

## REFLECTIONS ON THE SPECIAL FEATURE

# Beyond formulas and easy answers

**Phil Buchanan**

## Context is everything.

That's what I take away from this deeply thoughtful set of articles exploring the role of grantmaking, why (and even whether) it matters, and how to do it best. Barry Knight and Jenny Hodgson make the argument particularly powerfully, cautioning against the simplistic matrices and frameworks promoted by the likes of FSG Social Impact Advisors. 'We should run a mile from management books or consultancy advice that promote a single, simple answer – otherwise we will fall prey to unevaluated fashion,' they write.



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Knight and Hodgson's well-argued piece reminded me of Warren Buffett's words, used in another context: 'Beware geeks bearing formulas.' I have read too many articles promoting a new approach, with a snazzy title, that often isn't new – nor something that should be emulated widely without deep thinking about the particular context in which it might, or might not, work.

While I think philanthropy can perform better, and should, it makes little more sense to dismiss all that has been done to date as ineffectual than it does to languish inertly in a familiar status quo. We should remember that there are no easy answers. We are working, after all, on the most confounding and interdependent challenges, the very ones that have defied easy government or market-based solutions.

### The appeal of the new-fangled

Yet many advocate for the new-fangled approach, calling for going beyond 'traditional philanthropy' (whatever that is) to something 'new'. I was struck by Helena Monteiro's worry that 'emerging economies, where philanthropy is young, seem ready to adopt the mistaken idea that grantmaking is no longer relevant, associating grantmaking with ineffective traditional interventions.'

Typically, the argument for the 'new' approach comes in the form of a dissing of what philanthropy has accomplished, along the lines of the type Mark Kramer offered in the very interesting *Alliance* webinar. He cited as evidence of the shortfalls of US philanthropy the fact that we lag behind other developing

countries on crucial measures of educational attainment and health.

But this is spurious reasoning that overlooks the role of both business and government – which dwarf philanthropy, as Stephen Heintz of Rockefeller Brothers Fund pointed out in the webinar – and the many ways in which life in the US is dramatically better than it was decades ago. Globally, too, there has been dramatic (though of course insufficient) progress, as Bill Gates notes in his 2014 annual letter. He writes:

'By almost any measure, the world is better than it has ever been. People are living longer, healthier lives. Many nations that were aid recipients are now self-sufficient. You might think that such striking progress would be widely celebrated, but in fact, Melinda and I are struck by how many people think the world is getting worse.'

### The role of strategy

Perhaps, then, we should focus more energy on understanding what has worked, so we can do more of it. I'd argue that most of what has been effective in philanthropy – including the examples highlighted in this issue – does involve sound strategy, well implemented. And that's where I part ways with Knight and Hodgson, who lump together 'philanthrocapitalism', 'catalytic philanthropy', 'collective impact' and 'strategic philanthropy' into an undifferentiated mass of which they are critical.

I see it differently. We at the Center for Effective Philanthropy (CEP) argue that foundation effectiveness comes in many forms but that it does require four elements: clear goals, coherent *strategies*, disciplined implementation, and relevant performance indicators.

Does that make us just another band of 'geeks bearing formulas'?

### What makes for good foundation strategy?

I sure hope not, because we also believe that the right strategies will vary widely in light of the goals and the larger contexts in which foundations operate. Sometimes a foundation will rightly execute a strategy primarily through grantmaking; in other cases, foundations will see opportunities to complement their grantmaking work with an effort to influence policy or to develop the capacity of their non-profit grantees. The right approach will depend on what the foundation is trying to do, and what role it can most effectively play – what it can contribute to the 'jazz ensemble' Heintz suggested as a metaphor in the webinar. ▷

I do not see strategy as a business concept, as Knight and Hodgson seem to. The word, after all, has its origins in the Greek word for 'army'. In fact, good philanthropic strategy – by which I mean the logic that guides resource allocation in pursuit of goals – plays out very differently from good business strategy because of the lack of competitive dynamics. Whereas in business you want a strategy to be yours alone, a foundation's strategy will almost surely fail unless it is shared – across many organizations and entities.

As we at CEP have pointed out over the years, good foundation strategy is iterative, constantly evolving in light of changing context and the learning of those on the ground doing the work. (We were hardly the first to make this point, but I am sure this, too, will soon be presented as a revelation, perhaps with a snazzy matrix heralding a 'new' approach to philanthropic strategy.) Good strategy is also informed by knowledge

Kathleen Cravero:  
'Let's get beyond the false dichotomies and straw men.'

**So, what then, is the right role for philanthropy? Should foundations focus on making grants? Or should they seek to influence policy? Or invest in non-profit capacity? Or even morph into operating entities? The answer, of course, to all these questions, is, 'it depends'.**

about the role other actors are playing. The top-down, isolated, consultant-driven, static strategies that we see occasionally emanating from larger foundations may indeed be strategies, but if they're not informed by those on the ground, they're probably bad strategies – and they are unlikely to work.

Fact is, success against the vexing social challenges we face has always required the work of many, as Andrew Kingman argues, describing 'the thousands of sector-wide multi-stakeholder initiatives established in health, education, environment and livelihoods in just the countries in which I have worked over the last 20 years'. It also, I am arguing, requires strategy – a clear logic connecting decisions to the achievement of goals.

Easy answers to the question of what is the best strategy for a particular funder pursuing a particular goal will be elusive, but there is one simple step that everyone can take to help inform them: they can listen well. As the webinar participants made clear, the power dynamics are real between the funder and the funded – let alone the declined applicant.

At CEP, we have worked to try to create feedback loops to allow grantees and others – including intended beneficiaries – to provide candid, comparative feedback to funders. Some 300 foundations, including a number in Europe, have used our assessment tools, including the Grantee Perception Report (GPR) – which provides an understanding of what those they fund really think. I have seen the authentic, honest views of those on the ground lead to better decision-making.

#### **Beyond the false dichotomies and straw men**

So, what then is the right role for philanthropy? Should foundations focus on making grants? Or should they seek to influence policy? Or invest in non-profit capacity? Or even morph into operating entities? The answer, of course, to all these questions, is, 'it depends'. The answer might even vary across programme areas within a single foundation. Let's get beyond the 'false dichotomies and straw men', as Oak Foundation president Kathleen Cravero urged in the webinar.

I have seen foundations reject the false dichotomies, dive into the complexity, and do what it takes to be effective – working collaboratively with other funders and organizations to make real, dramatic progress in areas from the preservation of endangered species to homelessness to gay rights. It's not easy, but then nothing really important ever is.

So let's reject the easy answers and simplistic formulas once and for all. [@](#)



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