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Creating Choices Before Making Choices: One Family Foundation's Journey to Finding a Strategic Focus

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REFLECTIVE PRACTICE

Creating Choices Before Making Choices: One Family Foundation's Journey to Finding a Strategic Focus

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Keywords: Strategy, strategic philanthropy, family foundation, donor intent, organizational capacity, community needs, grantmaking focus

Introduction

At its core, a philanthropic strategy consists of an integrated set of choices. First and foremost among these choices is which issue or problem to address in a strategic manner. But that first choice can be very difficult to frame, and thus difficult to make, especially for small family foundations where giving is highly personal. Discussing the nuts and bolts of strategic grantmaking vis-à-vis an agenda for social change may seem incomplete or like the wrong starting point. For family foundations, therefore, the conversation about philanthropic strategy development must start with the family. In other words, the family must create grounded and compelling choices for a strategic grantmaking focus that honor the intent of the original donor, accommodate the preferences of the current board, and respond to the conditions of the present community.

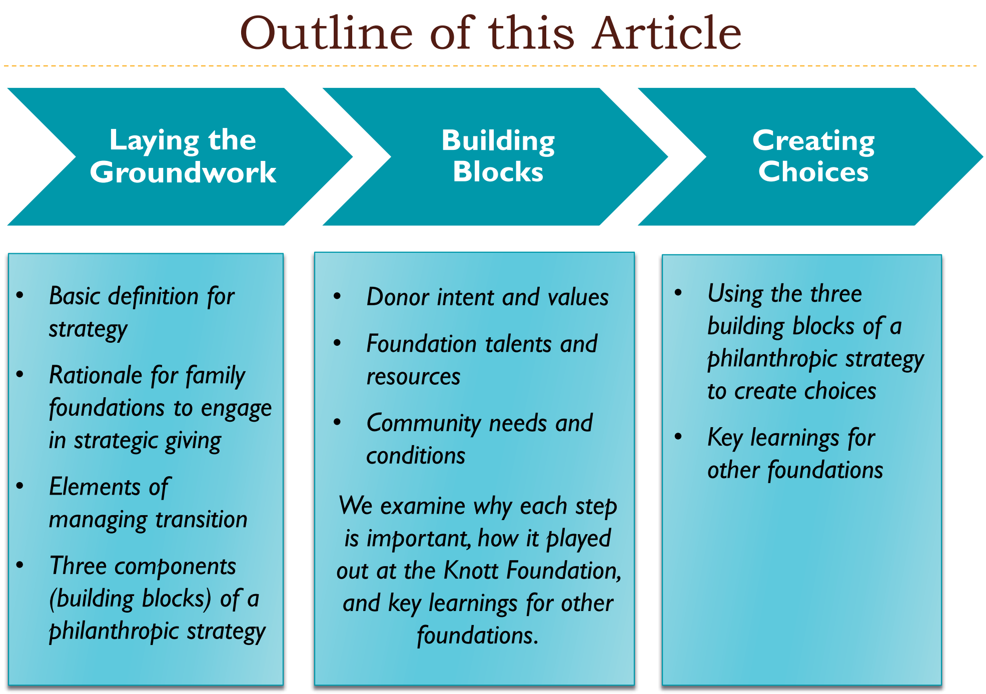
Rooted in business principles, philanthropic study, and reflective practice, this article examines the first step of building a grantmaking strategy – finding an issue or problem to address – and presents a three-part model for creating choices that reflect a foundation's donor intent, organizational talents and resources, and broader community needs. Ultimately, this process illustrates how a family foundation can find a strategic focus, either for all or simply one portion of its grantmaking portfolio. The journey of the Marion I. & Henry J. Knott Foundation, a small, Catholic, multigenerational family foundation, forms the basis for this examination.

Key Points

- Rooted in business principles, philanthropic study, and reflective practice, this article examines the journey of the Marion I. & Henry J. Knott Foundation, a small family foundation established in 1977, toward a strategic grantmaking focus.
- This article examines a foundation's first step toward building a grantmaking strategy – finding an issue or problem to address – alongside a three-part model for creating choices that reflect donor intent, organizational talents and resources, and broader community needs.
- The study adds to the body of knowledge about the value, process, and challenges of finding a strategic grantmaking focus, whether that focus is for all or simply one portion of a foundation's giving portfolio. It might be of significant benefit to foundations that are programmatically broad, those trying to clarify or formalize the intent of their original donors, those with large multigenerational boards, and those questioning why, where, or how to begin.

