

Building a Social Impact Strategy and Approach

A Fundamentals of Family Philanthropy webinar recorded on June 10, 2021.



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

© 2021 National Center for Family Philanthropy. All rights reserved. This paper may not be reproduced or distributed in any form without the prior written permission of the National Center for Family Philanthropy. The information in this paper should not be taken as qualified legal advice. Please consult your legal advisor for questions about specific legal issues discussed in this paper. The information presented is subject to change, and is not a substitute for expert legal, tax, or other professional advice. This information may not be relied upon for the purposes of avoiding penalties that may be imposed under the Internal Revenue Service.

Featuring:



Melissa A. Berman
Rockefeller Philanthropy
Advisors



Kara Inae Carlisle
McKnight Foundation



Robert Dortch
Robins Foundation



Building a Social Impact Strategy and Approach

Transcript of the Fundamentals of Family Philanthropy webinar, Building a Social Impact Strategy and Approach. Recorded on June 10, 2021.

Nick Tedesco:

Welcome everyone. My name is Nick Tedesco, and I'm the President and CEO of the National Center for Family Philanthropy. We're so thrilled that you could join us today for our monthly Fundamentals of Family Philanthropy webinar. This series provides guidance on the core tenants of effective family philanthropy, from motivations and values to governance, grantmaking, and succession. The series is also designed to equip giving families with the latest information on evergreen topics in the donor lifecycle through practical takeaways and diverse family stories that illustrate important practices. A social impact strategy is a fundamental element of a family philanthropy effort, and that is going to be the topic of our conversation today. The practice of grantmaking actualizes the motivations of a donor, it advances their values, and it accomplishes their aims and objectives.

However, it requires careful planning and consideration. A family needs to decide on focus areas and articulate the desired outcomes both near- and long-term. And then you do identify the appropriate partners. And this is not something that they do once, but something that needs to be revisited early and often. And in particular, in circumstances such as the last year where the world has changed so dramatically. In today's webinar, we're going to explore three critical questions on social impact strategies. First, what is a social impact strategy, and why is it important to a family philanthropy effort? The second is how do you develop a social impact strategy, and what are the important considerations when crafting or refining that strategy? And then last, how do you define your grantmaking approach or social impact strategy in tandem with your overall strategy?

Before we begin, let me briefly share about our webinar technology. We want this webinar to be interactive, so please submit questions using the Q&A option. As a reminder, this webinar is being recorded, and a replay will be made available to all attendees. If you experience any technical issues, please reconnect to the technology or email Jen Crino at jen.crino@ncfp.org. As always, you're welcome to chat with us on Twitter about today's webinar using the hashtag #ncfpweb. Before we move into the discussion, I am so privileged to introduce our panelists. Today we are joined by three esteemed speakers, Melissa Berman, president and CEO of Rockefeller Philanthropy Advisors, Kara Inae Carlisle, Vice President of Programs at the McKnight Foundation, and Robert Dortch, Vice President of Program and Community Innovation at the Robins Foundation.

Melissa will begin with an opening presentation on social impact strategy, and then we'll open it up to the full panel discussion. I am really excited about this conversation. Melissa, I will invite you to come on to camera and begin the presentation, and I just want to thank you in advance for leading us through this discussion and being such an incredible partner and thought leader in philanthropy. And so thank you for everything that you do for us, for the sector. And I'll turn it over to you.

Melissa Berman:

Thank you, Nick. It's a pleasure to be here, and I'm really honored to be a part of this series of programs and to be able to speak with Robert and Kara who are such phenomenal leaders in our field. I want to start with just a quick overview of some guiding principles that through our work with donors around the world we're finding helpful in the current era. First, I want to talk to you a little bit about assessing your philanthropy framework, and I'll explain in a second what that is. We believe that even before you start to develop your strategy, you really should come to terms with your DNA as an organization, including how that DNA is changing and how you might want to accelerate that change. Second, it's important to think about how you're going to design a roadmap to results. And our approach to this is a little bit different from the theory of change logic model. Not that those things are wrong, but we're in a different kind of era now.

Third is a way to think about how you want to assess impact and at what level and with what kind of resources. And then finally, it's a great time to explore some promising funding practices that may not have been part of your toolbox. Some of them are truly new, and some of them only appear to be new, but we're in an era of exciting innovation. So let me say a little bit about your philanthropy framework. This is something that we've developed at RPA over the past four or so years with the active participation of the learning community that's included at various times a total of 75 foundations in about 15 countries. So the questions that we encourage you to ask start with your charter. And your charter defines for you how you relate to your founders as well as your written and unwritten governance procedures.

So for example, some foundations are still actively led by the founder. So they have a decision-making process that's very straightforward. In other cases, when the next generations come on board, the foundation may be stewarded by the understanding that the current leaders of the foundation on the board and at the staff level have of what the founder's priorities were and how the founder expressed principles through philanthropy. And then you get to a point in some foundations where you are inspired by your founder and your founder's legacy, but you're not necessarily in a position to ask the question, what would Robert have said about social media if Robert passed away in 1879? So those things are important to think about, there's written and unwritten governance. So I will be happy to talk more about this or take questions in a couple of minutes.

So second I want to say that you want to give some thought to what your social compact is. And that really asks you to define to whom you're accountable and whose stakeholder views you truly incorporate as well as what you feel makes you legitimate. In the United States, we've traditionally seen everything in terms of a market economy. If you've made money, you're legitimate. And if you've made money by selling widgets, it gives you a legitimate right to develop philanthropy that has to do with middle school education. And that's been our social compact in the United States for a very long time. But we have new questions about the privilege of philanthropy, we have new questions about what it means to be open to stakeholders and whether that communication is one way or two ways. So there's a lot to think about there.

