver programs effectively.</li> <li>▶ Leverage insights to inform the program implementation team.</li> </ul>
<p><b>Independent Revenue Generation</b></p> <p>The ability to generate sustainable and diversified funding while resisting funding that comes with strings attached related to program design. This is important because organizations need flexibility and reliable funding to invest in program growth.</p>	<ul style="list-style-type: none"> <li>▶ Acquiring first big grants and building the internal capacity to report on them.</li> <li>▶ Investing in the capacity to identify and acquire sources of unrestricted revenue, such as individual donations and program fees.</li> <li>▶ Acquiring additional donors, grants, fees and possibly government contracts.</li> <li>▶ Using solid outcome data to inform funders and prospective funders about what the organization is achieving.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Make sure the strategic plan is anchored in resourcing and improving impact.</li> <li>▶ Diversify funding streams to avoid dependence on a few large grants.</li> <li>▶ Use design lessons and quantitative data to make the case for funding.</li> <li>▶ Move toward diluting any one funder's influence on program by acquiring numerous repeat donors or customers.</li> <li>▶ Maintain control of program design and implementation, which means resisting funding that includes program design strings.</li> <li>▶ Conduct feasibility analyses, including understanding the real costs, before taking on new funding opportunities or launching a new program.</li> </ul>
<p><b>Program Reliability</b></p> <p>The presence of a codified program model and performance measurement and management system to ensure that programs are consistently delivered in a high-quality way. This is important because growth through program replication hinges on the consistent delivery of the approach.</p>	<ul style="list-style-type: none"> <li>▶ Ensuring consistent delivery of program model(s).</li> <li>▶ Beginning to measure and manage to outputs and cost efficiencies.</li> <li>▶ Integrating performance metrics into a performance management system tied to staff assessments.</li> <li>▶ Understanding cost per outcome as a means of strengthening relationships with funders.</li> <li>▶ Understanding how outcomes may vary depending on context.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Document program processes and systems in operating manuals and guides.</li> <li>▶ Train staff and volunteers to deliver the program as it is designed.</li> <li>▶ Invest resources to strengthen and improve programs.</li> <li>▶ Assess staff and make staffing decisions based on program data and client results.</li> <li>▶ Use data to monitor program delivery.</li> <li>▶ To maintain quality, invest in sufficient program managers as the number of implementers grows.</li> <li>▶ Develop cost-per-result metrics to manage accountability.</li> </ul>



# Growing Impact Without Focusing on Growing the Organization

Building an effective organization is an important part of most efforts to grow impact. However, more and more practitioners understand that large-scale impact requires them to work in nontraditional ways with numerous partners. This approach recognizes the interdependence of the people and organizations working on social change. In fact, collaboration and working through networks can speed progress by including new and diverse perspectives, encouraging more open knowledge sharing and decentralizing action. GEO has published several reports for funders on the role of networks in social change (<http://geofunders.org/geo-publications/566-networks>).



Market mechanisms and economies of scale that enable corporate growth do not usually apply to the social sector.



Many Ashoka Globalizer Fellows are thinking and acting beyond the boundaries of their organizations. This approach gained momentum after Fellows ran into problems when they focused on growing their organizations and their budgets as a means of expanding impact. Their principal work became fundraising rather than mission execution, and they discovered that with every new location or beneficiary group, the complexity of the work increased at a rate faster than the organization could absorb. These concerns are frequently mentioned in critiques of program replication or geographic expansion.<sup>5</sup>

As a result of these problems, many Fellows now focus on spreading an idea or policy rather than the organization. In particular, they use open source models and cultivate smart networks. Fellows identified the following four factors as critical to their success:

- ▶ **Cultivating networks.** Market mechanisms and economies of scale that enable corporate growth do not usually apply to the social sector. Thinking of growing beyond the reach of one's own organization creates a sense of shared mission with others and activates more people and resources that can be deployed to the mission. Cultivating networks requires building relationships based on trust and dedicating time and attention to understanding the skills and capacities of other organizations.

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5. For example, see these publications: Jeffrey Bradach, "The Challenge of Replicating Social Programs," *Stanford Social Innovation Review* vol. 1 (Spring 2003) p. 18-25. Greg Dees, Beth Anderson and Jane Wei-Skillern, "Pathways to Social Impact: Strategies for Scaling Out Successful Social Innovations," Center for Advancement of Social Entrepreneurship at Duke University, 2002.



- ▷ **Hiring staff who put the mission first.** To create a culture that puts the mission above the organization, leadership and modeling from the very top are critical. When an organization succeeds in hiring people with the skills and confidence to be owners of the mission and not just implementers of the organization's programs, staff members are just as likely as the CEO or board of directors to generate game-changing ideas to advance the mission. But this culture shift isn't simple — bureaucracy and interoffice protocols hamper a culture that places the mission first because the focus is on what the organization needs rather than what the work requires. Additionally, current funding systems reward organizations that link their actions to specific achievements, which can become a barrier to creating a staff culture that puts the mission first.
- ▷ **Clarifying key elements of the approach to encourage its proliferation.** Before they begin an effort to expand impact, Ashoka Fellows figure out what is at the core of the approach and how it might be applied in various contexts and circumstances. Is it an insight or emerging way of thinking that pertains only to work with certain populations, or can it be applied more broadly? How might the program or service model be flexible, and which aspects must remain the same? In this process, the Fellows look at the organization's theory of change and try to understand what the organization does better than anyone else.
- ▷ **Appointing an evangelist-in-chief.** Growing impact by spreading an idea or approach or through policy change requires a different set of leadership behaviors than growing an organization or replicating a program. The former may include communication and relationship-building skills along with expertise in advocacy or facilitation. Ashoka Fellows coined the title "evangelist-in-chief" to describe the role they often play. Whether it is the founder, an executive leader or a board member, the evangelist-in-chief inspires others to adopt a certain idea or approach. This requires dedicated resources and attention, so the founder or executive leader who fulfills this role will have to delegate operational duties to others. An organization that does this successfully attracts reporters, prospective employees and funders.



Growing impact by spreading an idea or approach or through policy change requires a different set of leadership behaviors than growing an organization or replicating a program.