The Knott Foundation, established in 1977 in Baltimore, has a corpus of $55 million and an annual grantmaking budget in the neighborhood of $2 million. Some characteristics of the Knott Foundation are likely common to other family foundations: the founders are no longer alive and did not leave a written legacy statement; three generations of family members serve on the board of trustees; there is a small staff (of three);

FIGURE 1 Outline of this Article



and its giving is programmatically broad, encompassing the fields of education, human services, health care, arts and humanities, and the Catholic Church. Other characteristics of the Knott Foundation are likely more unique. There are 29 trustees representing nine branches of the Knott family; despite this large and multigenerational board, all the trustees live in Maryland and the foundation's giving has remained geographically focused in central and western Maryland, following the boundaries of the Archdiocese of Baltimore.

After Knott concluded its first formal strategic plan, the board president, a third-generation family member, sensed that the next step for the foundation's growth and development involved a different kind of strategy – one that addressed the heart of the foundation's charitable purpose to strengthen the community in the Archdiocese of Baltimore through its grantmaking. Consequently, the board began a two-and-a-half-year journey to learn more about strategic philanthropy and involve the family in creating choices that would make sense for the Knott Foundation and its community. This article is the story of that journey. (See Figure 1.)

Laying the Groundwork

The field of strategic philanthropy is bustling with research and emerging ideas about how to develop, implement, and evaluate a grantmaking strategy. Hot topics include the grounding of a strategy in a sound theory of change, the interdependent roles of various stakeholders, the adaptive nature of goals and implementation plans, and the push for outcomes and continuous performance management. These are all very important conversations to have. Yet some foundations are starting from a different place in the conversation – one that precedes actual strategy development, where the very idea of making a decision about whether to move the needle on an issue, let alone how to do it, is unclear at best.

Before a foundation can even discuss finding a philanthropic focus or developing a grantmaking strategy for all or part of its giving portfolio, it is desirable for everyone to be on the same page. Ideally this means that the board and staff have a common definition of strategy, key stakeholders weigh the advantages and disadvantages of engaging in strategic giving, and the foundation's leadership understands the elements of managing this type of transition.

What Is Strategy, and What Is It Not?

"Strategic planning is about making choices" (Allison & Kaye, 2005, p. 1). This is perhaps the most basic definition of strategy. It means that to be strategic in any endeavor, an organization must make smart and deliberate choices about its goals and methods, with a clear understanding of its desired impact for change and how it will get there. The term "making choices" also suggests that by engaging in strategy, some choices will be left on the table: "The essence of strategy is choosing what not to do" (Porter, 1996, p. 70). Strategic planning or grantmaking, therefore, is a management tool foundations can use to improve by committing to a set of actions to achieve their desired goals and outcomes, rather than trying to satisfy a wider variety of needs.

So, if strategy itself can be defined simply as "making choices," then what is it not? In other words, what are the traps that make us think we are talking about strategic philanthropy when really we are not?

To begin, "operational effectiveness is not a strategy," writes Harvard business professor Michael Porter (1996, p. 61). One common misconception about strategy is that productivity, quality, or speed qualifies as strategy. For instance, a foundation might look at improvements to its governance structure, grantmaking workflow, or overhead costs and equate better outcomes to being more strategic with its giving. "The pursuit of operational effectiveness is seductive because it is concrete and actionable," Porter writes (p. 75). "While operational effectiveness is about achieving excellence in individual activities, or functions, strategy is about combining activities" (p. 70).

Strategy is not an all-or-nothing approach. A foundation can be open and responsive with its grantmaking in some areas, and more focused and strategic in others. The right mix of strategic giving and responsive philanthropy will vary from funder to funder.

Next, strategy is not the sole ingredient to impact. In his working definition of foundation effectiveness, Phil Buchanan (2014), president of the Center for Effective Philanthropy, identifies coherent strategies as one of the four basic elements; equally important are clear goals that undergird those strategies, disciplined implementation of the strategies themselves, and ways to assess performance and progress.

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Why Should Family Foundations Engage in Strategic Grantmaking?

While there are many reasons for family foundations to employ strategy related to their charitable giving, three important factors stand out.

First, because a family foundation's choices are often rooted in the family narrative, an unexpected benefit of engaging in strategy is a renewed examination of this narrative. Analyzing the donor intent or legacy of a foundation ordinarily leads to sharing stories about the founders, how they lived their lives, and the values they bestowed on

It follows that the trustees of a private foundation are the ones who must demand the results, discipline, innovation, and improvement that strategic grantmaking brings to the table.

the larger family. This undertaking is so important because research shows that a strong family narrative is a key ingredient to making families effective, resilient, and happy (Feiler, 2013). It turns out that the more people know about their families – history, stories, relationships, and traditions – the better they tend to do when they face challenges.