Third, your operating model. And that explains and lays out ideally with some reflection and honesty what kinds of knowledge, competencies, and resources you have in-house. And those are financial and non-financial. For example, if you're thinking about a strategic approach that involves developing a partnership, do you have folks in your organization or with whom you can work who know how to do that kind of thing? And if you don't, where will you get that capacity? If you think about your financial resources as your grantmaking, what about technical support? If you think about your financial resources to include your element, how are you going to bring that into the conversation?

So our premise is that understanding all of these things should really precede developing a strategy, otherwise there's some possibility that the strategy is completely unconnected to you as an organization and to your ability to execute it. And the second phase then is developing the actual strategy. And so that's where we talk about a roadmap to results. And we use the phrase roadmap to make really clear that there are lots of ways to get to a destination once you define it. And the slow route may actually be the route that gets the best results. Second, we're not always in total agreement about what we mean by results and results over what period of time, especially when we're talking about complex problems that sit in really pernicious systems.

So as you're developing this strategy, you do want to be very explicit about what problem is going to be addressed and who gets to define it, who defines what poverty is, who defines what justice is? Do you do that inside the walls of your philanthropy or do you bring others in to help you define that problem? Who makes decisions, and how do you want that process to move forward? Who has input into any kind of research or exploration you're going to do? Are you going to hand that off to an external neutral third party, are you going to do that yourself? Are you going to bring a lot of stakeholders into the process, and what does it mean for them to have input? You'll need to have all of those questions answered before you do a landscape scan where it's really important to understand not only the issue, but the system that the issue lives in. We're all very, very aware now as we are recovering from some of the impact of the COVID pandemic that that virus literally lived in a system that reflects a great deal of inequity.

The COVID is not just about the virus itself and what kind of vaccine we needed, but also about how equitable or inequitable distribution, access, and information is. This is an opportunity to look for partners and allies. No organization, including the Gates Foundation, is large enough to tackle every dimension of a complicated system. And so you'll have to make some decisions about where you want to focus your resources, at what level, and over what time. The time horizon is particularly important when you're looking at a kind of systems change approach and where you're looking at social impact, as Nick introduced this topic. You can't change a society in a 12-month quarterly cycle of assessing results.

So one way to think about this that we find helpful in many cases is something called the iceberg model. And I'd like to ask you to imagine that there's an imaginary waterline in between "Events" and "Patterns". So what we see in the real world are the events. And in many cases but not all, were able to actually agree on what those real events were. That's actually optimistic, but let's take that for a second. Once you start to look under the waterline, you start to see patterns. This has happened before, we've had inequities in how vaccines and medications are distributed for a very long time, literally centuries. Underneath that are structures, the rules and the organization norms, the policies, how money is allocated, what infrastructure we have developed to get vaccines and medications to rural communities, to poor communities, to marginalized communities. And those things create the patterns.

And then even further underneath, we have a lot of mental models, we have a lot of assumptions that are unstated values about whether it's fair, for example, that a rich country should vaccinate everybody first and then share resources with other countries even though we are all globally vulnerable to a virus that travels around the world. But we have mental models that affect how we think about things like this. So when you think about assessing impact, you can challenge yourself to look at it in terms of broader society social impact, how community changes, and how those changes are spreading and how they are becoming sustainable. That's a long-term proposition. And candidly, it can be an expensive

proposition, so you need to make a proactive decision about how much money you want to allocate towards something like this.

At the other extreme, you can stick with just looking at how the grant or the investment progressed. That's really an accountability measure, it's not an impact or progress measure in any sense. It just tells you about activity, how the funds were used. That's not a bad thing in the sense that we are often unable to come up with clear measures and ways of assessing impact when we get out to the broader community and society level. So there are trade-offs here is what I'd like to say. And then finally, I think it's great to know that there are lots of interesting and new ways to think about using private resources for public benefit. That's what philanthropy is. Traditionally, we think of those private resources as grantmaking. But of course, they also include things like impact investing and the use of our voice, advocacy, building collaboratives and partnerships.

Trust-based and participatory philanthropy offer tremendous opportunities for us as well as thinking differently about long-term and unconditional support. If we know that we're dealing with intergenerational problems, a two-year grant cycle may be more harmful than helpful. Working in collaboration with other funders creates tremendous learning opportunities and often helps grantees get their money in a much more efficient manner. And then as I think some of our panelists are going to share with us in a minute, funding with a rights and equity lens really helps us take a very systems and justice-based approach to the work that we're doing. It isn't just a matter of funds that are dedicated toward, let us say women's rights or toward indigenous rights, but asking the question about all of the philanthropy that we're doing, including basic medical research. What are the rights and equity dimensions of this work, and how are we trying to support them?

I will stop there, and I'm going to stop sharing my screen at this point and ask Robert and Kara in turn to introduce themselves. Robert, may I start with you and ask you to tell us a little bit about yourself and the social impact strategy that you're leading at the Robins Foundation. It would also help, of course, to know a little bit more about the Robins Foundation to put this in the right perspective. Thanks.

Robert Dortch:

Thank you so much, Melissa, and thanks to NCFP for creating this space for us to have such an important conversation. I'm Robert Dortch, and I'm currently VP of Program and Community Innovation for the Robins Foundation, which is a place-based family foundation in Richmond, Virginia. We're 64 years old, and second and third generation has come into leading the foundation at this time, which has led to a type of social impact strategy that we are evolving into right now. And really for us, a lot of the questions started emerging right around 2013, 2014 when there were changes in the board leadership, the second and third generation. They began to ask the question, how can we have impact? What does that impact look like? How can we be more than a grantmaker? How can we be more than a check writer and those things?