With a better understanding of some of the characteristics and capacities necessary to grow impact, the question becomes, "What role are grantmakers best positioned to play?" We explore this question in the next section.

# PUTTING THE MISSION FIRST

## JERRY WHITE, SURVIVORS CORPS, CULTIVATOR OF NETWORKS AND PARTNERSHIPS

As a 20-year-old exchange student in Israel, Jerry White stepped on a landmine and lost his right leg while hiking in the Golan Heights. Several years later, while working as a policy analyst in Washington, D.C., Jerry co-founded the Landmine Survivors Network to help war victims worldwide, 80 percent of whom are civilians. In the mid-1990s, as the International Campaign to Ban Landmines was picking up steam, Jerry and his co-founder combined forces with the campaign. Though relatively small, LSN mobilized critical assets for the effort: the stories, perspectives and participation of landmine survivors and their families. Jerry was also instrumental in bringing iconic ambassadors such as Princess Diana and Queen Noor of Jordan into the movement. Jerry became one of the recognized leaders of this campaign, which won the Nobel Peace Prize in 1997.

Today, 160 countries have joined the Mine Ban Treaty and more landmines are coming out of the ground than going in. Jerry convinced Israel and Palestine to pass unprecedented legislation in 2011 to clear hundreds of thousands of old mines. None of these global treaties or achievements would have been possible if Jerry had focused solely on organizational growth, because he would have spent all his time concerned about talent management, office space, payroll and other operational issues rather than building the network of relationships needed to fuel collaborative campaigns and movements. Only through mission-driven partnerships could Jerry accomplish what he had hoped.

# THE EVANGELIST-IN-CHIEF

## THORKIL SONNE, SPECIALISTERNE, EVANGELIST-IN-CHIEF

Thorkil Sonne founded Specialisterne in Denmark as a response to his son's autism. Specialisterne is an IT consulting company that employs high-functioning people with autism. The organization recognizes that autistic people have unique skills, such as attention to detail, precision and an unerring focus that could bring great value to companies. Its parent organization, the Specialist People Foundation, helps people with autism live fulfilling lives and access employment opportunities. Previously Thorkil served as CEO of both Specialisterne and the Specialist People Foundation. In an effort to serve a much larger number of people with autism spectrum disorders, he embraced the role of evangelist-in-chief and began to spend more time getting to know and understand the work of related organizations, making public presentations and keeping others closely connected to the work. To make this new focus possible, he appointed a CEO and became the chairman of the board. He describes his current role as developing and managing stakeholder relations and creating the interest to take the concept much further.

After eight years of building his staff, Thorkil has a team of active problem solvers who balance the social mission with the business side, which enables him to concentrate on generating the attention and support the idea needs to fulfill the goal of securing one million jobs for people with autism and similar challenges worldwide.



# THE GRANTMAKER'S ROLE IN GROWING IMPACT

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The work of our four partners confirms that the core practices GEO has advocated over the course of its history are crucial to organizations while they grow their impact. This makes sense because nonprofit effectiveness is important regardless of the approach to growing impact. Though each research partner was working with a different population, approach and source material, each pointed to a few of the same fundamental grantmaker practices:

- ▷ **Provide flexible funding in appropriate amounts over the long term.**
- ▷ **Fund data and performance management capabilities.**
- ▷ **Support capacity building and leadership development appropriate to the context.**
- ▷ **Support movements.**

This section includes an in-depth look at four practices that are helpful regardless of the approach. However, the project did reveal that certain funder practices are specific to the pathway a nonprofit is pursuing to expand its impact. (Table 3 on page 30 offers recommendations that differ according to the approach to growing impact.)

## Flexible Funding Over the Long Term

Nonprofit leaders reinforced the importance of flexible funding in large amounts over the long term. Thorkil Sonne of Specialisterne in Denmark says organizational support is important because “Entrepreneurs need room to move according to the vision and strategy and should not be restricted to specific project plans when need changes.” According to Mary Gordon of Roots of Empathy in Canada, “Grantmakers should walk a mile in the shoes of the social entrepreneur to appreciate the diversity of challenges and the need to support the less visible areas, such as preventing staff burnout.”

One grantmaker whose funding strategy reflects an understanding of the importance of flexible funding to nonprofits is the Cricket Island Foundation. The foundation’s trustees initially decided to make general operating support grants of three to five years but then expanded the timeframe to eight years. They invest deeply in small- to medium-sized nonprofits because they recognize the difference these grants make for growth and development.



## Ashoka Fellows confirmed that program-restricted funding and single-year funding impeded their attempts to grow impact.



Most funders and nonprofits agree that providing more general operating and multiyear support is crucial to aid high-performing nonprofits. This funding enables nonprofits to pay for important technology and infrastructure and to keep their focus on their missions. Over the past eight years, GEO has constructed a case for general operating support and has built tools and resources to help grantmakers as they increase this kind of giving (<http://geofunders.org/geo-publications/577-general-operating-support>).

In a survey, Ashoka Fellows confirmed that program-restricted funding and single-year funding impeded their attempts to grow impact. They ranked unrestricted funding to support institution building and facilitating contacts with other potential funders as highly important. In its analysis of data for organizations that grew financially, TCC Group found that these organizations had diverse and autonomous sources of funding and funders that provide operating support and invest for the long term.

Some nonprofit leaders emphasized the importance of flexible dollars to grow impact. David Carleton, director of Catalyst Kitchens, recognized the importance of Boeing's support in the start-up year: "They provided funding with no strings attached and no restrictions, just pure support for our mission and strategy. Not only was it critical financial support in our start-up year, but it was a vote of confidence that boosted morale and momentum — and sent a positive message to other funders."

Other executives said that unrestricted funding is equally important in other phases of organizational life. According to Bradford Smith, president of the Foundation Center, "[General operating support] may even be more effective for organizations that are moving beyond the start-up phase. Organizations moving beyond start-up need the funding flexibility to concentrate on what they do best. So if only programmatic support is provided, it can cause dilution. General operating support allows organizations to focus on their core work."

In addition to the need for flexible support for the expenses associated with growing impact, Taproot heard that artificial limits on funding that can be allocated to administration can inhibit organizational growth. Organizations often need training, new technology or more sophisticated financial management systems to grow their impact; limits on overhead may cause them to forgo or delay these important investments.