Second, developing and deploying a giving strategy can maximize family engagement in a foundation. Family foundation trustee and philanthropic consultant Ashley Snowden Blanchard (2008) writes,

> Many families have found that more strategic grantmaking actually helps build family cohesion by creating a shared experience for family members. It provides a forum for family members to learn together, exchange ideas, and ultimately be energized by the evidence that their efforts are making a difference in society (p. 2).

Blanchard's assertion that strategic philanthropy can maximize family engagement in a foundation's work, rather than compete with accommodating the individual preferences of every family member, is important as family foundations make the case to pursue strategy in their giving portfolio.

The third factor is more situational. Because there is little external pressure on foundations to improve, the desire to change, be more intentional, and make trade-offs to achieve greater impact must come from within. Tom Tierney, co-founder and chairman of the Bridgespan Group, and Joel Fleishman, professor of law and public policy at Duke University, note that there is no external accrediting body that reviews the philanthropic sector and holds it accountable to best practices or improvement measures. There are also no competitive forces that drive foundations to continually improve or innovate in order to capture market share. Fleishman and Tierney (2011) write, "Of all the characteristics that distinguish philanthropists, the single most consequential may be the fact that they are essentially accountable to no one but themselves" (p. 113). It follows that the trustees of a private foundation are the ones who must demand the results, discipline, innovation, and improvement that strategic grantmaking brings to the table.

How to Manage Transition?

Above all, it is worth noting that transition is often more difficult than the change itself. Author William Bridges (2009) differentiates the two: "Change is situational. … Transition, on the other hand, is psychological" (p. 3). He makes the case that every change begins with an ending, and letting go is hard to do. To successfully manage change, therefore, a leader must acknowledge the psychological loss that people might be experiencing and help them through the transition by listening to (and not arguing with) their concerns, expecting and accepting their feelings, treating the past with respect, showing how future possibilities ensure the continuation of what really matters, and giving people the information they need and want through consistent and transparent communication about the transition process and the change itself.

While significant organizational transitions begin with letting go of the past, they also require building excitement about the future. A good leader must manage both of these aspects at once to keep the change process moving forward. To help manage these psychological shifts, there are a number of procedural steps to successfully transforming an organization. In his pioneering book, *Leading Change,* John Kotter (2012), emeritus professor at Harvard Business School, identifies eight sequential steps for leaders to manage change.

(See Table 1.) It is worth noting that the first step – establishing a sense of urgency – is perhaps the most difficult for private foundations because of the general lack of external pressures on the sector. But these practical steps can help a leader introduce, discuss, guide, sustain, and anchor the evolution to a more strategic approach in a foundation's grantmaking.

TABLE 1 Kotter's Eight Steps to Leading Change

Kotter's Eight Steps to Leading Change
1. Establish a sense of urgency.
2. Form a powerful guiding coalition.
3. Create a vision.
4. Communicate the vision.
5. Empower others to act on the vision.
6. Plan for and create short-term wins.
7. Consolidate improvements and produce more change.
8. Institutionalize new approaches.

Building Blocks of a Philanthropic Strategy

Armed with a clear definition of strategy, a rationale for engaging in strategic grantmaking, and an understanding of how to manage the transition, where does a foundation start in order to find a strategic focus within its giving portfolio?

It is first necessary to examine all the layers of a strategic framework for giving. (See Figure 2.) This framework presents the basic steps that make up a grantmaking strategy, starting with choosing a focus area – a specific issue or problem to address. Since this is the first step and consequently must come before all the others, the process of a foundation picking an issue or problem to address in a strategic fashion is the focus of this article.

While this first step may appear simple on its face, it can be the most challenging for a family foundation. This is especially true for a foundation that is programmatically broad (so the choices seem infinite); that has a large, multigenerational decision-making body (so the perspectives are many); and that lacks a documented description of donor intent (so the founders' legacy is undefined). This point is where the next tool comes in: the three components of a philanthropic strategy.

When creating and making choices related to strategic grantmaking, it is helpful to apply a lens or filter to understand whether the choice makes sense for the organization. Three specific components of a philanthropic strategy can serve as that lens for small family foundations: donor intent and values, foundation talents and resources, and community needs and conditions. (See Figure 3.) These components steer the foundation to examine how each choice honors the legacy of the founder, leverages the talents and resources of the board and staff, and responds to current community needs and conditions. With this lens, some choices might be taken off the table, while others might rise to the top as ideal candidates for a strategic grantmaking focus.

With the road map to strategic grantmaking in hand and the three components of a philanthropic strategy serving as a guide for making choices at each level, a foundation is poised to explore and define each component in a real and personal way. Once defined, these components serve as the building blocks for creating and making choices on an issue or problem to address in a more strategic fashion.

