THE **SOURCE CODES** OF FOUNDATION CULTURE

By Tom David and Kathleen Enright

LEADING
CHANGE
IN PHILANTHROPY

geo
GRANTMAKERS FOR
EFFECTIVE ORGANIZATIONS

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PREFACE

The Grantmakers for Effective Organizations community encourages funders to make changes in their own work to better support nonprofits and communities, including intentionally building strong relationships; engaging those closest to the issues in decision-making; committing to learning and improving over time; and providing flexible, long-term funding. Yet the pace of change can be slow. We often hear that philanthropic leaders struggle to make even those changes that they know are important.

Over the last several years, GEO has been working to better understand what contributes to and impedes efforts to lead productive change in philanthropy. One theme that has arisen time and again is the importance of creating and nurturing an organizational culture that enables grantmakers to be most effective.

Organizational culture is the personality, behaviors and underlying assumptions of an organization. While culture can be understood in various ways and is hard to pin down, it has a persistent influence on how an organization behaves. Over the course of our exploration we have become convinced not only that a positive internal culture is an essential bedrock for effective philanthropy, but we have also, as a sector, habitually neglected this important contributor to our success.

We designed this publication to spark dialogue and to provide a first set of observations that will support a deeper exploration of culture in the field of philanthropy. We collaborated with Tom David, a longtime senior leader in the philanthropic sector, who has been writing on this topic based on his own experience and observations in foundation senior leadership and consulting roles. His analysis uncovered that many foundations' internal cultures have corporate, banking or academic "source codes" — a set of influences shaped by the organizations' founders and leaders. His assertion and ours is that foundations have an extraordinary opportunity to rethink and reinvent key outdated aspects of their cultures while building on long-standing strengths.

Funders can use this document to support conversations among board and staff to articulate and understand the origins of organizational assumptions, examine beliefs and behaviors, and identify aspects of culture that drive or impede effective work. We have provided a few examples of changes foundation leaders have made to better align culture and strategy as well as cases in which culture clearly influences grantmakers' work. We will do additional work on the role of foundation culture in effectiveness in 2016 and 2017, including providing in-depth examples of grantmakers engaging in culture change work, developing guidance and tools for shifting culture, and uncovering additional evidence of how effective culture change accelerates impact. We hope you will join us in this exploration and share what you are learning and changing about your own culture as a result.

Kathleen Enright
President and CEO, Grantmakers for Effective Organizations

SOURCE CODES:
a set of influences shaped by the organizations' founders and leaders

INTRODUCTION: COMPLEX SOCIAL CHALLENGES REQUIRE NEW CULTURAL NORMS

Philanthropy evolves slowly, despite (or maybe because of) very few external constraints or imperatives. Historically, good stewardship of philanthropic resources has focused on preserving capital and growing assets for the benefit of future generations. But given the complex, evolving nature of challenges like poverty and climate change, as well as what we have learned about how best to support nonprofit success and community impact, we must shift our conception of good stewardship in order to make significant progress in solving large-scale problems.

To more effectively approach complex challenges, philanthropists need to adopt a broader view of their work. Adam Kahane, of Reos Partners, a global consulting group that designs and facilitates projects focused on systemic change, has suggested that we must simultaneously work in a fashion that is:[1]

SYSTEMATIC — not piecemeal and divided into silos;

PARTICIPATIVE — involving many people's ideas, energy, talents and expertise; and

EMERGENT — able to move and adapt nimbly in a minefield of uncertainty.

Given the nature of the problems that philanthropy aims to address, this recommended approach resonates deeply. "Everything is interconnected — we can't ignore what's happening within our organizations when we're working on external issues," says Jennifer Martin, vice president, organizational development, of The Seattle Foundation. "The complex issues we are all trying to tackle require us to look holistically at all the interconnections, the assumptions that are driving our decisions and strategies, and how we as foundations are either helping solve or actually exacerbating the problems." And indeed, as philanthropy aspires to address complex issues, our field has already started to change its definition of what "strategic" looks like to include practices such as authentic engagement with community; cross-sector funding for systems change; collaboration among funders, nonprofits and others; advocacy to support community policy change; and a broader use of all philanthropic assets, including mission investing.

