



Rockefeller Philanthropy Advisors

Creating Thoughtful, Effective Philanthropy

ROCKEFELLER
Philanthropy
Advisors



Bellagio Center Symposium on “Theory of the Foundation” Initiative

Highlights

3 -5 April 2017

Contents

A.	Agenda, Participants and Funders	4
B.	Foundation Frameworks	9
	• Charter and Social Compact	15
	• Operating Capabilities	22
C.	Operating Models for 21 st Century Philanthropy	27
D.	Assets Beyond Grants	34
E.	What's Next: Action Plan	39

Agenda

Monday, April 03, 2017

19:00 Opening cocktails and dinner

Tuesday, April 04, 2017

09:00 - 9:30 **Agenda review, goals**

09:30 - 10:00 **Theory of the Foundation:** update from Melissa Berman, Rockefeller Philanthropy Advisors

10:00 - 11:00 **Foundation Frameworks: Panel and Group Discussion**
Fiona Duncan, *Lloyds TSB Foundation for Scotland*
Rip Rapson, *Kresge Foundation*
Daniel Schwartz, *Porticus*
Moderator: Rien van Gendt, *RPA Board of Directors*

11:00 - 11:30 BREAK

11:30 - 12:30 Focus on Charter: 3 small group discussions
Moderators: Donzie Barroso, Mae Hong and Walter Sweet of RPA

12:30 - 12:45 Report back

13:00 - 14:00 LUNCH

Agenda

Tuesday, April 04, 2017 (continued)

- 14:00 - 15:00** **Focus on Compact:** 3 small group discussions
Moderators: Donzie Barroso, Mae Hong and Walter Sweet of RPA
- 15:00 - 15:15** Report back
- 15:15 - 15:45** BREAK
- 15:45 - 16:45** **Focus on Operating Capabilities:** Panel and Group Discussion
Zia Khan, *Rockefeller Foundation*
Søren Kaare-Andersen, *Bikuben Fonden*
Clara Miller, *Heron Foundation*
Moderator: Carola Carazzone, *Assifero*
- 16:45 - 17:30** Report back, summary discussion with observations from Sir Thomas Hughes-Hallett
- 19:00** COCKTAILS / DINNER

Wednesday, April 05, 2017

- 09:00 - 9:15** **Introduction to Operating Models:** Melissa Berman
- 09:15 - 10:15** **Operating Models:** Panel and Group Discussion
Diane Kaplan, *Rasmuson Foundation*
Massimo Lapucci, *Fondazione CRT*
Peter Laugharn, *Hilton Foundation*
Moderator: Helmut Anheier, President, *Hertie School of Governance*
- 10:15 - 10:45** BREAK

Agenda

Wednesday, April 05, 2017 (continued)

- | | |
|----------------------|--|
| 10:45 - 12:00 | Operating Models: 3 small group discussions
Moderators: Donzie Barroso, Mae Hong and Walter Sweet of RPA |
| 12:00 - 12:30 | Report back, discussion |
| 13:00 - 14:00 | LUNCH |
| 14:15 - 15:15 | Assets Beyond Grants: Panel and Group Discussion
Judy Belk, <i>California Wellness Foundation</i>
Stephen Heintz, <i>Rockefeller Brothers Fund</i>
Wangsheng Li, <i>ZeShan Foundation</i>
Moderator: Brad Smith, <i>Foundation Center</i> |
| 15:15 - 16:15 | Field-testing the Framework Tool: 3 small group discussions
Moderators: Donzie Barroso, Mae Hong and Walter Sweet of RPA |
| 16:15 - 16:45 | BREAK |
| 16:45 - 17:45 | Summary discussion , ideas for next steps: Melissa Berman, moderator |
| 19:00 | CLOSING COCKTAILS / DINNER |