Building Block No. 1: A Shared Understanding of Donor Intent and Legacy

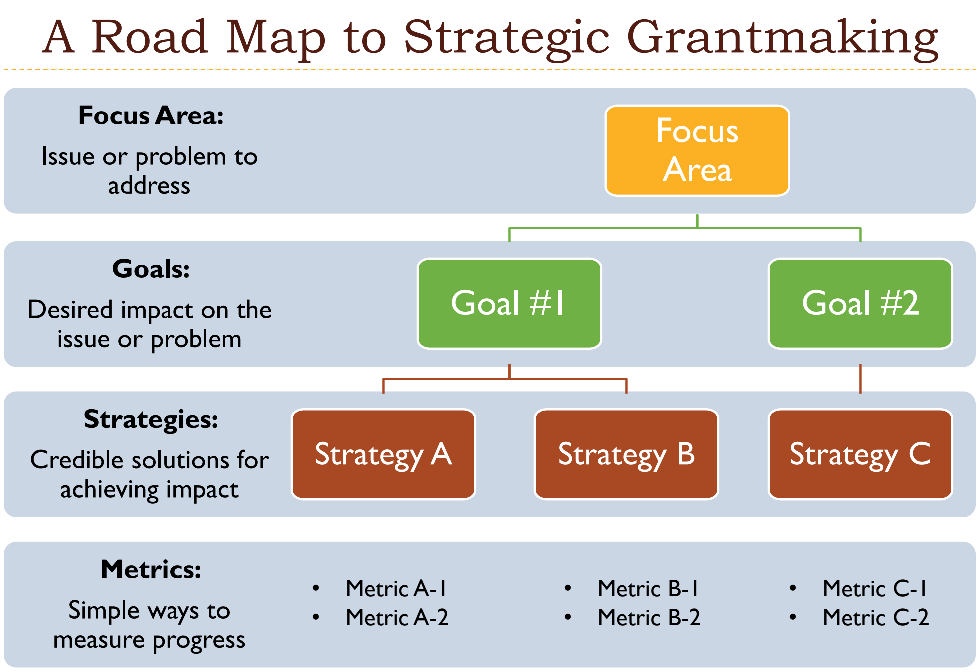
The poet William Wordsworth wisely wrote, "Life is divided into three terms – that which was, which is, and which will be. Let us learn from the past to profit by the present, and from the present, to live better in the future."

It is from this perspective that capturing a foundation's donor intent and ensuring a common understanding of the founder's legacy among all trustees is a key ingredient to forward movement on strategic grantmaking.

Why Donor Intent Is Important

Possibly the strongest argument for clarifying and ensuring a shared understanding of donor intent is that it is more durable than any giving strategy the foundation could ever launch. In the words of business writers Jim Collins and Jerry Porras (1996), "It is more important to know who

FIGURE 2 A Road Map to Strategic Grantmaking



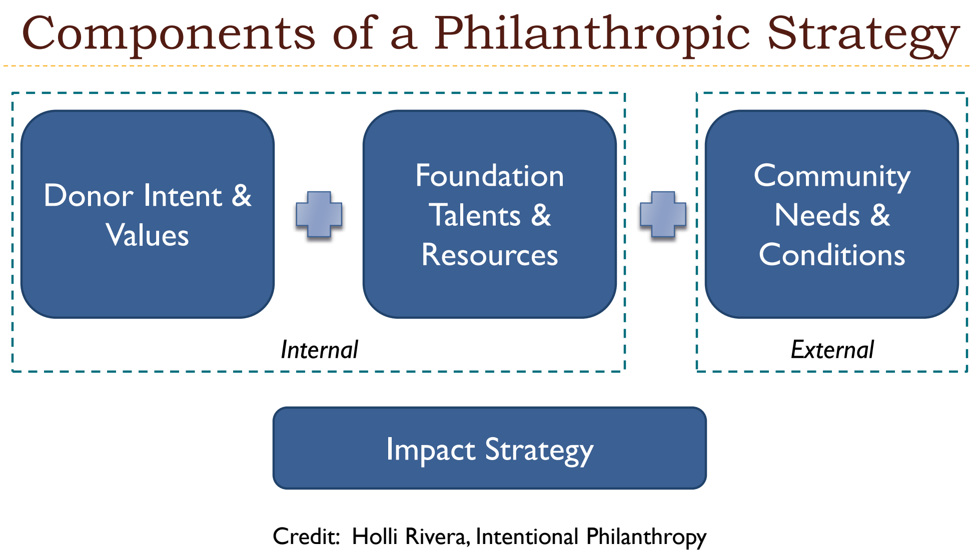
you are than where you are going, for where you are going will change as the world around you changes" (p. 3). Their assertion is that a company or organization that is built to last must have a strong core ideology, including values, purpose, and a vivid envisioned future, in order to be successful in the long run.