Mike O'Brien, CEO of iMentor, made the connection between operating support and a focus on performance management: "A majority of iMentor's support has been general operating funds, which was absolutely critical to our success. But in order to get this, we had to articulate a compelling case for general operating funds to our funders, with accountability around the program's performance built in." For some funders, working this way requires a mindset shift: Rather than giving support to troubled organizations and continually trying to fix them, they choose

to find the organizations that prioritize continuous improvement and managing to outcomes and give them the flexible support they need to achieve more.

The Edna McConnell Clark Foundation fuels successful fundraising by its portfolio members not only by committing its own support over several years but by drawing other funders to the work. Since 2004, EMCF has invested \$21.5 million in Youth Villages. When the foundation launched its capital aggregation pilot in 2007, it secured nine additional funders along with Youth Villages' board of directors to secure an additional \$40 million for the organization. Since the successful completion of the first campaign, Youth Villages and EMCF have nearly completed a second round to raise \$45 million to support Youth Villages' business plan for 2013 through 2017.

When it launched the Campaign for Tobacco-Free Kids in 1996, the Robert Wood Johnson Foundation not only gave an initial grant of \$20 million, it secured \$10 million in support over five years from the American Cancer Society. Since then, the foundation has invested an additional \$80 million in the organization. Clearly, the foundation's multiyear commitments played a crucial role in the campaign's success.

## TRENDS IN GENERAL OPERATING SUPPORT

GEO's 2011 national study of grantmaker practice shows that general operating support dollars have held fairly steady. Thirty-five percent of grantmakers said their general operating support had increased slightly or a lot in the past two years, while only 15 percent said that total dollars for general operating support had been reduced slightly or a lot in the same period.<sup>6</sup>

Disappointingly, the practice of giving multiyear support took a hit during the recession. In 2008, 41 percent of grantmakers said they rarely or never made multiyear grants of two years or longer. By 2011, that number had jumped to 71 percent. Some hope can be derived from the fact that more than half (54 percent) of those who decreased their multiyear commitments said they did so because of the recession.

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6. For full results of the study, see *Grantmakers for Effective Organizations, Is Grantmaking Getting Smarter?* (Washington, D.C.: GEO, 2012). Available at [www.geofunders.org](http://www.geofunders.org).

## Supportive Funder Practices

- Make larger grants.
- Show a preference for general operating support.
- Do not place arbitrary limits on administrative spending or overhead without a clear understanding of the organization's business model or phase of organizational life.
- Stick with organizations after they become more successful fundraisers.
- Make multiyear commitments.

## Data and Performance Management

The sophisticated use of data and evidence is well understood to be critical in program replication, yet nonprofits growing impact through other means also benefit from using data in decision making and attending to performance management and continual improvement. “[Research and design] motivates you to always examine what you are doing and refocus if need be,” said Linda May, executive director of the Simmons Foundation.

A commitment to performance management may start simply — for example, by consistently issuing an online survey to get user feedback or instituting after-action reviews following major activities — but these simple steps can lay the foundation for a culture of reflection that serves the organization well throughout its life.

The Bruner Foundation in Cambridge, Mass., has been building the evaluation capacity of its grantees and the broader nonprofit community for nearly two decades.<sup>7</sup> Behind this commitment is the belief that organizations are better equipped to deliver on their missions if they are clear about what they are doing, understand whether they are making progress and use information to make decisions. Beth Bruner, the foundation's director of effectiveness initiatives, said, “High-performing organizations need to cultivate the ability to learn from their work in an ongoing, systematic way so that they can improve over time.

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7. For more information on the Bruner Foundation's evaluation work, go to [www.brunerfoundation.org](http://www.brunerfoundation.org).

However, thinking evaluatively involves a skillset that does not necessarily come naturally and that few other funders are willing to fund explicitly. The difference it makes for organizations has been palpable.” Staff training and a coach to guide the organization through an evaluation enabled LifeSpan in Rochester, N.Y., to make more decisions based on data. Ann Marie Cook, president and CEO, said, “With the support for evaluative thinking from the Bruner Foundation, Lifespan has transformed itself into a data-driven organization. We base decisions about our procedures, programs and services on evaluation results. Evaluation findings are used to expand and, in some cases, contract services.”

Data can be an enormous asset for learning and improvement. However, used the wrong way, data and performance management indicators can backfire, leading funders to punish grantees for worse-than-expected results or waste time gathering data that do not lead to improvements. That tension played out in GEO’s 2011 study of grantmaker practice, which found that the principal use for evaluation is to assess outcomes and whether original objectives were achieved. Strengthening future grantmaking and contributing knowledge to the field were much lower on the list of intended purposes.

This is important because learning is a key predictor of organizational sustainability and growth, according to previous research by TCC Group.<sup>8</sup> The analysis of CCAT data for this project shows that when nonprofits engage in research and design behaviors — such as gathering data directly from beneficiaries and having staff make meaning out of such client-derived data — the organizations are almost two and a half times more likely than other organizations to grow faster than the rate of inflation.

Katie Merrow, vice president of program at the New Hampshire Charitable Foundation, noted that “[Sophisticated performance management] takes sustained, significant investment. It takes money. It takes capacity.” Yet funders often rely on a nonprofit’s existing commitment to data and performance management rather than investing in its development. TCC Group found that funders of nonprofits that were growing financially didn’t necessarily support the construction of performance management capacity; instead, they looked for organizations that already had it. John Mighton, founder of JUMP Math in Canada, offered this advice to funders: “Invest in evidence; help grantees find ways to prove that what they are doing works. This has been critical for our scaling success.”

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8. Peter York, “Success by Design: How R&D Activates Program Improvement and Innovation in the Nonprofit Sector,” TCC Group, 2011. Available at [www.tccgrp.com/pdfs/7-21\\_TCC\\_Briefing\\_Paper\\_LR.pdf](http://www.tccgrp.com/pdfs/7-21_TCC_Briefing_Paper_LR.pdf).

Susan Comfort, former vice president of philanthropy at KaBOOM!, confirmed that support to build data management capacity was important to their progress. “Knight Foundation, one of our few private funders, provided capacity building to improve our data-gathering and evaluation skills. We were good at data gathering before, but now we are much better at showing impact.”