Participants

Helmut Anheier, Hertie School of Governance

Peter Baldwin, Arcadia Fund

Carola Carazzone, Assifero

Fiona Duncan, Lloyds TSB Foundation for Scotland

Rui Esgaio, Calouste Gulbenkian Foundation

Emmanuelle Faure, European Foundation Center

Philomena Gibbons, Wellcome Trust

Stephen Heintz, Rockefeller Brothers Fund

Sir Thomas Hughes-Hallett, LSE

Søren Kaare-Andersen, Bikuben Fonden

Diane Kaplan, Rasmuson Foundation

Zia Khan, Rockefeller Foundation

Massimo Lapucci, Fondazione CRT

Peter Laugharn, Hilton Foundation

Wangsheng Li, ZeShan Foundation

Marie-Stéphane Maradeix, Fondation Daniel et Nina Carasso

Clara Miller, Heron Foundation

Rip Rapson, Kresge Foundation

Lisbet Rausing, Arcadia Fund

Daniel Schwartz, Porticus

Sharon Shea, Esmee Fairbairn Foundation

Bradford Smith, Foundation Center

Rien van Gendt, RPA Board of Directors

Doron Weber, Sloan Foundation

Patricia Weisenfeld, Simons Foundation

Donzie Barroso, Melissa Berman, Mae Hong, Isabella Stanbrook, Walter Sweet, Rockefeller Philanthropy Advisors

