

# IMPACT

# AND

# LEARNING:

**THE PILLARS  
OF STRONGER  
FOUNDATION  
PRACTICE**



# STRONGER FOUNDATIONS

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# WHAT IS THE STRONGER FOUNDATIONS INITIATIVE?

*A foreword from Janet Morrison, Chair, Association of Charitable Foundations (ACF)*

Thirty years ago, at a time of political turbulence, economic uncertainty and growing inequalities, a group of grant-making charities came together to create an independent association that could offer them and others a space for robust discussion about what it meant to be a charitable foundation, to identify best practice and ensure that philanthropy kept pace with social need.

Three decades later, the Association of Charitable Foundations' 380 members collectively hold assets of around £60bn and give more than £3bn each year. As a society we undoubtedly face significant entrenched social and economic challenges so our role remains as critical as ever. The voluntary and community sector is struggling to address rising levels of need and looks to philanthropy to help it bridge the gaps. At ACF our mission is to support members to be dynamic, ambitious, effective and expert,

so that their resources are allocated for social good in a way that maximises the potential benefit to the individuals, causes and communities they serve.

Foundations are ideally placed to take a long-term and independent view, to respond creatively to change and emergent needs, catalysing social good and energising communities. For some, simply giving out awards to good causes is value in itself. For others, making strategic interventions and generating bodies of evidence and learning to bring about change are fundamental. From medical research to children's rights, the arts to environmental activism, community development to international development – many foundations are active agents of change. This plurality generates a funding ecosystem that is as varied as the communities that foundations support.

In the last decade, a more intense spotlight has shone on all charities, including on their fundraising, safeguarding and investing practices. Foundations, as

charities themselves, are not immune from criticism, and in recent years there has been a noticeable increase in public scrutiny of philanthropy. Doing good by giving financial support to others is not enough. Thinking hard about how we behave and how we embody our values in everything we do is vital. This means asking hard questions about how we work, and adapting and changing – not simply doing what we have always done. As society changes we need to ensure philanthropy evolves too.

So foundations have to think harder about their impact not just as grant-makers, or indeed as funders who deploy strategic interventions and field build, but as organisations. As the Civil Society Futures Inquiry reminded us, how we use and shift power, demonstrate accountability, create connections and invest in trust is vital if we are to adapt and grow and keep earning our credibility. This needs to be a vital ingredient when we think about our impact and commit to learning.

**THINKING HARD ABOUT HOW WE BEHAVE AND HOW WE EMBODY OUR VALUES IN EVERYTHING WE DO IS VITAL**

# MORE THAN 100 FOUNDATIONS HAVE BEEN INVOLVED TO DATE, WHICH WE BELIEVE MAY BE THE LARGEST FOUNDATION ENGAGEMENT INITIATIVE OF ITS KIND IN THE WORLD

ACF launched Stronger Foundations in December 2017, a flagship initiative to help charitable foundations identify and pursue excellent practice. At the heart of the project are six working groups, established and launched between May 2018 and February 2019, each focused on a different aspect of foundation practice:

▶ **DIVERSITY, EQUITY AND INCLUSION**

▶ **IMPACT AND LEARNING**

▶ **TRANSPARENCY AND ENGAGEMENT**

▶ **STRATEGY AND GOVERNANCE**

▶ **FUNDING PRACTICES**

▶ **INTENTIONAL INVESTING**

Every group's principal purpose has been to examine, discuss and debate challenging questions about foundation practice related to its theme, as well as drawing on learning that is emerging from the others. Each group has been comprised of up to 15 senior foundation representatives drawn from across ACF's membership, who have met seven times over a 12-month period. The meetings have varied in format depending on the topic and area of inquiry, and included presentation of evidence by experts from within and beyond the foundation sector, small group discussions, whole group exercises and visits. The working groups' full terms of reference can be found [here](#).

Through this process, staff and board representatives from more than 100 foundations have been involved to date, which we believe may be the largest foundation engagement initiative of its kind in the world. I believe strongly that its findings will play a key role in shaping the priorities – and more importantly, the actions – of the sector in the months and years to come. As the working groups begin to conclude their inquiries, ACF will be reporting on the groups' discussions and developing pillars of good practice – or what it means to be a 'stronger foundation'.

This report is based on the second working group to conclude, which looked at impact and learning, particularly in the context of a foundation's own mission. A summary of the group's seven meetings is presented in Part 2 of this report.

Thanks to the dedication and efforts of the working group, experts from beyond the foundation sector who have contributed, and the wider literature, ACF has been able to gather a huge amount of raw material, which we have used to create this report. The pillars of stronger foundation practice that we present here (and in future reports on other topics) are our initial offering to our sector. We hope that foundations will consider these recommendations carefully in their own context, and take steps to enhance their existing practice. With individual and collective effort, we can achieve a stronger foundation sector to the benefit of all.

# WHY IMPACT MATTERS

*An introduction by Carol Mack, CEO of the Association of Charitable Foundations*

**Foundation resources are greatly needed and incredibly precious. Why? Because foundations are one of the very few sources of funding that have almost complete freedom about how to use their resources.**

We live in a time of great need, as well as enormous opportunity. You have only to read the news to see the many challenges we face in this new decade; climate change, injustice, poverty, social division, political instability. And while it is all too easy to focus on the evident challenges, there are exciting possibilities too, where funders have something to offer, whether it be nourishing the budding musician and scientific researcher, or preserving beautiful places for future generations.

In short, what foundations do really matters. And this report, focusing on the impact that foundations can have in the way they carry out their work, is particularly timely. Foundations – unbound by political or market cycles, able to take the long view and act responsively and flexibly – are well placed to catalyse social good where it is absent and preserve it where it is under threat. They have power, not just as a result of their financial clout, but also their independence, their brand, their freedom to act, their voice and their networks. In short, foundations have a unique power within society.

With power comes responsibility, and those in power should be held to account, be receptive to feedback, and responsive to challenge and scrutiny. Every foundation – regardless of its size, areas of interest, source of income, geographical location or operating model – has impact in a multitude of ways, both positive and negative: impact on grantees, on people, on places, on policy, on society, on other funders and on the environment. Foundations, as charities themselves, have their own charitable objectives to pursue, and a set of tools to use in pursuit of their charitable missions. The way they use these powers affects those with whom they interact and the ecosystems of which they are a part.

A stronger foundation, therefore, understands not only the impact it is trying to achieve, but also the impact of its actions and inactions. A foundation that doesn't intentionally consider its impact in these ways will fail to make the most of its potential, and could even cause harm to the causes, places, organisations and individuals it seeks to support.

Crucial to understanding and improving impact is enabling a learning culture. This includes understanding the needs of the causes and communities the foundation is trying to support, interrogating its own legitimacy in working in a place or on a particular issue, gathering and responding to honest feedback about its practices, sharing what it knows with others, and learning from experiment and failure. A stronger foundation not only understands why it does the things that it does, but is also willing to change what it does in order to improve and evolve.

Much of the literature and discussion about foundation impact is focused on the impact of grantees and the extent to which the funder's monetary contribution to their services, project or cause achieved good value in terms of public benefit. **With this report, we take a broader approach, which is to explore how foundations themselves have positive and negative impacts, and how to learn about them.** Given this, it is worth setting out a few things that this report is not...

# IT IS NOT...

## A MANUAL

There is a substantial canon of useful tools specifically designed to help foundations measure the impact of their funding of grantees. Programmes like [Inspiring Impact](#) have shaped and promoted good practice in impact assessment across charities and social enterprises, and are regarded as central tenets of foundation practice.

This report doesn't seek to cover this well-established territory. Rather, the report considers the variety of ways that foundations themselves pursue and have impact, including an understanding of the impact of work that they fund but not limited to impact in this sense. This is applicable to every foundation no matter what causes they are supporting. The pillars of stronger practice we present, when implemented within a foundation's own context, will enable it to achieve greater impact.

## A JUDGEMENT

One of the strengths of the foundation sector is its pluralism. ACF's members award more than £3bn per year to projects and causes as varied as choral singing, shareholder activism, sequencing the human genome, village halls and spiritual wellbeing. Measuring the collective impact of these activities would be impossible, and would likely fail to capture the true value of their contribution to society. What is possible, however, is for all foundations to work towards a greater understanding of their own 'total impact', and to enable a learning culture where this leads to further enhancement of their practice.

## JUST FOR IMPACT SPECIALISTS

Some foundations, most often the largest ones, have a member of staff whose role is to help measure impact (particularly of grant-making), understand the consequences of its actions, support evaluation and share its learning with others. Specialist leads within foundations are one way that foundations can enhance their understanding of impact. But it is also evident that there is great value in all foundation staff and trustees understanding the impact they are seeking to achieve, and being part of a learning culture.

Therefore, this report seeks to reach the widest possible audience in the foundation sector, based on our view that everyone in a foundation has a role to play in pursuing the foundation's charitable mission.

# IT IS NOT...

## THE FINAL WORD

In publishing this report, we want to prompt a challenging and open conversation across the foundation sector, exploring the implications for funders, regardless of factors such as size, asset base, focus or location. We consider the Stronger Foundations initiative to be in “permanent beta”; in that we expect it to be shaped, re-shaped, challenged and refined through a series of engagement events and longer-term development.

Even within the Impact and Learning working group, who were keen to explore this topic, there were points of disagreement. Like all Stronger Foundations working groups, they were tasked with bringing to the surface a range of viewpoints, not with reaching consensus.

For some foundations, consideration of impact and learning is central to what they do, while for others it might be seen as a nice to have, or even a luxury for which they don’t have time or resource. Some may want to improve, but aren’t sure where to start, while others may feel they are already at the forefront of best practice.

At the heart of the conversation about impact and learning is the acknowledgement that there is always room for improvement, whether your foundation is new to these issues or has a dedicated team.

Considering and implementing the pillars of stronger practice set out in this report may involve a shift in how foundations have come to think about impact and learning. Foundations are rarely the delivery agent working at the front line, and should avoid simplistically appropriating the impact achieved by others. Instead, this report helps foundations to think about their own contribution – to what extent their practices can amplify this impact. Some of the challenges associated with this shift of thinking are explored in the rapporteur’s report on the working group meetings in Part 2.

ACF’s mission is to support foundations to be ambitious and effective in the way that they use their resources for social good. This means helping foundations learn and share, providing space and opportunity for foundations to debate and disagree, and continually raising the bar on what might be considered excellent practice. I sincerely hope that this report, and those that follow in 2020 on other aspects of foundation practice, will help to guide us collectively and collaboratively through this process of change.

Once you’ve had a chance to read the report, we want to hear from you; not only about what you think about its content, but how you’d like ACF to help you in our joint endeavour to build stronger foundations for social good.