And so with that, they began to look at the level of engagement in community and began to say, okay, how could we be more proactive and be more of a partner, not just telling nonprofits what to do, not just imposing, but that we're able to engage in this dynamic interchange in partnership. That led to the question as they began to bring in the team with our new CEO at the time Kelly Chopus and her beginning to create the teams at what does this proactive partnership look like? What kind of team do we need to be able to have to be able to engage in the community at this level? And then that led to

them asking us, okay, what are the issues? What are the issues that we can focus on that are going to align with the legacy of our founders Mr. and Ms. Robins?

And that led to this idea of poverty, where we have one in three children within the metropolitan Richmond region living in poverty. But they were like, okay, poverty, where do we go with that? How can we become much more intentional and much more focused? And with that, they're saying, "Okay, what have we focused on?" And we have spent a lot of investment in early childhood education, but they wanted to be broader than that. So it was through education that they said, okay, poverty, the lens would be education as the vehicle, we would address intergenerational poverty through this continuum with early childhood all the way through post-secondary. And so that's how we began to look at it.

And so with that, we then began to focus and say, what does it look like at the policy system or advocacy level? And then what does it look like on the ground for direct programmatic services? And so our strategies were capacity building and saying, how do we leverage capacity building? How do we leverage community partnerships, coordination and partnerships, what role does research and advocacy play? And then how can we be more innovative in our grantmaking? And so that moved us in to say, okay, by focusing in those areas, what can we do to address that? How do we build these partnerships and relationships with the nonprofits? How do we work more closely with our schools? Understanding the role of philanthropy, not just with Robins and education but with our peer funding partners.

And then beginning to say, what role do we play without government partners too? So that became also an increased part of that to say, how do we now help influence and impact what's happening with families? And focusing on some very specific outcomes as it relates to early childhood development, making sure children are ready for kindergarten as it relates to elementary school. Are students reading on grade level? And then beginning to look at the kind of impact to say, how do we really use these vehicles to look at children who have been historically disenfranchised and who've experienced trauma? So how can we through our support and focus in education, use this to build resilience and make sure that all children regardless of zip code, regardless of sexual orientation or race have the ability and access to equal educational opportunities which then support their freedom to reach their aspirations? And so that was our approach.

Melissa Berman:

Thank you. Fascinating issues to talk through and think through around an intergenerational timeline, around the connection to the past and the future as well as around partnerships. I want to ask about the last 18 or so months as we've all been grappling with the kind of twin pandemics of COVID and racial justice. How did that affect the initiatives that you developed and how you implemented them? And how did that change, maybe not your strategy, but some of the shorter-term decisions you made, Robert?

Robert Dortch: This is interesting because, like I said, we already knew that one in three of our children were living in poverty. So they were already experiencing food insecurity, housing instability, health and hygiene issues, and trauma and racial inequities through adverse conditions. And basically what COVID did was it exposed, it accelerated and amplified it. The board recognized the need to be more adaptable and more responsive. It's always like, okay, this waiting for grant cycles, that's not going to work. So they began to be much more responsive. Immediately, we said, general operating support. We released all of those who have received funding from us, that you are able to use all of these dollars for general operating support. We invested in a COVID relief fund immediately with our peer funding partners.

We created a family crisis fund so we could get stimulus funding directly to the families with children with the school systems that we were supporting. So that influenced 2,600 families within those school systems that we're supporting that has now grown into a guaranteed income initiative. We increased our investments to our school systems, to our strategic partners. So we doubled those investments to allow them to strengthen and build their capacity. We launched a capacity building initiative, we increased national partnerships. And then we entered into a common app and leveraged our resources with some of our peer funding partners. Those were some of the immediate things we did to say, okay, how can we deal with relief, recovery and rebuilding, understand that this was a long process, that this is 18 months where we're talking with our strategic partners? So we're talking 5 to 10 years with the lasting impact of COVID. And then as we know with racial inequities, we're talking about 400 years that we're trying to address.

Melissa Berman:

Thank you, Robert. We'll come back with some more questions for Robert. But right now, I'd like to introduce Kara Carlisle from the McKnight Foundation. Kara, please tell us a little bit about yourself and the foundation and share how the social impact strategy at McKnight has developed?

Kara Carlisle:

Really nice to be joining you all today. And I've already learned a lot from both what you've been sharing and also Robert from what you've been doing there in Virginia. So I just want to say thank you for your work and also for the invitation to be at this table. So the McKnight Foundation is based in Minneapolis, it's a fourth-generation family foundation, really grew out of one of the early leaders of the 3M company that's based here in Minnesota. William L. McKnight and Maude McKnight who were the two that really established the foundation. The DNA, as you spoke of earlier, Melissa, of McKnight still really reflects a lot of the early thinking around innovation, around a deep trust in people. A balance between, I would say, real pragmatism—like let's get things done—and then also a real deep investment in curiosity and creativity.

And so you still see a lot of that showing up even in the values that we carry forward and work with today. In terms of our social impact strategy, we are also a place-based foundation because of the growth over time of the endowment and the footprint. We're still based here in Minnesota, we do a significant amount of work, long-term work in our home state. We also have expanded our work into the upper Midwest. I'll talk about that in a minute. And then for decades we've really been focused internationally. And so we work in 10 countries, and so we're considered also a place-based work that started out as a crop research program, really based on research that one of the earlier family members had read about world hunger. And so over time, it's really adapted and evolved in light of really big food insecurity issues globally and also the real tangible impacts of climate change adaptation and resilience.

And so the program has also evolved over time. And I think, again, the time horizon is really important because of 30 years of research working first actually on crop science and plant biology, and till today working with farmers is a really powerful I think demonstration of long-term commitment to people and places. In terms of our social impact strategy, in 2019 we announced a new strategic framework that was really driven by a process where I will just say the family, the fourth generation family really took a very active leadership role, and for the first time in our history began thinking about everything holistically within our portfolio.

