Four imperatives for centering communities in philanthropy

Read time: 20 minutes or less

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The bottom line

Traditional approaches to philanthropy are rooted in power imbalances that reinforce closed networks of social and financial capital.

These networks make equity elusive and instead perpetuate behaviors that systemically constrain access to resources for historically underrepresented communities. Spurred by stakeholders' newly impassioned demand for equity, justice, and change, we now find ourselves at the precipice of a new era of philanthropy. But to fully harness the potential and possibility of this moment in our evolution, the philanthropic sector must acknowledge that the inequities of its past are inextricable from the inefficiencies of its systems — systems that, by and large, eschewed voices from the communities that philanthropy purports to serve.

Philanthropies achieve their biggest impact when they act as the intermediary that can help empower local communities toward their own self-determination. In order to make good on the promise of this new era, leaders behind philanthropic efforts and at the top of philanthropic organizations must place the communities they serve at the very center of every aspect of their work.

The rest of this briefing provides strategic guidance to funders — anchored around four imperatives — for shifting philanthropic power toward communities.

The Four Imperatives:

1. Show up intellectually, physically, and emotionally in the community

2. Radically alter the way funding decisions are made

3. Invest holistically in grantees' financial and social well-being

4. Empower communities to own their data, metrics, and reporting

Strategic guidance

1. Show up intellectually, physically, and emotionally in the community

To center historically underrepresented communities in grantmaking and programmatic activities, funders must first be intellectually, physically, and emotionally present within those communities. And when doing so, they must embrace a humble posture. Listening alone is insufficient if it is not paired with a genuine embrace of the assets, people, and ideas that listening surfaces. Indeed the strongest solutions will come from a synthesis of the funder's expertise with the community's experience and interest. Funders have an opportunity — a responsibility — to co-create strategies with the communities they serve.

Here's how:

Commit to a reallocation of your own time

Chief executives, board members, and other leaders at funder organizations can play outsized roles in reconfiguring the social networks that have traditionally limited access to capital for many historically marginalized communities. They can do so by changing the ways that they use their own time and how they prioritize their own network development. Leaders who spend time meeting with community members rather than business leaders, who prioritize local council meetings and neighborhood celebrations over galas and other networking events, will be in a stronger position to broker power for those whose voices are often left unheard or unanswered. They will also send strong signals to their boards, their staff, and their peers that they too have an opportunity to lead by example.

Use scaled engagement models to reach deeply and broadly into the community

For funders to build durable and far-reaching relationships in their communities, existing staffing and outreach structures need to change. Traditional program officer roles are not well-designed for the requirements of deep community engagement, namely the need to spend significant time building relationships that may not relate directly to a grant transaction. To solve this, funders should re-imagine what program officers and other staff roles are intended to do.

For example, program officers with the **T. Rowe Price Foundation** collectively conduct approximately 1,000 meetings a year with community members, whether they are grantees or not. These meetings are intended to establish sustained working relationships between the Foundation and neighborhoods in service to the Foundation's goal of elevating their communities' agency. But that volume of meetings would not be possible without a commitment from the Foundation's leadership to prioritize community network development.

While creative and adaptive staffing solutions are likely necessary for many funders, other scalable paths to community engagement exist. The **Chicago Community Trust** pioneered the "On the Table" event model, a large-scale civic dialogue built around volunteer-hosted meals or small virtual gatherings, as was often the case during the Covid-19 pandemic. "On the Table" events are hosted by community members who are supported by tools and resources that the Trust provides. The events — which often include family members, friends, and colleagues of the hosts — invite participants to engage in an exchange of ideas for improving their community. While not directly involved in every "On the Table" event, the Trust collects information about the discussions so that it can improve its own priorities, surface new partnership and funding opportunities, and engage as a participant in a community-wide conversation.