# IMPACT AND LEARNING:

# THE PILLARS OF STRONGER FOUNDATION PRACTICE

## ▶ WHAT IS IMPACT, AND HOW DOES IT RELATE TO LEARNING?

ACF defines impact as **the positive and negative effects of a foundation’s resources, activities and behaviours, and the extent to which these effects contribute to its charitable mission.**

There are many other ways impact can be defined, some of which are explored in the rapporteur’s report in Part 2. It is important that any definition of impact recognises the many ways in which foundations come into contact with the world around them. This goes beyond the impact of its funding priorities or decisions, and looks at its practices, operations, investments, and governance – and both the positive and negative ways it affects the work and lives of others.

In order to understand this, **learning** is essential. A foundation cannot understand the impact it is having if it does not actively seek to learn about it. It cannot achieve its mission without learning what works and what doesn’t across a range of measures, and using its learning to make improvements. While impact is often paired with evaluation, monitoring or reporting, these all serve to inform learning. Learning encompasses more than processes, as we explore in the pillars that follow.

In relation to impact and learning, a stronger foundation is one that can demonstrate it is pursuing the seven “pillars of practice” set out below. These pillars have been developed by ACF and are based on the evidence gathered by the working group (including case studies of practice by foundations in the UK and elsewhere), the wider literature, and the contributions of experts from beyond the foundation sector.

Many foundations may be at an early stage in their journey, while some will be at a more advanced stage. The way the pillars are interpreted and implemented will vary from one foundation to another, but we believe that all of them can be pursued, no matter what a foundation’s size, source of income, governance structure, or area of focus.

While some foundations may want to pursue all of the pillars, others may want to start with one or two.

The bullet points below each pillar in this summary indicate some of the ways that each one could be implemented in practice. These points are described in more detail in Part 1 of the report.

# IMPACT AND LEARNING:

# THE PILLARS OF STRONGER FOUNDATION PRACTICE

**1 UNDERSTANDS ITS MISSION AND THE IMPACT IT IS SEEKING TO ACHIEVE**

**2 BASES ITS DECISIONS ON EVIDENCE, INCLUDING MEANINGFUL FEEDBACK AND LIVED EXPERIENCE**

**3 BELIEVES THAT EVERYONE IN THE ORGANISATION HAS A ROLE IN THE PURSUIT OF IMPACT, AND ENABLES A CULTURE OF LEARNING**

**4 CONSIDERS THE WHOLE TOOLBOX IN PURSUIT OF IMPACT**

**5 PROACTIVELY SEEKS TO UNDERSTAND HOW ITS OPERATIONS AFFECT OTHERS, AND SEEKS TO AVOID AND REDRESS HARM**

**6 LEARNS FROM FAILURE**

**7 THINKS COLLABORATIVELY TO PURSUE IMPACT AND ADVANCE ITS LEARNING**

# A STRONGER FOUNDATION:

# 1

## UNDERSTANDS ITS MISSION AND THE IMPACT IT IS SEEKING TO ACHIEVE

- ▶ Has defined its mission as a charity
- ▶ Involves all its staff and trustees in developing and implementing its mission
- ▶ Allocates sufficient time and resources to review whether its mission remains fit for purpose

# 2

## BASES ITS DECISIONS ON EVIDENCE, INCLUDING MEANINGFUL FEEDBACK AND LIVED EXPERIENCE

- ▶ Recognises and engages with evidence in all its forms, looking beyond its usual sources of information, beyond the foundation sector, and beyond its comfort zone
- ▶ Is aware of and is intentional in the voices it listens to, and creates space and opportunity for new voices or those it may otherwise struggle to hear
- ▶ Actively seeks meaningful feedback and acts upon it

# 3

## **BELIEVES THAT EVERYONE IN THE ORGANISATION HAS A ROLE IN THE PURSUIT OF IMPACT, AND ENABLES A CULTURE OF LEARNING**

- ▶ Embeds the pursuit of the charity's mission within every role at the foundation
- ▶ Has determined that impact and learning should be facets of all roles, from the board to funding staff to operations staff to leadership roles, irrespective of whether the foundation has staff whose roles specialise in impact and learning
- ▶ Demonstrates a clear commitment to learning through the board and leadership team
- ▶ Seeks and enables outside voices and expertise to support the foundation to identify its blind spots

# 4

## **CONSIDERS THE WHOLE TOOLBOX IN PURSUIT OF IMPACT**

- ▶ Considers its impact in the context of all the resources it has available – 'the whole toolbox' – and why and how it intends to deploy these tools in pursuit of impact
- ▶ Understands the limitations and advantages of each tool

# 5

## **PROACTIVELY SEEKS TO UNDERSTAND HOW ITS OPERATIONS AFFECT OTHERS, AND TO AVOID AND REDRESS HARM**

- ▶ Lives out its values when it comes to pursuing its mission, and ensures that all its resources are allocated in ways that align with it
- ▶ Ensures that its processes are proportionate and conducive to the impact it seeks to have, and are not inadvertently exclusive or discriminatory

# 6

## LEARNS FROM FAILURE

- ▶ Recognises the value in learning from failure and risk-taking, within the context of its own mission
- ▶ Enables an organisational culture where staff feel able to disclose and discuss where things went wrong
- ▶ Makes improvements as a result of failure, and shares learning with others, but in a way that protects the reputation of partners

# 7

## THINKS COLLABORATIVELY TO PURSUE IMPACT AND ADVANCE ITS LEARNING

- ▶ Considers the contribution that the foundation makes, and avoids simplistically appropriating the impact of those on the front line
- ▶ Shares its knowledge, processes and capacity with others to enhance collective impact and reduce duplication
- ▶ Recognises its role in wider systems, and how it relates to the external context

A **rapporteur's report** of the meetings of the Impact and Learning working group, which informed the pillars of stronger foundation practice, is presented in Part 2, followed by a list of **further reading** that contributed to the group's discussions.

# PART 1

## IMPACT AND LEARNING: THE PILLARS OF STRONGER FOUNDATION PRACTICE

# A STRONGER FOUNDATION UNDERSTANDS ITS MISSION AND THE IMPACT IT IS SEEKING TO ACHIEVE

**Like all registered charities, foundations in the UK have charitable purposes, set out in their governing document, which they are required to report on annually. These purposes set out the parameters within which the foundation, as a charity, can pursue public benefit and maintain its right to hold charity status. A foundation's *mission* goes deeper than these regulatory requirements to an articulation of what it does and why. The foundation's mission reflects its strategic choices, values, motivations, and history. A stronger foundation has a clear and comprehensive understanding of its own mission and, in doing so, creates a solid base on which it can consider the impact it seeks to achieve.**

Defining the breadth of the foundation's mission will go a long way towards shaping how the foundation operates and seeks impact. A tightly defined mission may offer clarity, focus, and easier ways to measure progress, but it may be unduly restrictive, limit agility and reduce opportunities for adapting to new circumstances. Conversely, a broadly defined mission may allow greater flexibility, responsiveness and more exploratory working, but it may spread resources too thinly and make defining and measuring the foundation's impact harder. A stronger foundation understands the implication of the positioning of its mission on this spectrum, and finds a balance and narrative that reflects its values and motivations.

A stronger foundation will have developed its mission based on a sound understanding of the context in which it operates and the causes it seeks to further. This includes making efforts to understand the realities of the people, issues and causes with which the foundation seeks to engage (see pillars 2 and 5). It also includes an understanding of the foundation's time horizons, its risk tolerance and, importantly, its limitations. This is evolutionary, and doing it well takes time, resources and capacity. A stronger foundation will invest resources in this process, enabling all staff and trustees to play a role in the development and implementation of the mission.

A mission also acts as an accountability mechanism. Foundations hold a unique position in society where, beyond regulatory compliance, there is little to hold them to account for their actions. While this can be a great strength – giving foundations independence from political and market cycles that allows them to take risks, back unpopular causes and take a longer-term view – a lack of direct accountability can draw criticism and threaten the legitimacy of a foundation to work towards a particular goal. With a mission in place, a stronger foundation can articulate the rationale for the impact it is seeking to achieve, and by being clear

about what it is trying to achieve, the foundation enables a better understanding of its work and sets a bar against which to assess its overall impact. (See ACF's recent [Stronger Foundations report](#) on diversity, equity and inclusion for more on the theme of accountability – a theme which is likely to be covered in upcoming reports on transparency and engagement and on strategy and governance).

By engaging and supporting all staff and trustees in the development and implementation of the charity's mission, a stronger foundation ensures everyone understands and is committed to it, engaged in the pursuit of impact and appreciative of the benefits of learning. Achieving this kind of organisational culture underpins the impact and learning of a stronger foundation. It is also important that the mission and its underlying values are lived out through the foundation's behaviours and cultures, so that it becomes integrated into everyday practice (see pillar 3).

A stronger foundation is one that has carefully considered which tool is appropriate for its needs or purposes at that time. For some foundations, a small scale planning tool may be suitable. For some foundations, a theory of change may be a useful tool. This maps the difference the foundation wants to make through the actions it will take and the outcomes it will achieve. For foundations wishing to pursue a theory of change, there are many resources available (see for example NPC's [Theory of change in 10 steps](#)). There are some limitations of the theory of change model, as it can make assumptions about change being a linear process. For some, systems analysis may be more appropriate, whereby the foundation maps its own work alongside the work of others in the system and the external factors that contribute to or detract from its ability to pursue its mission. In 2018, NPC [reflected](#) on the two approaches and recommended ways in which funders could draw on both theory of change and systems approaches to gain a deeper understanding of their impact.

## ▶ WHAT IS A THEORY OF CHANGE FOR FUNDERS?

*“A theory of change is a tool that shows the path from needs to activities to outcomes to impact. It describes the change you want to make and the steps involved in making that change happen. Theories of change also depict the assumptions that lie behind your reasoning, and where possible, these assumptions are backed up by evidence. In short, a theory of change helps an organisation to show how it makes a social impact—what it aims to change, and how that change occurs.*

*Funders can achieve social impact in a number of ways [...]:*

- 1. Funders can have an impact on beneficiaries ...*
- 2. Funders can have a wider impact on organisations ...*
- 3. Funders can have a direct impact on a social problem ...*

*Thinking around funders' impact is most often concentrated on the impact they have on beneficiaries through funded organisations, rather than their impact on how those organisations work, or their direct impact on a problem through their own work. Additional impact beyond that achieved directly by grantees is often not well understood. This is an area where funders might have assumptions that they have not properly worked out—for example, if they pay for the pilot of an intervention and the research to show its effectiveness, it will then be scaled up by statutory funders. As a result it can be difficult to assess what the impact a funder has, and how it might have more impact. Theory of change can help to show the links between these three types of impact and ensure a broader view and richer understanding of a funder's role.”*

Abstract from NPC (2014)  
[Theory of change for funders](#)

A stronger foundation will regularly review its mission to ensure it is still fit for purpose. Foundations' longevity is a core strength and allows them to work in ways that other actors cannot. When working over long periods of time, it is important to ensure the foundation's pursuit of mission is alert and responsive to the changing world and is part of being a learning organisation, as expanded in later pillars.