Funders’ desire to direct capital to organizations on the basis of evidence of impact, as logical as it seems, may have a dampening effect on the organizations’ willingness to embrace a learning and improvement mindset. It is difficult to strike an appropriate balance between creating relationships with grantees that emphasize learning and improvement and expecting strong evidence of results. Caroline Casey of Kanchi/Ability Awards in Ireland hopes grantmakers are willing to take risks with the understanding that some ideas will fail. She said, “Not just ‘patient capital’ but ‘failure capital’ is required.” Not only did some nonprofit leaders acknowledge that they do not feel safe enough to fail; the expectation of generating evidence of impact often comes as an unfunded mandate, with few funders explicitly willing to underwrite evaluation and performance management efforts.

The Skillman Foundation is an exception. Through its support for Data Driven Detroit (a data intermediary that provides information and analysis to help local nonprofits and public officials make more informed decisions), Skillman is making a long-term investment in the evaluation, data collection and analysis capacity of the Detroit nonprofit, residential and civic sectors.<sup>9</sup>

## Supportive Funder Practices

- Underwrite an organization’s efforts to build performance management capacity.
- View data that do not meet expectations as an opportunity for learning rather than an indication of failure.
- Invest in nonprofits that prioritize real-time feedback systems and processes.
- Model a commitment to learning and improvement by acknowledging mistakes and being willing to discuss your own performance data.

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9. For more information on Data Driven Detroit, visit [www.datadrivendetroit.org](http://www.datadrivendetroit.org).



# Capacity Building and Leadership Development

Whether growing in organizational size or adopting a more sophisticated approach to communications or public policy, nonprofit organizations often need contextual capacity building. The underlying practice is to provide capacity building as needs arise to help organizations change in the ways they must to succeed. Building capacity in real time might involve underwriting a new public policy director or COO, supporting training for staff in constituency management or upgrading the database. It may also include underwriting new facilities or technology.

Omidyar Network offers an example of providing capacity-building support appropriate to the grantee's context. Omidyar Network takes a "risk capital" approach to philanthropy, providing support for untested ideas at high-performing organizations and, according to one of its grantees, doing it without micromanaging. Comfort said, "Omidyar provided organizational support along with investment support. They would meet with us several times a year to work on different capacity-building needs like succession planning, board development, etc. This support was critical to our growth."

According to TCC Group's study, funders of the organizations that have consistently grown financially provide targeted, responsive and action-based capacity building. These grantmakers often rely on management support organizations and intermediaries to help support performance management capacity.

TCC Group itself serves as an intermediary for a group of funders interested in supporting high-quality reporting and the inclusion of diverse voices in the media. The Challenge Fund for Journalism, administered by TCC Group, provided matching grants, coaching and other support to 53 nonprofit media organizations across the United States to help them engage in strategy development processes and secure new sources of funding. According to Calvin Sims, program officer for news media and journalism at the Ford Foundation, the Challenge Fund provided much more than funding: "It focused on the knowledge and tools to revamp business models, tap new sources of support, and become more resilient."

## TRENDS IN CAPACITY BUILDING

Foundations are becoming more willing to invest in capacity building; in GEO's national study of philanthropic practice, more than twice as many grantmakers reported increasing their capacity building in the past two years (30 percent) as reported decreasing it (12 percent).

## INVEST IN COLLABORATIVE LEADERSHIP

Most high-performing nonprofits are led by inspiring, visionary leaders. Leadership is a key ingredient for all efforts to grow impact. Yet the type of leadership many effective social entrepreneurs are now exhibiting — and the approach that will enable them to more quickly grow their impact — is a collective, facilitative and networked approach. Funders can grow impact by supporting organizations that are built to outlast their founders and by helping leaders shift toward collaboration.



The type of leadership many effective social entrepreneurs are now exhibiting — and the approach that will enable them to more quickly grow their impact — is a collective, facilitative and networked approach.



According to Jock Edwards, president of the Sherwood Trust, “I think the next big hurdle for the field to clear is developing skills to work with government ... to develop the skillset of convening and facilitation and eventually develop a set of recommendations to effect change.”

As the various examples in this document illustrate, many approaches to grow impact rely on the ability to build and nurture trusting relationships with people and organizations with shared interests. Leaders who are collaborative and outward facing are more likely to put the mission ahead of their own institutional needs.

For example, the role of evangelist-in-chief includes a strong external focus. Individuals in this role help generate and maintain the traction that happens outside their own organizations. They magnetize others to a concept, seek out partners who will align with them around the mission and advocate for changes in business and government that will advance their agenda.

Not only must staff leaders be skilled collaborators; nonprofit boards are also increasingly asked to focus externally and combine their resources with those of other organizations to achieve the mission. The Ventura County Community Foundation’s Building Board Leadership Initiative engages local nonprofit boards and individual board members in a process of skill building, networking and information sharing, with the hope of creating an ecosystem that supports better local nonprofit leadership. The initiative includes quarterly board leadership roundtables, a seven-month intensive board leadership training program, organization-specific technical assistance, public convenings and custom trainings developed in partnership with local businesses.

## Supportive Funder Practices

- Learn about grantee capacity-building needs in the different phases of organizational development.
- Make sure capacity-building support responds to real and recognized grantee needs.
- Provide capacity-building support that is collective, continuous and contextual.<sup>10</sup>
- Offer this support in addition to unrestricted support.
- Look for organizations that value professional development and organizational learning before you fund them.
- Work with intermediaries to offer specialized skills development.
- Fund grantee requests to work with consultants.
- Support leadership development to help grantees shift to a style that is more collaborative and outward facing.

## COLLABORATIVE LEADER

### JEROO BILLIMORIA, SOCIAL ENTREPRENEUR AND NETWORKER EXTRAORDINAIRE

After expanding ChildLine (a free 24-hour counseling service for children) to 133 countries, Billimoria initiated Aflatoun to get to the economic root of many of the problems children voiced to the helpline. Aflatoun promotes children's financial capability to prepare them for productive lives and prevent them from falling into persistent poverty.