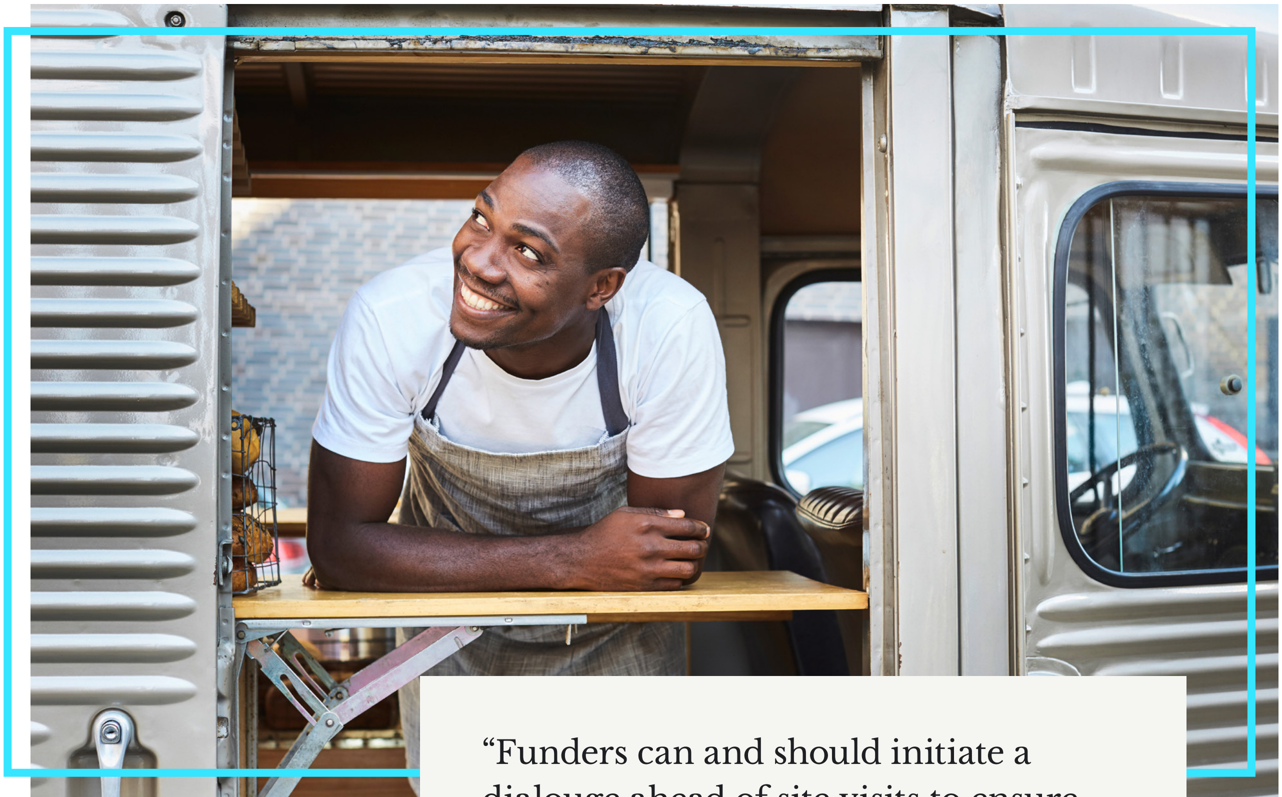
Starbucks offers another example, demonstrating that the diversity of large organizations' workforces — racial, geographic, socioeconomic, and beyond — can be one of their greatest assets. Camille Hymes, Vice President of US Community Impact at **Starbucks**, explains: "We ground all of our work in partner (employee) and community listening. We also gather inputs from our nonprofit partners to help us ensure we are addressing the largest community needs. We know that our partners work and live in the communities we serve. So we listen to what they tell us about how they are engaging and what they care to support. When a partner volunteers to support an organization or nominates an organization, that gives us valuable data to know what issues are relevant at the local level... [helping us] make more informed decisions, [such as] where we open our Community Stores."

Show up on their terms, not yours

When funders proactively engage with community voices, the exercise is not guaranteed to be successful. That's particularly true if meetings and conversations aren't conducted with humility, empathy, and contextual awareness. How funders show up can have a sizable impact on the richness of the discussion. Funders must understand that when they engage in the community, they're in someone else's home, metaphorically if not literally.

