Five Year Reflection: No Moat Philanthropy

Reflections on five years of working to make the Bush Foundation more permeable

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2017

BUSH FOUNDATION

There's a famous (in philanthropy) quote that defines foundations as "a large body of money completely surrounded by people who want some."

There's truth in this statement, and it can lead foundations to have a fortress mentality — building moats and barricades in the form of needle-eye guidelines or brick wall websites. The stronger our defenses, however, the more difficult it is to be exposed to enough ideas and engage with enough people to be truly effective.

Over the past five years at the Bush Foundation, we have worked actively against this fortress mentality. We believe our efforts have made us smarter and more effective. Here's what we have done, in the form of *five principles of no-moat philanthropy*:

Principle #1: Get excited about other people's ideas

Five years ago, we operated initiatives focused on three specific goals. This approach posed some challenges, and in our pursuit of these goals, we became our own largest strategic constraint. Planning and executing the work at a pace to consume all of our payout was difficult. It was also difficult to be relevant in all corners of the region and to fund the best ideas without having ways to solicit and consider ideas that were not our own. Basically, we were only as smart as we were smart and only as effective as we were effective.

In the past five years, we have changed both our mindset and our processes to try to find the best possible ideas and to trust and invest in others to do the work. Specifically, we have worked to:

Do less. Enable more.
The first thing we did was to ease our grip on controlling our funding. We adopted "do less, enable more" as a mantra to push ourselves to focus as much as possible on getting money out to community organizations. We cut the number of consultants we were directly managing to advance our agenda and redirected those funds to grants. Within one year, we increased the percentage of our payout that goes out in the form of grants from 64% to 75%.

Balance the proactive with the responsive.
We now invest about half of our grants in strategic initiatives that advance our Foundation priorities and about half in open grantmaking programs that allow us to fund people and communities to advance their own priorities. This balance allows us to use our power to proactively advance goals while also being available to respond to emerging challenges, encourage unexpected bursts of community momentum and support way-out-there new ideas. We believe these are some of the highest-return investments we can make.

Harness the power of open grant programs.
We believe that traditional open grantmaking can be every bit as powerful as ambitious, proactive initiatives if done thoughtfully and well. We now have four standing open grant programs: Community Innovation grants, the Bush Prize, event sponsorships and ecosystem grants. We also have used one-off open processes four times as we learn about a particular issue or approach. These open programs allow us to engage with lots of organizations on lots of issues across lots of communities, helping us to stay informed and relevant on regional issues. As a learning tool, our one-off grant programs allow us to quickly understand the players and the various approaches in a particular issue area across the entire region we serve. Participating organizations have a better opportunity to showcase their work and compete on a level playing field for funding. Between 2012 and 2016 the amount of our funding that was awarded through some sort of competitive process increased from 8 percent to 72 percent.

Commit to followership.
Five years ago, the goals of our initiatives were so specific and our tactics so defined that we were unable to collaborate easily with others. We established "willingness to follow" as a principle within our operating values, and to make this easier, we created a President's Partnership and Innovation Fund that allows us to contribute to collaborative funder efforts, even when not in our focus areas. Within our focus areas, we now have an explicit principle to be open to "adjacent" investments when there is collaborative energy.

Principle #2: Bring lots of perspectives into your strategy design and decision-making

Five years ago, it said on our website to let us know if you had a good idea that aligned with our strategy, but there was no clear way for people to do so. We had formal advisors on our initiatives and advisors on the ground in North Dakota and South Dakota, whom we kept secret. While we talked a lot about co-creation, in practice it was hard to develop and nurture true partnerships with organizations given our very specific agenda and the power dynamics in our funding relationships.

In the past five years, we have worked diligently to ensure we are being shaped by more people and more perspectives. Specifically, we:

Create learning cohorts to shape our strategies.
In the early stages of learning about a new area, we invite others to learn with us and shape our thinking. For example, to inform how we should best integrate the arts into our work, we created the Community Creativity Cohort, providing organizations a $100,000 operating grant and asking them to attend a few workshops and provide counsel (see learning paper: Lessons from the Community Creativity Cohort). As we develop our strategy to support individualizing education, we have an advisory group of regional experts in Native education to help us understand how our strategy can be most relevant in Native communities.