Funders



Alfred P. Sloan
FOUNDATION

The Andrea & Charles Bronfman Philanthropies



THE ANNIE E. CASEY
FOUNDATION



THE KRESGE FOUNDATION

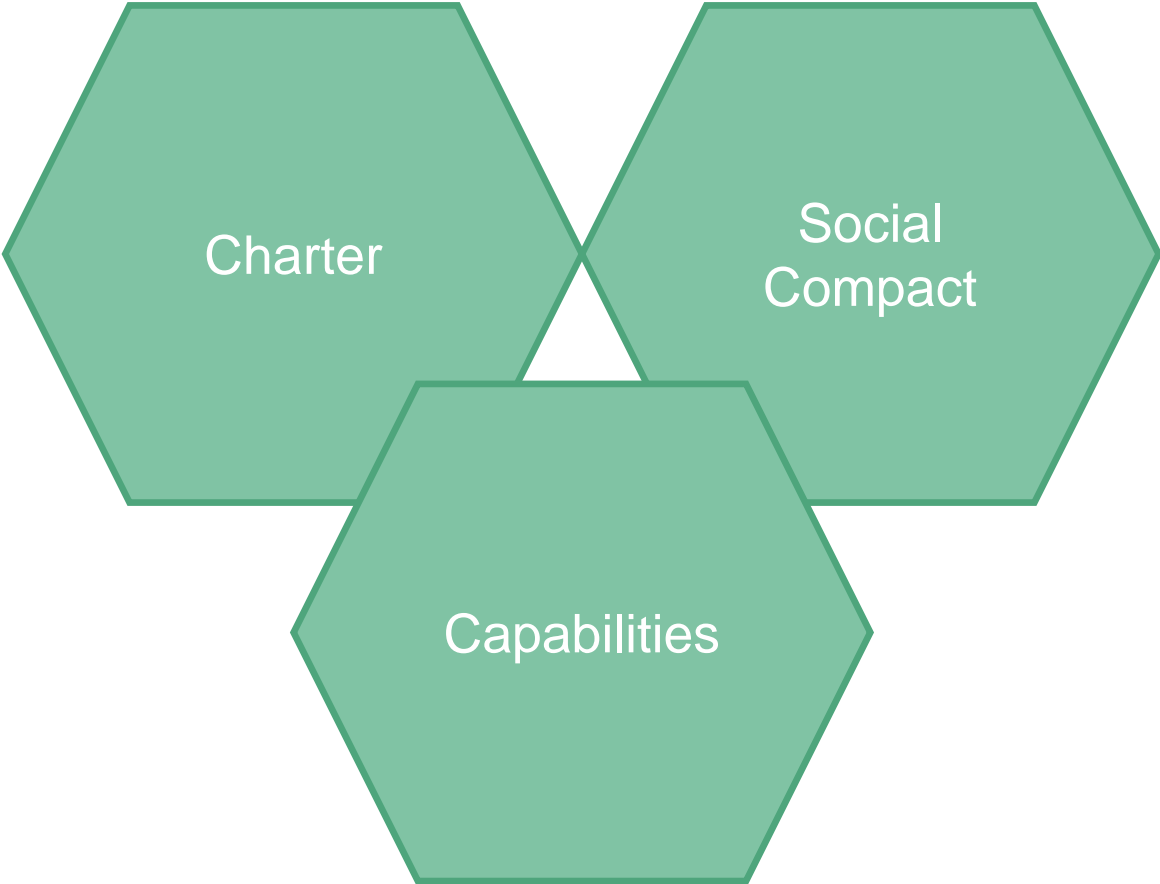


Foundation Frameworks

Panel Discussion

Tuesday, April 4, 10.00-11.00

Framework for a Foundation: RPA's Model



Foundation Frameworks: Panel Discussion Questions

- How do you see the interrelationship of charter, social compact and capabilities within your foundation?
- What's your foundation's origin story? How does the founder's vision/legacy influence decisions?
- To whom do you feel accountable, and how do you fulfill that responsibility?
- How do unwritten rules/principles affect your foundation's work?
- Have there been tensions between your charter (formal or informal) and your social compact?
- What capabilities are most important for your foundation? Has this changed over recent year?
- Have there been mismatches between your capabilities and your charter or social compact?

Foundation Frameworks: Discussion Summary

Observations and discussion were focused on three major areas:

1. Different ways that the ToF Framework has been or can be used in a foundation
2. Issues of accountability, independence and true connection to beneficiaries
3. Emerging issues about the civil space for philanthropy, its influence and its scale

Foundation Frameworks: Key Points from Discussion

- The interrelationship of Charter, Social Compact and Operating Capabilities is not sequential; it loops in an upward spiral and is constantly evolving. If it were sequential, should Charter or Social Compact come first?
- The Framework is a tool to understand where the gaps are and which areas need further attention and investment. It can also be used to illustrate and justify why spending is needed in a particular area.
- Using the ToF framework allows for the foundation to be seen in more than a two-dimensional way. It can be used to bring the outside in, and to share information about the different actors and practices.
- It has allowed some foundations to create a framework that benefits the donor community, by considering measures of success other than how much money has been granted. It has opened up discussions around stewardship, leverage, impact, etc.
- The Framework has been a helpful tool in crystallising thoughts and discussions in an evolving foundation when looking beyond pure grant-making.
- Retrospectively applying the Framework to current strategy and using it to articulate what foundations know to be true is valuable. It also helps to be clear on who foundations will and won't partner with, and why.
- In a rapidly changing environment, ToF is a helpful tool that can be used to reinvent oneself, from re-thinking responsibility to beneficiaries and communities, to launching a re-do of capabilities from talents to tools.

Foundation Frameworks: Key Points from Discussion

- Private philanthropy and endowed foundations have a way to make decisions that can be isolated from their beneficiaries and undemocratic. For example, only 28% of US foundations accept unsolicited proposals. Are we truly accountable to our beneficiaries?
- An area of conflict of the ToF: where beneficiaries and the decision makers have very little understanding of one another.
- Lack of accountability has been a big topic. This could also be seen as an asset.
- The problem of scale is a challenge. Even collectively, philanthropy is only a tiny factor. The \$60 billion in U.S. philanthropy is significant money but is small compared with U.S. government spending of trillions of dollars. How do foundations deploy the financial assets in a way that triggers bigger systemic change? How can this be done in a way that also keeps the citizenry very much in mind? There is a tension between being very audacious in what a foundation says it's trying to do, while remembering to be very humble in how it does it. The ToF framework is important in this, because it's what helps to bridge this gap.
- Is the space philanthropy occupies getting bigger not smaller? It's an interesting time to expand the Social Compact construct; a powerful time in philanthropy to lean in and become much more assertive about its Social Compact.
- No, the space philanthropy occupies is shrinking in many countries based on growing government regulation and oppression; in addition, institutions perceived as elite have less influence.