Self-awareness is as important during formal site visits as it is during less formal interactions with community members. If site visits are not handled appropriately, they can present as tourism to the nonprofit partner or its stakeholders. Funders must understand what it means to have an invitation to join: they're entering someone else's domain. They must also acknowledge and embrace the reality that some programmatic work (i.e. partner or grantee activities) is and should be closed to external visitors. The presence of funders may not be helpful in all instances and can occasionally be harmful to program participants.

> "If they've allowed us to be there, it's because there is trust and an existing relationship....but that trust must be re-earned constantly; we don't assume it's there for us every day."
>
> JOHN BROTHERS
> President, T. Rowe Price Foundation



> “Funders can and should initiate a dialouge ahead of site visits to ensure their presence and conduct are contributory rather than detrimental.”

The Opportunity Network, a nonprofit organization dedicated to strengthening college access and career success for students from historically underrepresented communities, shares a list of expectations with visitors before they enter their program space. These expectations establish a “code of conduct” for how guests ought to behave when in direct contact with the organization’s work and program participants, including guidance on the right and wrong ways to approach dialogue with students (e.g., avoiding self-serving framing of questions). While **The Opportunity Network** has created these expectations in response to a recognized need, funders ought not wait for their grantees and partners to articulate a set of guiding principles for site visits. Funders can and should initiate a dialogue ahead of site visits to ensure their presence and conduct are contributory rather than detrimental.

Invest in internal staff literacy on racial and economic justice

For funders to show up as credible and trustworthy, they must increase their own literacy and knowledge on issues of racial and economic justice. Leaders and staff alike should seek training on topics such as implicit bias and critical race theory.

2. Radically alter the way funding decisions are made

Many traditional approaches to sourcing partners and grantees are rooted in historical power imbalances that reinforce closed networks of social and financial capital. These networks make equity elusive and instead perpetuate behaviors that systemically constrain access to resources for smaller community-led organizations relative to their national peers. The result is a negative feedback loop in which scale becomes synonymous with impact, reinforcing the privileged access to funding enjoyed by large nonprofits.

To center communities, funders must acknowledge and redress flawed traditional approaches.

Here's how:

Let the theory of change lead the dollars, not vice versa

Many foundations constrain their grantmaking each year to 5 percent of their endowed funds, the minimum amount required by IRS rules. This approach centers a fiduciary obligation to the original asset donor over the opportunities to create deep and systemic impact, an obligation that has the effect of perpetuating inequitable wealth ownership. For potential grantees, the notion that a large foundation doesn't have enough in their budget to make a grant often rings hollow, perpetuates distrust, and dampens catalytic opportunities for both parties.

That's not to say that funders should forego budgeting their grant spending or neglect their fiduciary responsibility. Indeed, some foundations may achieve their greatest impact if they are stewarded to exist in perpetuity. Others may achieve their greatest impact if they are spent down within a defined period of time. But either arrangement misses the point if it isn't arrived upon in the right way. A funder should make investment decisions consistent with a theory of change, rather than building a theory of change consistent with a payout schedule. Community-centered philanthropy depends on funders recontextualizing their fiduciary responsibility as being in service to community-led change.

> "A funder should make investment decisions consistent with a theory of change, rather than building a theory of change consistent with a payout schedule."

> "Even though [funders] have billions of dollars in assets, they are penny-pinching in ways that are really difficult to digest. We are not asking for the money to go buy something materialistic, we are asking for children to be able to learn and be educated."
>
> FUNMILAYO BROWN
> Managing Director of Development, Student Leadership Network

Over-index application invitations to community-led organizations

Many large foundations and corporate funders will only consider applications that have been invited, but small community-led organizations are considerably less likely to receive an invite compared to their larger peers. The reason? Their networks and access to social capital put them in a better position to register on the radar of funding organizations. On the contrary, small and BIPOC-led organizations are often starting from a relative deficit of social capital.

Rather than shifting the onus to be discovered onto nonprofit organizations, funders should take a place-based approach to sourcing new community partners and issue application invitations to those who align most closely with funder priorities. By taking a place-based approach to their giving, funders can provide themselves with a principled framework for deep immersion into a neighborhood or city.