**FOUNDATIONS' LONGEVITY IS A CORE STRENGTH AND ALLOWS THEM TO WORK IN WAYS THAT OTHER ACTORS CANNOT**

# 2

## A STRONGER FOUNDATION BASES ITS DECISIONS ON EVIDENCE, INCLUDING MEANINGFUL FEEDBACK AND LIVED EXPERIENCE

Engaging with evidence enables more informed decision-making and enhances the foundation's impact in pursuit of its mission. Evidence in this context takes many forms. It can be quantitative or qualitative, collected and analysed formally. It can also be tacit or informal, compiled through interactions and relationships. It can include hearing from people with lived experience and listening to grantee feedback.

More information on different types of evidence can be found in Nesta's [Standards of Evidence](#) (2013) and in the Alliance for Useful Evidence's [Using Research Evidence: A Practice Guide](#) (2016)

A stronger foundation recognises evidence in all its forms and bases its decisions on evidence. These may be decisions on funding, priorities, governance, staffing, or overall approach, among others. Being evidence-led means going beyond the usual sources, beyond the foundation sector, and often sits outside the comfort zone. It will often challenge long-held views and question traditional ways of working. Stronger foundations engage with this evidence, consider it carefully and are open-minded to working differently. A lack of evidence on an issue may be something the foundation wishes to address by building an evidence base or by funding innovation and work which will bring about positive change to ways of operating.

Lived experience is a valuable form of evidence. The [Lived Experience Movement](#) defines it as "direct, first-hand experience, past or present, of a social issue(s) and/or injustice(s)". From this comes the idea of lived expertise: "knowledge, perspectives, insights and understanding gathered through lived experience".

A stronger foundation is aware of and intentional in the voices it listens to, and creates space and opportunity for new voices or those which it may otherwise struggle to hear. A stronger foundation takes account of the views, opinions, ideas and concerns of those experiencing an issue in a meaningful way, mindful to avoid tokenism or paternalism. This may be in the form of advisory panels, supporting places on the trustee board, devolving funding decisions or working with communities to design programmes (see ACF's report on [DEI](#)).

For some foundations, there is an added complexity in that the voices of grantees, unsuccessful applicants and the ultimate beneficiaries of the work are to be taken into consideration. The power imbalance that exists between funders and those seeking funding can make honest dialogue difficult. Platforms like [GrantAdvisor](#) and tools such as grantee perception reports, for example those offered by the [Center for Effective Philanthropy](#) or [nfpSynergy](#), can be useful in gathering honest, anonymous feedback from grantees and applicants.

The timeframe for feedback can affect the nature of what the foundation hears. There are tools that enable quick and instant reviews of the foundation (e.g. Peery Foundation's [Funder Feedback](#)) which can provide a light touch way to capture timely feedback and inform ongoing learning.

## A STRONGER FOUNDATION IS AWARE OF AND INTENTIONAL IN THE VOICES IT LISTENS TO, AND CREATES SPACE AND OPPORTUNITY FOR NEW VOICES OR THOSE WHICH IT MAY OTHERWISE STRUGGLE TO HEAR

Feedback will not always be positive or comfortable. A foundation that has embedded a culture of learning (pillar 3) is able to hear and engage with criticism in a way that leads to improvements being made and harmful impact being minimised. The relationship between foundation and grantee is central to honest feedback, and a strong relationship facilitates a two-way conversation about impact, process, and expectations. Some foundations may feel that a relationship-based approach to grant-making may not be within its current resources or remit, but may want to explore how it currently relates to and communicates with its grantees.

## **A STRONGER FOUNDATION ALSO UNDERSTANDS THE IMPACT ITS EFFORTS TO COLLECT FEEDBACK OR DATA MAY HAVE ON INDIVIDUALS OR ORGANISATIONS, AND PROVIDES SUFFICIENT RESOURCE AND SUPPORT FOR GRANTEES TO MEET ITS REQUESTS**

A stronger foundation also understands the impact its efforts to collect feedback or data may have on individuals or organisations, and provides sufficient resource and support for grantees to meet its requests. It is also clear about how the information will be used and what action will be taken as a result. Foundations risk undermining their legitimacy if they seek feedback but do not make any changes or improvements as a result.

There are many existing tools to help foundations collect and compare data and track progress, some of which are mentioned throughout this report. A stronger foundation is aware of the resources that can help it collect the information necessary to base its decisions on evidence, and uses them where appropriate.

A useful starting point for foundations is the Inspiring Impact programme. One of its tools, Measuring Up!, helps foundations assess, review and improve their impact. The tool guides foundations through the cycle of 'planning, doing, assessing, reviewing' by asking users to score their practice on a series of indicators, generating a report with recommendations on how to improve.

Find out more [here](#).



# A STRONGER FOUNDATION BELIEVES THAT EVERYONE IN THE ORGANISATION HAS A ROLE IN THE PURSUIT OF IMPACT, AND ENABLES A CULTURE OF LEARNING

**A stronger foundation recognises that the whole organisation has a contribution to make in pursuing both impact and learning. This is just as relevant for organisations with large staff teams as it is for those with one part-time staff member or none.**

Some larger foundations might allocate resources for a dedicated role or team to lead on the organisation's impact and learning. Others might share this across several members of the staff team or hold it at board level. A stronger foundation has determined that, whether or not staff are specialists in impact or learning, both should be facets of all roles, from the board to funding staff to operations staff to leadership roles. It also ensures all trustees and staff understand and can identify how their roles contribute to the foundation's mission.

▶ The **trustee board** has overall responsibility for the foundation and all its resources. It reports each year to the regulators about the charity's impact, and about how it has pursued its mission. It also allocates resources to staff capacity, including its ability to develop a learning culture.

▶ The **chief executive** is crucial in bridging board culture with day-to-day organisational culture, and ensuring the same principles are embedded throughout. Where there are staff, the chief executive sets the tone for the rest of the staff team and has a responsibility to articulate the foundation's approach to impact and learning to external audiences.

▶ A **funding team**, where there is one, will often be who most stakeholders will engage with as the foundation's first point of contact. Funding staff therefore have a vital contribution to make in gathering evidence on the realities facing grantees and beneficiaries, on what works and what doesn't, on how the foundation relates to the ecosystem of which it is part, and the extent to which impact is being achieved.

▶ **Operational staff and functions** have a distinct role and responsibility in achieving impact. A stronger foundation thinks about its impact in broad terms, not limited to those it funds, but also its policies, procedures and procurement, such as supply chains, investments, recruitment practices and staff wellbeing.

▶ Beyond the board and staff, a stronger foundation seeks to identify its blind spots and **external viewpoints**. Engaging with advisory panels, grants committees, people with direct experience, community representatives and policy-makers that feed in views from outside the foundation is hugely valuable in helping stronger foundations learn and continue improving in pursuit of impact.

Ensuring all staff understand their contribution towards achieving impact requires foundations to enable a learning culture within the organisation. There is a substantial body of literature on what a learning organisation looks like, both specific to the charity sector and in wider literature on organisational behaviour. For example, NPC provides a briefing on [Developing a learning organisation](#) (2019), including the fundamental questions to ask to make a start and tips on using and learning from evidence.

A stronger foundation has a board that is committed to the foundation's impact and learning. In practice, this might mean making time and space at trustee meetings to reflect on the foundation's impact, the tools it is using to pursue it (see pillar 4), and how it brings in voices and evidence that can attest to or challenge the foundation's impact (pillar 2; also see ACF's report [Diversity, equity and inclusion: the pillars of stronger foundation practice](#)). It also means recognising that learning activities require resources, which it allocates accordingly.

Trustees' role in learning extends beyond ensuring the foundation's staff team is well-equipped and supported; trustees should also be part of the learning process. This means engaging with the foundation's programme of work, and understanding the impact it is seeking and having, so that decisions on how to enhance practice are informed. Trustees also need to be supported to learn. A stronger foundation recognises that trustees too, though highly skilled in a range of ways including through lived and learned experience, are not necessarily expert in the foundation's field or the tools it is using to pursue impact.

A challenge that some foundations cite is the time horizon of the board or chief executive. Although a strength of the foundation model is its potential for longevity, this can be in tension with the desire to see tangible impact within their tenure, even though it is most often the case that achieving impact takes time and patience, and it can take years before a foundation has in place the processes and behaviour necessary to be truly a learning organisation. This highlights the importance of pillar 1; a deep understanding of the foundation's mission means being aware of the time horizons it involves. Some missions may require long-term, sustained, unwavering effort. For others, there may be shorter-

term milestones or fixed opportunities to achieve results. Some missions that start off as long-term might become short-term, such as the awakening in recent years to the need to rapidly accelerate responses to the climate crisis (as explored in the speech by Carol Mack, ACF CEO, at ACF's annual conference 2019 [Funding on a finite planet](#)).

An important feature of a learning culture is having the support, opportunities and mechanisms to act upon lessons learnt. There needs to be space for both the foundation – whether at board, staff or individual level – to make changes, adapt and respond to what it has learned. This is essential in ensuring that learning goes beyond discussion and awareness, and has a real tangible bearing on the foundation's approach and practice.

## **AN IMPORTANT FEATURE OF A LEARNING CULTURE IS HAVING THE SUPPORT, OPPORTUNITIES AND MECHANISMS TO ACT UPON LESSONS LEARNT**

The Institute for Voluntary Action Research (IVAR) conducted an evidence review for Comic Relief to answer two key questions:

- ▶ *What and how do other funders learn from their work, and how do they use this learning to improve?*
- ▶ *How do funders encourage and support a focus on ongoing learning in their relationships with grantees?*

IVAR found that in many cases, the existing body of research had not kept pace with advances in practice. It found a willingness among foundations to question their approach, and a recognition that foundations need to embrace ongoing adaptation. As a result, its final report compiled insights gleaned from both research and practice.