I was just really impressed and delighted to join the foundation. I joined here about four and a half years ago because we started with some really key questions. We started with curiosity, we started with what do we see happening in the world? Essentially what are our assets and resources that we could bring to bear? And then what might we do about that? And so it was a really engaged process with our board and our staff and over time really deep engagement in community. And we ended up with four program grantmaking programs from eight, which is when I started. And there's a lot we can talk about if you're interested, Melissa, later about how that happened. But we had real deep conviction that the issues of our time really are climate and racial equity. And those have really been born out here in Minneapolis around the murder of George Floyd and the racial reckoning.

A lot of that work around DEI had started well before that time. And I will say, similar to the words that Robert used around acceleration, you used as well, Melissa. That catalyzed a continued deep work which has really been transformative and will continue to be for the foundation, our governance, et cetera. So the four programs that we work on now are Midwest climate and energy, community, which is a statewide program here in Minnesota. The third program area is arts—we fund a lot of fellowships, which are well known for it—which is also statewide in Minnesota, and then our international program. We have a neuroscience program, which is operated by a separate board with some crossover, but it isn't an operating program of the foundation in the same way, and it's not a grantmaking program. Those are really awarded by scientists in the field, so that is a national footprint of our program.

The last thing I will say around social impact strategy is that I'm extremely proud to be part of McKnight because of our impact investing work. And 45% of our dollars of our entire endowment are mission-aligned. We've found a way to be profitable and high impact and values-aligned around our conviction on climate. And we also have done and continued to do work on direct impact investing. And it really is driven in partnership with our programs. So happy to talk about that later. But I think I've covered the opening questions, and love to get into it with folks.

Melissa Berman:

Great. I will come back to impact investing as well Robert to direct giving, which are interesting options for how to use money to make change happen. But I wanted to ask Kara, you talked about going from eight programs to four. But tell us a little bit about what some of the challenges were, if you don't mind, in going from eight to four programs? Because I'm sure the four programs that you moved away from were doing wonderful things, right?

Kara Carlisle:

Absolutely. No, I will say for those of you who have done any change in any personal or professional life, it's difficult. These are personal, they're professional, they're relational. It hits you, your colleagues and the grantees in the field. And so all of that was certainly at play. What I would say going back to the approach that the board and staff took—and I want to acknowledge Kate Wolford who was the acting president at that time who really led that process and invited me in when I joined McKnight—was really around these core questions. First for the family with the fourth generation getting ready for the fifth generation—what was their legacy going to be? So I think they really took it upon themselves to prepare the foundation in a way that they could begin to transition and have their leadership really shape the strategy at McKnight. So I think that's a really important factor.

The difficulty I think was multifold because each of the programs had really originated and are tied to a founder and a passion. And they essentially were like eight different beautiful foundations. Really different programs, staff hired at different times, staff remodels were different, theories of change were different, grantees were different. We were held together by a coherence around big values, but a large...We used to joke and say you could drive a truck through it, everything fit. And I think the questions that were really important for us was how does the McKnight Foundation continue to be impactful, credible, and relevant in a changing world? And so I think that really focused our energies.

The second thing was, have the siloed programs really worked? I mean, we feel really good, we have external data from grantees that said that they were high impact. So again, this was not about not having impact. But Kate at the time said, she wondered if our silos and our way of being organized had outgrown their usefulness, if that was actually getting in the way of impact? And so I think that was a really insightful and important question for us to tackle. And we did lots of different things to explore that in the community as well. And then the third one was really around level of ambition. So how can we get smarter and more strategic and more impactful with all the relationships and assets of knowledge and credibility and networks that we had to really try to drive towards some really big issues and felt a real responsibility to do our part?

And so that process took a lot of time, extra time and engagement from the board and the family, significant amounts of time with the senior team, lots of looking back and looking forward, and a lot of planning around once those decisions were made, how to transition that would align with the values of the foundation in a way that was cognizant of valuing the grantees and not wanting to exit in a way that was going to harm these long-term really powerful partners. But a lot of hard work, a lot of hard work.

Melissa Berman:

Yes, I can imagine. Thank you for sharing that. I think it's easy when we talk about strategy to say, okay, we're going to switch and we're going to go in this direction. You can't just leave things lying in the middle of the road. Robert, I want to ask a little bit more about direct giving, if I could please. The Robins Foundation has a very strong place-based focus, and that's an advantage in a certain sense in that it helps frame your sphere of action, makes it much more feasible for you to talk about really knowing the community because you're not talking about the world. Tell us a little bit about the decision process to start direct giving recently, and whether you think that that is a way of using your resources that is likely to continue.

Robert Dortch:

With us, it emerged because we had a staff member who had an expertise in this space, but it also emerged during the pandemic to say, how can we be responsive? Because as nonprofits we're wrestling and struggling with real issues and them needing capacity. And some of them, their doors were closing, and yet we were seeing the increased need with families. And so we with our board began to say, okay, what is that we can specifically do working with our strategic partners, which were the school systems, and then also working with the city of Richmond who had an office of community wealth building to say, how can we begin to work and identify these families where children are being impacted? We wanted to be relevant, we wanted to be adaptive, and we wanted to ask how can we have and make an immediate impact?

And so that's how that family crisis fund emerged. And it was in alignment with our founder Mr. Robins who was in pharmaceuticals. He did the Chapstick and Robitussin. He was an innovative leader, so it was consistent to ask how can we be innovative in trying to find complex solutions to these complex social issues? And so we saw that as an immediate way to do that. And that has evolved, and we've continued to see that not only was that one-time stimulus funding important, but now we see it as a way to test it. And we've increased our partnerships now so we have public private partnerships, corporate communities, peer funding partners that involve national partners. And that we're part of the mayor's guaranteed income initiative.