Within their priority locale, funders should go to where the community is already gathering, including neighborhood events and council meetings. Here they'll be exposed to a range of opportunities and people whose work could benefit from additional resourcing. Funders should also seek out nodes of trust in their communities–people and organizations who sit at the center of informal relationship networks–and seek guidance on who else they should be in conversation with. Models like the **Chicago Community Trust's** "On the Table" may provide a scalable access point for funders to surface and connect with organizations that traditionally might not arrive on their radar.

Design a simplified application process that reduces the burden on small nonprofits

Nonprofit organizations spend significant time and resources applying for funding that they never receive, or perhaps never have a chance to receive. When small organizations commit to rigorous funding applications, the relative resource drain is much more sizable than for their larger peers. Oftentimes they have few — if any — dedicated grant writers or development staff, leaving the work with program staff whose primary responsibilities and talents lie elsewhere.

While funders should better orient their own due diligence around discovering small community-led organizations, for whom an invitation to apply may justify the resource commitment, they should also design easier, more accessible, and rewarding application mechanisms for those who want to initiate an inquiry without an invitation.

The **T. Rowe Price Foundation's** grant application is quite simple to complete. It asks just 5 questions, requests organizations to upload their best proposal, and invites them to sign up for capacity building resources and services. In this regard, applicants receive a service whether they ultimately obtain money from the Foundation or not, guaranteeing a return on their time. **T. Rowe Price Foundation** provides capacity building support to nearly 1,000 organizations that don't receive direct funding. The value of utilizing all their capacity building services is equivalent to as much as a $25,000 grant.

The **Chicago Community Trust** takes an even more simplified approach. As part of their "On the Table" event series, the Trust helps event participants fund their ideas through "Acting up Awards." To be considered for the small one-time grant, applicants are invited to submit a 90-second video using whatever structure they prefer. Other funders may consider video media as an option for initial applicant screening, or for approving small pilot grants before evaluating larger funding opportunities with new partners.

Involve community members in funding decisions and feedback loops

White papers, peer data, and leadership networks are all valuable sources of guidance and feedback for funder organizations, but ultimately the community's input and validation matter most.

As a baseline, funder organizations must involve leaders of color on their boards who have a deep understanding of nonprofit management. Doing so can fundamentally change conversations on how decisions for grants and partnership are made.

Beyond the board, funders should consider forming advisory groups and imbuing them with funding power. For example, the **Community Foundation of Greater Atlanta** created a resident-led advisory board with the explicit goal of shifting the levers of traditional philanthropy to members of the community. The board manages its own fund and has discretion over how those dollars are granted.

> "Beyond the board, funders should consider forming advisory groups and imbuing them with funding power."

Measure and track the diversity of grantees and partners

While not a complete measure of how well a funder is redressing historical power imbalances in philanthropy, it's useful to collect data on the diversity of grant recipients. Only with this data can funders assess whether their resources are flowing to individuals and organizations that are representative of their community.

The **Chicago Community Trust** tracks grant recipients based on whether they are BIPOC-led or not. Importantly, their criteria for being BIPOC-led requires that a majority of individuals in leadership (staff and board) are BIPOC, as distinct from being led by a single BIPOC individual. The Trust tracks and reports internally on the racial and ethnic composition of its grant recipients.

3. Invest holistically in grantees' financial and social well-being

To realize the promise of community-centered philanthropy, funders must provide partners and grantees with the flexibility to use resources in ways that they most need. They should also structure investments to reflect the inherent economic worth of the individuals who lead and operate their partner organizations.