Use external selectors.
Historically, we have engaged community leaders to select Bush Fellows, and we have expanded that practice to other programs, including the use of state-level advisory committees to select Bush Prize winners and working through state-level intermediaries to promote and award our smaller-scale Community Innovation grants.

Change staff hiring and board recruiting practices.
We have made numerous changes to our staff hiring and Board recruitment practices to attract people from a variety of backgrounds with different perspectives. For staffing, we have always hired from a variety of professional backgrounds, and while we continue to do so, we are also now focusing on diversity in race and cultural background. In three years, we increased the percentage of Foundation staff who identify as people of color from 14 percent to 50 percent. From a Board perspective, we set (and met) specific five-year targets for Board composition, focusing primarily on geographic and racial diversity, with special attention to political diversity.

Establish an internal Fellows program.
In addition to staff diversification, we created an internal Fellows program designed to routinely bring new and different perspectives into our work. The Ron McKinley Philanthropy Fellows program, now operated by the Minnesota Council on Foundations, hires professionals from communities underrepresented in foundation leadership to work at foundations for three years. We have hosted 11 Fellows and hired four of them into permanent positions.

Build staff and board intercultural competence.
If we really want to understand perspectives other than our own, we need the skills to do so. We invest heavily in staff development and board learning and have placed particular emphasis on intercultural competence. We hope that training, combined with out-of-the-office interactions and learning experiences, make us more aware of our biases, better able to truly understand the lived experiences of others, more effective in truly engaging and working with people across the region, and better able to make smart decisions and design strategies that actually work.

Principle #3: Continuously and intentionally connect with new people

Five years ago we had close working relationships with people in each of our initiative areas. While we valued those relationships, we kept a pretty tight circle. We knew people wanted money from us, and we also knew their chances of receiving it were slim. This can be awkward and who wants that? While avoiding awkwardness can make life more pleasant, we now believe embracing that awkwardness actually makes us smarter. While we can only fund a limited number of people and organizations, interacting with lots and lots of people and organizations helps us better understand our region and make better, more informed strategic choices and funding decisions.

We believe in the power of networks. We believe that a community's strength and diversity of connections help define its capacity for resilience and innovation. We work to ensure we are continuously connecting with new and different people. Each year, we set outreach priorities for geographic areas, cultural communities and/or sectors based on our analysis of where our network is weakest. Then we strive to make new connections in a way that creates connections between others, too. Specifically we:

Hold office hours to meet with people all around the region.
We hold “office hours” in communities around the region for anyone interested in meeting with our Foundation staff. These are sometimes coupled with a listening session, cohosted with a local partner, that allow us to understand what issues are most important to the community.

Sponsor and attend other people’s events.
We introduced an open process to request Bush Foundation sponsorship of events. We had been sponsoring some events, but we never considered it a program strategy. One of the primary criteria for event sponsorship is whether it will help us connect with people who might benefit from learning about our work. This might include having a Bush Foundation booth manned by staff members who are there to meet and field questions from attendees.

Host events designed for connection.
We were already hosting a number of events to build relationships with and among our Fellows and grantees. In the past five years, however, we have taken our events strategy to a higher level by focusing on connecting people across our programs and beyond our existing grantee and Fellowship networks. The best example of this is bushCONNECT, our flagship event which brings together 1,100 leaders from the region. To ensure we are attracting individuals beyond our community network, we engage “recruitment partners” from around the region who receive grant support to recruit a cohort from within their network to bring to the event, thereby ensuring bushCONNECT attendees more fully represent the geography — and diversity — of our region.

Take cohorts of people to national events.
We also offer scholarships for cohorts of people from our region to attend national conferences together. During the event, we create opportunities to build connections with and among the attendees from the region. This allows us to meet and support more people in the region, build attendees’ individual networks, and ensure leaders in our region are both contributing to and benefitting from national conversations.

Principle #4: Value every interaction as an opportunity to advance your mission

Our tagline and our strategy are one and the same: *We invest in great ideas and the people who power them.* We know that the only way anything happens is through people. Any place or field, therefore, is limited by the ambitions and the skills of the people in it.