So now we have for the next two years \$500 a month, and it's up to 60 families that we're piloting. Federal Reserve is also a part of that and providing research for that. There's an advisory team. And the goal is to ask now how do we help influence earned income tax credit? So now how can that lead to policy outcomes that can impact at a scalable and meaningful way thousands of families looking at this guaranteed income directed assistance initiative. So that's one end. And at the same time, we do impact investing. Several years ago, the foundation committed an additional 3% of its endowment to support impact investing because we realized this is another important way to influence and impact what's happening in the community.

Melissa Berman:

Great. And is it accurate for me to kind of sum that up or part of that up, Robert, to say that you've piloted this with direct giving to a number of families to make this sustainable and scalable. You're looking for policy change so that it isn't just the Robins Foundation's money that's on the table here, right?

Robert Dortch:

Right. So now it's the city of Richmond, our city government invested. We have national donors who have invested. We're working in partnership with the Family Independence Initiative about this. An importance of partnership and collaboration because they're saying, how can you amplify impact? Because we realize. You say, oh, 60 families or 2,600 families—it's like, no, we have thousands of families. If we have one out of every three children living in poverty, that's the number of families that are impacted. So we're saying, how can it be scalable in a meaningful way? And systems change is a way to do that.

Melissa Berman:

So I have one more follow-up question, Robert. And then Kara, I want to ask you some more about impact investing. At any point either during the last 18 months on the agenda for future discussions, have the board and staff and external stakeholders talked about whether the foundation's funding model should change, that it continue? I'm assuming you're endowed in perpetuity, that's your model. Is there a thought about that?

Robert Dortch:

Yeah. There are very real conversations happening now about what does that look like. Because if we're looking at what the community needs are, and we're talking about post-pandemic impact for the next five or six years, it's saying, okay, what does funding look like? Can we even be more intentional about

funding? Because even our school systems have said, hey, it is now Maslow over Bloom taxonomy that basic needs and social and emotional learning has become even more important than what's happening with academic instruction. So that's challenging us to say, wait a minute, does this align with our outcomes? What changes do we have to make in our not just our grantmaking, but in our approach, in our partnerships. So those conversations are happening right now.

They're hard conversations because we're now having to assess and evaluate partnerships, the length of time that's required, the amount of funding that will be required, the amount of capacity internally for the organization, and externally that will be needed to start trying to address some of these issues that have emerged and have become even more of a priority now.

Melissa Berman:

Yeah. Thank you, Robert. It's so challenging to think about these things. In a way, if you feel or if we feel that we have the opportunity to have a disproportionate amount of impact with a large amount of money over a short period of time, then that's a great argument for speeding up spending. On the other hand, when you're dealing with issues that, as you pointed out, Robert have been challenging us for over 400 years, you want to be able to have a spending horizon that matches the length of time that's likely going to be needed to overturn some of those kinds of mental models. So there's no simple answer to this.

Robert Dortch:

These are hard conversations as you were saying. How do we how do we address that? Like you said earlier, one grant cycle, two grant cycles will not do it. We just had this conversation yesterday—what does multi-year support really look like, and multi-year investment look like as we think about trying to address these issues?

Melissa Berman:

Thank you. So Kara it's truly, truly impressive that McKnight Foundation has 45% of its assets mission-aligned. Can you say a little bit more about that, how do you define that? Is that ESG screening, is it direct investment, is it going into the communities where there's also grantmaking? What does that look like?

Kara Carlisle:

Sure. And I will just encourage people to look at our website as well. We try to be extremely transparent as a principle for the foundation. And you'll see everything, most of the information I'll share with you on our website. So a couple of things. One, I think there have been a huge amount of discussions around endowment, spend down, really innovative moves during the pandemic around pulling money, social bonds. There's a significant amount of creativity and conversation within the field in this area for McKnight. Probably about six, seven years ago when the program started, we made a couple of different decisions as a foundation. One is that we uniquely don't take our impact investing dollars from grantmaking.

So I worked at a national foundation before where PRIs actually were part of the grantmaking budget, but they really are fundamentally different kinds of competencies. That's why I actually went to get an

MBA, and I will still say that I should not be doing impact investing in a way from a financial perspective. But I really wanted to understand the language because the worlds are so very different in terms of ROI, et cetera. I will just give Elizabeth McGeeveran a shout out here who directs now our whole portfolio of investments and also our impact investing strategy. Her brilliance with Kate to say, what we want to do is make sure all of the impact investing dollars are really driven by key priorities within programmatic work.

And so for now, our two highest ambition programs, which is climate in the communities program, which is affordable housing, clean energy, battery technology, you name it. All of those pieces, which are really starting to become much more profitable early on began to derive what our impact investing team and partnerships, what kinds of deals they would look to do. The reason that we're aligned partly is because we decided to say, let's bring things though they're higher risk that are really driven and mission informed and aligned with our programs. And then once they're profitable ... We kept actually finding ourselves moving particularly around energy technology as that's boomed over, and it's continuing to grow, will continue to grow. We saw those portfolios being very profitable, hitting beyond the targets that we had set, and we started moving them into what we now call mission-aligned.

And so we've been looking for high-return technologies and others, and using some of the learning from impact investing to go into that impact to the larger endowment. But also just looking for areas of investment that would really reflect not necessarily ESG. We've had a significant amount of discussions around ESG, but really around what made sense for us at the portfolio and what was originally in the pipeline in the field. The second thing that I will say is that we tend to be a pretty discerning foundation, we try to be. And so we didn't want to just say we're going to be out of fossil fuels. So some folks have done that, and there's really been a big movement around that. But what we have done is we've slowly started to move out of, again, this is over time, really dirty energy.

It's been a progression where we've learned more and we've moved ... For example, we actually are in portfolios with actually tar sands, some of the dirtiest. Again, as we align, you're looking at the larger portfolio and you're looking for a values alignment. And so I hope that answers your question. And again, I would really direct you to check out our website.