"Everything is interconnected — we can't ignore what's happening within our organizations when we're working on external issues."

– Jennifer Martin

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1   Adam Kahane, *Solving Tough Problems: An Open Way of Talking, Listening, and Creating New Realities* (San Francisco: Berrett-Koehler, 2004), 32. For more information on Reos Partners see http://reospartners.com.

But changing strategy is unlikely to yield progress without fundamental changes to organizational culture to match funders' strategic aspirations. Funders of all shapes and sizes need to understand the traditional aspects of culture that are shared by many foundations and earnestly consider how internal culture can evolve to support larger goals and aspirations so that outdated and unexamined patterns of thinking and behaving do not stand in the way.

The late management sage Peter Drucker observed that "culture eats strategy for breakfast." Generations of foundation leaders, from Alan Pifer (Carnegie Corporation of New York) to Steven Schroeder (Robert Wood Johnson Foundation) to Judith Rodin (The Rockefeller Foundation),[2] have voiced similar conclusions. In a recent study by Deloitte, 87 percent of companies surveyed listed culture and engagement as one of their top challenges, and 50 percent said the issue is "very important."[3] Candidly addressing and shifting foundation culture is a critical dimension of effective philanthropic stewardship.

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2   See: Alan Pifer, *Speaking Out: Reflections on 30 Years of Foundation Work*, rev. ed. (Arlington, Va.: Council on Foundations, 2005), http://gosw.org/files/misc/Speaking%20 Out%20-%20Reflections%20on%2030%20Years%20of%20Foundation%20Work%20by%20Alan%20Pifer.PDF; Renie Schapiro, "Conversations with Steven A. Schroeder," in *To Improve Health and Health Care*, vol. 6, edited by Stephen L. Isaacs and James R. Knickman (Princeton, N.J.: Robert Wood Johnson Foundation, 2003), http://www.rwjf. org/content/dam/web-assets/2003/01/conversations-with-steven-a--schroeder; and Rahim Kanani, "Judith Rodin, Rockefeller Foundation CEO: 'Culture Eats Strategy for Lunch,'" Forbes.com, April 23, 2012, http://www.forbes.com/sites/rahimkanani/2012/04/23/judith-rodin-rockefeller-foundation-ceo-culture-eats-strategy-for-lunch/.
3   Josh Bersin et al., ed., Global Human Capital Trends 2015 (Oakland, Calif.: Deloitte University Press, 2015, 35). http://www2.deloitte.com/us/en/pages/human-capital/articles/ introduction-human-capital-trends.html.

"Culture eats strategy for breakfast."

— Peter Drucker

ORGANIZATIONAL CULTURE: A POWERFUL, INVISIBLE FORCE

One way to look at culture is to consider it the personality or character of an organization. It is both immediate and intangible. It shapes the way the members of an organization interact and relate to each other. For those who have long experience in an organization, culture can be almost invisible.

Although culture is transmitted in every interaction, inside the organization and outside its walls, it often takes an outsider to notice and question ways of operating that everyone else takes for granted. Ed Schein, one of the foremost experts on this topic, says that culture is "a set of basic assumptions [that] defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations. … Cultures tell their members who they are, how to behave toward each other, and how to feel good about themselves."[4]

Schein identifies three levels at which organizational culture manifests, ranging from overt characteristics that can be seen and felt to deeply embedded, unconscious basic assumptions that represent its essence:[5]

ARTIFACTS are phenomena that a person sees, hears and feels when encountering a new group with an unfamiliar culture. Artifacts are easy to observe but difficult to decipher without more information. For instance, a hallway of closed office doors might be an artifact of an extremely individualized culture, or it could simply mean that during a very busy period, normally sociable staff members close their doors to improve concentration.