After initial success in the pilot Aflatoun program, Billimoria began to search for partners who were willing to add children's financial education to their existing programming. With a set of clear guidelines, curriculum workbooks, other helpful implementation materials and support mechanisms, Aflatoun was able to engage large networks focused on children's issues to take on the financial education model and spread it throughout India and the world.

Trust and commitment are at the heart of each relationship Billimoria builds with a partner organization. Aflatoun provides extensive support for organizations that incorporate the model, but partners must bring in their own funding to do so. In addition, Aflatoun has not had to rely on formal contracts with partners to ensure quality. This combination of elements has allowed for rapid and efficient growth of the child finance education model to 83 countries. So far it has reached more than a million children worldwide, far more than Aflatoun could have reached directly on its own.

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10. For more information, see *Grantmakers for Effective Organizations, Investing in Leadership Volume 2* (Washington, D.C.: GEO, 2006). Available at [www.geofunders.org](http://www.geofunders.org).

# Support Movements

Supporting movements in addition to individual organizations is an emerging practice for many funders who are attempting to grow impact. A grantmaker interviewed in this project said, “More recently, we’ve been moving toward funding a ‘healthy community approach’ instead of funding single organizations. For example, we may want to address the issue of substance abuse. Instead of funding one organization, we would fund schools, law enforcement, nonprofits, [and] service programs to help address the issue. It is about creating impact on the issue, not [about] organizations.”

The Evelyn and Walter Haas, Jr. Fund and the Gill Foundation have been leaders in the lesbian, gay, bisexual and transgender equality movement for more than a decade. In that time, public support for the rights of gays and lesbians has increased significantly; nine states and the District of Columbia now recognize the right of gay couples to marry, and eight others offer broad protections through civil unions. Both of these foundations use a combination of supporting networks, boosting collaboration and underwriting advocacy to support the LGBT movement.

## SUPPORT NETWORKS

Funders who understand the importance of solving problems together invest in developing network leadership and support the skills necessary to participate effectively in a network and engage the broader community. They might also provide “glue” money — support that enables network participants to stay connected — and create innovation funds so leaders can experiment and test new ideas.

The Evelyn and Walter Haas, Jr. Fund is also one of 10 foundations attempting to build a social change movement through the California Civic Participation Funders group. The group has invested more than \$4 million toward strengthening local organizations and networks to educate and engage underrepresented communities.<sup>11</sup> It supports capacities it sees as critical to building a movement, including community organizing, leadership development, policy research and voter mobilization.

The organizing principle for networks holds that the purpose or mission should be at the center, with the players orbiting around it. That way the various nodes on the network are focused on achieving the purpose rather than growing an organization. Feedback from Ashoka Fellows confirmed that scaling up a successful social idea involves working heavily with and through others, and that this approach challenges the traditional organization-centric approach to scale.

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11. For more information on the California Civic Participation Funders Group, visit [www.haasjr.org/what-were-learning/resource/bolder-together](http://www.haasjr.org/what-were-learning/resource/bolder-together).

# A NETWORK APPROACH

## JURGEN GRIESBECK, STREETFOOTBALLWORLD, BUILDER OF NETWORKS

Streetfootballworld has built a network of community-based organizations that all use football (soccer) as a tool to support positive social change. The network has grown to nearly 100 organizations in over 60 countries since 2002. Through the network connections, organizations integrate the best practices of others, collaborate on shared projects, tap into investors they could not access individually and learn to speak with a collective voice. Originally, streetfootballworld functioned as the central hub, directing all major activity among members of the network. However, growing the organization seemed unrelated to the goals it wanted to achieve, so Griesbeck removed streetfootballworld from the hub and empowered network members to transact and collaborate directly among themselves. This empowerment involved introducing a variety of collaboration tools, such as an internal file-sharing system and a website, along with regular use of WebEx and Skype to enable virtual face-to-face connections. Griesbeck has since shifted his focus to building an ecosystem in which all relevant players understand the roles they play in pursuing their common goal of social justice. He is adamant that “this network approach is part of the impact.”<sup>12</sup>

## BOOST COLLABORATION

An underlying trend in several pathways to grow impact is an emphasis on collaborative relationships. Mike O’Brien, iMentor CEO, said, “One of the best funding practices is when funders serve as conveners, bringing people together to build relationships and help codify what organizations have learned that can be shared with other organizations. The camaraderie and learning ... [among] Blue Ridge’s portfolio organizations made Blue Ridge such a high-impact and transformative funder.”<sup>13</sup>

Many grantmakers are encouraging their grantees to collaborate with one another as a cohort around a common piece of work, as a coalition or as an informal network. When this is done well, what starts as a group organized by the grantmaker can evolve into a self-directed group in which organizations take charge of the agenda and lead the work without the grantmaker’s involvement. According to Anne Kirwan, managing director of Upwardly Global, “Some foundations help by bringing together cohorts of grantees to build expertise and strong networks ... [and] to encourage collaboration amongst their grantees so that groups that mightn’t normally work closely together build stronger relationships and can provide end-to-end services for their clients.” However, when support for collaboration is handled poorly it can waste precious time and resources, and if it is perceived as prescriptive it can hurt relationships.

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12. John McPhedran Waitzer and Roshan Paul, “Scaling Impact: When Everybody Contributes, Everybody Wins,” *Innovations* 6 (Spring 2011): 143 – 155.

13. For more information on Blue Ridge Foundation, visit [www.brfny.org](http://www.brfny.org).

A few funders are going beyond collaboration to explicitly support collective impact — defined by FSG as “the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem.”<sup>14</sup> FSG acknowledges the importance of supporting a backbone organization to facilitate and sustain collective impact efforts. One nonprofit executive director who participated in a confidential focus group said, “Funders can and should play a bigger role in breaking down silos and turf wars among nonprofits. There is still some space for funders to build an ecosystem and foster collective impact.”



The number one mechanism that Ashoka Fellows use to create change is advocacy.



## UNDERWRITE ADVOCACY

Ashoka Fellows are not focused on growing their organizations or replicating their programs. In fact, only seven percent of the Fellows surveyed (all of whom have been Fellows for more than five years) used a franchising model, and about a third (39 percent) have expanded the size of their organization through branches or subsidiaries as a mechanism for scaling impact.