As well as confirming what are already widely considered to be central tenets of organisational change, for example leadership and culture are key, IVAR identified a number of other features that apply to continuous learning in grant-making:

- ▶ *Leadership that shows curiosity and incentivises learning*
- ▶ *Organisational culture that is compatible with, and provokes, reflection*

- ▶ *Acquiring new skills and capacity*
- ▶ *Valuing a range of information and knowledge gathering techniques and sources*

Based on its findings, IVAR proposed some advice and recommendations:

- 1. Be clear about the purpose of learning within the organisation and how it will be used*
- 2. There is no one-size-fits-all approach*
- 3. It takes time to embed the conditions required to support organisational learning*
- 4. Learning takes time and is an iterative process*
- 5. Don't try to do too much too quickly and be aware of people's capacity to take on new information at any one time*
- 6. Effective learning is about being responsive to need – at times it may be messier, and more unstructured, than at others*
- 7. Review data coding and data storage systems regularly to minimise bias; balance the need to structure with allowing themes to emerge from data.*

IVAR (2019) [Driving continuous learning in grant-making](#)

# A STRONGER FOUNDATION CONSIDERS THE WHOLE TOOLBOX IN PURSUIT OF IMPACT

**A stronger foundation will have considered its impact in the context of all the resources it has available – ‘the whole toolbox’ – and whether and how it intends to deploy these in pursuit of impact. Some of these ‘tools’ are explored below.**

A stronger foundation may not use all available tools at all times, but is intentional in its decision to use or not to use each one. At present, grant-making is perhaps the defining tool of the foundation sector. It has been described as ‘civil society’s treasure’, a precious resource on which large parts of the charity sector are reliant to deliver their own work each year. For many foundations and in many situations, this will continue to be the most suitable and effective use of resources.

Every tool in the foundation toolbox has advantages and limitations, and will only be effective if used in the right way in the right context. Some tools also require expertise and legitimacy in order to use them well. Some, if used without care, may cause harm. Therefore, a stronger foundation is one that has understood and mitigated risks before taking action, and is also cognisant of the effect that using or not using these tools will have on the wider funding ecosystem (i.e. the ways in which public, private and charitable sources of funding relate to and affect one another). Many of these other tools require different skills and resources to grant-making, and a stronger foundation will take this into account. For example, foundation resources directed

towards using other tools may achieve impact, but could also have implications for the foundation’s grants budget. Such challenges may be overcome by working alongside other foundations (see pillar 7).

Given their independence and lack of direct accountability, the toolbox available to foundations is, arguably, more comprehensive than for any other kind of organisation, who may have some of these tools at their disposal but not all. Some of the tools available to foundations include:

## ► FUNDING PLUS

Sometimes referred to as grants plus, foundations can offer support alongside a grant to build the capacity or address other needs of the funded organisation. For example, this might include capacity building, peer networking, consultancy, training, office space, or other support that the foundation is uniquely placed to provide, for example specialist knowledge.

## ► CONVENING

Foundations have a wide range of partners and extensive networks: those they fund, other funders, public services, sector- or place-specific infrastructure, corporate partners, communities, policy-makers, and people with direct experience of the issues they care about. It is this variety that enables foundations to identify gaps and broker connections where useful. A stronger foundation has considered its power to strategically convene, provide platforms, amplify voices, and broker new relationships – ultimately aiming to advance its mission as well as to support others.

**A STRONGER FOUNDATION MAY NOT USE ALL AVAILABLE TOOLS AT ALL TIMES, BUT IS INTENTIONAL IN ITS DECISION TO USE OR NOT TO USE EACH ONE**

## ▶ INVESTMENTS AND NON-GRANT FINANCIAL SUPPORT

Grants are just one of many ways to financially support others and achieve impact. Social investment is already familiar to many as another funding tool, though within this heading lie many options, such as repayable grants or interest free loans. Some foundations are looking at how else they might wield their investments as a major way to achieve mission-related impact, as well as a financial return. Mission-aligned investing, which can be interpreted in a wide range of ways, is increasingly becoming a facet of foundations' pursuit of impact. A stronger foundation recognises where it might achieve impact using financial resources beyond its grants budget. (See ACF [2019] [Is intentional investing beyond returns becoming a moral, social and financial imperative?](#), and the Charity Commission for England and Wales [2020] [How do charities approach investing in line with their purpose and values?](#))

## ▶ VOICE, ADVOCACY AND INFLUENCING

Foundations' 'helicopter view' of the issues they address combined with their long-term view and political independence mean that foundation influence can be a valuable asset for achieving impact. A stronger foundation considers whether it might use its voice strategically or engage in policy or advocacy. This could include the foundation itself speaking out on issues it cares about or sharing learning on public platforms. Or it might mean providing the means or platforms for individuals and organisations on the frontline to pursue this route, and using its position to amplify voices that are marginalised, underrepresented, or

silenced. It could also include publishing research about its learning, convening meetings with government officials on matters of mutual concern, or submitting evidence to parliamentary select committees. Foundation advocacy activity can start small, and may later become a core part of a foundation's work over time: *"Most funders who are now very involved in campaigning, did not start off so involved. Many of them started to 'dabble' in influencing and then got more involved. If a funder is interested in campaigning work, they can get gradually involved. Indeed, there are many funders who engage in this work without it being a strand of work."* (Lloyds Bank Foundation for England and Wales/NPC (2017) [More than Grants: How funders can use their influence for good](#))

## ▶ STRATEGIC LITIGATION

For many foundations, their financial security and independence lend themselves to taking risks and supporting work that requires time and patience. By directly underwriting costs of a legal case or by supporting (financially or non-financially) organisations which undertake this approach, foundations can achieve impact at an institutional level and potentially target root causes of issues. (See Baring Foundation [2017] [Successful use of strategic litigation by the voluntary sector](#))

**FOUNDATIONS' 'HELICOPTER VIEW' OF THE ISSUES THEY ADDRESS COMBINED WITH THEIR LONG-TERM VIEW AND POLITICAL INDEPENDENCE MEAN THAT FOUNDATION INFLUENCE CAN BE A VALUABLE ASSET FOR ACHIEVING IMPACT**

## ▶ BRAND

Foundations have an organisational profile, often carefully honed over many years, that can be leveraged in pursuit of achieving impact. Sometimes this is connected with a high-profile founder, a corporate 'parent', or a long-term association with its area of interest or expertise. For instance, an organisation may attract additional funding if it is backed by a foundation whose endorsement acts as an assurance, or a piece of research may carry more credibility when associated with a foundation with a strong reputation in academic peer review. A stronger foundation is aware of how it might strategically deploy its brand as a tool, mindful of the consequences, risks and limitations (as well as the regulatory guidance: see Charity Commission for England and Wales [2019] [Guidance for charities with a connection to a non-charity](#))

ACF submitted evidence to the Liaison Select Committee's inquiry into the influence and effectiveness of select committees, outlining the ways in which foundations can contribute and have contributed to inquiries. These include by submitting their own evidence, supporting grantees to give evidence, or funding research or the gathering of evidence. As a result, the Liaison Committee recommended that select committees engage more with foundations:

*"The ACF noted that:*

*"Encouraging more foundations to feed into these processes would be valuable in ensuring diverse perspectives and robust evidence are heard and utilised by select committees."*

*We agree. This is another area where best practice in some committees could valuably be generalised but where awareness also needs to be raised amongst the kind of organisations which are beneficiaries of the foundations' funding. We recommend that the Committee Office act upon the Association of Charitable Foundation's offer to facilitate better engagement with the charitable research foundations and that this function is also assigned to the Office's central knowledge exchange capacity, working together with POST. (Liaison Select Committee [2019] [Inquiry into the influence and effectiveness of select committees](#))*

ACF has also produced a [briefing](#) for foundations on how and why they might engage with select committees.

This list of tools is just a small proportion of what is already available and used in many parts of the UK foundation sector. The innovation foundation Nest identified 17 funding tools that foundations can use, including grants, loans, and quasi-equities (2018, [Funding Innovation: A practice guide](#)). Foundations may also consider commissioning research to build an evidence base on its issue of interest, or using property and physical assets to maximise impact, for example in offering meeting space or office space to grantees.

There are many resources available to support foundations thinking about the tools listed above, many of which are set out in the further reading section at the end of this report.

**FOUNDATIONS HAVE AN ORGANISATIONAL PROFILE, OFTEN CAREFULLY HONED OVER MANY YEARS, THAT CAN BE LEVERAGED IN PURSUIT OF ACHIEVING IMPACT**



# A STRONGER FOUNDATION PROACTIVELY SEEKS TO UNDERSTAND HOW ITS OPERATIONS AFFECT OTHERS, AND SEEKS TO AVOID AND REDRESS HARM

Foundations are part of the rich ecosystem of civil society; not just funders of it, but active participants. Their presence, behaviour and decision-making has an impact that goes beyond their own organisations. Those receiving their resources, particularly grantees, are most directly affected, but so too are the end beneficiaries, as well as other foundations, policy-makers, and wider society. A stronger foundation makes proactive efforts to understand its impact on others and is careful to avoid, minimise and redress any harm inadvertently caused.

This pillar is relevant across all areas of the foundation’s work, but arguably foundations’ closest relationships are with those they fund. Even seemingly small actions and decisions of foundations can have significant impact on grantees, their communities and the wider ecosystem, and may even have broader societal implications. A stronger foundation proactively takes into account the needs and contexts of those they fund and work with, and learns from them. This might include asking:

## A STRONGER FOUNDATION PROACTIVELY TAKES INTO ACCOUNT THE NEEDS AND CONTEXTS OF THOSE THEY FUND AND WORK WITH, AND LEARNS FROM THEM

- ▶ Do our processes, policies, funding priorities and investments support, undermine or contradict our mission?
- ▶ Is our approach clearly articulated so that we can be held to account and our partners understand what they can expect from us? Do we listen to their views and change our practice as a result of challenges we hear?
- ▶ How does our approach relate to other actors in the system? What factors do we need to consider that might be detrimental to our work, or that may render our work detrimental to others? Such factors might be changes in government policy or the priorities of other funders
- ▶ And if working in a particular place, how have we involved the community in our thinking? Do we have legitimacy in doing this work? How does it align with existing work in that area that may be enhanced or disrupted by our presence? How have we evaluated the impact we are seeking to have on the local community? What is our exit strategy?

As charities providing resources to others, foundations are required by law to undertake due diligence assessments of those they may support. All foundations require information from those seeking their resources, for example as part of a grant application process or risk assessment. A stronger foundation asks itself:

- ▶ Are our application and due diligence processes in keeping with our mission?
- ▶ Are the demands we are making for information proportionate to the funding and support we will provide?
- ▶ Are we getting the right information? And do we really need all the information we collect?
- ▶ Could we find it elsewhere, and can we reduce the need for the applicant to use its resources unnecessarily?
- ▶ Are our processes accessible and inclusive? Are we excluding any communities or groups of people from receiving our funding?
- ▶ Have we applied a DEI lens to our processes? Have we made deliberate efforts to remove bias, such as racism or sexism, from our processes? (For more, see ACF [2019] [Diversity, equity and inclusion: the pillars of stronger foundation practice](#))

- ▶ In the allocation of our resources, do we enable and encourage learning and reflection? How are we sharing this?
- ▶ If we welcome risk-taking and learning from failure, how are we protecting those we fund and work with from reputational harm? (See pillar 6)
- ▶ Are we setting grantees up to fail, for example by expecting too much in terms of delivery, not allowing enough time for start up or delivery, or not adequately covering essential costs?