ESPOUSED BELIEFS AND VALUES include publicly expressed strategies and goals. But espoused beliefs and values do not tell the whole story, and they can sometimes be in conflict with artifacts. For example, an organization may have an espoused value of teamwork while actually rewarding individual competitiveness through its performance reviews or compensation structure.

BASIC UNDERLYING ASSUMPTIONS are the real operating principles of a culture. They are so taken for granted that there is generally little variation within an organization. If a basic assumption comes to be strongly held by a group, members will find behavior based on any other premise inconceivable. For example, if a grantmaker believes that marginalized community members have insight into their neighborhood's problems, potential solutions would uniformly find ways to engage those residents, through convenings, advisory groups, board seats and other avenues.

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4   Edgar H. Schein, *Organizational Culture and Leadership*, 4th ed. (San Francisco: Jossey-Bass, 2010), 29.
5   Ibid., 32.

> "Culture is a set of basic assumptions [that] defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations. . . . Cultures tell their members who they are, how to behave toward each other, and how to feel good about themselves."
>
> – Ed Schein

These tacit or unconscious dimensions of organizational culture — just like individual personality — make culture both powerful and difficult to fully see and understand.

Culture serves many important positive functions in building and strengthening organizations and enhancing their effectiveness over time. It can help ensure alignment of both values and effort and provides a shared sense of coherence, purpose and motivation. Culture can help establish and maintain appropriate standards of behavior and productivity and simplify the task of integrating new staff members into their jobs.

But cultural norms can also constrain and control behavior in ways that may detract from the fulfillment of an organization's mission. Culture can manifest the vision and values of founding leaders many years after their departure, to the degree that it sets invisible boundaries for future leaders and their colleagues. One CEO described her orientation process as a study in invisible boundaries: "People were trying to make sure I knew what I could and couldn't do. I thought I was going to scream if one more person told me, 'you need to be careful … we tried that in the past … our board didn't like that.' I was unprepared for this box that I stepped into." Likewise, pivotal events that predate the tenure of all the current members of an organization can continue to influence behavior for many years downstream. And sometimes, there can be tension between cultural elements, even if desirable. For example, the desire to move quickly and respond with urgency can conflict with taking the long view and supporting systemic change.

Cultural forces are powerful precisely because they exist under the surface and are rarely identified and addressed, and some cultures can take time to transform. Understanding and changing culture requires foundations to engage in self-examination to identify how organizational culture influences the way in which they see the world, interact with the world and assess opportunities for taking action. The path for changing culture is often not straightforward and can unfold in unexpected ways. Transforming culture can also lead to changes outside a foundation — to its relationships; the roles it plays in its communities; and the perceptions of grantees, supporters and other stakeholders.

Understanding the Influence of Organizational Culture

ORGANIZATIONAL
CULTURE

VIEW OF
THE WORLD

INTERACTIONS
WITH THE
WORLD

ASSESSMENT OF
OPPORTUNITIES
FOR TAKING
ACTION

CULTURE IN ACTION:
VALUES DEEPLY LIVED

Ira S. Hirschfield has served as president and a trustee of the Evelyn & Walter Haas, Jr. Fund since 1992. In this role, he leads the fund's work to bring to life its vision for a just and caring society where all people are able to live, work and raise their families with dignity.

Hirschfield believes that when well aligned, culture and values can become two sides of the same coin: "If someone asked me to tell them about our culture, I'd go directly to our values of fairness and equal opportunity — values that are deeply lived in our work. Our culture drives us to work on social justice and equality issues that aren't yet commonly accepted by the community. For example, we began funding the right of same-sex people to marry 15 years ago, even when most gay rights activists believed it wasn't the right approach."

During his tenure, Hirschfield has facilitated a transfer of board leadership to the second generation and witnessed the evolution of the fund's culture. "In the second generation, there was an appetite to develop priorities that were consistent with the values of our founders, but were more contemporary and meaningful to them," he said, including taking on complex social issues.

