



TEN KEYS – TEN YEARS LATER

Successful Strategic Planning for Foundation Leaders

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In 2004, TCC Group published a briefing paper entitled, “Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders.” The philanthropic landscape has continued to evolve since then, and TCC has benefited from ten years of additional work designing and facilitating funder planning projects.

What we have observed is that while the fundamentals of strategic planning remain constant, two elements in particular have changed in the past decade. The first is the focus of the planning effort, which has shifted from the foundation to the social ecosystem in which the foundation is embedded (see Key #5). Ten years ago, a foundation, particularly a private one, could comfortably plan its strategy with its own needs and interests as its primary frame of reference. In today’s environment, with increasing pressure from within and beyond foundations to demonstrate greater impact, an inward focus is no longer a tenable default position. Funders need to understand how their strategies interact with, complement, or counter the strategies of other actors in the space — before choosing or adjusting their own path. Relevant questions for foundation leaders include: What is the role of partnerships in advancing our strategies? Who owns the strategies we seek to advance? Which of our goals are best pursued in coalition, and how able are we to work in that way?

The other element of strategic planning that has evolved in the past decade, and is reflected in a shift in the ten keys presented here, is the relative importance of non-grantmaking roles in the strategy equation (see Key #8). At least since Paul Ylvisaker’s classic article “Small Can Be Effective” more than 25 years ago, funders have been aware of the many tactics “beyond the grant” that are available in pursuit of strategy, such as research, convening, advocacy, and capacity building. What is different in today’s ecosystem context, referenced above, is that non-grantmaking activities take on a more prominent role in the programmatic mix. We see more funders asking themselves, “How can we play a leadership role in our field? How can we make the case for our issues with government and the general public? How can we use our convening power and the information we possess to deepen our impact?” Strategic planning has evolved to reflect the relatively greater importance of non-grantmaking roles in an ecosystem context.

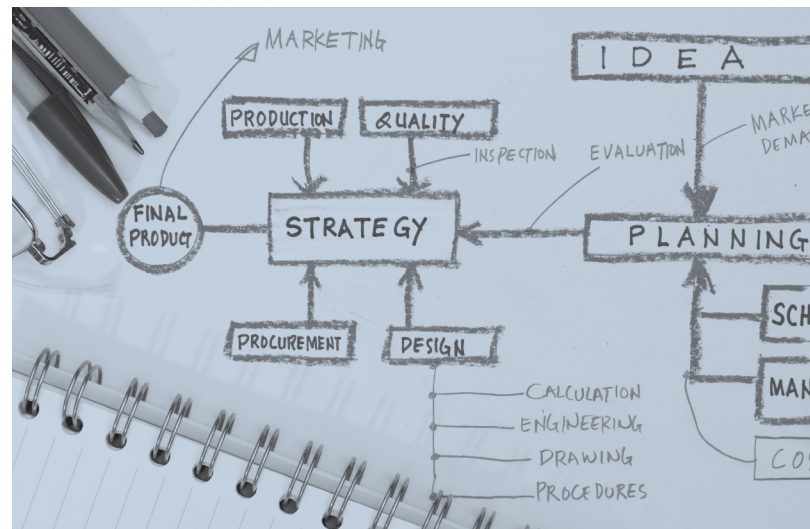
We have seen that foundations that address these two sets of questions as part of strategic planning develop plans that are more attuned to the needs and opportunities of today's environment. While this represents a change from ten years ago, the majority of the original "ten keys" remain relevant. This paper reflects on our experience and that of our clients and offers an updated set of ten keys for foundation leaders considering a strategic planning effort. For the historically inclined, we include a table at the conclusion of this paper that compares the ten keys from 2004 with the ten keys from 2014.

Whereas the original "Ten Keys" covered foundations and nonprofits, in this update we have chosen to focus specifically on funders because of their unique challenges and opportunities. Many of the lessons can be applied to operating nonprofits more generally. The "keys" are presented in no particular order of importance or priority.

1. Agree on the reason for planning — whether to refresh the mission, fine-tune the programs, or overhaul the existing plan

Foundations have many reasons to engage in strategic planning. There may be a new leader at the helm, an increase or reduction in assets, a changing programmatic landscape, or a general sense that the foundation should create more impact with its resources. Whatever the goal, we have found that clarity about purpose and intended outcomes is essential before a process begins. If stakeholders begin a process with different expectations, it is most likely doomed from the start. Our most successful assignments are those in which the relevant actors are totally clear about the purpose and the desired result.