Charter and Social Compact

Breakout Discussions

Tuesday, April 4, 11.30-15.15

Charter

1. The highest level of a foundation's governance and decision-making structure
2. A precursor to developing its mission
3. The written and unwritten rules of a foundation
4. Can drive board composition, locus of decision-making, institutional values, issue focus, and organizational culture
5. A window on the founder's intent and legacy that adapts depending on whether it is
 - a) Donor-led: active founder participation
 - b) Stewarded: founder-determined
 - c) Founder connected: enabling interpreters of tradition
 - d) Open: empowering board to reinvent and refocus

Charter: Small Group Questions

- Unambiguous direction or evolving concept?
- How is the Charter of the foundation formally articulated?
- How would you describe your foundation's Charter?
- How does the foundation consider or incorporate the donor's wishes?
- How does it guide your leadership?
- How is the Charter reflected in strategic or operating plans?
- How do you align your decision-making with the Charter?
- How do the foundation's unwritten rules relate to its Charter?

Charter: Key Points from Discussions

- To what extent should a Charter be shock-proof or generation-proof – should it be a bedrock or more adaptable?
- Informal culture vs a formal Charter is critical to articulate.
- The transition in Charter often creates a crisis of legitimacy.
- Involvement from family members can create constraints.
- There's tension between a prescriptive donor vs. the need for flexibility which gets into the sensitive realm of donors' needs having to be fulfilled.
- Acknowledge the asset that there's freedom to act within the constraints of your Charter.
- There's tension between supporting the here and now vs. the long term.

Social Compact

A foundation's Social Compact describes its position in society and its relationships with others. It is strongly shaped by a culture's prevailing views about private wealth, public responsibility, and even the political and economic systems in which they were created and operate. A Social Compact is formulated along six dimensions:

1. Accountability: "To whom are we responsible?"
2. Legitimacy: "From whom/where do we derive credibility and validity?"
3. Transparency: "Who needs to know what and why?"
4. Influence: "What is the appropriate direction of influence between a foundation and society?"
5. Independence: "To what degree does the foundation exercise its independence in society?"
6. Risk: "What does the foundation believe is the acceptable level of risk it should take with its resources and ideas?"

Social Compact: Small Group Questions

- How do the differing political and economic environments in Europe, the US and/or Asia shape your foundation's understanding of Social Compact?
- Have there been instances when your foundation's Social Compact (or a specific element of it) has been challenged or critiqued by others?
- What factors or forces do you see changing your Social Compact in the current environment (such as technology, global social movements, polarization, etc.)?
- Do you believe there should be some agreed-upon standards or guidelines about the Social Compact for the field as a whole? Or should each foundation be able to determine its own Social Compact independently? What would be the pros/cons of each?

Social Compact: Key Points from Discussions

- To whom are foundations accountable? To society now, to the future, to the far future? Should foundations be playing the long game?
- Should foundations be focusing on issues that are marginalised and outside the fence line of opportunities?
- Development of the Social Compact has to start with foundations' looking outside and talking to stakeholders, as well as getting feedback.
- Transparency can create susceptibility to being attacked. How transparent should foundations be? This is a difficult time in which foundations might increasingly be targeted.
- The current political situation affects the Social Compact: Those who feel left out by government also feel left out by philanthropy. Are foundations feeling more risk averse now? Some participants speak up especially in 'but for' situations ('but for' the foundation stepping in, no one else would).
- Taking risk on occasion is a pronouncement that foundations are entities that can be independent.