Yet donor intent in a family foundation goes a step further than simply being a stable force for the foundation in an ever-changing world – it also becomes a stable force for the family and each of its members. This is because the process of uncovering donor intent and passing it down from generation to generation actually helps keep family members connected. Emory University psychology professor Marshall Duke (2013) observes, "In order to hear family stories, people need to sit down with one another and not be distracted" (para. 4). He goes on to cite his team's research emphasizing the importance of the process of passing down information from generation to generation and its effect on individual outcomes:

> It is our belief that knowledge of family history reflects certain processes that exist in families whose members know their histories. One such process is the communication of family information across generations. … It is this intergenerational self and the personal strength and moral guidance that seem to derive from it that are associated with increased resilience, better adjustment, and improved chances of good clinical and educational outcomes (Duke, Lazarus, & Fivush, 2008, 268-272).

Aside from these positive family and individual outcomes, donor intent fulfills a pragmatic purpose at a foundation as well. A foundation has three basic, formative questions to answer related to its giving: why, what, and how. These questions are ideally answered sequentially, so that the purpose and motivations – the "why" – for giving are established first; then the giving guidelines, or the "what"; and, finally, a grantmaking process – the "how." Too often, however, donors skip or insufficiently address "why" and answer "what" and "how" first (Ellsworth, 2010).

FIGURE 3 Components of a Philanthropic Strategy



In terms of establishing a shared understanding of donor intent, which informs this question of why, findings are especially meaningful when they go beyond what the donor did in his or her lifetime and uncover what the donor believed. There is an important distinction here between a donor's principles and practices (Angus & Brown, 2007). For example, it may be clear that the original donors gave generously to local hospitals in their lifetime – their practice. But why? What motivated them to support those health care institutions? Answers to these questions may help uncover the values behind the donors' giving in the health sector – their principles.

How Knott Clarified Its Donor Intent

For the Knott Foundation, clarifying and documenting donor intent was a cardinal project on the road to strategic grantmaking. While some trustees had significant interactions with the founders during their lifetimes, others were newer to the board or had married into the family and thus never had the opportunity to develop a deep relationship with the founders. It consequently became clear that creating a shared understanding of donor intent among all trustees was important to ensure that any future grantmaking strategies aligned with and honored the values of the founders.

To assist with this project, the foundation contracted with Intentional Philanthropy, a philanthropic consulting firm based in Bethesda, Md. In this case, a third-party perspective was helpful because it provided some level of validation of the research results: the consultant had no ties to the family and brought an unbiased, professional perspective. Consultants interviewed the 10 living children of the founders. Participants were given an outline of questions to consider prior to sitting down for their interviews, which covered topics such as the founders' intention in establishing the foundation, their values and motivations for giving, the life experiences that shaped how they viewed their philanthropic responsibility, and their specific connections to the foundation's five areas of focus: education, human services, health care, arts, and the Catholic Church.

Four key elements emerged from these interviews. The first was a set of five core values that motivated the founders' giving. The second was

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a set of retreat activities utilizing quotes from the interviews, designed to get the trustees talking about those core values. The third was a paper that thematically analyzed Knott's donor intent. Finally, short narratives for each of the foundation's program areas that illustrated the roots of the founders' giving in that sector were published on the foundation's website and in its annual report. After all this work was done, the board convened a special committee of trustees to further explore how the donor-intent values played out in each of the five program areas.

Key Learnings for Other Foundations

When seeking a shared understanding of donor intent and legacy, other foundations might consider the following key learnings from Knott's journey:

- Don't delay. There is no time like the present, and it's never too late to start.

- Define your audience: trustees, the broader family, grantees, the general public?

- Match the desired end product to your audience: formal report, promotional video, documentary, bullet points, short narratives, history book, etc.

- Remain neutral. In some cases, this may mean hiring a consultant with no connections to the family to do the legwork and present the findings to the board. In others, this may mean that multiple family members are involved in collecting and interpreting data. Regardless of the approach, it is important to remain neutral so that the end result is perceived as an interpretation of facts gathered through multipoint research.

- Talk to enough people to corroborate ideas and opinions. Interview the people who were closest to the founder – children, siblings, close friends, business partners – who may have a window into the founder's belief system.

- Use a standard script with questions. This allows you to draw out common themes in the areas where you are seeking clarity.

- In an approach that follows the adage "principles, not practices," focus on values that stand the test of time. Ideally, the findings should seek to transcend a foundation's answers to "what" and "how" in order to get to "why."

- Make it memorable. To take hold, values must be reinforced and promoted. An acronym is one example of a helpful device (Murphy, 2005); Knott's five core donor intent values are presented in an order that spells the word "Focus."

