Theory of the Foundation Initiative: Key Findings and Questions

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Inspired by Drucker article, “The Theory of the Business”

- Major changes in foundation landscape, approach and activity in last 10-15 years
- Leaders are looking for new frameworks and models to align resources and achieve impact
- Collaborative research model: 18 participating foundation in first phase; 25 in second phase

Thesis: Of course there’s more than one “theory” for foundations, but there must be some patterns, and these patterns will be useful
DEVELOPING A “THEORY” FOR A FOUNDATION
Drucker’s Model:

Mission

Environment

Competencies
For Foundations, interesting ideas from:

**Corporate Sector**
- Freedom to evolve their playing field
- Strong CEOs/Management teams and fiduciary-focused boards

**Public Sector**
- Established mandates
- Location in region where foundations’ role defined more narrowly by public and public sector

**Family Enterprise**
- Living donor
- Highly engaged (family) board
RPA’s Model: Each foundation should develop its own “Theory” based on:

- Charter
- Social Compact
- Capabilities

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A. Charter

**Charter**

- Governance & decision-making
- Written and *unwritten* rules
- Role of founder and/or legacy
- Culture, values
- Approach and focus

**Social Compact**

**Capabilities**

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B. Capabilities

Capabilities

- Core competencies
- Processes and systems
- How resources are used

Charter

Social Compact

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C. Compact

Social Compact
+ Beliefs about what’s appropriate
+ Interactions with stakeholders
+ To whom “results” are communicated
+ To whom/what the foundation is accountable

Capabilities

Charter

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FOUNDATION OPERATING MODELS
Foundation leaders are thinking about whether to be:

1. Centralized vs. decentralized;
2. Internally vs. externally resourced;
3. Creative vs. disciplined;
4. Broad vs. deep; and
5. Independent vs. networked

But traditional operating models don’t really help with these issues.
The Business Model Canvas Adapted for Foundations:

<table>
<thead>
<tr>
<th>Who will help you?</th>
<th>How do you do it?</th>
<th>What do you do and why?</th>
<th>How do you interact?</th>
<th>Where is the change?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-creators, co-funders and Supporters</td>
<td>Key Activities</td>
<td>Charter, Social Compact, Capabilities (start here)</td>
<td>Relationships</td>
<td>People, Species, Organizations and/or Places</td>
</tr>
<tr>
<td>What do you need?</td>
<td>Key Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What will it cost?</th>
<th>How will you fund it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget and opportunity cost</td>
<td>Capital, income and/or co-funders</td>
</tr>
</tbody>
</table>

Adapted by Rockefeller Philanthropy Advisors from Osterwalder & Pigneur, 2010
Foundation Operating Canvas: Variants we’ve observed

1. Talent Agency
2. Think Tank
3. Developer
4. Campaign Manager
5. Field Builder
6. Discovery
Organization Design and Leadership Teams
Most large foundations look like this:

* about half the foundations have this position

This design was created for manufacturing companies ....
Some foundations are evolving toward this design:

This is a more top-down approach ....
Or using other methods to improve integration:

Types of Lateral Processes

- **High**
  - Matrix Organization
  - Integrator (full time, by roles of departments)
  - Formal group (ranging from simple to multidimensional and hierarchical)
  - E-coordination

- **Low**
  - Voluntary and informal group

Galbraith, 2014
Senior Leadership Teams

- Most teams are advisory not decision-making
- Size and composition of individual teams varied widely
- 85% of participants have made changes to team in the past few years
Senior Leadership Team: Responsibilities

Coordinates:
- Knowledge sharing
- Talent strategy
- Staff training and development

Coordinates in part:
- Cross-functional/divisional projects
- Succession planning

Less likely to coordinate:
- Cross-functional/divisional planning
- Cross-functional/divisional partnerships
Key Questions for Phase II:

• How can organization design improve integration?
• How can foundations identify, engage and develop the capabilities and talent they need?
• How can foundations approach knowledge management?
• How can foundations identify optimal operating models?