The Bush Fellowship has been a flagship program of the Foundation for decades. We hear repeatedly from Bush Fellows that the experience changed what they thought was possible in their life and career. With the Bush Fellows program as our source code, we’ve been diligently working for the past five years to ensure that all of our programs have the same effect. How can we encourage people to think bigger and think differently? How can we be a force for optimism?

This notion of a foundation being a force for optimism is not an obvious one. After all, we mostly tell people no. Last year, 95 percent of people who applied for the Bush Fellowship did not receive one. We’ve worked diligently to make sure all applicant interactions with us are helpful and encouraging, regardless of grant or fellowship outcome. And our surveys suggest the work is paying off. For example, 79 percent of declined Bush Fellowship applicants said the process increased their beliefs that they can accomplish “a lot.” And 58 percent of declined Community Innovation grant applicants said the process helped them “think differently about how they address issues in their community.”

To have this impact with each applicant, we:

Operate hotlines to speak with Bush staff.
For our open programs, we have established hotlines for potential applicants. We will speak with people as many times as they desire to provide coaching on their idea or proposal. For applicants, this is a way to clearly understand what we are looking for and to vet ideas with us. For Bush staff, this is a way to provide coaching and encouragement to strengthen proposals and to influence activities beyond those we fund.

Give feedback about declined applications.
We offer feedback to declined applicants for our major grant and fellowship programs because we see this as another valuable opportunity to provide coaching and encouragement. We have also witnessed applicants using the feedback to improve their plans and proposals, which benefits both them and us. This two-way dialogue also allows applicants to share how we can improve the process for them.

Find ways to support declined applicants.
In the course of our processes, we learn about far more amazing people and organizations than we can actually fund. Therefore, we try to find ways to be useful to more than just the limited number of accepted applicants. For example, we consider declined Bush Fellowship finalists to be part of our "Bush Network" and invite them to bushCONNECT. We also provide declined Bush Prize finalists with a $10,000 grant. In our hiring process, we offer unsuccessful finalists the chance to meet with our hiring consultant for an individual coaching session. In addition, across all our programs and operations, we try to craft our applications and our processes so that the experience of applying adds value to an applicant's thinking and planning.

Principle #5: Share as you go.
In the past five years, we've been working to get more of what we are thinking — and learning — out to the community. This has required adjusting our standards and prioritizing just getting something out, even if it is not glossy and beautiful. It has required a new, shared understanding with grantees and Fellows that their reports and reflections will be public, so as many people as possible can benefit from their experience. It has required designing our internal work — like strategy documents for the Board — with external audiences in mind so they are ready to share.

We believe that if we do it right, we can have as much and potentially more impact from sharing the stories and spreading the lessons from our grantees and Fellows as from the investments themselves. This belief is at the heart of all our communications (see learning paper: Communications as Program) and is also reinforced with specific tactics such as:

Post grantee reports on our website.
We introduced "Learning Logs" to make grant reports public, and we hope, to give them life and utility beyond our walls. We refer prospective applicants to relevant learning logs as they craft their proposals, and we hear from applicants that they have indeed learned from them. Grantees and Fellows also share that they read one another's Learning Logs as a way to get new ideas for overcoming barriers.

Share lessons along the way.
We are publishing learning papers (like this one) as we believe we have something useful to share. We intended this to lower the bar of who, when and how we share. Our learning papers are not beautiful. Most of them are not based on statistically significant evaluation methodologies. They simply document a staff effort to process something we are working on and to share our reflections.

Tie evaluation to audience analysis.
We invest heavily in external evaluations of our work, but in doing so we have found that the end-product is often only useful to our staff and key stakeholders. Consequently, we introduced a different approach to thinking about evaluation with a sharing mindset. We use a framework to identify the audiences who might care about or benefit from the lessons of an evaluation, what questions are relevant to each group, and what form or output would be most useful to them.

Webinar to the max.
Webinars are not a particularly novel activity; however, we view them as a core tool of permeability. We host a webinar at the beginning of every application period for grant and fellowship programs to explain the process and what we are looking for. We also host them when we have a job opening to discuss the role and what it is like to work here. We host them annually for our Foundation initiatives to explain what we are up to and where we are headed. Most webinars feature a staff presentation followed by an open Q&A with videos archived on our website for anyone who missed it.