Melissa Berman:

You're a model not only in what you do but in how much you communicate about it. But as long as we have you trapped in a Zoom room, I would like to ask, what additional internal resources has McKnight needed to be able to implement something like this? Because as you say, the way that people who become program officers are trained to think about issues and the way that people who are on an investment team are trained to think about issues doesn't always align well enough for them to be able to understand one another talking about the same thing. So what kind of resources have you needed to bring in to make this real?

Kara Carlisle:

Sure. So again, this is a real deep engagement from our board and even our investment model itself is a hybrid model. We have a variety of ways that we manage outside fund managers. We don't do direct fund management like some groups do, staff do at larger foundations. So the board is deeply involved. We have an investment committee, we have a mission investment committee. And what I think was really unique when I came here from a national foundation was, again, a level of transparency and

partnership, which really is the vision for all of the institution now. For example, one of our climate program officers goes and sits in shareholder meetings because we're an investor, and we're a huge economic entity. And we have written letters that led our values during COVID, for example, around supporting workers who were in meat packing plants.

So the level of engagement of seeing all of our powers has really been driven through transparency and learning for the staff on the program side in partnership with impact investing. And so I sit in, we have staff that sit in every mission impact investment meeting. They're learning about trends, they're going and listening into shareholder calls. There's a huge amount of transparency about what we're learning. We've had good exits, we've had poor exits. And so just to be able to sit at the table with really expert investors is I think pretty unique in philanthropy. And that the level of partnership between our impact investment director and the trust that she has built with our teams, meaning we actually had another staff person from a program before joining a big corporate meeting that we felt like we wanted to push a large food company to think differently about perennial crops.

So we created a space to get these high-level folks that are working at investment tables to actually learn from a program officer. And this isn't just by role, it's by expertise. I think it's really created a nice clarity around what expertise each person has, but then we blend them and really try to create a non-competitive space. Again, it doesn't come out of grantmaking dollars so that I think makes a huge difference because grantmaking is a very different enterprise than deals.

Melissa Berman:

Yes, it is, it is. You can get yourself down a blind alley really pretty quickly by trying to put investing in terms of grantmaking and grantmaking in terms of investing, those are not the same things. I want to ask each of you one final brief question before opening it up to some of the terrific questions from participants that I'm starting to see in the Q&A box. So one thing I'd like to ask each of you is if you had 60 seconds, so please take 60 seconds, thank you, to draw a line between some of the principles, not necessarily the interest, but some of the principles and approaches to the world of the family foundation's founder, the original founder and where you are now, how would you describe that? So Robert, can I ask you to do that first?

Robert Dortch:

Wow. That is an amazing question. I think it's like a thread. And so what I would say is what we try to be consistent in doing is that our founders—Mr. and Ms. Robins—what they would do is they practiced what they preached. And so it was saying, how do we model the very things that we are asking our partners to do? How can we model that behavior? How could we model that in our mindset? And so how can we model innovation? How can we model transparency? How can we model learning? Mr. Robins would say people who are afraid to take risks rarely get anywhere.

So how do we model that? How can we be innovative, and how can we model how we're in relationship and how we're in partnership? And then how could we model the things that we are learning together in this process to try to transform, grow, and impact our community in a meaningful way. So that's the word I would use that we said that's what they did. And we said, how can we be transparent, and how can we do that in a meaningful way?

Melissa Berman:

I think that's a great, great way of framing it, Robert. I think that many people struggle literally to say things like, how would Mr. Robins have approached social media? And that's just not a helpful way to see things. But thinking about how they dealt with the world and the values behind that. I think that gives much more meaningful through lines for an organization and its people. It's very inclusive in a way. So thank you, Robert. Kara?

Kara Carlisle:

I'll add a couple things to my earlier brief comments around the founder. I think the one we talk a lot about here is really around innovation. There's a discipline to innovation. I think what that looks like during different periods of time really does evolve. But this idea is that we shouldn't have everything tied up and decided, we need to be able to be responsive and adaptive to the field. If you were to drive by, and I haven't been since COVID, but the big 3M building up in Maple Grove here in the Twin Cities, they had this beautiful banner a couple of years ago that said "curiosity". And we independently had captured that as a core value for the McKnight Foundation, which I think really drives so much of how we think about our work.

So I would say innovation and curiosity as sort of cousins, you really need both to accomplish big, bold goals. And the other one I would say, which is more of a behavior one, it really is this idea of humility. And I think the family really embodies that. And I think it's then quite frankly a really big part of our discussion on what does humility mean when you do take a stand on something, is that the same thing? If you have a leadership stands on an issue, which we just started to do over the past few years, which was new for McKnight actually, our first statement was after Charlottesville. We hadn't really commented even when Philando Castile was killed here, and I wasn't here at the time. But right after I came was when Charlottesville happened.

And so I think this idea of humility and leadership, I think we're going to continue to say, what does that look like and feel like? But that still is in the spirit of adaptation and experimentation and that I do believe was part of the founder. The other piece I will say, and I've not met some of the family members of course, but there is this deep sense of compassion. You talked about writing checks, and people talk a lot about remembering grandma writing checks at her kitchen table. So there is also a balance of real deep compassion that I think we try to emulate both. And I think those really are reflective of the family.

Melissa Berman:

Thank you. I appreciate that. Those are both great answers, and you've all used words that are really just so clear and straightforward and that bring lots of people into the conversation. So I think that's wonderful, thank you. I'm going to turn now to the questions that we see here in the Q&A box so far. And I want to start with, somebody has asked a question about what place-based means actually to each of your foundation. Does it just mean that you have a defined geography? So, Robert, I don't know if the Robins Foundation is by charter supposed to put all of its money into Richmond or if that's an active decision that's been made. Kara, you talked about McKnight's deep commitment to the state of Minneapolis, but then its global agriculture and food program. So what does it mean to you to build and strengthen place to each of you?