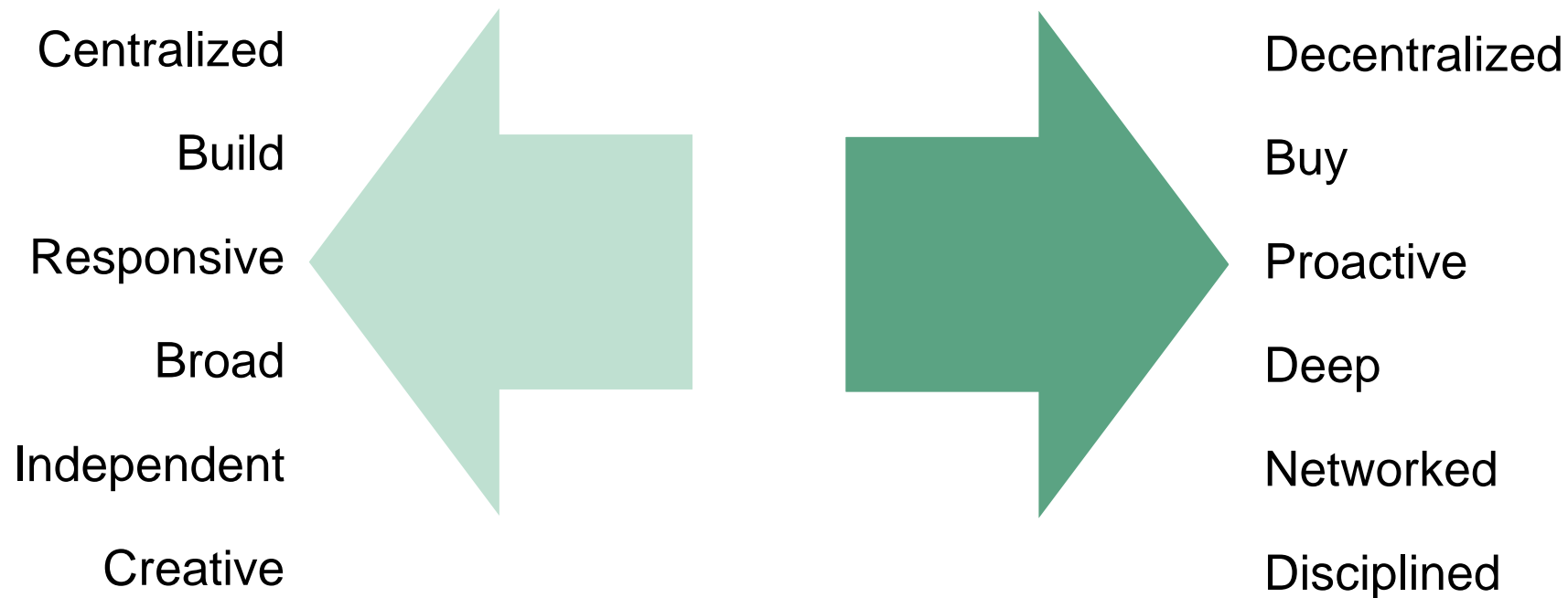
Operating Capabilities

Panel Discussion

Tuesday, April 4, 15.45-16.45

Operating Capabilities

Where are you on these spectrums – now and in the future?



Operating Capabilities: Panel Discussion Questions

1. What is your foundation's strongest Operating Capability asset? How has that impacted your work?
2. Have you experienced a tension between your Charter and/or Social Compact and optimized Operating Capabilities?
3. Identify and discuss one example of an Operating Capability of your Foundation that you believe it will be important to enhance in the coming decade, and why? Do you have the resources needed, and/or the ability to easily deploy those resources?