This list is not exhaustive, and foundations should examine their processes with rigour before expecting grantees or applicants to participate. Ultimately, a stronger foundation is mindful of the burden its processes can place on applicants, seeks to minimise this (for example by simplifying processes) and repairs harm that it may inadvertently cause. For instance, foundations may consider whether grantees are fairly compensated for work that goes beyond what might be expected, or where it may be able to work constructively with other funders to minimise the burden.

Many foundations hold the view that monitoring of those that have received funding, while legally required, should also be determined by the foundation's mission. Although reporting policies and procedures are not the focus of these pillars, reporting is core to foundations' understanding of their impact.

A stronger foundation asks itself:

- ▶ Are our monitoring and reporting requirements proportionate and fair? Would some groups or communities face obstacles in meeting our expectations? If so, what can we do to overcome that?
- ▶ Do we sufficiently cover the costs for grantees associated with our monitoring and reporting processes?
- ▶ Do we facilitate honesty and reflection in our monitoring and reporting? Would a grantee be willing and able to tell us if something had not gone to plan?
- ▶ Do we provide space and opportunities for grantees to learn? Have we considered what funding or other support we may provide, or what peer networks we might convene?

- ▶ Is our approach to learning clear to our grantees in terms of what we expect and how we will act on and use the information provided?
- ▶ Have we compared our approach to that of other foundations, and could we align and collaborate where appropriate?
- ▶ If we don't have enough capacity or resource to do these things well, should we do them at all?

## NEW PRINCIPLES FOR GRANT REPORTING

The Institute for Voluntary Action Research (IVAR) and Esmée Fairbairn Foundation, in partnership with several foundations and operating charities, have set out to make grant reporting a "shared, more meaningful and mutually beneficial experience":

*"The starting point for this initiative was a shared view ... that current reporting arrangements can be burdensome rather than useful. The group's goal is to address and reverse that. In attempting to do this, we have recognised and acknowledged that the power to make change happen – to do things differently – rests with funders. The design of reporting arrangements – format, frequency, content – is in their gift.*

*So, although the process of developing the principles set out here has been genuinely collaborative, it now falls to the funders involved to find ways to apply these principles to their practices.*

...

*Principles for mutually beneficial grant reporting*

*High level principles:*

- 1. Funders explain why they have awarded a grant*
- 2. Funders and funded organisations are clear about what grant reporting will look like*
- 3. Funders are clear about the type of relationship they would like to have with the organisation they fund*
- 4. Funders only ask for information they need and use, and question whether they need bespoke reporting*
- 5. Funders give feedback on any grant reporting they receive, and share their thoughts on the progress of the work*
- 6. Funders describe what they do with the information they obtain from funded organisations."*

Abstract from IVAR (2018)

*New principles for grant reporting*

As well as considering the impact of its processes on grantees and applicants, a stronger foundation will also consider whether it is exploiting anyone through its processes, for example in relying on unpaid labour (e.g. internships or unpaid volunteers).

It also will consider how its processes impact on the environment. Climate change is a real, serious and urgent threat that will affect every foundation's mission and beneficiaries. Applying a climate change lens enables a foundation to assess the impact its processes have on the environment, for example in its supply chains and in its working practices. It may also encourage and support grantees to consider their environmental impact. Ten Years' Time's 2019 report [Climate change and social change: how funders can act](#) sets out practical ways in which foundations might apply a climate lens to their work and their investments.

# A STRONGER FOUNDATION IS AWARE OF THE POWER AND INFLUENCE IT HAS IN SHAPING IMPACT PRACTICE IN THE ECOSYSTEM IN WHICH IT OPERATES

## THE FUNDER COMMITMENT ON CLIMATE CHANGE

The Funder Commitment on Climate Change outlines six ways foundations can act to tackle the climate crisis. They are:

1. Educating and learn – making opportunities for trustees, staff and stakeholders to learn more about the key causes and solutions of climate change.
2. Commit resources – committing resources to accelerate work that addresses the causes and impacts of climate change.
3. Integrate – Within existing programmes, priorities and processes, seeking opportunities to contribute to a fair and lasting transition to a post carbon society, and to support adaptation to climate change impacts.

4. Steward investments for a post-carbon future – recognising climate change as a high-level risk to foundation investments, and therefore mission, and proactively addressing the risks and opportunities of a transition to a post carbon economy in investment strategy and its implementation.
5. Decarbonising operations – taking ambitious action to minimise the carbon footprint of operations.
6. Report on progress – reporting annually on progress against the five goals listed above, and continuing to develop practice, learn from others, and share learning.

Adapted from <https://fundercommitmentclimatechange.org>



# A STRONGER FOUNDATION LEARNS FROM FAILURE

Not all foundations feel comfortable with the word 'failure'. For a start, it can have real negative consequences for the reputation, confidence and prospects of the person, organisation or activity that has 'failed'. Secondly, it is often a subjective judgement: who decides what is a failure or not? Is it a failure when three out of the four outcomes were met, but the one that really mattered was not? When fewer people were helped than intended, but those that were had their lives improved? When something unexpected happens, but vital new learning was obtained? When the entire project collapses, but for

reasons beyond its control? Some might argue there is no such thing as failure, only opportunities to learn or ideas for taking action. Failure is a contested term.

We have chosen to talk about failure for exactly that reason. The discussion on this topic in the working group, and in other conversations with foundations, sparked a lively debate about the use of the word 'failure'. A view that emerged is that the concept of failure can offer a gateway into a deep and reflective analysis that offers a wealth of learning, whereas discussions about 'success' generally do not.

A first step is to consider what failure means within the context of the foundation's mission. Questions a stronger foundation might ask include:

- ▶ Does the foundation have a mission that is about supporting innovation, or funding what is already known to work?
- ▶ Is its ambition for discovery or preservation?
- ▶ What are the consequences for the end beneficiaries if things go wrong?
- ▶ Do communities affected by the foundation's resources have the appetite and resilience to be involved in something that might not work?
- ▶ Does the foundation have enough evidence to recognise when things are going off course and take steps to correct it?
- ▶ Does it have strong enough relationships with grantees to enable honest dialogue when there are concerns?
- ▶ Is there time and resource available for such issues to be raised and acted upon?

Leadership, and the organisational culture it enables, has a vital role to play in opening space to talk about failure. Staff should feel confident and supported that they can talk about their work honestly and openly, without fear of the consequences. Things can go wrong for myriad reasons, often because of unintended consequences of processes, systems and assumptions. A stronger foundation has a culture that does not attribute blame but seeks to learn and takes action to improve.

In meeting 6, the Impact and Learning working group heard from the King Baudouin Foundation in Belgium, which established an internal 'best failure award'. Staff across its programmes are required to enter a project they deemed to have failed, but where there was meaningful learning that could be applied in the future. While there was some initial reservation, it helped to embed a culture in which failures can be discussed and staff and trustees can have trusting and honest conversations, with the ultimate goal of improving and achieving greater impact. See the rapporteur's report in Part 2 for more on this meeting.

An understanding of the factors that led to a failure should be nuanced and contextually appropriate. In the context of the foundation's own learning, it might consider whether the roots of the failure lie in its decisions, its behaviours, its processes or its approach. Although any such discussion will take external factors into account, the focus of learning from failure should centre on the foundation, and not the funded organisation. A stronger foundation puts learning at the centre of its analysis, and supports the partner's learning too, but always in a way that does not harm that partner's reputation.

The foundation must recognise its own role in any failure, whether it could have done more or learned from previous experience, as well as its responsibility to redress harm caused and unintended

## **FAILURE IS INTRINSICALLY LINKED TO RISK; THE MORE RISKS A FOUNDATION TAKES, THE MORE LIKELY IT IS THAT SOME OF THOSE WILL NOT WORK OUT AS THEY COULD HAVE**

consequences (see pillar 5). It may reflect on its processes, its approach or the tool it used, or whether the foundation set unrealistic demands or goals on the project or organisation, and how this might be redressed.

Failure is intrinsically linked to risk; the more risks a foundation takes, the more likely it is that some will not work out as well as they could have. In foundations where risk-taking is encouraged, failure is more likely to be encouraged. Indeed, in the sciences, where any new research is a form of risk-taking, reflecting on what went wrong, tweaking the methodology and trying again is a widely accepted process that leads to discovery and innovation. Such thinking could be applied beyond the sciences and into arts and culture, participation, and social justice.

Creating space internally to talk about failure is one aspect of stronger foundation practice. Talking externally about failure brings a host of challenges, but is a worthwhile pursuit. A stronger foundation shares its learning from failure with others (see also pillar 7). Foundations speaking outwardly and transparently about their learning journeys pave the way for others to do so and create an environment that facilitates learning and sharing of best practice. There are notable examples among operating charities being open about work they didn't do, groups they didn't reach, and outcomes they didn't achieve – and importantly, how they seek to rectify those issues in future. Focusing on improving changes the narrative from one of failure to one of hope and action.

**A STRONGER FOUNDATION PUTS LEARNING AT THE CENTRE OF ITS ANALYSIS, AND SUPPORTS THE PARTNER'S LEARNING TOO, BUT ALWAYS IN A WAY THAT DOES NOT HARM THAT PARTNER'S REPUTATION**

# **A STRONGER FOUNDATION THINKS COLLABORATIVELY TO PURSUE IMPACT AND ADVANCE ITS LEARNING**

**A stronger foundation considers the ways in which impact in pursuit of mission may be enhanced by thinking collaboratively. Foundation collaboration can happen in a variety of ways. It does not always mean creating a pooled fund or implementing a common application or reporting process, both of which can be valuable. Thinking collaboratively – while it may involve these elements – is a mindset that encompasses shared learning, and values contribution above attribution.**

Many foundations collaborate formally and informally. There are already many examples of collaboration at work – one is the increase of place-based giving schemes that bring together public, private and philanthropic sources of funding to tackle varied local issues. Collaboration is not confined to foundations that share interests or similar features. Learning

can be transferrable across disciplines, between foundations of different shapes or sizes, and between public, private and charitable actors. No sector or type of foundation has a monopoly on good practice, and there is immense value in inter-disciplinary learning.

Being collaborative brings challenges, which should be thought through carefully. For example, foundations may consider what resources are required to pursue a collaborative venture, and in some cases, how funder collaboration might impact on the wider system of which it is part – positively or negatively.

A stronger foundation understands collaboration in terms of the contribution it can make rather than the attribution it can prove, appreciating its limitations and its place in the wider ecosystem. A stronger foundation sees its impact enmeshed in the contributions of others.

After all, foundations are rarely the delivery agent nor the ones working at the front line, and should avoid appropriating the impact achieved by others.

In the majority of cases, foundations do not have to seek funding from others, and rarely have to prove their impact in order to generate income. Foundations can therefore afford (financially and reputationally) to be generous in the spirit in which they collaborate.