The fund's commitment to deeply-held core values drives organizational behavior, motivating board members not only to take on compelling issues but to stick with them for the long haul even through setbacks and controversy. Just three years after the fund targeted marriage equality as a priority, the movement was dealt a devastating blow: 11 states passed constitutional amendments banning same sex marriage. "I remember walking into the board meeting in 2004, shortly after those measures passed. We weren't sure how our trustees would respond. But they remained true to their values and the culture they had developed. They committed to stay the course, and with their full and unwavering support we — and our colleagues in the movement and philanthropy — regrouped and came back even stronger."

Navigating the inevitable twists and turns that come with catalyzing social change has challenged the fund to put their values into action. "That wasn't the first — nor was it the last setback we experienced in the past 16 years," Hirschfield said. "But even in dark moments, I like to think that the close knitting of values and culture will continue to help inspire the fund to behave in ways that help advance our goals. As the staff keeper of the culture, part of my job is to continually ask — how are we living our values to honor our founders' legacy while keeping succeeding generations of trustees actively committed to the Haas, Jr. Fund's work?"

"As the staff keeper of the culture, part of my job is to continually ask — how are we living our values?"

– Ira S. Hirschfield

CULTURE IN ACTION:
CONNECTING THE DOTS

When the Robert Wood Johnson Foundation began to move toward a strategy requiring deep and sustained collaboration and cross-issue work, it was clear that the organization's siloed culture needed to change. "Our culture might have worked for our old strategy, but it wasn't going to work for the work we had to do going forward," said Robin Mockenhaupt, RWJF's chief of staff. She added, "When we went through our strategic planning process, we knew that we couldn't get to the strategy without taking a look at our culture and how we do our work." So RWJF did something unusual: it engaged a cross-section of staff, from all departments and levels of the organization, in a long-term conversation about culture. Vice President for Human Resources and Administration David Waldman pulled together a group of 40 staff members from across RWJF, including people who are often not consulted in planning conversations. This "Band of 40" began to consider changes in three priority areas identified by staff: culture, learning and bandwidth. This group came about as a direct consequence of the foundation's strategic planning activities of 2013–2014.

Now that RWJF is beginning to implement its strategy, the Band of 40 has shifted its focus to very practical changes in rules, norms and behaviors that will help the staff be as effective as possible.

"As our strategy has evolved, sharing information across the organization has been critical," said RWJF's president and CEO, Risa Lavizzo-Mourey. "Our effectiveness depends on connecting the dots by sharing information and tying it back to strategy and culture." Focusing on culture allowed the organization to change internally at the same time that it was changing the way it worked externally. Mockenhaupt added: "We're more in line with how we're asking our partners and grantees to behave … we're collaborating!"

"Our effectiveness depends on connecting the dots by sharing information and tying it back to strategy and culture."

– Risa Lavizzo-Mourey

CULTURE IN ACTION:
BEYOND ROI

The International Development Exchange is a public foundation devoted to channeling resources to effective grassroots organizations and disrupting top-down approaches to philanthropy and social change. When Rajasvini Bhansali, IDEX's executive director, arrived in 2009, the organization was focusing much of its energies on raising money to maintain grantmaking, as it had been for more than 20 years. While the organization funded effective community-based organizations the world over, IDEX perceived that it was trying to compete with large international aid organizations in how it messaged its work. As a result, external communications were "dumbed down."

According to Bhansali, "We believed we were doing the work of partnering with community organizations in the developing world better than others, but we didn't know how to tell our stories. We also didn't engage or steward our philanthropic partners with the same kind of care we extended to our grassroots partners."

To boost fundraising, IDEX added a number of Silicon Valley entrepreneurs to its board. But the cultural assumptions of the new board members turned out to be a poor fit for IDEX's way of working. "We thought they would help us solve our fundraising woes," said Bhansali. "But in fact, they increased the board's focus on rapid return on investment and its attachment to existing models. We needed people who would respect the slow process of this work and the need to honor the knowledge of people on the ground."