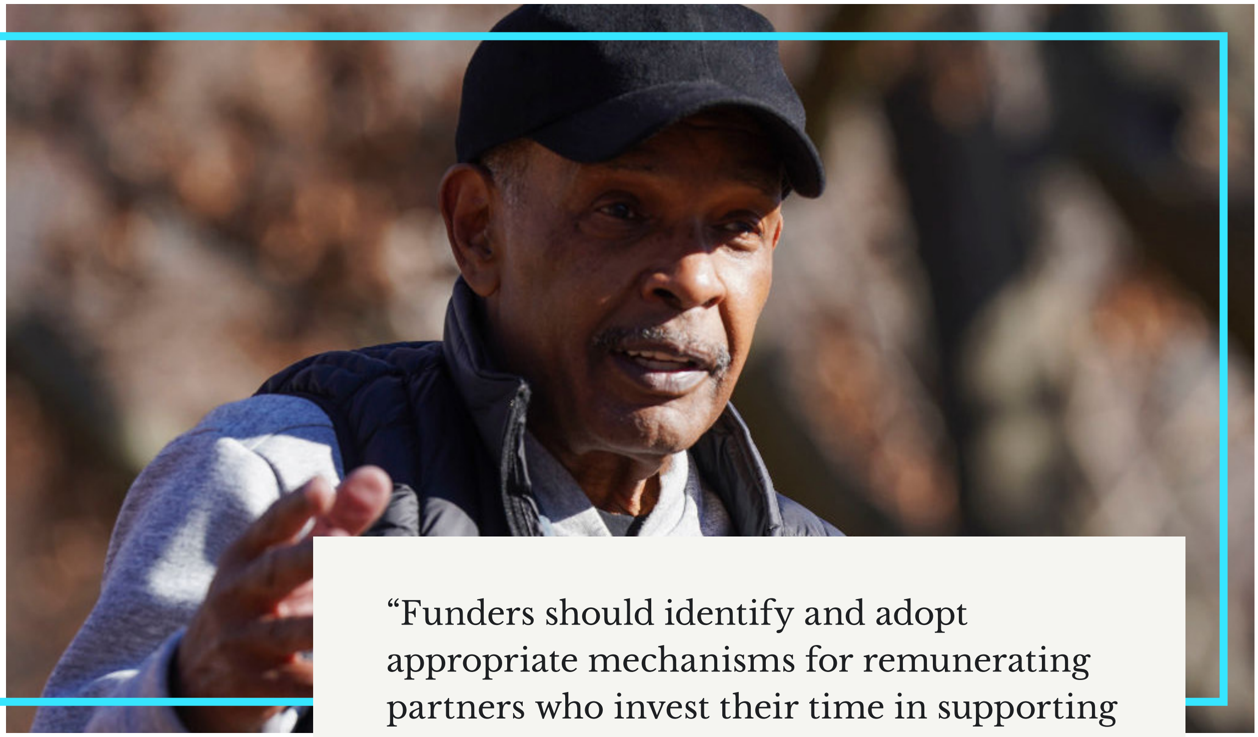
Here's how:

Place heavy emphasis on unrestricted general operating support, and grow that support year-over-year to account for cost of living increases

Funders should trust that their grantees and partners want to be good fiscal stewards and have accountability, but those things can exist without externally-imposed restrictions on how they spend money to advance their work.

As one powerful example, the **Marguerite Casey Foundation** funds leaders in traditionally underfunded fields with life changing, "no-strings-attached" grants. Such was the case with the Foundation's Freedom Scholars, twelve experts who received $250,000 to use however they deem fit.

But even when funders provide unrestricted or general operating support, there is often a gap between the intention and execution of that support with regards to rising costs. AiLun Ku, President and CEO at **The Opportunity Network**, reports that funders rarely add a cost of living increase to their multi-year grants, perpetuating a "starvation cycle" for nonprofits. It is time for funders to index their multi-year gifts to inflation rates or other cost growth indicators.



“Funders should identify and adopt appropriate mechanisms for remunerating partners who invest their time in supporting the funder’s own learning and development through interviews, data sharing, and speaking engagements.”

Incorporate financial compensation for feedback, reporting, and speaking engagements into funding relationships with partners and grantees

Funders often ask for — and expect — significant contributions of time and knowledge from their partners in the course of their relationship. Unfortunately, grantees and partners are generally not compensated financially for their time and expertise, even when it clearly falls outside the scope of a partnership or grant agreement. This paradigm implicitly and explicitly devalues the partner.