This collaborative way of thinking is often encouraged by foundations among their grantees. Foundations' 'helicopter view' of issues enables them to make connections and broker partnerships between others where greater impact may be achieved by grantees working together. If foundations do not apply the same approach to their own work, they will not maximise their potential.

## **THINKING COLLABORATIVELY IS A MINDSET THAT ENCOMPASSES SHARED LEARNING, AND VALUES CONTRIBUTION ABOVE ATTRIBUTION**

# BY DISSEMINATING LEARNING AND BEING OPEN AND TRANSPARENT ABOUT SUCCESSES AND FAILURES, FOUNDATIONS HAVE ACCESS TO A WIDER POOL OF KNOWLEDGE TO INFORM THEIR DECISION-MAKING AND ENHANCE THEIR IMPACT

Foundation collaboration for impact and learning, beyond the various forms of pooled funding, can take many forms, some of which are set out below:

## ▶ SHARING KNOWLEDGE

By disseminating learning from programmes or activities and by being open and transparent about successes and failures, foundations have access to a wider pool of knowledge to inform their decision-making and enhance their impact. In practice, this could mean seeking fora in which learning can be shared, for example ACF's member networks, or it could mean being public and vocal about what the foundation has learned.

## ▶ JOINT LEARNING

Learning activities, monitoring, evaluation and research may be undertaken by two or more foundations. Not only does this avoid duplication for grantees, it represents a more systematic approach to learning and engaging with evidence, and allows the foundations involved to hold one another to account. In practice, this could mean commissioning research or evaluation together, aligning or sharing requirements or assessments, or working with other foundations to ensure the costs of learning activities are sufficiently covered.

## ▶ SHARING THE TOOLBOX

The range of tools in the foundation toolbox – as set out in pillar 4 – can be enhanced when we consider it to be a collective toolbox. By thinking collaboratively about the range of foundation tools available, from convening to strategic litigation to advocacy, foundations can add value where they are best placed to do so. In practice, this may mean being aware of and signposting to other foundations or forms of support, or it may mean co-ordinating with others to take advantage of the full range of resources within the foundation sector. It also means being mindful of duplication and overburdening grantees with offers of support, many of which can be time consuming or resource intensive to take full advantage of.

For examples of some of the benefits, challenges and considerations of foundation collaboration, the following reports share useful insights:

- ▶ IVAR (2016) [Funder Collaboration: Is it worth it? The Child Sexual Exploitation Funders' Alliance](#)
- ▶ Cass Business School (2011) [Fundors in Collaboration: A review of the Corston Independent Fundors' Coalition](#)

# PART 2

## RAPPORTEUR'S REPORT OF THE IMPACT AND LEARNING WORKING GROUP

**Between July 2018 and September 2019, the Impact and Learning working group undertook a process of inquiry. The group heard significant challenge, provocation and critique from a wide range of external contributors, which acted as evidence to stimulate critical analysis of foundation practice. These discussions held across the group's seven meetings are summarised in this part of the report.**

Given the breadth of the issues, the group chose to focus on only some aspects of Impact and Learning, particularly those that they considered contested or under-explored. Working group

members contributed their views on a confidential basis, and are not quoted in this report. Although they drew upon their experiences as staff and trustees of foundations, they were not necessarily representing the views of these organisations.

The summaries of the meetings below reflect the range of views expressed, both by members, external contributors and the wider literature. It was not a task of the group to find consensus, nor to identify recommendations for this report, and the concept and content of the pillars were developed by ACF after the group's work concluded.

### *An introduction from Jane Steele, Chair of the Impact and Learning working group*

During its exploration of 'impact and learning' the working group looked at many different ways in which a foundation might choose to go about achieving its goals. We could not hope to encompass the wide diversity of strategies and approaches that foundations can and do take. Rather, we set out to use these conversations as the basis for a report that foundations of all types can use to be more effective in pursuit of their mission, whatever that mission may be.

The group spent time teasing out some key principles. In the early stages, the most important thing was to be clear to ourselves and the foundation sector that the impact of the foundation, and the impact of the organisations that we fund, are different things. This report invites foundations to examine the impact of their own work and behaviour. Are we using our resources (including money, influence, relationships, knowledge) wisely in pursuit of the impact we want to make in the world? Are we working in the most effective ways to support those who are achieving impact on the ground?

The working group heard from many interesting and thought-provoking contributors and I thank them for their inputs. Our deliberations led us to place impact and learning, as two inextricably linked concerns, as central responsibilities for a foundation's governance and leadership.

Thus, this ACF report opens, quite rightly, with an understanding of a foundation's mission and the impact it hopes to achieve. This means using evidence to learn how to enhance that impact. And, as the group's investigations showed, this will not happen without an organisational culture that values listening and adapting in the light of new evidence.

This report and its guidance on evidence and learning could not be more timely. The previous Stronger Foundations report challenged us all to scrutinise and improve our diversity, equity and inclusion practice. As foundations, we know that the uncertainty, flux and complexity that surround our work show no signs of lessening. All of this underlines the importance of listening, of reflecting on evidence and of learning from and with those we support. These pillars of stronger foundation practice are a resource for all foundations that aim to optimise the impact of their efforts.

# MEETING 1

# INTRODUCTION

The group began by setting out its various interpretations of ‘impact’ and ‘learning’, both from the point of view of foundations and of members of the public. Definitions of impact brought up ideas of effect, change, difference, difficulty, outcomes, interventions and disruption. Learning was interpreted as listening, understanding, comparing, inquiring, reflecting, growing and using information. Both exercises led to further questions concerning who defines outcomes, and what the intended aims are, as well as the scale of intended impact – whether that be for individuals, communities, places or public policy.

Learning was understood as a proactive and lifelong process of reflection and open listening. It was widely felt that foundations should value learning as a way of improving on their practice and

making their work more effective. Using evidence and honest feedback, both from internal and external sources, is key, as is the necessary freedom and resources that enable experimentation and reflection. The group also acknowledged foundations’ role in supporting grantees to give honest feedback and become more reflective of their own work.

The importance of defining and reviewing the foundation’s mission was a recurring theme for the working group. In this meeting, it was agreed that looking at impact helps to assess whether a foundation is delivering on its outlined mission. Measuring impact also allows funders to be held accountable by grantees, a theme that has emerged throughout all the Stronger Foundations working groups.

In order to establish its focus for its programme of inquiry, members of the group reflected on current foundation practice with regards to impact and learning. Learning at present was predominantly found in funding learning activities, such as evaluation and research, meanwhile impact was largely thought of in terms of achieving social impact through grants.

The group chose to home in on a particular aspect of foundation impact and learning that is not so well explored or developed: foundations achieving impact in pursuit of their own mission. When thinking what this meant, it includes aspirations to see greater internal reflection, independent evaluation and theory of change as methods of learning, and in terms of their impact, a move towards more influencing of policy-makers and putting learning to good use with the aim of changing policy and legislation.

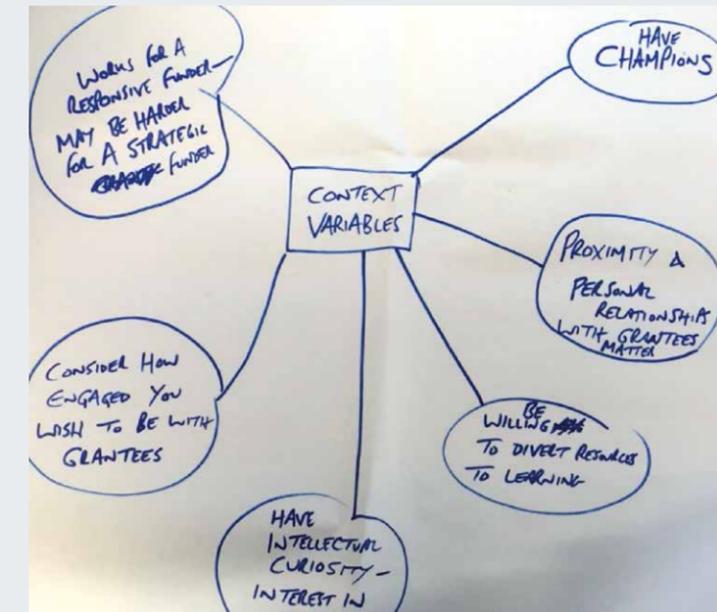
**THE GROUP CHOSE TO HOME IN ON A PARTICULAR ASPECT OF FOUNDATION IMPACT AND LEARNING THAT IS NOT SO WELL EXPLORED OR DEVELOPED: FOUNDATIONS ACHIEVING IMPACT IN PURSUIT OF THEIR OWN MISSION**

# MEETING 2

# ACHIEVING IMPACT IN PURSUIT OF MISSION

In order to inform its discussions, the group decided to take a case study approach to its inquiry, enabling it to hear and analyse the different ways in which foundations were seeking to pursue their own mission and achieve impact. The first case study came from Lloyds Bank Foundation for England and Wales (LBFEW). The foundation's Director of Policy, Communications and Research and working group member Duncan Shrubsole shared its recently developed strategy, and emphasis on 'small but vital' charities. Using this example as the basis of discussion, the group set out to explore what the foundation achieves, how it finds out about its impact and what it does with that information.

The group heard from Duncan about LBFEW's process of learning from its previous strategy in order to develop its new one. In becoming a 'learning foundation', staff at all levels of the foundation contributed to the process of developing the new strategy. Duncan described the changes made by LBFEW as a result of conceptualising its work and explicitly defining its mission. This included a shift in its funding priorities towards long-term, flexible, unrestricted grants, alongside proactive and targeted research projects. Duncan also discussed the ways a foundation puts its users first and enables grantees and applicants to offer feedback with the aim of delivering excellent 'customer service'.



RE-FRAMING THE MISSION TO SAY 'PARTNER' - TO ENABLE/RE 'CONTRIBUTION' RATHER 'ATTRIBUTION'

The group reflected on the importance of a good quality relationship between funder and grantees for both impact and learning. This is an important consideration in LBFEW's practice, and to support this it has recruited more grant managers from the local communities it funds, as well as learning from field officers who are present on the ground.

Working group member **Duncan Shrubsole** presented a case study of how Lloyds Bank Foundation for England and Wales had revised its mission and strategy

# MEETING 2

The group analysed LBF EW's approach and identified some of the implementation challenges it may present to other foundations; these mostly related to resourcing and capacity. The working group recognised that LBF EW had a larger staff team than most foundations (which on average have between one and three members of staff). For example, it is not common for a foundation to have the expansion of the staff team as a dimension of a new strategy.

Despite those challenges, as well as difficulties and nuances in truly taking account of user voice, the group agreed that foundations need to create a culture of learning that involves everyone in the organisation. This collaborative learning centres around a foundation looking to make a contribution, rather than seeking attribution.

It also involves actively seeking to understand grantee perceptions and acknowledging the range of assets with which a foundation might achieve its impact. LBF EW's efforts to reframe the power dynamics in its funding by seeing grantees as 'partners' was felt to be a strength of their approach, as was its focus on feedback and external evidence.