Most are relying on partnerships, advocacy, public issues campaigns, grassroots movement building, networks and public policy change. The number one mechanism that Ashoka Fellows use to create change is advocacy. Sixty-one percent report working with the government to change policy, and another 27 percent plan to engage in this approach to systems change in the near future. However, finding funds for advocacy is a continuing challenge.

The Gill Foundation has made support for policy change a core strategy. Through the Civil Marriage Collaborative (a grantmaking initiative of the Proteus Fund) the Gill Foundation is supporting a state-by-state movement for the freedom of same-gender couples to marry in the United States.<sup>15</sup> The Civil Marriage Collaborative awards approximately \$2 million annually to support public education, research and organizing efforts in states where marriage equality is a near-term possibility. The group makes rapid-response capacity-building grants in states where an opportunity to advance marriage equality arises quickly.

Though it is possible to evaluate support for networks, collaboration and advocacy, the process and product may be less clear and indicators of progress less concrete and attributable. Accordingly, funders must manage their expectations about what they can learn by evaluating these approaches.

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14. John Kania and Mark Kramer, “Collective Impact,” *Stanford Social Innovation Review* 9 (Winter 2011): 36 – 38. Available at [www.ssireview.org/articles/entry/collective\\_impact](http://www.ssireview.org/articles/entry/collective_impact).

15. For more information on the Civil Marriage Collaborative, visit [www.proteusfund.org/cmc](http://www.proteusfund.org/cmc).

# BUILDING A MOVEMENT

## JEROO BILLIMORIA, SOCIAL ENTREPRENEUR AND NETWORKER EXTRAORDINAIRE

Jeroo Billimoria recognized that for children to truly be able to turn the financial education they are receiving into a ticket to economic security, they would need access to an array of financial services. Guaranteeing that access for all children would mean generating a shift in the worldwide financial system.



Billimoria knew that she would have to involve many types of organizations to achieve the systemic change she was seeking, so she established a consortium of organizations under the umbrella Child and Youth Finance International.

This group includes more than 150 international financial institutions and regulators, universities, nonprofit organizations and media channels working together to design and promote the necessary financial tools and the mechanisms to put them into practice to ensure children's full economic participation. Banks worldwide have begun to offer youth savings accounts, finance regulation committees in various countries are working to ensure minimum standards for child-friendly financial products and global media channels have been engaged to promote the overall concept and pave the way for additional buy-in. Through the participation of a broad coalition of actors, Child and Youth Finance International is well on its way to the ambitious goal of providing financial access and education to 100 million children and youth in 100 countries by 2015.

## Supportive Funder Practices

- Connect grantees to your networks.
- Provide funding, introductions and meeting spaces to help grantees launch and sustain networks.
- Provide the glue money necessary for networks and collaborations to thrive.
- Use your communications heft to support issues advocacy.
- Remove barriers to advocacy from grant agreements and replace them with language that encourages nonprofits to engage in shaping policy.

# TABLE 3. GRANTMAKER ACTIONS THAT SUPPORT VARIOUS PATHWAYS TO GROW IMPACT

Pathway to Grow Impact	Grantmaker Actions
<p>All Pathways</p> 	<ul style="list-style-type: none"> <li>▷ Provide general operating support.</li> <li>▷ Provide capacity-building appropriate to the context.</li> <li>▷ Provide multiyear support.</li> <li>▷ Provide large grants.</li> <li>▷ Do not place arbitrary limits on administrative spending or overhead without a clear understanding of the organization's business model or phase of organizational life.</li> <li>▷ Support data collection and performance management capabilities.</li> <li>▷ Support the development of collaborative leadership.</li> <li>▷ Support movements by investing in networks and collaboration.</li> </ul>
<p>Program Replication</p> 	<ul style="list-style-type: none"> <li>▷ Fund a business and operating plan.</li> <li>▷ Support program evaluation to clarify what works for whom in which context.</li> <li>▷ Provide support for replication in your region.</li> <li>▷ Introduce grantees to other funders for co-investment opportunities.</li> <li>▷ Proactively raise money on behalf of grantees.</li> <li>▷ Lead a co-funding effort.</li> <li>▷ Leverage in-house capacity to provide expertise.</li> <li>▷ Provide matching funds to help grantees secure other grants.</li> <li>▷ Fund a dedicated development staff person.</li> <li>▷ Fund evaluation and, when circumstances dictate, community impact studies or randomized control trials.</li> </ul>
<p>Idea or Innovation</p> 	<ul style="list-style-type: none"> <li>▷ Provide funding to create a blueprint of the program that can be made freely available to others.</li> <li>▷ Open up your networks to your grantees.</li> <li>▷ Work with the nonprofit to identify channels to disseminate its idea or innovation.</li> <li>▷ Use your communication channels and institutional credibility to help spread the idea or approach.</li> </ul>
<p>Technology or Skill</p> 	<ul style="list-style-type: none"> <li>▷ Fund the upfront costs associated with building a nonprofit's technology.</li> <li>▷ For more sophisticated organizations with technology already in place, provide resources to hire a technology officer to maintain and improve the system.</li> <li>▷ Add language to grant agreements to ensure that appropriate learning is made public.</li> <li>▷ Support training programs that establish a core set of people prepared to help in the spread of a skill or technology.</li> <li>▷ Support volunteer management capacity if the organization relies on volunteers to spread the skill or technology.</li> </ul>
<p>Policy</p> 	<ul style="list-style-type: none"> <li>▷ Remove barriers to advocacy in grant agreements and replace with language that encourages nonprofits to engage in public debate and advocacy.</li> <li>▷ Fund training or external support to better equip leaders to write opinion pieces for the local paper, conduct community outreach or meet with politicians and other community leaders.</li> <li>▷ Discuss with grantees whether it would be helpful to hire a chief operating officer to free up the executive director to engage in advocacy or a policy director to support this work.</li> <li>▷ Use your communications heft to engage in issues advocacy.</li> <li>▷ Look for opportunities to engage the Ad Council to support a group of grantees.</li> </ul>





# CONCLUSION

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Program growth and replication are not the only ways to make progress. Spreading ideas, skills and technology; building partnerships; engaging in policy change; and other approaches hold great potential to help us achieve more with the same resources. As funders and nonprofits look for effective and efficient ways to grow their impact, they can find guidance and inspiration in the stories and data from those who have gone before. As we learn more about these pathways, we will need to work together to shift our approaches in order to grow impact.



