

Overview of Foundation Learning Approaches

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To improve their performance, and thus increase their impact on the community, many foundations are taking more systematic steps to become “learning organizations.” They are creating internal processes for knowledge management and peer networking - and tying these efforts together with their evaluation and communication efforts. And they are joining learning networks with other foundations or individual donors - to share information and experiences, and to obtain problem-solving input from peers.

As with many philanthropic trends, foundation efforts to become learning organizations grew in part out of attention this concept has received in the business world, starting with Peter Senge’s influential 1990 book, *The Fifth Discipline*. And the concept has taken hold in the field of philanthropy for the same reason it has in the corporate world - the pressure to increase organizational effectiveness. In the case of foundations, this pressure comes from within the field of philanthropy, from legislators and regulators, and increasingly from the public at large.

Foundation Effectiveness The “foundation effectiveness” movement came into focus at the end of the 1990’s, as laid out by Michael Porter and Mark Kramer’s well-known *Harvard Business Review* article. Joel Orosz and his colleagues trace the brief history of this movement in a 2003 report, coining the term “agile philanthropy” for effectiveness-oriented work, aimed at “defining and promoting practices that result in grantmaking that is transparent, respectful and which creates positive and enduring social change” (p. i).

This effectiveness orientation is tied to a need for foundations to invest in evaluation (both of their grantees and of their own operations), and to a need to create systems for knowledge management (again, a term taken from the private sector). Evaluation helps measure effectiveness, and

knowledge management helps consolidate and spread what emerges from philanthropic activity.

But cautions apply here, as a 2003 Chapin Hall report by Prudence Brown and colleagues makes clear. Evaluation cannot be equated with learning; rather, it contributes to learning, which involves a much larger strategy.

Knowledge Management Knowledge management (KM) approaches are becoming increasingly common elements of foundation operations, as discussed at a 2004 Grantmakers for Effective Organization conference summarized by William Woodwell. KM activities range from foundation websites that help share grant project findings with interested parties in the community, to “lunch and learn” sessions for foundation staff to talk about particular issues, to Robert Wood Johnson Foundation’s Closed Project Report System, to hiring of senior staff at some larger foundations to be “chief knowledge officers” and coordinate all such activities.

The central point is for foundations to have both internal and external systems for promoting knowledge transfer - otherwise “it sits where it lands.” Communication programs have grown in many foundations, for instance, with significant investments in information technology, publications and other methods for sharing foundation knowledge with the general public, community organizations, policymakers and other colleagues in philanthropy.

As Lucy Bernholz pointed out in 2002, knowledge is itself a philanthropic resource, as valuable to nonprofits and communities as the grant funding they receive from foundations. Thus foundations can add to their efforts to disseminate findings from grant-sponsored projects, as Thomas Backer’s 1995 book outlines - sharing knowledge generated by the foundation through its internal review, peer networking and other activities.

Peer Networking As the number of foundations has grown dramatically, many networks have been created to promote peer learning and exchange, as well as to mobilize action on policy issues and professionalize the field of philanthropy. More than 250 sub-national networks were identified by a 2003 study Lucy Bernholz and colleagues did for the Forum of Regional Associations of Grantmakers. Also identified were 29 regional associations of grantmakers, and 38 affinity groups of the Council on Foundations.

Local peer networks, some with an explicit focus on foundation learning, also are being created in many communities. An example is the year-old Family Foundation Information Exchange in Los Angeles, which brings together 14 smaller family foundation donors and staff for a breakfast meeting every other month, to share their experiences and learn from each other.

Internal networks also can be part of this process. Many foundations are creating systems for promoting both formal and informal networking among their staff. Some of them are based in technology like “shareware,” and some involve regular in-house convenings structured to promote honest discussions of successes and failures in grantmaking.

Field Building All of these activities are occurring in the larger context of rapid change in philanthropy as a field - for instance, growth in the number of individual donors, and of the infrastructure supporting them. This infrastructure includes giving circles like Social Venture Partners, and support systems of trusted advisors (family offices, wealth managers, private banks, etc.). More sophisticated donors may have foundations too, and increasingly donors are addressing some of the same issues as is institutional philanthropy, like how to deal with nonprofit capacity building (Backer, Miller & Bleeg, 2004).

Finally, there are emerging efforts to create a professional knowledge base on foundation effectiveness itself, through research and development. Examples include the performance assessment and foundation governance work of the Center for Effective Philanthropy, and the work of Patrizi Associates on the development of

peer review systems for foundations, based on systems already created in a number of other fields. Taken together with expanding efforts to help foundations become learning organizations, such research may help to increase the overall impact of philanthropy on the community.

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