Working through this cultural mismatch with the board took time, but Bhansali and her team set about shifting to a more inclusive approach that relied on extending the organization's deep and sustained partnerships with small grassroots organizations to larger foundations as well. This also meant having the courage to portray IDEX's grassroots partnerships in all their complexity as well as the promise and potential of doing grantmaking differently.

This approach resulted in a stronger and clearer set of values and a theory of change that was broadly shared by board and staff. "We want to enable people to be agents of long-term, sustainable change in their own societies, to affect their own conditions," she wrote on the IDEX blog.[6] "This approach is a slow, deep-acting method. It can't be rushed, 'special forces' style." Not surprisingly, the change in strategy required new ways of working internally. According to Bhansali, time, patience, receptivity and restraint are all essential cultural traits for IDEX staff, to allow for flexibility and experimentation.

"Deep conversations at the community level mean accepting that you may need to change your whole approach to programs and funding," Bhansali said. "As a funding organization, we need to acknowledge what we don't know and invite solutions from unexpected places. And those are the most important stories for us to tell."

"As a funding organization, we need to acknowledge what we don't know and invite solutions from unexpected places. And those are the most important stories for us to tell."

— Rajasvini Bhansali

6   Rajasvini Bhansali, "We Won't Be Sending in the 'Special Forces,'" International Development Exchange blog, http://www.idex.org/blog/2015/06/17/no-special-forces-idex-approach/.

THREE PRIMARY SOURCE CODES
OF FOUNDATION CULTURE

The assumptions, values and practices of foundations often reflect the cultural "source code" derived from other fields. Different types of foundations may have additional influences, reflecting the cultural legacies of families, hospitals, management consulting firms or government — often blended and blurred within any institution. Yet three primary sources stand out as having a particularly common and powerful influence: banks, universities and for-profit corporations.

The core cultures of banks, universities and for-profit corporations demonstrate remarkable strengths. They are among the most enduring and powerful institutions in our society. Foundations benefit if they model the fiduciary integrity and investment acumen of financial institutions; the analytical thinking and high intellectual standards of universities; and the emphasis on leadership, innovation and data-informed decision-making of business. But foundations also display some of the least helpful aspects of each of those three cultural strands, including the lack of transparency of banking, the individualism and arrogance of universities, and the internal inequities and metrics myopia of for-profit corporations. Often, these cultural touchstones persist despite the fact that they are clearly not in the best interests of foundations' nonprofit grantees or partners — or the communities they serve.

BANKS. Because many foundations have their roots in the trust departments of banks, it is not surprising that they have adapted many aspects of banks' organizational culture into their own. This legacy shows up in the common language of foundations: "program officer," "portfolio," "due diligence" and "docket" reflect their banking equivalents. The hushed lobbies and sumptuous boardrooms of some foundations also call to mind the serious and stately atmospheres of banks. Some aspects of this legacy have been positive for foundations. For example, at times foundations can be well served by the emphasis on fiduciary responsibility and careful assessment of risk.

[SOURCE CODES]

BANKS FAMILIES
MANAGEMENT CONSULTING FIRMS
UNIVERSITIES
HOSPITALS GOVERNMENT
FOR-PROFIT
CORPORATIONS

Other elements of banking culture may not be as useful to foundations. Highly structured grant approval procedures driven by calendar deadlines parallel the internal processes of financial institutions, even though the time frames may not meet the needs of grantee partners. Foundation boards may measure performance by how much the organization has been able to grow the funds under management rather than by how generous or successful it has been in distributing those funds in service of their mission. And the concept of "return on investment" continues to apply narrowly to the impact of foundations' financial outputs such as portfolio size.