The Tinker Foundation, a private funder focused on policy change in Latin America and U.S.-Latin American relations, was clear about its motivation for strategic planning: it had not formally reviewed its strategy in many years, and found itself asking whether its programs were still relevant in a vastly changed environment of U.S.-Latin American relations. The Foundation's leadership knew what it wanted from the process: an updated mission and vision, a decision about whether to keep or modify its existing program areas and, if the latter, what those modified areas would be. As a result of strategic planning, the Foundation refined its Environment program area, fused two program areas on Economic Policy



and Governance, and added a new program area on Education. Today, the Foundation's board is more engaged than ever, and the Foundation has been able to open new avenues in its education work, a timely issue as Latin America continues to develop economically. "The strategic plan is our GPS for grantmaking," says Tinker Foundation Chairman and President Renate Rennie. "Our Board of Directors is passionate about the work and sees opportunities all around, and the strategic plan helps keep us focused on what is most important to us and where we can have the most impact."

2. Create a clear CEO vision for the organization

Our most efficient and successful projects are those in which the CEO knows where the organization should go and uses the planning process to validate and obtain endorsement for that vision. A CEO who can provide leadership to the staff, board, and consultants and owns the process is a key ingredient for success. For example, we worked with the Community Foundation for Greater Buffalo to develop a strategic plan to help the 90-year-old organization adapt to its rapidly changing environment. The incoming CEO used the process to catalyze the board to make choices about how to use its capital — financial and social — to address critical community needs.

We have successfully completed plans for organizations where, going in, the CEO did not have a clear vision for the future. It is possible — but it requires considerable coaching and additional time to help the CEO clarify his or her vision.

3. Develop a strong board-staff relationship based on candor and open communication

While the ultimate authority for governing the organization and adopting a strategic plan lies with its Board of Directors, it is essential that the planning process involves considerable staff participation. We typically work with a strategic planning committee that includes both board and staff to ensure that the voices of all those responsible for carrying out the plan are included in its creation. We have rarely seen a situation where a well-managed process results in a disagreement between board and staff over the direction of the organization.

When Echoing Green, a leading investor in early-stage social entrepreneurs, resolved to develop its first multi-year strategic plan in 2012, its motivation was a desire to plan for the long term in a way that aligned board and staff even more closely around the future direction of the organization. “Our board has always provided vision, leadership, and resources for Echoing Green,” says Senior Vice President Lara Galinsky, “but we wanted to find a deeper level of engagement, and strategic planning was a great vehicle to get there.” Board members participated actively in a series of staff-led working groups, facilitated by TCC Group, to define three-year goals and objectives for Echoing Green’s key programs and functions. “When staff presented the draft plan to the full board, members of the board who had participated in the working groups could provide the rationale and make a peer-to-peer case

as to why the chosen strategies showed the most promise, with a clear-eyed view of the risks and opportunities. This brought individual board members closer to the work and gave the full board greater confidence in our plan,” says Galinsky. Within six months of adopting the plan, Echoing Green raised nearly half of its three-year fundraising goal, and secured a partner for one of its key scaling goals: to reach 100 social entrepreneurs per year in its portfolio. This new partner will support 30 additional social entrepreneurs over three years who are focused on climate change.

4. Use data to help ground decision making

It’s nearly impossible to make decisions about the future in the absence of good information. Foundation leaders need to know what is working and what is not working at their own organizations, as well as the needs and opportunities that exist externally. TCC Group gathers data from a range of sources to inform the decision-making process: we survey board, staff, and grantees; interview other funders and programmatic experts; conduct literature reviews on relevant topics; and generally use all available sources to provide answers to the question: How can our clients have the greatest impact with their resources?

As objective consultants, we then analyze and synthesize the data and present it in a manner designed to facilitate decision making. Our goal is not to overwhelm boards and staffs with data, but to give clients the right information to make decisions about how to move forward.

The John Rex Endowment was seeking to select two additional funding areas from four possible fields. To aid this process, we surveyed board members to better understand their preferences on variables such as issue complexity, population-level impact, and risk tolerance. At the same time, we conducted a literature review on community needs and best practices in the four focus areas, as well as interviews and focus groups with community stakeholders to identify how the Endowment could support the health of children and families in Wake County, North Carolina. We sought to include stakeholders who were not “the usual suspects” and could offer fresh views on the work of the Endowment. From this data collection, the Endowment chose to invest in Injury Prevention and in Mental Health, Social and Emotional Well-being.