- Involve the family in a conversation around the end product. In most cases, it is not enough to simply produce a paper or a video or a set of core values. Talk about them to ensure a shared understanding.

- Figure out how to use this information. Will the board formally adopt the values as part of the foundation's guiding documents? How can the end product be promoted and reinforced – in recruiting or training trustees, making decisions on grant applications, communicating with potential grant applicants, selecting a giving area of strategic interest?

Building Block No. 2: An Awareness of the Foundation's Talents and Resources

Every donor brings unique assets to the table: "No two donors have the same scale of resources, geographical presence, personal or institutional values, funding history, relationships, motivations, and areas of expertise" (Crutchfield, Kania, & Kramer, 2011, p. 28). Thus, after an examination of donor intent, mapping the foundation's talents and resources becomes the next step to developing a lens for strategic grantmaking decisions.

Why a Foundation's Talents and Resources Are Important

Clarity on an organization's internal talents and resources is critical to the success of any strategy. In the business world, the term "competitive advantage" often denotes how a firm can position itself in a market to win. It is well recognized that this success comes not only from an external analysis of the environment, but also from an internal analysis of the firm, including its financial, human, and organizational assets. Jay Barney (1995), professor of management at Ohio State University, writes, "when a firm's resources and capabilities are valuable, rare, and socially complex, those resources are likely to be sources of sustained competitive advantage" (p. 55). For nonprofits, Barney's most intriguing idea in this statement might be social complexity; it recognizes that an organization's reputation, history, culture, and human ingenuity are important elements in identifying an arena where impact makes sense, is valuable to the public, and can be maintained.

A foundation's desired level of change is also tied to its board's approach to philanthropy. Lynn and Wisely (2006) identified four approaches to foundation giving: as relief, which seeks to alleviate human suffering; as improvement, which aims to maximize human potential; as social reform, which attempts to solve underlying social problems; and as civic engagement, which works to build "more reflective and resourceful local communities" (p. 5). While these approaches are not mutually exclusive and have both positive qualities and potential drawbacks, it is worth identifying the major motivating value behind a board's desire to give in a certain area – such as compassion, progress, justice, or participation – in order to inform the foundation's work toward strategic grantmaking in a given field.

In addition to motivational forces and organizational self-assessment, passion is a critical ingredient in impact (Beggs, 2013). Passion is the fuel for the fire; it motivates people to roll up their sleeves and work hard, persevere through complicated circumstances, be open to learning and innovation, and find an internal drive to improve. Yet with passion comes choice; there is generally a limit to the number of issues that can inspire a funder's deep commitment (Beggs, 2013).

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How Knott Assessed Its Talents and Resources

With a large, multigenerational board, a small staff, and new family members joining the foundation every few years, Knott was poised to formally analyze its talents and resources. A number of steps were taken to accomplish this task. First, board members were surveyed on tolerance for risk in grantmaking, a desired time frame for results, the type of results sought, and the most rewarding types of funding. Through participatory activities at a retreat, trustees were able to witness where fellow board members fell on the spectrum of risk, timing, results, and funding mechanisms. Also at the retreat, consultants led the board through a generational-lens exercise to better understand the motivations and context for trustees' decision-making based on what was happening in the world around them during their

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formative years, and what values and behaviors those events fostered.

Continuing this internal analysis a year later, the staff mapped the taxonomy of Knott's giving in its five program areas and charted specific application and award statistics. These data provided a clear picture of the sheer breadth of the foundation's giving, as well as the volume of applications and awards by program area, and were discussed at a special one-day board meeting.

Key Learnings for Other Foundations

When building an awareness of internal talents and resources, other foundations might consider the following key learnings from Knott's experience:

- Depersonalize differences between family members through generational study. Discussions about how different generations approach problems, communicate with others, and generally see the world allow trustees to recognize and validate those differences without making things personal.

- Examine the board's tolerance for risk, expected timeline for results, the type of results sought (tangible versus intangible), and the most and least rewarding and enjoyable types of grantmaking.

- Mix the delivery of questions and information to ensure all voices on the board are heard: electronic surveys, open discussions, one-on-one conversations, and interactive activities.

- Consider mapping the foundation's giving by program area using the established taxonomies from the National Center for Charitable Statistics or the Foundation Center as a starting point.

- Create a dashboard with basic grantmaking statistics over the last five or so years for such categories as total annual distributions, percent of funding awarded in each program area, giving by geography and grant type, median grant size and range, and key milestones achieved. Put it in front of the board for discussion.

Recognize where flexibility is possible, since learning can ignite passion and the right opportunity can cause people to re-examine their preferences.