Just as banks have a history of redlining and other inequitable practices that limit access to capital for all but a select few, many foundations also have a reputation for exclusivity and a lack of transparency. It can be difficult for nonprofit grantseekers to figure out exactly what a foundation wants to fund, challenging to find a real person to talk with and nearly impossible to have honest dialogue about a nascent idea. Perceptions of exclusivity have been exacerbated by foundation practices that isolate foundation staff from continual dialogue with their communities, such as invitation-only grant application processes. While these practices can be useful for some foundations or initiatives, foundation staff may miss promising ideas and opportunities to have impact in new ways.

UNIVERSITIES. Like money, knowledge is a valuable currency for funders, so it is not surprising that key elements of university culture maintain tenacious roots in philanthropic organizations. As with banking, many aspects of university culture contribute to foundation effectiveness, including the priority placed on written analysis, intellectual stewardship and careful decision-making. Like universities, foundations value background research and highly analytic thinking in developing strategy and grant recommendations. Like universities, many foundations value learning and evaluation, both for improvement and for demonstrating that programs and ideas work.

On the other hand, foundations can be hampered by an overemphasis on rigor and analysis and by the fiefdom-like silos that can isolate different program areas. The internal organization of foundations by departments according to discipline reflects the departmental structure of universities. Similarly, foundations' division between program staff and operations staff mirrors the university culture of treating faculty and staff as two different classes. Just as in the university, there are typically limited (or no) incentives for cross-silo collaboration, a problem that is exacerbated by squabbles over budget and influence over institutional priorities.

THINK ABOUT:

To what extent does the "source code" of **banking** show up in your organization's language, behavior and assumptions? Which aspects of this source code are important to keep? Which aspects need to go?

Funders often have a bias toward commissioning studies and plans to iteratively research, discuss and refine an issue rather than be seen as acting in a precipitous fashion. While analysis can be important for planning purposes, it can also contribute to a lack of a sense of urgency, much like university-based researchers who prioritize scholarly inquiry over external deadlines.

Foundation enthusiasm for theories of change, logic models and summative evaluation can also trace its roots to academic discourse. This type of evaluative thinking can help funders and their partners set goals and think through intermediate steps. At the same time, grantmaking rarely fits neatly into a static model. Funders influenced by social science research and the experimental paradigm often conceive of funding initiatives as social experiments, with the idea that appropriate evaluation will illuminate what is most promising or "scalable." While this rigorous testing can contribute to knowledge and understanding, it is often not implemented with sufficient funds, time or capacity support. The field has also struggled to match the right approaches to evaluation with diverse kinds of work and partner interests.

Just as banks have a culture of exclusivity, universities have a similar shadow side: a tendency toward elitism, including a preoccupation with credentials, status and prestige, resulting in a lack of respect for the ideas and prior experience of "practitioners." Foundation staff may prioritize scholarly advice from well-known experts and become less open to input from grantees, communities and peers. "We have always focused on developing expertise in each of our program areas and have paid great deference to the 'expert' when making decisions," observed Ann Stern, president and CEO of the Houston Endowment. "We're trying to make sure we continue to grow and honor that expertise, but make sure we also get the checks and balances of the real world to keep us intellectually honest and down to earth."

While some strides have been made in engaging community stakeholders meaningfully — including attempts to diversify foundation boards and staff, obtain feedback from grantees and beneficiaries, and engage communities in evaluation — this type of change requires attention to power dynamics and can be challenging to existing foundation cultures. "We believe that the problems and solutions are both within the community, so we have to truly respect the voices of the community," said Susan Zepeda, president of the Foundation for a Healthy Kentucky Inc. "But every so often we still have a board member who doesn't like the community's plan. Sometimes we still need to go to the mat to override objections when a community has spoken."

THINK ABOUT:

To what extent does the "source code" of **university** culture show up in your organization's language, behavior and assumptions?

Which aspects of this source code are important to keep? Which aspects need to go?