Funders should identify and adopt appropriate mechanisms for remunerating partners who invest their time in supporting the funder’s own learning and development through interviews, data sharing, and speaking engagements. **The Opportunity Network** is leading by example. When the organization asks students for time in service to organizational needs, they provide financial compensation rather than other benefits that obscure the economic value of the students’ time.

Support grantees’ internal efforts to pursue equity and justice

Funder organizations are not alone in their work to center communities. In fact, many of the organizations that they support have their own needs and challenges to address on their journey to becoming more equitable. Funders should embrace this reality as an opportunity to deepen their downstream impact. Specific options include sponsoring the give/get requirements for BIPOC board members at grantee organizations, sponsoring training on implicit bias or critical race theory for grantees, or sharing their own data on community equity with grantees.

4. Empower communities to own their data, metrics, and reporting

Strategic philanthropy, in which funders attempt to apply business concepts and measurement practices to grantees, has widened the trust gap between communities and funders. It has also impeded progress on measures that are more meaningful to local organizations and the people they serve.

Nonprofit organizations have unique approaches and models to accomplish their goals, even among those operating in the same space. If funders expect all of their partners and grantees to measure themselves the same way, they set up an unhealthy tension between peer organizations that could ultimately dilute their fundamentally different theories of change and constrain the diversity of complementary approaches to solving big problems. They may also hold nonprofit organizations back from developing the competence and confidence to measure themselves based on what they're good at and what matters most to them.

To fully center communities in their work, funders must understand that data is power; it is an asset. When that data is sought or taken unilaterally from communities, their power transfers with it. And funders must not assume that they inherently know the right measurements and indicators of success for their partners and grantees. Data collection and reporting are best approached with the principles of transparency, consent, and empowerment at the fore.

Here's how:

Foster transparency and mutual accountability from the beginning

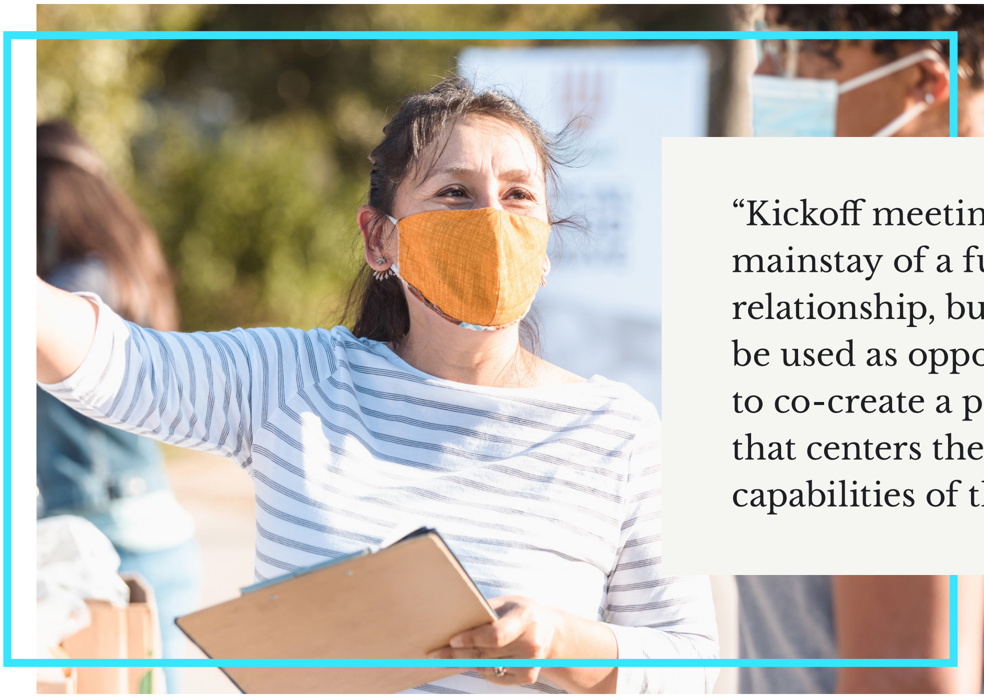
Many funders hold grant kickoff meetings with new grant recipients, an exercise that is often designed to relay the funder's expectations and requirements of their nonprofit partner. Despite positive intent, kickoff meetings can have the effect of reinforcing a power imbalance that works against the nonprofit organization and its staff.

