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OPINION

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It's Not Foundation Money but Culture and Talent That Can Change the World



By Rachel Mosher-Williams, Sara Brenner, and Amy Celep

As the world's challenges grow ever deeper — on issues like climate change, inequality, and terrorism — philanthropy faces a tremendous responsibility, and a new opportunity, to advance widespread social change that can help meet those challenges. Grant makers will potentially have at their

disposal a lot more of the money needed to achieve that as Americans — especially those from the Silent Generation and the baby boomers — look to transfer their wealth to their children or to philanthropy. But a strong infusion of dollars may not be enough to make a difference unless foundations change their cultures.

At first blush, organizational culture may not sound like a big barrier to large-scale breakthroughs. Solving major social problems would seem to depend primarily on money, influence, and widespread shifts in norms or attitudes.

But when our organization, Community Wealth Partners, conducted extensive research to better understand why some social-change efforts achieve transformational results while others do not, we learned how much culture mattered. When you look at successful

efforts to curb smoking or end malaria, for instance, what really made a difference was that organizations seeking change had retooled their organizations' cultures so that nothing got in the way of promoting change.

At a basic level, culture is the ways people work together, the rules — often unspoken — on what is acceptable and unacceptable behavior; the expectations people have about managing others and being managed; and the values that employees are supposed to embody every day. The reason this matters so much is that people — not institutions and not checkbooks — solve problems. That's why the most successful organizations make conscientious efforts to attract, retain, and develop team members who are capable of guiding large-scale change to advance the common good. By the same token, an organization's culture can either attract or repel the people with that kind of talent.

This message is important for the whole nonprofit sector — companies figured this out long ago — but it may be most urgent for foundations. Sadly, many foundation leaders treat culture as a "soft" issue, peripheral to developing program strategies and evaluating outcomes. Often, they view efforts to build a strong organizational culture as an indulgence that drains money from grantees. As a result, few foundations have created an internal culture that drives results. Rarely can chief executives or members of their staffs describe the essential pieces of their organization's culture with consistency or clarity.

We're not alone in raising organizational culture as a critical issue for philanthropy. Grantmakers for Effective Organizations has released a background paper, titled "Source Codes of Foundation Culture," that looks at the issue. The paper suggests that philanthropy is still influenced by the "DNA" of donors, trustees, and professional staff members who came from institutional cultures — banks, universities, and corporations — and are out of synch with the need for agile and inclusive grant-making approaches.

Meanwhile, a study by the Center for Effective Philanthropy that examined perceptions held by foundation staffs and grantees established a strong connection between what's going on inside a foundation and how grantees experience working with that foundation. The findings suggest that internal culture matters as much outside the organization as it does inside.

There are different reasons why foundations don't focus on culture. One is that grant makers don't face much pressure to think about the internal culture of their organizations and how they might use it to drive external outcomes. That's in contrast to the business world, where building and maintaining a strong culture is important because

employee and customer satisfaction drives the bottom line. Break open *Forbes* or *Fast Company* and you are likely to see articles emphasizing how central corporate culture is to delivering on a brand's promise.

For those grant makers that are investing time and money in building — and almost more important, maintaining — a culture that promotes change, the situation usually results from a drive by individual leaders rather than from peer pressure or regulatory requirements. We think that more research on what drives such leaders to press for changes in the internal culture might help other grant makers.

Another reason for the lack of attention to culture is that foundations tend to value academic or policy expertise above all else. Expertise can certainly be valuable, but it can also get in the way of bringing a foundation staff together to brainstorm solutions, or in enlisting people from the community to offer honest views of what the philanthropy should do. This has always been true, but the issue is rising more quickly to the surface as foundations hire an increasing number of Generation X-ers and millennials into important roles. Millennials, in particular, are driven to change society, but they are not going to tolerate foundations that ask experts to devise solutions in a top-down, centralized way. They don't accept limits on their ability to contribute ideas; nor should they, or anyone else who works at a foundation.

Millennials, and their Generation X colleagues, simply won't put up with the cultures that exist today at many U.S. foundations. They don't want to work at places with opaque communication styles or that are inflexible and slow to adapt, and they won't stay long if they sense that a foundation doesn't believe firmly in the ability of young people to advance change.

People in their 20s and 30s seek work cultures that offer them a chance to make an immediate impact and get their ideas and opinions heard, while providing opportunities for leadership, continuous learning, personal and professional development. They also expect a diversity of viewpoints and experiences that go far beyond traditional efforts by nonprofits and corporations to make workplaces more equitable to people of different races, genders, and ethnicities.

It's important to keep in mind that unlike people of older generations — who often craved the opportunity to work in philanthropy — millennials consider the market (and, by extension, capital) an effective engine for social change. That means foundations have to make an extra effort to woo them to the job.

If more foundations work toward building their cultures to focus on what millennials and members of Generation X will increasingly demand — sharing in leadership decisions, openness, and inclusion — they'll be doing good for workers of all ages, and that step will greatly increase philanthropy's impact.

The more that foundations can focus on outcomes, transparency, authenticity, and collaboration — and on promoting racial equity and inclusion, continuous learning, and openness to risk and change throughout their organizations — the more effective they will be in attracting top-notch workers to solve social problems.

Making these changes will require an investment of time and resources, but also brave leadership. We hope a cadre of grant makers will step up to lead the way, pressing forward to reshape their cultures as aggressively as they can, as soon as possible. With their high energy, diverse perspectives, and deep networks, young people can be optimal partners in helping today's leaders build the kind of culture that foundations need.

As foundations get serious about changing their organizational cultures, they should look for natural inflection points that offer opportunities to act — for example, when embarking on a strategic-planning process, or launching a big bet on a new approach to solving problems, or when a major leadership or structural change is already in the works. Our experience shows that a focus on culture is much more likely to be adopted and sustained when it's a natural part of a new challenge.

The chief executives who lead changes in a foundation's culture must have the courage to make the conversation about working style and values an important one in the philanthropy community as a whole. We hope they will persuade their peers to commit to doing the hard work of building stronger internal cultures so foundations are better able to achieve long-term transformational change needed to solve social problems. After all, if grant makers expect to remain key players in alleviating poverty, stabilizing communities, and protecting our planet, they must invest in the kind of talent and culture that put these results within reach.

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