**As nonprofits struggle to manage the messy and nonlinear process of growing impact, funders must learn to be more adaptive and to respond flexibly to the needs of these organizations.**



Many nonprofits are using strategies that extend beyond their organizations to advance their missions. Like their nonprofit partners, funders must systematically reach out and engage with other funders.

As nonprofits struggle to manage the messy and nonlinear process of growing impact, funders must learn to be more adaptive and to respond flexibly to the needs of these organizations. This may mean, for example, making out-of-cycle grants or being willing to accept the reporting protocol of a colleague foundation.

Funders might explore ways to provide incentives to nonprofit organizations to relentlessly put the needs of the mission ahead of their individual organizations. We must embrace an approach to evaluation that emphasizes learning and performance management as a tool for mid-course corrections, not just for post-grant evaluation. We in philanthropy must identify the roles we are best positioned to play — roles that might be subordinate to those of our nonprofit colleagues — in collaborative efforts to transform the systems in which social problems persist.

By embracing these shifts, we will enhance our ability to address pressing social challenges and bring the best solutions to more of the people who need them most.



# SELECT RESOURCES

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The following are some of the resources included in the literature review conducted by the Social Impact Exchange. These resources will enable readers to go a bit deeper on the issues addressed in this publication. For a complete list of resources on growing impact, go to [www.socialimpactexchange.org](http://www.socialimpactexchange.org).

## Strategies to Grow Nonprofit Impact

### **Scaling Impact**

By Jeffrey Bradach

*Stanford Social Innovation Review*,  
Summer 2010

This article poses the question, “How can we get 100x the impact with only a 2x change in the size of the organization?” It identifies some tools and strategies that expand the impact of organizations well beyond what their size would seem capable of (e.g., using Web and social media to expand networks, using intermediaries, developing talent).

### **Laying a Solid Foundation: Strategies for Effective Program Replication**

By Geri Summerville with Becca Raley  
Public Private Ventures, July 2009

This publication is a guide for policymakers, practitioners and philanthropists interested in a systematic approach to program replication. It lays out key structures that should be in place before wide scale replication is considered, the steps to ensure success, and details on when to replicate, where the replication should take place and necessary staff resources.

### **Collective Impact**

By John Kania and Mark Kramer  
*Stanford Social Innovation Review*,  
Winter 2011

The authors discuss the fact that large-scale social change requires broad cross-sector coordination, yet the social sector remains focused on the isolated intervention of individual organizations.

### **Scaling What Works: Implications for Philanthropists, Policymakers, and Nonprofit Leaders**

By Nancy Roob and Jeffrey L. Bradach  
The Bridgespan Group, 2009

As guidance for government investment and for partnerships with philanthropy this article discusses four critical aspects of scaling nonprofit programs: the need for rigorous impact analysis to distinguish promising programs from proven ones, new funding patterns, capacity-building support and ongoing research and evaluation.

### **Cultivate Your Ecosystem**

By Paul N. Bloom and Gregory Dees

*Stanford Social Innovation Review*, Winter 2008

Social entrepreneurs must not only understand the broad environment in which they work, they also must shape that environment to support their goals, when feasible. Borrowing insights from the field of ecology, the authors offer an ecosystem framework to help social entrepreneurs create long-lasting and significant social change.

### **The Networked Nonprofit**

By Jane Wei-Skillern and Sonia Marciano

*Stanford Social Innovation Review*, Spring 2008

Do nonprofits have to be large to do the most good? Some of the world's most successful organizations stay small, sharing their load with like-minded, long-term partners. The success of these networked nonprofits suggests that organizations should focus less on growing themselves and more on cultivating their networks.

### **Scaling Social Impact: When Everybody Contributes, Everybody Wins**

By Jon McPhedran Waitzer and Roshan Paul

*Innovations*, Spring 2011

The social sector is shifting away from a business-derived growth model to scale impact in favor of a greater emphasis on furthering purpose and mission rather than an organization or its founder. Through the experiences of Ashoka's Globalizer initiative, this article explores new pathways to scale social impact through open sourcing and networking.

### **Open Innovation: A Muse for Scaling**

By Alexa Clay and Roshan Paul

*Stanford Social Innovation Review*, Fall 2012

Open innovation — also known as open sourcing — is a pathway to grow impact that subverts traditional concepts of scale that rely on organizational growth. This article shares five tips for executing a successful open innovation strategy.

### **Five Steps to Growing Your Social Impact: Lessons from the World Wildlife Fund**

By Roshan Paul

*Forbes*, August 2012

Using the experience of the Dutch branch of the World Wildlife Fund to conserve land in the densely populated Netherlands, this article shares five steps to scale a compelling idea or project through strategic stakeholder engagement that fosters innovative and collective problem solving.

## **Grantmaking Essentials to Support Nonprofit Impact**

### **What Do We Mean by Scale?**

Grantmakers for Effective Organizations, 2011

Grantmakers are broadening their understanding of scale as a means to grow social impact without necessarily increasing the size of the organization or the programs they support. Acknowledging a variety of approaches to scale, this paper explores what can be scaled and grantmaking practices that support nonprofits in growing their impact.

### **Tools to Support Public Policy Grantmaking**

By Martha Campbell and Julia Coffman

*The Foundation Review*, Spring 2010

This article provides guidance on how foundations can frame, focus and advance efforts to achieve public policy reforms. Five steps for developing public policy strategy are described and two tools are identified that have been developed specifically to support foundations during the strategy development process.

## **Why Supporting Advocacy Makes Sense for Foundations**

The Atlantic Philanthropies, May 2008

This report explores the experiences of funders who are committed to supporting advocacy efforts. The report provides information about the wide spectrum of advocacy activities funders can support, including research and dissemination, raising awareness, community organizing, grassroots mobilization, building capacity, policy development, lobbying and litigation.

## **Deeper Capacity Building for Greater Impact**

By Paul Connolly

TCC Group, April 2007

This paper explains how to design a long-term capacity-building initiative. It is written for all sizes and types of funders, including private foundations, corporate community involvement departments and public agencies that want to pursue an initiative.