Kickoff meetings should be a mainstay of a funder-grantee relationship, but they should be used as opportunities to co-create a partnership that centers the agency and capabilities of the grantee. Funders must approach these meetings with curiosity, seeking to learn more about their new partners' people, ideas, and systems. **Student Leadership Network**, a nonprofit organization supporting college access for young people growing up in diverse and underserved communities, sets three goals for what new funders should learn about the organization at kickoff meetings: 1) Who we are as people, 2) How we do our work, 3) What we measure along the way.

Funders should anticipate **Student Leadership Network's** approach by inviting grant recipients to share their own experiences and capabilities with measurement and evaluation. From this dialogue, funders are able to provide guidance on selecting the right metrics without imposing a predetermined measurement framework. They can also agree on a reporting structure and cadence that conforms to the unique needs and characteristics of their partner, setting the tone for a transparent and mutually accountable compact.

Provide technical assistance and tools to partners and grantees

Funders who ask grantees to develop their own measurement infrastructure must anticipate that this could represent a substantial adjustment for some organizations. Many nonprofits are accustomed



> "Kickoff meetings should be a mainstay of a funder-grantee relationship, but they should be used as opportunities to co-create a partnership that centers the agency and capabilities of the grantee."

to molding their measurement and evaluation around the needs of their funders. While grantees are likely to welcome greater self-determination around their metrics, the transition may not necessarily be an easy one. Funders will do a service to themselves and their nonprofit partners by providing tools and resources designed to support the development and implementation of a measurement program.

As an example, while the **T. Rowe Price Foundation** does not identify specific metrics for its grantees to report on, it does provide grantees with a framework for selecting their own metrics. Specifically they challenge grantees to identify three changes they want to create in the world and then identify the most relevant performance indicators underneath those changes. Grantees go on to create multi-year performance projections for each indicator, against which they and the Foundation can track progress.

To support ongoing measurement and evaluation, the **T. Rowe Price Foundation** provides an Impact Dashboard to its grantees. The tool contains a 2-page skeleton that grantees populate with help from the Foundation, to include performance goals and projections. Grantees are cohorted together and provide peer support on their measurement journeys.

The dashboard helps grantees and the Foundation understand progress and opportunities for additional support. The Foundation has made a concerted effort to help its partners understand that being behind on their targets is not necessarily a bad thing. When the dashboard shows that a metric is lagging, it nudges the Foundation to reflect on what it can do to be helpful to its partner, and occasionally it forces the Foundation to reconsider whether the right metrics are in place.

Importantly, the **T. Rowe Price Foundation** does not showcase grantee metrics unless those partners give express permission to do so. The Foundation fundamentally believes that nonprofits own their data, and their reporting practices reflect that belief.

Coda

Be bold.

Community-centered philanthropy is not a finite exercise. There is no end point, no moment where the effort is complete. If ever the work starts to feel normal, routine, it's time to push forward again. It's time to feel uncomfortable.

Philanthropy is at its best when it seeks to answer the question, "What's the bolder version of what we have today?" That question must always get asked, and not just of the organizations that you support. You must ask it of yourself, of your leaders, of your team, of your systems.

This briefing has not imagined all the possibilities of a world in which philanthropy becomes the decentralized and equitable tool that we want it to become. But it is our hope that you found here a new frontier to aspire toward and, eventually, to normalize. Our team is eager to help and learn with you on that journey.

Please reach out to Nick Cericola at nickcericola@nationswell.com to share your feedback, questions, or ideas related to this briefing.

Related resources

[NationSwell Insights Briefing: Actionable Practices for 2022]

[It's Time for Philanthropy to Be Brave]

[The Freedom, Power, and Space to Lead: A Profile of Jonathan Jayes-Green]

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