5. Increase impact by using all the tools in your toolbox

The primary strategy most private foundations employ to achieve their missions is grantmaking: providing money to the nonprofits who will execute their work and, by virtue of doing it effectively, help their funders fulfill their aims. Yet foundations have many other tools available to them to catalyze social change: research, advocacy, communications, information sharing, field building, movement building, convening, capacity building — the list of mission-related “non-grantmaking” activities goes on. TCC Group works with funders to identify crucial elements of their philanthropic approach and identify the appropriate grantmaking and non-grantmaking roles that complement it. For example, does a foundation’s culture lend itself to a more proactive or responsive approach? What is the foundation’s appetite for visibility? How risk tolerant is the foundation? How well-known is it in its field? A useful result of strategic planning can be greater clarity about the areas in which you will “only” fund, and those in which you may play a “champion” role, mobilizing other actors around a vision.

A funder working in the field of international human rights sought to better define its non-grantmaking roles to increase its impact. Its grants were supporting a critically underfunded field, but the field lacked coherence and capacity. Promising early wins were not rolling up to a larger tidal wave of change. Through strategic planning, which included consulting with grantees and peers, the funder determined that a targeted convening role, as well as a behind-the-scenes advocacy role, could best complement its grantmaking. It heard from peer funders not to convene for convening’s sake, but to have a clear objective in mind and to be transparent about that objective with the groups one is convening. The funder wished to remain anonymous so a public advocacy role was not appropriate, but a behind-the-scenes role, where the funder could use its relationships to influence insider dialogue about the evolution of human rights policy, was a good fit. The plan resulted in the organization’s donor increasing investment in the program and in helping the program better support its field through a subsequent period of significant upheaval.

6. Learn from the experience of others — good and bad

There are some areas in philanthropy where there are undeniably “best practices,” such as meeting regulatory requirements, governance procedures, etc. Yet in many other areas there is not any clear “right” practice, but rather the most appropriate practice for a particular foundation, given its resources, goals, and values. In our experience, one of the most effective tools in strategic planning is to look to how other foundations have tackled similar issues and to learn from their experiences.

TCC Group was hired by the Margaret A. Cargill Philanthropies in the summer of 2008, when the organization was just getting off the ground, to assist the trustees in a number of areas involved in establishing what was to become a large grantmaking organization. Our work covered basic foundation management and operations, including staffing, program strategy setting, board roles and responsibilities, organizational structure, evaluation, use of advisory committees, and communications. We examined industry practices in each area, identifying specific foundation models being used, collected information on their successes and challenges, and used our findings to advise the client on how to proceed in building the organization.

7. Define success and decide how to hold yourself accountable

It has been well documented, and most nonprofit leaders can attest: foundations are increasingly interested in evaluating the efforts of their grantees and ensuring that grantees are held accountable for the effective use of donor funds. While funders require their grantees to be specific about their goals and measurable results, many foundations do not themselves have clear objectives or assess their own impact on the large and complex problems they seek to tackle. This is an undeniably complex endeavor, and different foundations have different appetites when it comes to evaluation. But without a clear idea about what you want to achieve, and a clear idea about how your activities will achieve it, it is nearly impossible to determine whether you have made an effective use of your resources.



One of our goals in planning is to help clients define success and come up with a plan for measuring it. We employ various approaches toward this end: logic models, theories of change, and other tools to help depict the causal relationship between a foundation's actions and the outcomes it hopes to achieve. These tools help achieve consensus among various stakeholders as to whether the specific activities the organization is undertaking are likely to lead to the desired results and help lay the groundwork for measuring progress.

For the Foundation for Newark's Future (FNF), a philanthropy established in 2010 to match Facebook founder Marc Zuckerberg's \$100 million gift to Newark's public schools, the key was to define success collaboratively with other stakeholders. As the "new kid on the block," FNF found itself collaborating with the school district, the state department of education, the organized charter-school sector, and the mayor's office. "From the get-go, our strategy couldn't be ours alone if we were to succeed," says founding President & CEO Greg Taylor, who led FNF for its first three years. "We had to shape our vision of success grounded in our values and those of our donors, but attuned to the agendas of the other major actors in our space." TCC Group helped FNF identify the five topic areas that were the common agenda of stakeholders and select

those for which it would hold itself accountable. As a result, the foundation chose to focus on early childhood education and community engagement as its leadership roles. Says Taylor, "Those issues are where we saw the greatest leverage for our leadership role. Others were interested in them, but weren't necessarily acting as champions. We could fill that gap. That's how we chose to define our own success and hold ourselves accountable for moving an agenda."