Robert Dortch:

Kara, would you like to go first?

Kara Carlisle:

I'm happy to go this first round, Robert. Place-based in the broader field I think has been talked about for decades. And so there's a definition and a field of practice around how does philanthropy show up in a place? And so I would say that is part of how we think about it. I'll quote Kate Wolford again to say it's a very sophisticated and delicate approach to philanthropy because what we've tried to do is capture within a toolkit to say, what does that mean in a place? So it's also on our website, we try to put almost everything there because we feel like that's part of our responsibility in service.

Place-based means that you do focus on particular geographies over time. So it means you understand a lot about those geographies. For us, it means a lot of practical things. It means building relationships, building trust, it means taking the long view. It's been increasingly difficult in the polarized environment we're in now, but to not be partisan. Which is by charter for sure, but also by spirit of knowing that our fates really are shared. And so it's been difficult because things that used to not be partisan or politicized sort of become politicized very quickly. But for us, it's that we are stewards of the place, we're part of the community. And so we try to buy local. So there are lots of very practical things that we try to do, and we also commit for a long period of time.

It's not in our charter in a way that says, because I know some family foundations have very specific geographic charters and very specific details. That's really a discussion with the family and the board over time. So those decisions are made at a governance level, but it's not as stringent as you need to have this percentage of dollars in this particular county. We've got some more openness there. So I hope that answers the question.

Melissa Berman:

Thank you.

Kara Carlisle:

And now pass it to you Robert.

Robert Dortch:

Thank you, Kara. For us, when Mr. and Ms. Robins created the foundation, it was like they're saying we want to be a philanthropic resource for the Richmond community. So it was focused on the Richmond community, and over time that has continued to evolve. And so when we think about it, we think of the history of the place, we think of the spirit of the place. How can we be a resource, an active and an engaged resource that's just beyond the grantmaking? And so it's really the spirit of it more so than it has to just go here within this geographic boundary for us, which would be Richmond City proper. So now we look at surrounding counties. Some of our funding will have impact across the state because we realize now what that means when you start talking about scale and when you start talking about systems change.

And so the foundation has been adaptable to that. So while we say it's geographically focused around Richmond primarily, we are open to understand that that impact can transcend. And we hope that it

transcends and can impact beyond Richmond. That's how we look at when we talk about place. Because it is very interesting when you talk about Richmond, Virginia, and Richmond, Virginia being in the American South and what that looks like and how we can be an example, and how our influence can spread beyond Richmond.

Melissa Berman:

I think those are really terrific answers in the sense that you've highlighted both the fact that even when you're concentrated on a literal place, if you're looking at the system that the problem exists in, that system and the problems that have arisen extends well beyond where you are. Climate change is everywhere, so how can you say that you're only talking about the climate of Minneapolis, for example? And on the other hand, as you build successful partnerships that are beginning to make progress on really pernicious problems, you want that to travel beyond the place that you're in. Opening those doors at both ends of the process is really important I think.

Here's another question. And Robert, you have to go first this time because that's the implicit deal that you made with Kara. The questioner here is saying that they're part of a small organization, one employee giving two to three million a year. How can one person have the time to develop these kinds of close partnerships in grantmaking? And is it better to make larger grants? How would you advise somebody in this situation, Robert. And then I'll ask you to offer some advice too, Kara.

Robert Dortch:

I think it starts with your vision—what is it that you're seeking to accomplish or get done or what type of impact are you trying to have in the world? And I think it starts with understanding what your assets are. What are the assets that you have available to you that enable to impact the type of change that you're wanting to have? And I want you again to look at assets—what are those needs or those additional resources that you need to help compliment or supplement you in achieving that? And with that, that's where you start identifying and prioritizing what those relationships are that are needed to help you to be able to do that. And who are those partners that can help you in building the relationships? So what role does the board play in that, what role do the partnerships, existing partnerships that you have play in that in helping you to be able to, what I call, play big and increasing the impact that you have?

And I think a lot of that starts with focus, and starting with what your assets are and building on your partnerships that way to, what I call, support, compliment, and make up for the needs that you may have to help you achieve your vision and mission and goals.

Melissa Berman:

Thank you, Robert. Kara?

Kara Carlisle:

All right. So I would say a couple of things, I totally co-sign with Robert there plus all the words that we're supposed to say. I agree with you. The other piece I would add is that, and I'll give an example from McKnight. When we started our climate program, it really wasn't actually called the climate program, it was a part of a larger program called the program for the environment. So it had a lot of different pieces in it, and that we actually didn't do any grants. We had a part-time staff person who was

assigned to that, and we really worked directly through intermediaries. It was the cultivation of these partners that had a much deeper breadth and depth than we could actually at that time both understand or fund or be on the ground.

And so even now, we have a very large commitment about a third of our resources by next year will be dedicated to our climate program. And right now, we have a very small team. We have right now one director and two program officers. But part of it is that we have built and cultivated folks in states and in places that we believe our energy is focused on alignment of values and vision, and that we believe what we extend out. And so we've done that in the rural communities of Minnesota, we've done that in a lot of our grantmaking work. We're still a relatively nimble staff for the size of endowment we have. And so that's one thing I would say.

The other piece I would say is that there was a community foundation here in North Minneapolis, and they did a lot of partnership with community grantmaking, which was one of the seven new-ish best practices that Melissa mentioned at the front end of the webinar. And that was a different way. Again, it's extending out, to Robert's point, extending out through partnership, eyes, ears, insight, and proximity to whatever issue or community or place that you work. So those would be additional things I would add to what Robert said.