Operating Capabilities: Key Points from Discussion

- Some important operating capabilities were identified as: strategic design and planning; learning and adaption; networking, convening and setting agendas; operational execution capabilities; and partnerships.
- When a foundation isn't fulfilling its mission, it can lead to a reset of the foundation's business model and operating capabilities.
- Find the best ideas by looking beyond existing networks. To influence and be influenced by others, foundations must look externally.
- Invest in programmatic areas for a longer time – focus on fewer issues and in more depth to have the most impact, e.g. with the issue of an inclusive economy
- Foundations need evolving skill sets, flexibility and adaptability, and thus some now hire for attitude rather than skill set.
- Internal incentive systems are critical. Inspiration matters is a big driver, along with opportunity to learn and grow expertise; the success of grantees; and centrality in the broader philanthropic community.
- Impact investing and/or developing alignment between the investment and spending side require changes to staff operating capabilities.

Operating Capabilities: Key Points on Partnerships

- Collaboration is crucial in tackling major social issues. Partnerships are going to be critical as the world's political, social and economic issues become increasingly complex.
- Foundations are not good at collaborating. One reason is that foundations don't take the the time necessary to develop effective partnerships.
- Foundations must take the time to develop common goals with government, grantees and other foundations. This isn't happening because foundations all have their own fixed goals and often rush the process.
- Some foundations feel that partnerships and collaborations can be artificial, time-wasting and focused on the "lowest common denominator" for consensus.
- Mutual dependence and accountability make partnerships work best. This is why partnerships between foundations and governments work better than foundation to foundation partnerships.



Operating Models for 21st Century Philanthropy

Panel and Small Group Discussions

Wednesday, April 5, 09.15-12.15

Operating Model Canvas for Foundations*

State of the World Problem environment & political dynamics	
Who will help you? Co-creators, co-funders and supporters	Where is the change? People, species, organizations, and/or places
How do you do it? Key activities	How do you interact? Relationships
What do you do and why? Charter, social compact and capabilities	
What do you need? Key resources	How do you distribute or disseminate? Channels
What will it cost? Budget & opportunity costs	How will you fund it? Capital, income and/or co-funders
Resource Constraints What financial resources are available, internally and across the field?	

External environment – treated as “set” for this moment in time as you seek to develop your foundation strategy

Canvas elements largely defined in relationship to the state of the world

Canvas elements deeply influenced by the social compact identified in your foundation framework

Your foundation framework – who you “are” as a foundation

Canvas elements deeply influenced by the capabilities identified in your foundation framework

Canvas elements largely defined in relationship to the resource constraints your face

Resource constraints – treated as “set” for this moment in time as you assess the financial realities that inform your strategy development

Operating Model Examples

1. Talent Agency
2. Think Tank
3. Developer
4. Campaign Manager
5. Catalyst
6. Field-Builder

Operating Models: Panel and Small Group Questions

- Existing operating models in philanthropy: What's working and what's not?
- New and emerging models: What's intriguing? Why? How can we learn from or adapt new models?
- How would you describe your foundation's overall operating model (whether or not one has been explicitly articulated)?
- Does your foundation manifest more than one operating model? Do different programs have different models?
- Moving from here to there: how would you engage your foundation in a discussion about its operating model(s) and potential target operating model(s)?

Operating Models: Key Points from Discussions

- It's important to begin with the Charter, and understand its implications before moving to operating models.
- Ask how a foundation's operating model helps to achieve its mission.
- Operating models help match structure with goals, but organizational culture must be addressed first. You can have a thoughtfully designed set of models, but without a high functioning culture based on institutional values, the models may be beautiful but won't work.
- Organization charts are lagging far behind what foundations are doing.
- No participants saw their foundations as using only one operating model.
- Foundations can use multiple operating models at the same time; in addition, operating models may need to evolve as the nature of the issue evolves. Externalities can drive which a foundation chooses.
- Operating models can be used as a menu of things to keep in mind when considering different ways to achieve specific objectives. You don't want to have too many, but you also want to be flexible. It's a situational assessment.

Operating Models: Key Points from Discussions

- What's the right balance between grants and direct activities? How should these decisions be made?
- Operating foundations in Europe sometimes see a mismatch between skill sets and the impact they want to have.
- Accountability in the sector and the associated regulatory risks need to be factors in choosing an operating model.
- Brand can be an asset or a constraint.
- Risk taking – putting your head above the parapet – can put foundations and high net worth individuals at risk.
- In the business world there's performance pressure, but foundations don't have the same pressure to be forced into a coherent operating model. Discipline is required to fit form to function.