8. Understand your place in the ecosystem in which you operate

Once upon a time, it was conceivable for philanthropists to go it alone. Andrew Carnegie built hundreds of libraries, and the Rockefeller Foundation pursued the eradication of hookworm in the American South. Today, with the scope and scale of our global challenges and the sheer quantity of actors in any given sphere, there is growing recognition that true social change requires a collaborative effort of public and private actors.

If the purpose of a strategic plan is to increase our clients' impact, it is essential to understand how a funder fits into the larger ecosystem. In the field in which the foundation operates, where are there promising approaches that are worthy of additional investment? Who are potential partners that bring complementary resources to the table? In almost every planning assignment we conduct an environmental scan to address these questions. For the Arcus Foundation,



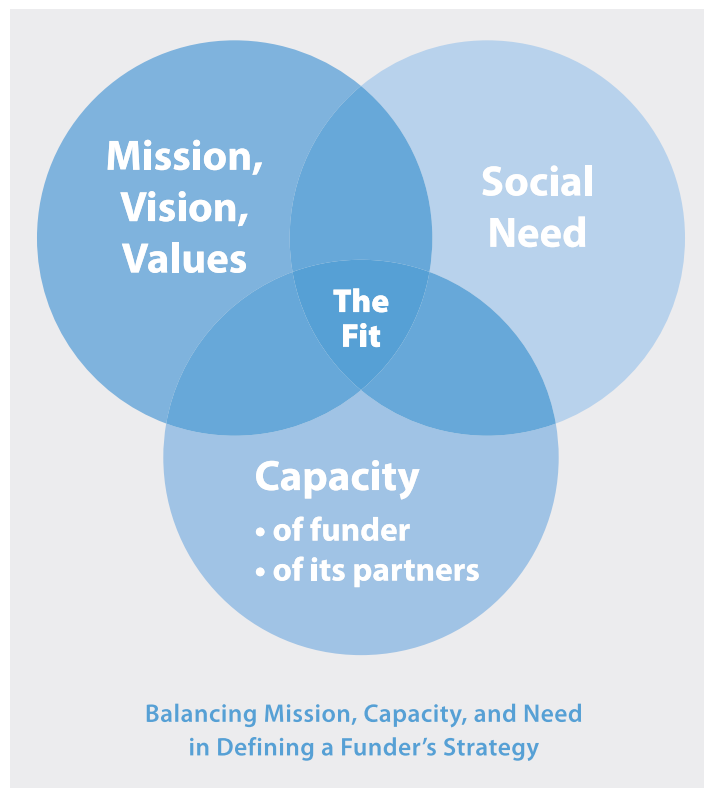
a leading supporter of LGBTQ rights worldwide, we conducted a particularly extensive scan, looking at a wide range of domestic and international topics. The Foundation came to us with a set of interests and a history of past funding, but with a clear directive to find “unusual suspects” and opportunities for new investments. We reached out to our networks to identify sources for a comprehensive scan of issues related to policy and legal change in three specific topic areas, including the intersection of LGBTQ rights and broader social-justice movements. The scan identified areas where other funders were supporting issues, and where there were opportunities for Arcus to play a distinctive role given its approach. After a subsequent leadership transition, the foundation resolved to anchor its work three areas: embedding sexual orientation and gender identity into international human rights frameworks; the role of religious leaders in movements for LGBTQ justice; and the intersection of LGBTQ rights and economic justice in the United States.

9. Assess organizational strengths and challenges

We often say that a foundation’s success lies in finding the “sweet spot” among its vision and mission, its external environment, and its organizational capacity.

Staff leaders, however, are so immersed in the day-to-day activities, they often lose the ability to step back and reflect on how well their operations fulfill their missions. It can be particularly difficult for foundation leaders to have a complete sense of what is working — and what is not — at their organization. And board members are often so removed that they aren’t aware of organizational challenges.

An integral part of the planning process is an analysis of the practices, structures, and internal capacities necessary to carry out a foundation’s work. The assessment is critical to highlight areas of the operation that are strong and that provide a base on which to build, as well as those that are in need of attention. As the success of any strategic plan depends on staff’s ability to implement its activities, a realistic assessment of human capital is a necessary element for a successful plan. As objective consultants, we provide leaders with a frank appraisal of their foundation’s strengths and challenges, grounded in a 35-year history of working with foundations.