Melissa Berman:

Yeah. And I would just add from my perspective echoing what Robert and Kara have said you, you have an opportunity to map your system the same way that you map the system of the problem that you're trying to solve. So what's the landscape that you're sitting in? What are the resources you have, as Robert says, what are the connections you already have? And the second point to reinforce what Kara said is there's an enormous opportunity in philanthropy to be collaborative. This is not a competitive activity, so to speak. To join in with what other foundations are doing that started this journey, maybe a little ahead of you, to find also potentially re-granting organizations that are very close and very proximate to the people and the places that are directly affected for the issues where you're trying to make change. There are a lot of opportunities there.

I'm going to ask one final question, and then I need to turn it over to Nick. One of the people participating today asked about not using a theory of change or a logic model. They asked this question that I'll answer briefly on my behalf, and then I'd like to hear each of you talk about it. I don't think that there's anything wrong with theory of change or logic models in and of themselves like everything else. These are neutral tools, right? A sauce pan is a useful and beneficial thing unless you're using it to hit somebody on the head with it. But in and of itself, the sauce pan is neither good nor bad.

I think that the challenge sometimes with a lot of certain kinds of logic models or certain kinds of theories of change is that they are overly deterministic, that they put the funder in the position of being the person that has the knowledge and the solutions directing the entire system. That's not realistic, it's not how the world works, and it's not the way the world is supposed to work either. I think the other thing is that it often, even with a great deal of care and attention, sometimes these ways of looking at an issue take a snapshot in time, and then you are stuck. Using that snapshot as your roadmap and as the determinant of whether things are working well or not even as things change around. We're all living in very, very dynamic systems.

I think it's extremely important to understand the differences, as people used to say, in the policy planning world in the 70s, between a tame problem and a wicked problem. A tame problem is a closed-door problem, we all know what it is. And you can set things up, so there's only one variable, and you can control the temperature of the room, literally speaking. But we're all dealing with wicked problems, and we can't control the temperature in the room. We can't control who comes in and knocks over the test tubes. And we don't own those test tubes anyway, it's not our experiment. That's part of what I'm thinking about with that. I'd asked Kara and Robert to share something about their perspectives on theories of change and logic models also.

Kara Carlisle:

I think I'm up first, aren't I Robert, is that right?

Robert Dortch:

It's all you, Kara, it's all you.

Kara Carlisle:

I'll say a couple things. One is that I completely agree Melissa with understanding the mindset. At the very beginning of the webinar, you talked about the iceberg. And I think what we found more and more as we've complicated our own national narrative and more stories are out in the open, and we understand more than we were taught in school or understood about our history or even knew what had happened and are still learning what happens every day across America in different parts of us as a nation. The theories of change for me, the biggest use case for those are not to try to predict what's going to happen out in the world.

We have such small money, even the Gates Foundation has a small amount of money. We're all small actors in a much larger global economy. But it does help you lift up above as a staff and a board and with community what your actual assumptions are that drive how you think about change. So I would say theories of change are theories, they're not hardcore maps of predictive behavior, ourselves or the world. But I do believe they can be a really helpful tool for our teams to say, okay, so this is your mind map, this is what we think when we're not influenced by relationships or own biases that we think as a team or as a foundation are looking out. How do we help correct for some of our own internal biases? So I think that's really helpful.

On the broader scale. One of the things that I really, again, I'll shout out to Kate that I loved was that when I started, we actually had a framework, a strategic framework, which is not a strategic plan. So the way that we think about strategy and learning is around how do you get to really powerful questions and stick with those questions and learn through that so that our strategy, what we control, our thinking, our resources, our adaptation is fast enough or faster than we have historically been as a field to be responsive to things like the pandemic or things like George Floyd's murder here or all of these other environmental conditions. And I will say that there's a report that I've found really valuable out of the UK called "A Whole New World of Funding and Commissioning in Complexity".

And so it really provides a historical background around this compliance function around grants that really came out of a government mindset. And it's really practical. It says, how do we fund in a more and more complex world? And I love it, I keep talking about it because it's been such a different mental

model shift for how we think about change. And it's really concrete. It's both philosophical and practical, and so I think a really great combination. So I would plug that as well.

Melissa Berman:

Thank you, Kara. Robert?

Robert Dortch:

I think you all have said it all, I would just add to this. I think when we look at these models and these theories of change, we just have to say, is this a resource? And is this resource relevant? Is this resource adaptable? Is it inclusive and equitable in helping us move towards the impact that we're trying to achieve? And that's what I would just say in short that we should not be in prison because what happens a lot of times with theories of change, we become confined instead of allowing ourselves to be able to grow with it as we seek to partner and work with transforming and impacting communities in a meaningful and equitable and just manner.

Melissa Berman:

Thank you. It's been a pleasure talking with the two of you. Thank you so much. Nick, over to you.

Nick Tedesco:

Well, thank you so much indeed Robert, Kara, Melissa. This was an extraordinary conversation, you gave us a lot to think about, a lot of resources that you referenced, and a lot for us all to digest. So thank you for your wisdom, your experience, and your guidance, and of course, your time. Just a couple of quick announcements before we depart here. Next month, we have another Fundamentals of Family Philanthropy webinar, "Grantee Relationships and Power Dynamics" that will be held on Thursday, July 8th at noon Eastern.

We are also pleased to offer peer networks for those who are interested in connecting to family philanthropy colleagues with similar objectives, challenges, and shared experiences. We recently launched a new board chair peer network. So if you're a board chair looking for peers, we'd love for you to join this. If you're interested, please contact Katie Scott at the email on the screen. And don't forget to connect with us on social media. Again, thank you all so much for joining us, and thank you to our speakers. Couldn't have asked for a better lineup of thoughtful and engaged advocates here. So Melissa, Kara, and Robert, and all of you, thank you and enjoy the rest of your week. Take care.