Building Block No. 3: A Common Education Base Around Community Needs and Conditions

Knowledge management is complicated for many family foundations. Family members may have a very hands-on approach to the foundation's grantmaking, including performing the role of volunteer program officers by reviewing grants, conducting site visits, and making recommendations for funding to the larger board. This hands-on approach, however, may not always translate into a holistic view of the issues and challenges facing the community in all of a foundation's program areas. And since every board member comes to the table with a particular background, area of expertise, and comfort level with nonprofit administration, it may be necessary to take a more deliberate approach to educating the board alongside of the staff on the shifting landscape of community needs.

Why Mapping Community Needs Is Important

While donor intent and foundation talents and resources are internal building blocks, community needs are external. Both perspectives are necessary to create compelling choices for a strategic grantmaking focus. "Because the most effective missions and strategies are grounded in a foundation's values and real needs, funders use scanning to uncover key needs in a community or field" (Exponent Philanthropy, 2011, p. 1). So, while it is critical to understand the foundation's legacy and current board's perspective, a good grantmaking strategy demands an examination of relevant data, trends, and shifts in the external landscape, and input from leaders in the field. In other words, "good grantmaking demands field knowledge" (Beggs & Glebocki, 2012, p. 1).

Meanwhile, any strategy must define an arena. "The most fundamental choices strategists make are those of where, or in what arenas, the business will be active" (Hambrick & Fredrickson, 2005, p. 53). Defining an arena mirrors management titan Peter Drucker's age-old question, "What business are you in?" Many broad-based philanthropists might say they are in the business of making grants or giving money away. Those with a more focused portfolio might say they are in the business of creating positive social change in a particular arena. The latter response typifies what Hambrick and Fredrickson are suggesting when they cite the importance of defining an arena when developing a strategy. "In choosing arenas," they write, "the strategist needs to indicate not only where the business will be active, but also how much emphasis will be placed on each" (p. 54).

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Put simply, arenas create choices not only for what to do, but also how much to do.

In the end, researching and talking to experts in a particular sector can help identify where opportunities in that arena may lie. The process can also help make sense of the bottomless sea of need that broad-based philanthropies contend with every day. Researching community needs, talking to experts in the field, and synthesizing what is learned into useful information for the board provides an informed set of choices for consideration in selecting a strategic grantmaking focus.

How Knott Mapped Community Needs

Geographically focused but programmatically broad, the Knott Foundation's chief challenge in building a common education base around community needs and conditions was the sheer breadth of issues on the table. Thus, the project became a high-level examination of trends in the sectors in which the foundation invested, with an understanding that deeper work would be done once a particular issue within one of those sectors was selected for a strategic framework.

The process began with the board commissioning white papers for each of the foundation's five program areas. Planning, research, and writing took six months and involved both staff-led activities and assistance from consultants. The team working on the project interviewed a handful of high-level thinkers in each sector; conducted extensive

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desk research of policy documents, newspaper articles, and industry reports; analyzed the foundation's history of giving in the sector; and finally presented key challenges and landscape data in five white papers.

Key Learnings for Other Foundations

When creating a common education base around community needs and conditions, other foundations might consider the following key learnings from Knott's journey:

- Present the information to the board in a way that is meaningful for the trustees and aligns with the majority of their learning styles: 10-page white paper; five-page briefing paper; in-person presentation; weekly emails; a panel of speakers; a weekend of site visits; etc.
- Structure the work by program area or sector. While needs will undoubtedly overlap, an overarching structure is often necessary for more fruitful conversation.
- Talk to as many people as you can. Ask every person, "Whom else should I talk to?"
- Be clear and transparent about your intentions. Explain that you are on a learning journey and that these discussions are in no way attached to funding decisions.
- Stick to a standard interview script so you can draw out common themes in areas such as shifts in the landscape, challenges facing the sector, key ingredients for impact, how philanthropy can help, and predictions for the field.
- Create a data bank of your desk research in one central location – a spreadsheet, for instance, sortable by program area and source. This can be helpful for refreshing the data in future years, as well as providing resources for deeper learning in a particular topic.
- Categorize your learnings in each program area or sector according to problems or challenges to be addressed, not solutions or strategies to address them. (See Figure 2.) In this way, the work becomes a menu of informed options around which the board can consider developing a strategic grantmaking framework, rather than a list of predetermined solutions.
- Consider preparing two versions of the information: one for internal purposes and another to share with the public.
- Find other ways to use the information beyond choosing one strategic focus for deeper learning and engagement; as part of the foundation's new trustee training materials, for example, or as a jumping-off point to explore opportunities to further define or prioritize other areas within the foundation's pool of grantmaking.

Using the Building Blocks to Create Choices

Once the three building blocks – donor intent, foundation talents and resources, and community needs – are defined, they can serve as a lens for creating and making choices for a strategic grantmaking focus. Specifically, it is necessary to examine the challenges facing the community against the lenses of donor intent and foundation talents and resources, and ask:

- Should the challenge be in a donor-intent priority area, or simply aligned with the founders' overarching values in giving back to the community?