The extent to which a foundation's mission is clearly and closely defined will provide a frame for the impact it can achieve. The group considered it to be important to start with the mission, continuously review it, and allocate resources that suitably fulfil this mission. Prioritising learning in developing a new strategy was highlighted as a particularly strong element of a foundation's approach. Clarity of purpose and its process of aligning strategy with its mission were identified as important transferable principles by the working group.

**CLARITY OF PURPOSE AND ALIGNING STRATEGY WITH MISSION WERE IDENTIFIED AS IMPORTANT TRANSFERABLE PRINCIPLES**

**THE EXTENT TO WHICH A FOUNDATION'S MISSION IS CLEARLY AND CLOSELY DEFINED WILL PROVIDE A FRAME FOR THE IMPACT IT CAN ACHIEVE**

# MEETING 3

## IMPACT IN A PLACE

Continuing the group's case study approach, its third meeting examined place-based strategies and how foundations can achieve impact in this way. Some foundations are set up with a specific geographical remit, while others may have a national or international remit but choose to narrow it down. This topic enabled an in-depth exploration of how to achieve impact and how to determine what sort of impact has been achieved in a specific place, as well as the legitimacy or connection a foundation has in a place.

The group welcomed Dr Catherine Walker, who was commissioned by the Department of Digital, Culture, Media and Sport (DCMS) to research and develop a typology of the landscape of place-based giving in England. She found it ranges from asset-based community development to systems change approaches that seek to engage deeply with a specific local system. Through her research, Catherine developed a definition of place-based giving schemes as *"bringing together resources to benefit the community in a collaborative way in a defined geographic location with the intention of tackling local issues in a new way."*

Impact in a place can take a long time, and often place-based giving schemes might struggle to evaluate their own impact. Across the spectrum of place-based giving schemes, the most frequently identified challenges that might hinder the development of a



scheme centred around funding, such as a need for seed funding or ongoing core cost funding. This was said to be an area in which foundations could help.

The group also heard from Caroline Broadhurst, Deputy Chief Executive Officer at Rank Foundation, who discussed her foundation's approach to place-based giving. Rank describes its model of grant-making as engaged philanthropy because they proactively seek out grants, offer tailored finance, organisational support, impact assessment and management.



Rank Foundation recognised that impact takes a long time to be realised, and they measure impact through external evaluation. Aware that they needed credibility within the places to carry out place-based schemes, they recruited local coordinators to oversee the implementation of the interventions.

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**Dr Catherine Walker** (left) and **Caroline Broadhurst** presented two case studies on place-based approaches

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# MEETING 3

The importance of creating a mandate and legitimacy in a place in order to carry out place-based giving schemes particularly resonated with the group. How that legitimacy is derived will vary depending on the place and giving situation. Some foundations have a long-standing presence in a location and will have legitimacy there as a result. For others, it might be more about the approach they take in a location in order to build their legitimacy. A larger proportion of funding in relation to the size of a place will affect the level of interest, engagement and leverage among the local community. Involving local people with roots in the place, like Rank Foundation's local coordinators, is an important way to build on already existing legitimacy, and was a theme that recurred throughout the working group's programme of inquiry.

In establishing legitimacy, it was felt that a foundation should ensure the community understands its values, objectives and mission. Foundations must be clear and honest about their motivations and transparent in their practice. Involving the community from the beginning and asking for permission to establish a project creates a shared ownership over the initiative. While the group agreed that foundations should generally concede control, it debated the extent to which a funder should impose or intervene with its own priorities and views in a local area. Some members believed that for a funder to work in a community it believes requires help, it must be open to acknowledging and allowing challenge about its own biases and assumptions.

The use of language is a key consideration in determining impact. Members of the group agreed that the word 'impact' itself can be too large and intimidating, and sometimes best avoided. Instead, what is essentially impact assessment could be framed simply as a learning activity, or as measuring various smaller changes. This focus on smaller changes rather than one large impact acknowledges that impact is a shared space, and that different policies and projects will likely have contributed towards an impact, making it difficult to attribute an outcome to one discernible cause or actor.

Questions were raised about the increasingly blurred line between the duty of the local authority and the role of foundations in a place. While foundations are stepping up to meet increasing need, they struggle to fill the gaps left by government cuts, and some felt that it was not for foundations to cover what ought to be the government's responsibility. Foundations differ from government in that they are able to take on a higher degree of risk in their funding, and support unpopular but essential causes. Some members believed that to achieve impact, foundations need to take time to make these considered risks, be transparent about their failures and learn from them. These themes were explored further in later meetings.

**FOUNDATIONS MUST BE CLEAR AND HONEST ABOUT THEIR MOTIVATIONS AND TRANSPARENT IN THEIR PRACTICE**

# MEETING 4

## GRANTEE FEEDBACK: DO WE REALLY WANT TO KNOW?

**The fourth meeting looked at grantee feedback and addressed the importance of learning from and listening to perspectives from outside the foundation world.**

The working group was joined by Anne-Marie Douglas, Founder and CEO of Peer Power, a social justice charity that is rooted in the promotion of empathy. Anne-Marie shared her experiences of working in youth offending teams and primary referral units, then the voluntary sector. In both spaces she found that young people wanted to engage with others who had been through similar things to them. In establishing Peer Power, she focused on values of empathy and recognised the young people she works with as equal partners. When speaking with grantees, Anne-Marie believes it is important to listen to



**Kenny Imafidon** (left) and **Anne-Marie Douglas** from Peer Power presented their work based on the promotion of empathy

what they want to tell you about, rather than focusing on what you want to know. Peer Power has a trustee board and an advisory board, which brings together academics from the youth justice sector, charity, media and young adults with lived experience.

Anne-Marie introduced Kenny Imafidon, who sits on Peer Power’s advisory board. Kenny stressed the importance of leading with empathy and listening to those with lived experience of the issues you are working to support. Peer Power’s research revealed key challenges in grant-making relationships. They found that the power imbalance between funder and grantee makes the experience difficult. The lack of diversity among funders is also striking (see ACF’s report on [DEI](#)). In relation to diversity, Kenny asked the group: “as a funder, how do you know what impact looks like if you have no idea of the realities of people affected?” In offering honest feedback, foundations need to do more to encourage and facilitate learning, so that grantees can reflect on their own failures without worrying about their funding prospects. The support offered by a foundation should go beyond funding.

# MEETING 4

The presentation gave rise to reflection among the working group members, who questioned their own experiences of seeking feedback. Engaging with grantees was recognised as not only valuable in helping to develop better practice for foundations, but also in offering an insight into changes in the political and funding climates that shape the needs of grantees. When asking for feedback, the group agreed that foundations must be mindful to avoid seeking the answers they want to hear. Instead, they should be aware of exactly why they are seeking feedback, and ensure they are willing to really listen, learn, act and hold themselves to account on the feedback they receive.

Members reflected on the different methods of obtaining feedback from grantees, including consultations, specially-designed activities or surveys. A crucial way of creating opportunities for honest feedback is building close relationships with grantees. This requires devoting considerable time and resources into proactively engaging with grantees and offering support face to face. For some foundations, establishing a shared sense of trust between funder and grantee might mean that impact is measured less frequently, and grantees are given more freedom in their work. As in the previous meeting, some attention was given to the language used as the word 'impact'

can be difficult for some grantees. In terms of collecting feedback, the Grantee Perception Reports produced by the US-based Center for Effective Philanthropy were recognised as a good opportunity for foundations to be more transparent about their findings and more public in their response.

The unequal power dynamics which Kenny discussed resonated with the group. Peer Power's advisory board was identified as a strong feature in allowing the charity to really engage with the community it is working with, while avoiding tokenism (that can arise from having a single individual representing the community or lived experience)

on a trustee board. The working group acknowledged that constantly surveying and monitoring grantees further contributes towards the power imbalance. In learning from their grantees, it was argued that foundations should create opportunities for grantees and applicants to learn from the foundation's feedback too. This means they not only seek honesty, but also offer it back, and for some this might lead to better alignment in their grant reporting. It was also felt that the unequal power dynamic is especially evident in the application process, where too often expectations and demands are placed on grantees which the foundation might not be able to satisfy in its own internal practice. While some funders need to have specific criteria in their funding applications, they ought to also reflect on their own practice in order to avoid creating double standards.

**FOUNDATIONS SHOULD BE AWARE OF EXACTLY WHY THEY ARE SEEKING FEEDBACK, AND ENSURE THEY ARE WILLING TO REALLY LISTEN, LEARN, ACT AND HOLD THEMSELVES TO ACCOUNT**

# MEETING 5

## STRATEGIC LITIGATION

At the group's fifth meeting, it turned to look at tools beyond grant-making to achieve impact, with a specific focus on strategic litigation. Strategic litigation is when a legal case is brought on an individual case with a view to achieving wider social change. It is most commonly and effectively deployed as a tool within policy and campaigning work that seeks to achieve a broader impact, both before and after the case itself.

The meeting was hosted by Just for Kids Law, a charity that works with and for young people to ensure their legal rights are respected and promoted, and their voices heard and valued. The speakers were CEO Enver Solomon and Director of Strategic Litigation Jennifer Twite, who helped the group consider how foundations can use strategic litigation to achieve impact in pursuit of their own mission.

Enver and Jennifer examined the benefits of strategic litigation, including its influence on law, policy and guidance and its role in influencing public or media opinion – whether the case is won or lost. The speakers also discussed the risks, which range from making 'bad law' to reputational risks for the organisation. They suggested that foundations are well placed to use strategic litigation as a tool because of their long-term time horizons, their lack of political or market constraints, their ability to take risks, and the wider support they can provide on capacity building or other issues. Foundations can also align funding on issues to achieve greater impact, and have a role to play in sharing best practice and creating networks.



**Captions** Jennifer Twite (centre left) and Enver Solomon (centre right) from Just for Kids Law presented to the group

**FOUNDATIONS CAN ALSO ALIGN FUNDING ON ISSUES TO ACHIEVE GREATER IMPACT, AND HAVE A ROLE TO PLAY IN SHARING BEST PRACTICE AND CREATING NETWORKS**

# MEETING 5

Strategic litigation is one of the many tools foundations have at their disposal beyond grant-making. Indeed, pursuing strategic litigation can often require the foundation to provide funding support before and after the case, such as for research, advocacy, convening or communications.

It can require a different approach to the foundation's grant-making. For example, speed and flexibility are important features in strategic litigation. This might be at odds with the foundation's scheduled grants rounds and designated funding pots, which may need adapting to pursue strategic litigation.

The group also discussed the reputational risk in funding strategic litigation, which can be more significant than when funding other work. In particular, the group asked how it may change government's perception of charities if they're seen to be antagonistic or adversarial. The speakers explained how this risk can be mitigated by carefully considering existing relationships and how to approach government relations, but highlighted that charities can be important 'critical friends' and play a role in holding government to account.