FOR-PROFIT CORPORATIONS. Finally, and perhaps most obviously, foundation culture is often an offshoot of the culture of for-profit corporations. Since the money to create foundations often comes from successful businesspeople, it is logical that many core cultural attributes should come from that world. That influence can be clearly seen in the governance structures of most foundations, specifically the power wielded by the investment committee of the board. When it comes to budgeting, foundations often invoke corporate discipline as evidence of good stewardship, limiting the size of the staff and keeping a lid on expenses.

In larger foundations, especially, a business-minded emphasis on growing the assets of the foundation can become an overriding goal. Boards often devote substantial time to financial matters and may allocate a large proportion of institutional resources to investment staff and external advisers. For foundations that intend to exist for perpetuity, this practice helps ensure the foundation's continued growth and existence, although it may not contribute to effectiveness.

Because many foundation trustees also sit on the boards of for-profit corporations, they may find the metrics and ratios involved in tracking investments to be more familiar territory than the more open-ended challenge of assessing programmatic impact. At times, trustees' interest in metrics manifests as a call from the board for a set of metrics to neatly summarize the impact of a foundation's grantmaking. The resulting dashboards and data points can be very useful for showing trustees a snapshot of grantmaking data, but they also tend to oversimplify complex areas of work in a way that may not support efforts to make better decisions over time.

Corporate CEOs — responsible for making large amounts of money for shareholders — are treated as celebrities. Foundation CEOs, especially CEOs of large, national foundations, are also sometimes granted extraordinary autonomy and deference. They are expected to provide dynamic leadership within their organizations. The leader's style can inadvertently become a primary shaper of foundation culture, and when that happens, its influence can persist long after the leader has moved on.

A new generation of tech entrepreneurs has recently started to influence the culture of foundations. They come from a highly competitive world of real-time data, constant learning and adaptation, and measurable short-term results and bring a different corporate point of view to the board table. More often than not, their preferred mode is to act decisively and to "fix" things in the short term rather than to engage in long-term efforts to address root causes or to try to reform systems. New donors sometimes favor "disruptive" startups led by social entrepreneurs (of which charter schools are a prime, if controversial, example). This preference can also translate into an indifference to building the capacity of existing organizations and strengthening other community assets.

Additionally, some new donors are also far less interested in perpetuity, committing to spending down their foundation's assets within a specified time period. The spend-down deadline can create a dose of urgency that can be a useful tonic for foundation culture, enabling foundations to make bigger bets and use their assets in new and different ways (such as program and mission-based investments) and requiring them to reconsider time-intensive or cumbersome processes.

THINK ABOUT:
To what extent does the "source code" of **corporate** culture show up in your organization's language, behavior and assumptions?

Which aspects of this source code are important to keep? Which aspects need to go?

CONCLUSION: EXPLORING A CULTURE FOR OUR TIMES

Foundation resources are incredibly precious. One potent way to make the best use of these precious resources is to actively consider whether your organization's culture reflects the values you care about most and is appropriate for your chosen strategy. If a grantmaker is not satisfied that its current culture best serves its community and allows the nimbleness and boldness to meet new challenges, then what will it take to create a more fitting culture? Defining cultural attributes that best fit the foundation and figuring out how to live them is a long-term process, requiring significant reflection, inquiry and leadership.

In conversations with leaders in the GEO community, a handful of elements have started to emerge as important to a productive foundation culture. The concept of aligning practices with values is frequently mentioned. Susan Zepeda, president of Foundation for a Healthy Kentucky Inc., explained that in her organization, "the most important thing we've done is crafted a set of values in a participatory process. Now we're making sure that our work is truly aligned with those values." When culture, practice and talent are aligned, funders are positioned to make change.

Many leaders believe respect and humility are necessary to mitigate the power dynamic inherent in relationships between the foundation and its nonprofit partners. Similarly, many add curiosity, or a spirit of inquiry, as a core trait in a culture that encourages continual learning and improvement in real time. Transparency — in dealings with staff, board and community — comes up as another characteristic of thoughtful and trustworthy foundation cultures. And finally, many leaders talk about their work to instill a sense of urgency so that all staff and board members share a fierce desire to move quickly and effectively to get funds to organizations, learn rapidly, share learning and figure out how to best effect change with the resources at their disposal.