- Do the scope and complexity of the system and time horizon for the challenge lend themselves to philanthropic solutions that the foundation can offer and in which the board can find fulfillment?

- Is this the right time to tackle the challenge?

- Is there collective energy and passion around the issue?

- The answers to these questions may help illuminate which areas can be eliminated from the set of choices, and which choices may be better than others.

Examine the challenges facing the community against the lenses of donor intent and foundation talents and resources, and ask:

- *Should the challenge be in a donor-intent priority area, or simply aligned with the founders' overarching values in giving back to the community?*

- *Do the scope and complexity of the system and time horizon for the challenge lend themselves to philanthropic solutions that the foundation can offer and in which the board can find fulfillment?*

- *Is this the right time to tackle the challenge?*

- *Is there collective energy and passion around the issue?*

How Knott Created and Made Choices

For the Knott Foundation, putting the three building blocks of a philanthropic strategy together happened at a special, one-day board meeting, where trustees were invited into vibrant discussions about the needs facing the community. Before the meeting, a short, four-question survey asked trustees to react to the challenges presented in the white papers they had commissioned and to choose those most compelling in terms of the three building blocks of a philanthropic strategy. At the meeting, time to examine each program area was allotted regardless of its relative weight in the foundation's grantmaking portfolio. Trustees reacted to the landscape data and key challenges outlined in the white papers and the foundation's history of funding in each arena, and discussed what the survey data revealed about the possibilities for deeper engagement in the issues.

In an unexpected benefit, the conversations revealed potential ways to extend the foundation's grantmaking beyond simply choosing one strategic focus for a portion of the foundation's funding. Every program area was examined, and common themes emerged as well as areas where there was interest in taking more initiative to seek particular funding opportunities. While the board ended up selecting only one issue area to examine on a deeper level and build a strategic framework around, other issue areas surfaced as potential priorities; some inspired less interest. One by one, program areas were taken off the table for a more

Choosing a strategic grantmaking focus is not an all-or-nothing decision. It can simply be one portion of a foundation's giving, with other program areas remaining less defined. A potential result, of course, is that a board embraces strategic philanthropy and opts to take that approach in other giving areas or expand the existing strategy by deploying more resources.

strategic approach based on the day's discussions and pre-meeting survey results, until one program area remained.

Knott selected a strategic grantmaking focus that allowed for deeper learning in education, the foundation's primary program area, while also creating opportunities for overlap and synergy with the board's interests within other program areas. Though the specific issue selected in education was not the area with the highest level of donor intent, a focus on it honored the values of the founders and allowed the trustees to investigate the area with fresh eyes, find ways to impact the community in meaningful ways, and take advantage of the energy behind multiple sectors to help realize change.

Key Learnings for Other Foundations

When putting all of the building blocks together to find a strategic grantmaking focus, other foundations might consider the following key learnings from Knott's experience:

- Acknowledge that choosing a strategic grantmaking focus is not an all-or-nothing decision. It can simply be one portion of a foundation's giving, with other program areas remaining less defined. A potential result, of course, is that a board embraces strategic philanthropy and opts to take that approach in other giving areas or expand the existing strategy by deploying more resources.

- Make time to consider the wide spectrum of choices available. While more labor intensive on the front end, discussions around these choices may illuminate ways to further refine a foundation's giving beyond selecting one strategic grantmaking focus.

- Get as much information as possible up-front about the trustees' current thinking. A simple pre-meeting survey can help identify those community challenges with the most traction for deeper engagement among the board members.

- Focus on interests, not positions, to build unity. While trustees may be passionate about a variety of causes, further exploration may reveal commonly held interests – such as values – behind those various causes that can unite the board.

- Recognize that choosing a focus is only the first step. The road to strategic grantmaking is long, and embedding the strategic mindset and a continuous learning and evaluation process into the culture of a foundation is even more complex. Take one step at a time.

Conclusion

The process of finding a focus at the Knott Foundation was not linear, nor was it necessarily compelled by an attraction to the actual practice of strategic philanthropy. Rather, it was a very personal journey that was closely connected to the spirit of the founders, the conviction of the family, and the needs of the community in very real and intimate ways.

Big changes in any organization often come from a succession of small changes. At Knott, big decisions stemmed from a succession of smaller decisions to thoughtfully examine the foundation's donor intent legacy, organizational capacity and current board preferences, and external community needs. Packaging this information in a way that invited conversation was crucial so that the trustees could interact in meaningful ways that advanced their journey as a family toward creating choices and making choices to find a strategic grantmaking focus.

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