Since 1934, the Northwest Area Foundation (NWAf) has made grants in an eight-state region stretching from Minnesota, where it is based, to Washington and Oregon, including 75 tribal nations. In the late 1990s, NWAf resolved to focus on tackling poverty and advancing prosperity in the region. An initial ten-year effort, dubbed Ventures, was highly driven by the Foundation’s own agenda. As NWAf recognized in a retrospective publication, this did not lead to productive outcomes in Ventures communities. In recasting its approach, NWAf took stock of its own internal processes and practices, with an eye toward how to support the effectiveness of its grantmaking. Over multiple assignments, TCC Group worked with NWAf to review its grants-management flow, workload of program officers, the use of dashboards to track program outcomes, and alignment of programmatic theories of change. Grounded in this sense of its own capacity, NWAf has clarified its focus on building assets and wealth in the region and supporting effective public policy that promotes prosperity and pathways out of poverty.

10. Remember that a strategic plan includes a roadmap for implementing the decisions

The ultimate outcome of a strategic planning process is a plan that codifies the decisions made about the foundation's future direction and the specific steps needed to get there. Our strategic plans typically include the mission and vision (sometimes revised during the process), the foundation's major goals and objectives (outcome statements that define what an organization is trying to accomplish with its programs and operations), and strategies (broad priorities and directions adopted by an organization in order to meet its goals and objectives). For some clients we go a step further, developing a related implementation plan that outlines the specific tactics, responsibilities, costs, and timing for implementing all of the activities in the plan. We work closely with staff on these plans to ensure they are aligned with their overall operating plans.

For the Craig H. Neilsen Foundation, a new foundation focusing on the area of spinal cord injury, an implementation plan was particularly important. The Foundation was just getting off the ground and neither the board nor staff had

deep experience managing a private philanthropy. So, for the plan to succeed, it was critical that all stakeholders knew what needed to be done, when it needed to be done, and who — board or individual staff — needed to do it.

Conclusion

Strategic planning always presents challenges. In a complicated and interconnected social sphere, foundations struggle to define their role and to determine the steps needed to best fulfill it. However, that same interconnectivity has allowed both our foundation clients and our staff, over the course of our 30-plus years of strategic planning, to learn from the shared experience of individuals in the field.

There may be no textbook “best practice” that any foundation can pick up and use as its own strategic planning template, but each organization can learn from those that have already gone through the process. The examples in this paper present the experiences of some of our clients. The lessons they have learned along the way to a solid strategic plan can help every other funder about to embark on the same endeavor.

Epilogue

How are the ten keys different ten years later? We have chosen to focus on this update on the needs of funders, whereas the original paper included nonprofits as well. Besides this basic difference, the 2004 keys focus on the mechanics of a successful process, and the 2014 keys emphasize the ingredients of a successful plan. As mentioned in the introduction to this paper, Keys #5 and #8 reflect some of the biggest shifts in strategic planning for funders that we've observed in the past ten years.

2004

1. A clear and comprehensive grasp of external opportunities and challenges.
2. A realistic and comprehensive assessment of the organization's strengths and limitations.
3. An inclusive approach.
4. An empowered planning committee.
5. Involvement of senior leadership.
6. Sharing of responsibility by board and staff members.
7. Learning from best practices.
8. Clear priorities and an implementation plan.
9. Patience.
10. A commitment to change.

2014

1. Agree on the reason for planning – whether to refresh the mission, fine-tune the programs, or overhaul the existing plan.
2. Create a clear CEO vision for the organization.
3. Develop a strong board-staff relationship based on candor and open communication.
4. Use data to help ground decision making.
5. Increase impact by using all the tools in your toolbox.
6. Learn from the experience of others – good and bad.
7. Define success and decide how to hold yourself accountable.
8. Understand your place in the ecosystem in which you operate.
9. Assess organizational strengths and challenges.
10. Remember that a strategic plan includes a roadmap for implementing the decisions.

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About TCC Group

At TCC Group, we are passionate about helping the social sector achieve greater impact. Since 1980, we have developed strategies and programs that enhance the effectiveness and efficiency of foundations, nonprofits, corporate community involvement programs, and government agencies. From offices in New York City, Philadelphia, and San Francisco, we work with diverse clients — from large funders and nonprofits to smaller organizations that want to tap our knowledge to determine pragmatic ways to solve everyday problems.

TCC Group provides strategy development and planning services to increase the clarity and results of programs, organizations, and coalitions. To each engagement, we bring wide-ranging expertise and on-the-ground experience in fields such as education, arts and culture, community and economic development, human services, health care, and social justice. We offer hands-on support in designing and implementing plans that combine objectivity with enthusiasm, direction with responsiveness, and discipline with flexibility.

Our value as strategists is enhanced by the knowledge and depth of our complementary practices of program and grants management, capacity building, and evaluation. We provide strategic planning, program planning, and business planning services.

This breadth of expertise distinguishes us and provides a unique, holistic perspective that informs every project, as we help our clients increase their social impact.

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