## **Catalyzing Networks for Social Change: A Funder's Guide**

By Diana Scarce

Grantmakers for Effective Organizations and Monitor Institute, 2011

This publication explores what it takes to cultivate a network mindset and offers recommendations for how funders can effectively build the capacity of networks and share what they're learning with the broader field. This guide is for grantmakers who are just beginning to explore networks and for those further along who want to reflect on their practice.

## **Financing Impact**

### **Patient Capital: The Next Step Forward?**

George M. Overholser

Nonprofit Finance Fund, August 2002

In this speech, Overholser discussed why nonprofit capital funding often backfires and how we can adapt traditional capital campaigns to fix the problem.

### **A New Kind of Grant**

By George M. Overholser

*Community Wealth Vanguard*, June 2008

The toughest thing about building or expanding a nonprofit enterprise is getting the funding. This article presents a different way to find the money without ending up on the fundraising treadmill. It is the sustainable enhancement grant — a new funding tool for building organizations.

### **How Does Financial Sustainability Relate to Growth and What Can Grantmakers Do to Support It?**

Grantmakers for Effective Organizations, 2011

Financial health is critical to scaling social impact. This paper explores the role grantmakers can play in assessing and nurturing an organization's internal health and putting it on track to financial sustainability. When they achieve financial stability, nonprofits are able to adapt over time, meet unanticipated needs and plan for the future.

### **The Equity Capital Gap**

By Clara Miller

*Stanford Social Innovation Review*, Summer 2008

For-profits can raise money to fund growth by tapping equity capital (money invested in return for ownership and profits). Nonprofits have no corollary, making it difficult and time-consuming to raise money. The author explores ways nonprofits and funders can create a version of equity capital and develop an equity approach to doing business.

### **An Experiment in Coordinated Investment**

Edna McConnell Clark Foundation, October 2008

This report documents the Edna McConnell Clark Foundation's experience with its Growth Capital Aggregation Pilot, including the factors that led to the development of the pilot, key aspects of this joint approach to supporting three effective youth organizations and what the foundation and its co-investors hope to accomplish moving forward.

### **Don't Compromise "Good Overhead" (Even in Tough Times)**

By Don Howard and Ann Goggins Gregory  
The Bridgspan Group, October 2008

Donors should never assume that low overhead is a sign of efficiency. Often it means the organization is stretched too thin, which ultimately can hurt the nonprofit, donors and beneficiaries. Both funders and nonprofits have a stake in guarding "good overhead" — the infrastructure investments that provide the backbone for creating and growing impact.

## Assessing and Building Capacity to Grow Impact

### **What Makes An Effective Advocacy Organization? A Framework for Determining Advocacy Capacity**

By Jared Raynor, Peter York and Shao-Chee Sim  
TCC Group, January 2009

Drawing on interviews with national experts, past research on organizational effectiveness and evaluations of advocacy projects, this report outlines a model for evaluating the organizational capacity of advocacy organizations and describes the critical characteristics for high performance and how they interrelate.

### **Fire, Aim, Ready: Why Most Foundation-Funded Capacity-Building Efforts Miss the Mark**

By Mary Genis  
*Philanthropy News Digest*, Foundation Center, February 2008

In this article, the author reviews how nonprofit organizations can enhance their capacity-building efforts and proposes a framework to use in the delivery of these efforts. The author notes that leadership development and management training are crucial and organizations must focus their efforts on creating these opportunities for staff.

### **Social Impact Exchange Due Diligence Framework for Scaling Initiatives**

Growth Philanthropy Network and Alliance for Effective Social Investing, 2011

Members of the Social Impact Exchange's Market Development Working Group and the Alliance for Effective Social Investing collaborated to create this framework, which provides funders with guidelines on basic topics to cover in doing due diligence on a scaling initiative. It has five sections, including sections on evidence level and organizational readiness to scale.

GEO would like to thank the following partners for their contributions to the research for this publication:

## ASHOKA

Ashoka is the world's largest organization of social entrepreneurs and changemakers. Founded in 1980 with the belief that the most powerful force in the world is a big idea in the right hands, Ashoka has supported nearly 3,000 social entrepreneurs in 70 countries, providing these extraordinary individuals with funding, collaboration and pro bono assistance to create a network of peers and partners. Ashoka aims to develop an entrepreneurial global society — one that allows social innovators to thrive as they tackle emerging and persistent problems. Visit [www.ashoka.org](http://www.ashoka.org).

## SOCIAL IMPACT EXCHANGE

The Social Impact Exchange, a partnership of Duke University and the Growth Philanthropy Network, is a membership association of funders, advisors, wealth managers, intermediaries, nonprofits and researchers committed to sharing knowledge and increasing investment in scaling effective social programs and solutions. The exchange functions as both an online and in-person gathering place for those who are interested in learning about, implementing and funding large-scale expansions of high-impact nonprofit initiatives.

The exchange facilitates increased funding for nonprofit scaling initiatives through funder networks and growth capital markets in specific issues and specific locations, develops and shares knowledge that leads to more effective scaling efforts and builds the necessary infrastructure to support a capital marketplace that includes standards, funding platforms and distribution channels to effectively connect funders with growth initiatives. Visit [www.socialimpactexchange.org](http://www.socialimpactexchange.org).

## TAPROOT FOUNDATION

The Taproot Foundation is a nonprofit organization that makes business talent available to organizations that are trying to improve society by connecting the pro bono services of business professionals to provide critical support, training and resources to nonprofits. Taproot also works directly with companies to develop their pro bono programs.

By providing marketing, design, technology, management or strategic planning resources to organizations tackling social problems, Taproot equips these organizations for success as they take on urgent social challenges. Visit [www.taprootfoundation.org](http://www.taprootfoundation.org).

## TCC GROUP

TCC Group is a consulting firm whose mission is to develop strategies and programs that enhance the efficiency and effectiveness of nonprofit organizations, philanthropies and corporate citizenship programs to achieve social impact. With more than 30 professionals on staff, TCC has offices in San Francisco, Philadelphia and New York, and has experience operating in local, national and international settings. Visit [www.tccgrp.com](http://www.tccgrp.com).

# Scaling What Works

A LEARNING INITIATIVE OF



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