GEO is continuing to research and explore what effective foundation cultures need to be in order to accelerate progress and enact meaningful change on the issues we all care about. Moving forward, the GEO community will continue to learn what it takes to build cultures that can support our best work and

Defining cultural attributes that best fit the foundation and figuring out how to live them is a long-term process, requiring significant reflection, inquiry and leadership.

offer examples and practices to support foundations in shifting their cultures in productive ways. We invite you to use this paper as a springboard for your own exploration. Please also add your voice and experiences to the conversation in the GEO community in the coming months.

Acting in a more aligned way will require foundations to explore big questions about their purpose and values, dig deep into their cultural assumptions to see if they are aiding or hindering their adaptability, and find inspiration from peers and possibly from unconventional cultural role models. "Philanthropy is very young in terms of forging its own culture," commented Robert Hughes, president and CEO of the Missouri Foundation for Health. "And as a field, we are timid. Leaders in philanthropy need to take advantage of the very thing that makes us distinct — insulation from market forces. It's incumbent on philanthropic leaders to push organizations to not be constrained. If we don't do it, it's not going to happen."

Contemporary philanthropic organizations do not need to accept the self-imposed limitations of traditional foundation culture. Over the last two centuries, private foundations have incorporated some influences from banks, universities and for-profits that may unintentionally reinforce a culture of privilege that does not serve us well. Private foundations have also enjoyed significant independence from demands for more transparency or public accountability. Our legacy cultures are quite diverse and have many strengths. We can build on those strengths while reinventing the aspects that do not fit with who we want to be and where we want to go. If we are bold and curious, we can open our organizations to creative possibilities and prepare ourselves to make substantial progress on the complex emergent issues facing our world today.

ABOUT THE AUTHORS

Tom David advises foundations and other public benefit organizations on program strategy and design, organizational learning, and evaluation. He has worked in and around organized philanthropy since 1987, having been director of organizational learning and evaluation at the Marguerite Casey Foundation in Seattle, executive vice president of The California Wellness Foundation, vice president of the S.H. Cowell Foundation and senior program officer at The James Irvine Foundation in San Francisco. David has been a member of the board of Grantmakers In Health and the advisory board of the Stanford Medical Youth Science Program. He has also served on the boards of Women and Philanthropy and Northern California Grantmakers, including a term as chair. He was the recipient of the 2002 Terrance Keenan Leadership Award in Health Philanthropy from Grantmakers In Health. David received a master's in architecture and urban planning from UCLA and a doctorate in educational psychology from the University of Chicago.

Kathleen Enright is the founding president and CEO of Grantmakers for Effective Organizations. Enright speaks and writes regularly on issues of nonprofit and grantmaker effectiveness at national and regional gatherings of executives and trustees. Publications include Investing in Leadership: Inspiration and Ideas from Philanthropy's Latest Frontier *and* Funding Effectiveness: Lessons in Building Nonprofit Capacity. She is also a contributing blogger for The Huffington Post. In 2007, Kathleen received the Distinguished Public Service Award from the George Washington University Chapter of Pi Alpha Alpha, a public administration honor society. Enright holds a bachelor's degree in English from the University of Illinois at Urbana-Champaign and a master's of public administration from the George Washington University.

ABOUT GEO

GEO is a diverse community of more than 500 grantmakers working to reshape the way philanthropy operates. We are committed to advancing smarter grantmaking practices that enable nonprofits to grow stronger and more effective at achieving better results.

The GEO community provides grantmakers with the resources and connections to build knowledge and improve practice in areas that have proven most critical to nonprofit success. We help grantmakers strengthen relationships with grantees, support nonprofit resilience, use learning for improvement and collaborate for greater impact.

ACKNOWLEDGMENTS

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