Operating Models: Key Points about Beneficiaries

- “Serving the customer” is central to businesses but this dimension is missing in philanthropy. Foundations haven’t gotten the link to the customer right yet because they are too focused on the grantee. Beneficiaries should be viewed as the foundation’s customers.
- Foundations need to find ways to understand and experience beneficiaries’ reality.
- However, if a foundation starts to communicate directly with beneficiaries about project design and feedback, it might imply distrust in grantees. Some foundations want to see evidence that a project has been co-designed with beneficiaries.

Assets Beyond Grants

Panel Discussion

Wednesday, April 5, 14.15-15.15

Foundations are Especially Focused on these Resources for Achieving Impact Beyond Grants:

- Investment portfolio
- Spending rate

- Knowledge and learning
- Staffing and talent

- Convening, communicating, connecting
- Collaboration and partnership

- Program creation and management
- Enterprise models

Assets Beyond Grants: Panel Discussion Questions

- What are the most promising opportunities you see for your foundation in harnessing assets beyond grants?
- Which areas are you focusing on, and why?
- What challenges have you encountered, or do you foresee?
- Are there unexpected benefits?
- Do you believe you'll need to make tradeoffs when allocating resources to developing these assets/capabilities, or is this a pure opportunity?
- What would be helpful to know more about as you embark on enhancing these foundation assets?

Assets Beyond Grants: Key Points from Discussion

- Grant making is at the core of what foundations do, but they should see themselves more as leadership institutions. How can foundations provide maximum leadership in their areas? This is the best way to think about how to deploy assets for the mission.
- Leadership assets include being a convener, ability to leverage, staff and board diversity.
- Diversity in a foundation creates a more effective organization, and is a great recruitment tool. A difficulty can be in having gender balance since there are many more women in the sector. As the same time, it's hard for women to access the top positions in big foundations.
- Communications create an asset in terms of transparency and providing a voice for the foundation. Greater knowledge sharing demystifies the world in which foundations exist. There is a threat to the philanthropic sector and so it is imperative that it gets better at telling its story.
- Brand can be a force multiplier, but this has to be carefully managed. It can provide leadership opportunities to advance an agenda in a bold and powerful way.
- Grant-making is not enough because of the scale/magnitude gap, and the urgency/agency gap.

Assets Beyond Grants: Key Points from Discussion

- Risk should also be seen as an asset in what foundations do. However, be prepared for imaginable and unimaginable consequences which can lead to reputational and financial costs.
- Funding a risky idea (versus taking a risky approach), is not in fact very risky for a foundation.
- It's a challenge to measure and evaluate the value of tangible and intangible assets beyond grants.
- The board can be an asset if they serve as leaders in advocating for the work of the foundation.
- Foundations take in an enormous amount of information, which then remains an internal “stranded asset.” There's huge opportunity in thoughtfully sharing this information with the sector.

What's Next

Action Plan based on Summary Discussion

Wednesday, April 5, 16.45-17.45

What's next? Publication Plan

- May 2017: Foundation Center/RPA publication on Foundation Frameworks
- June 2017: Series of foundation profiles available online
- August 2017: RPA report on US and European Frameworks, including profiles
- October 2017: Operating Models, incorporating Bellagio Symposium insights
- November 2017: RPA report on Assets Beyond Grants

What's next? Additional Programs/Research

- Revamp Framework Tool based on Bellagio feedback
- Program to facilitate discussion of Framework and Operating Models within individual foundations and small groups
- Input/participation from foundations outside US/Europe
- Map foundation programs against operating model types to identify patterns
- Reconvene Bellagio group
- Expand discussion to include issues raised re: political environment, disintermediation, next gen, technology, etc.

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