CONCLUSION

Overall, we believe a no-moat philanthropy approach has made us more effective. When we are intentional about having impact through how we do our work — building relationships, inspiring action, spreading optimism — then we increase the positive impact we have in the region.

We believe our effectiveness is fundamentally tied to our ability to influence and be influenced by others, which demands trust, reciprocity and a genuine openness to the ideas of others. It requires understanding perspectives other than our own. It requires permeability.

While we arrived at this approach largely because of our place-based sensibility and strategic orientation toward people (see learning paper: The Bush Approach), the same principles can apply to a national or international foundation focused on particular issues. The definition of community is different, but the potential value of permeability within that community is the same.

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The Downsides

Everything we do is a tradeoff. Spending time and money on the activities described in this paper means time and money not invested in something else. Here are some of the downsides of the tradeoffs we have made:

It takes some operating expense.

It requires real staff time for us to do office hours in western North Dakota and to reformat grant reports to be shared online and to do every other activity described here. We believe there is lots of opportunity to advance our mission in the "how" of grantmaking and weigh that as an investment alongside others. In our case, we did not have an increase in staff costs or operating expenses as we made this shift. We just reprioritized.

It can be bureaucratic.

Having open programs and having community members involved in processes requires some structure and rules and standardization in a way that can feel stifling. Philanthropy feels more artful and inspired when you can be creative and move quickly. To be equitably accessible and to improve the chance we are funding the best idea, we are committed to making this tradeoff (while being as artful and creative as possible within the structures we set!).

Lots of applications means lots of turndowns.

Conventional wisdom in philanthropy is to try to limit unsuccessful applications — reducing the amount of effort nonprofits invest with no return. This is an important consideration and it is why many foundations have very narrow guidelines and/or don't accept unsolicited proposals. The flip side, however, is that the more we all narrow our funding apertures, the harder it is for organizations to get great ideas funded. We've decided to run counter to conventional wisdom and give lots of organizations a shot at funding. Of course, we don't want to waste their time. We have three strategies to try to mitigate this waste: (1) through our hotlines we try to coach unlikely grantees out of the process. (In our experience, nonprofits will often apply anyway — which suggests to us that they value having a shot — even if the odds are long.); (2) we try to make the process worth it. Our surveys suggest that applicants who do the programs with the biggest pools get something out of the process — and we learn from the applicants even if they are not funded; and (3) we try to make the first stage of our processes as simple as possible so folks are not wasting too much effort.

Relationships are hard!

Thinking of ourselves as being in relationship with people in the region is not simple. There are lots of them! And it can be super frustrating if a Bush Foundation staff member gives advice on a hotline that seems to be contradicted by the feedback when an application is declined. We've had to invest money and time in developing our CRM capacity and habits. We have a lot more work to do on this front. We will never not have a lot more work to do on our intercultural competence and our efforts to practice inclusion. Truly including people with different perspectives can make decisions harder as it makes decisions better. The early returns on our efforts have been encouraging and we are committed to continuing the work to be more fully in relationship with more people in the communities we serve.

Our Operating Values

All the work described in this paper is fueled and shaped by our operating values. We developed these values in a year-long process spanning 2012-2013, as we were beginning to make the changes described in this paper.

Spread Optimism.
We encourage individuals and organizations to think bigger and think differently about what is possible. We are positive and supportive in our internal and external interactions.

Work Beyond Ourselves.
We actively seek opportunities to work in true collaboration with others to have more impact. We are willing to both lead and follow. We candidly share what we learn with others.

Everybody Matters.
We are a champion for both excellence and equity inside and out of the Foundation. We have fair, open and inclusive processes. We work to raise overall quality of life while also closing opportunity and achievement gaps.

Steward Well.
We demonstrate appreciation for the Foundation's history and thoughtfully build on its legacy. We hold ourselves to high standards of integrity and accountability and conduct ourselves in a way we hope would make our founders proud.

More Good. Every Year.
We are a true learning organization and work to be smarter and more effective every year. We never lose sight of the reason we exist: to do the most possible good with the resources left to the community by Archibald G. Bush.