Other questions that emerged included whether the current political climate was an opportunity for strategic litigation, whether there is a cultural aversion in the UK to being litigious, and how foundations might encourage organisations to make greater use of this path.

## STEPS FOUNDATIONS COULD TAKE MIGHT BE WORKING WITH CHARITIES TO BUILD KNOWLEDGE OF STRATEGIC LITIGATION AS A TOOL, USING THEIR CONVENING POWER TO FOSTER COLLABORATION, AND USING THEIR DATA TO IDENTIFY KEY ISSUES ON WHICH TO CAMPAIGN

The group asked how foundations might encourage more use of this tool. Responses included being open and flexible about what the foundation is willing to fund and for how long, and looking again at whether the foundation's approach to grants (including any restrictions) are suitable for charities seeking funding for strategic litigation. Steps foundations could take might be working with charities to build knowledge of strategic litigation as a tool, using their convening power to foster collaboration, and using their data to identify key issues on which to campaign.

Some commented that boards may be resistant to getting involved in strategic litigation because of the risks, the potential implications for the foundation's profile and reputation, and the change it might mean to its overall approach to grant-making and campaigning. But whether or not it is the right tool for individual organisations, it is one of the many options that foundations as a sector are well placed to pursue.

# MEETING 6

# LEARNING FROM FAILURE

For its sixth meeting, the working group considered the topic “learning from failure”, which began by asking how to define failure. Definitions clustered around not achieving expectations, outcomes not as expected, failing to act on an issue, unwanted consequences, and an opportunity to learn lessons. The group also surfaced connotations of the word being pejorative or emotional. This set the tone for a discussion that went further than the practical and objective ways to assess failure, and into thinking about the consequences for the individuals and organisations involved.

Ideas of what constitutes a failure can also be specific to the types of work a foundation undertakes. For example, those seeking to fund innovation may have a higher tolerance for objectives not being met or outcomes not being as expected. For funders of science or research, it may be anticipated and even intentional for a project to result in the unexpected or unpredictable.

**FOR FUNDERS OF SCIENCE OR RESEARCH, IT MAY BE ANTICIPATED AND EVEN INTENTIONAL FOR A PROJECT TO RESULT IN THE UNEXPECTED OR UNPREDICTABLE**



Tinne Vandensande from the King Baudouin Foundation presented her organisation’s approach to failure

Our external contribution came from Tinne Vandensande from [The King Baudouin Foundation \(KBF\)](#) in Belgium. Tinne spoke about KBF’s approach to mitigating risk through collaboration and wide use of external experts. She also spoke about the introduction at KBF of a ‘best failure award’ whereby programme teams are asked to put forward applications for this focussed on highlighting the learning from failure. While there was some initial reservation, it helped to embed a culture in which failures can be discussed and staff and trustees can have trusting and honest conversations, with the ultimate goal of improving and achieving greater impact. Tinne emphasised that knowing oneself as a foundation – including its limitations – is a prerequisite for responsible risk taking, and that this applies to both smaller and larger foundations.

# MEETING 6

There was a mixed response to the idea of a 'best failure award'. Some felt that talking about failure might be demoralising for staff and an uncomfortable experience, even though the intentions of the board are good. Staff may present an 'acceptable' failure, or have concerns about what it means for their careers. However, others felt that our collective nervousness or reluctance to talk about failure needs to be challenged in order to make meaningful change to behaviours.

The impact on grantees and projects of discussing them as a failure was also a significant concern. While they too are part of the learning journey, foundations must be mindful of the consequences

for the project, the organisation, and even the beneficiaries, who might be labelled as a failure. In discussing failure, foundations should always avoid tarnishing the reputation of grantees or partners, but there were mixed views as to how to address failures in public. On the one hand, admitting to getting things wrong can support foundation transparency, learning and accountability. On the other, funded organisations may not be as sustainable or resilient in coping with the consequences that might come, and serious damage could be caused. It was felt that foundations should handle their 'failures' carefully, including by focusing on processes and not people.

Culture was regarded as the key to developing an approach to learning from failure. There needs to be a safe environment for real learning, with change implemented as a result. Organisational culture is essential in creating this environment, and this often means addressing internal power dynamics between the board and the executive, and between different levels of seniority within staff teams.

Thinking about failure prompted the group to think about how failure can be prevented, and knowing when to stop. Should a project or funding stream be stopped as soon as it becomes apparent it may not achieve its aims? Or would that limit potential for discovery, innovation, risk taking, and learning? It was felt that by learning from failure, foundations

are better placed to act before harm is caused, and stopping projects was generally rare.

The group looked in greater depth at the staff and board's respective attitudes to risk. Overall, the exercise suggested that foundation staff teams are seen as having a greater appetite for risk than their boards, although trustees may feel that staff are overly cautious in making recommendations.

This led to discussion of how foundations can embed cultures where failure, risk and using other tools are routinely and openly discussed and learned from. Capturing the right information systematically can be a start and being open and honest are important components.

**OTHERS FELT THAT OUR COLLECTIVE NERVOUSNESS OR RELUCTANCE TO TALK ABOUT FAILURE NEEDS TO BE CHALLENGED IN ORDER TO MAKE MEANINGFUL CHANGE TO BEHAVIOURS**

# MEETING 7

## MAKING THE MOST OF FOUNDATION INDEPENDENCE

For its final meeting, the group addressed ‘making the most of foundation independence – funding innovation and taking risks’. Foundations’ independent sources of income mean they are better placed than other funders to try new ideas and explore new ways of working. But as noted in the previous meeting, there can be some aversion to risk among foundations.

The group started by discussing what the word ‘innovation’ means for their foundations. Definitions included, support for new methods and ideas, a higher risk appetite, and the importance of bringing people together in collaboration.

**FOUNDATIONS’ INDEPENDENT SOURCES OF INCOME MEAN THEY ARE BETTER PLACED THAN OTHER FUNDERS TO TRY NEW IDEAS AND EXPLORE NEW WAYS OF WORKING**



The group was joined by Bettina Crossick, Head of Third Sector and Grants Programme, Her Majesty’s Prison and Probation Service (HMPPS), who presented on its Innovation Fund for the voluntary sector. The programme focuses on supporting new concepts and ways of working so that these can be brought into the mainstream. Bettina described how she has shifted away from using the word ‘innovation’ as it’s not easy to explain what it really means, for

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**Bettina Crossick** (right), Head of Third Sector and Grants Programme, Her Majesty’s Prison and Probation Service)

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example projects that take a tried and tested concept and apply it elsewhere can still be innovative. Bettina also outlined measures taken to increase flexibility, transparency and reach, including having a networking approach bringing together partners across different sectors and government departments.

# MEETING 7

Bettina's presentation generated a lively discussion. Members pointed out that innovation can occur in wider practice, not solely in funding. For foundations, innovation in their own practice tends to be incremental and focused on small changes rather than radical.

On whether the word 'innovation' is the right one to use, the group heard an example of a foundation whose trustees ask a different question: what is the 'star dust' in our portfolio? The aim is to move thinking away from the new and untested, towards thinking about what is special and important about the foundation's funded organisations and projects. Requiring applicants to be innovative or use the language of innovation can create unnecessary requirements and set unrealistic expectations.

It was also widely acknowledged that innovation is not always the goal of every grant, programme or foundation. Sustainability, funding what works, and preserving social good are all worthwhile pursuits and foundations often have a unique role to play here too.

The group agreed that a broad range of voices and different stakeholders need to bring their thinking together for truly innovative change.

Innovation was also interpreted as an ability to make small changes to processes or approaches that could lead to significant change. Too often innovation is thought to mean brand new, but there can be real value in making improvements to what is already working well. Innovation can also mean being open to development and learning; in this sense, all foundations should consider innovation as core to their work, the opposite approach being to keep processes the same without opportunity or desire to review.

Different foundations have individual roles to play in the wider sector ecosystem, and their ability or willingness to innovate will vary depending on their size, resources and experience. Pushing for innovation for the sake of it was recognised as unhelpful. Instead, members stressed that innovation should be appropriately matched to what communities need. In considering what foundations can learn from Bettina's case study, the group acknowledged that foundations are not under the same glare and scrutiny as a government agency, nor are they constrained by political turbulence and pressure. This independence allows them to be flexible and take risks, and the foundation sector may not be making the most of this in current practice.

**TOO OFTEN INNOVATION IS THOUGHT TO MEAN BRAND NEW, BUT THERE CAN BE REAL VALUE IN MAKING IMPROVEMENTS TO WHAT IS ALREADY WORKING WELL**

# FURTHER READING

- ▶ [Driving continuous learning as a grant-maker](#) (2019) IVAR
- ▶ [How foundations are using total impact approaches to achieve their charitable missions](#) (2014) Cabinet Office
- ▶ [More than grants: How funders can use their influence for good](#) (2017) NPC and Lloyds Bank Foundation for England and Wales
- ▶ [Learning Together: Actionable Approaches for Grantmakers](#) (2015) Grantmakers for Effective Organizations (GEO)
- ▶ [The evaluation roundtable](#), IVAR
- ▶ [Future of Foundation Philanthropy: the CEO Perspective](#) (2016) Center for Effective Philanthropy
- ▶ [Foundation Giving Trends 2018](#) (2018) ACF – special feature on place-based funding (pp 14–15)
- ▶ [Working in Place: Framework Summary](#) (2016) IVAR
- ▶ [Place-based giving schemes: funding, engaging and creating stronger communities](#) (2018) DCMS, Dr. Catherine Walker
- ▶ [Summary of learning about working and funding in place-based ways](#) (2018) Big Lottery Fund
- ▶ [Benchmarking: foundation evaluation practices](#) (2016) Center for Effective Philanthropy
- ▶ [Effective use of the law by the voluntary sector](#) (2018) Baring Foundation on strategic litigation
- ▶ [Inspiring Impact](#) [website]
- ▶ [Why take an impact-driven approach to funding?](#) (2016) NCVO Charities Evaluation Services
- ▶ [Developing a learning culture](#) (2018) NCVO
- ▶ [Building your measurement framework: NPC's four pillar approach](#) (2014) NPC
- ▶ [Benchmarking foundation evaluation practices](#) (2020) Center for Evaluation Innovation
- ▶ [Listening for change](#) (2017) Esmée Fairbairn Foundation and the Blagrave Trust
- ▶ [Systems thinking and social change](#) (2015) David Peter Stroh [book]
- ▶ [The Fifth Discipline: The Art and Practice of the Learning Organisation](#) (1990) Peter Senge [book]
- ▶ [Sound and Silence](#) (2018) Max Rutherford, ACF
- ▶ [More than Grants](#) (2017) Lloyds Bank Foundation for England and Wales/NPC