

Developing the Culture for Long-Term Success

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As part of GIH's ongoing work to support new conversion foundations, we invited Kim Moore, founding President of United Health Ministry Fund, to share insights and advice on starting a health foundation.

All foundations will have a culture to build from or, in some cases, overcome due to the early actions of the charter crew of staff and board. A foundation's basic cultural underpinnings begin to take shape during the start-up period, a time filled with numerous practical issues consuming the time and energy of its people. But the really important work for lasting success as a high-performing philanthropy will more likely occur through development of the right organizational culture over the early months and years of foundation operation. Here are a few ideas about developing a positive, long-term philanthropic culture that can attract, recognize, and invest in good people with good ideas.

ZONE FOR BEST DECISIONMAKING

The ability to define and pursue a foundation's mission, which grows out of the best thinking and collegial passion of the foundation staff and board, depends greatly on creation of a conflict-free zone for independent decisionmaking. Many conversion foundations have at least one external constituency, such as the source of the funds, that wants to exert ongoing influence on the philanthropy's decisions. Sometimes these interested constituencies are given board roles in charter documents (presenting different challenges and opportunities), but I am focused on the problem of extra-board influence. Strong conflict-of-interest policies enacted very early represent one important step in moving toward appropriate decisionmaking processes. Foundation staff and board must personally model nonconflicted behavior exceeding the formal policy, even to the point of removing personal charitable beneficiaries and interests from consideration for a reasonable period. Outside of board and committee meetings, members should exercise great restraint in their advocacy relative to individual applicants. *Who* an applicant knows is less important than *what* that applicant is prepared to accomplish. The foundation

president should secure a firm board understanding that this is the message program staff deliver and implement without exception.

INPUT FOR A LEARNING ORGANIZATION

While protecting the decisionmaking process, the foundation must simultaneously develop approaches and a will for seeking broad input about problems, solutions, and opportunities from sectors of health and social service work. This ongoing task is neither easy nor primarily accomplished through community needs assessment. Rather, it requires intentional convening of small groups and key informants (especially frontline and community-based leaders) and broad exposure to groups and initiatives in the relevant geographic area. The door to foundation program staff should be as open as possible. For the high-performing philanthropy, these activities are conducted with, and reflect, the foundation's sense of stewardship and its desire to learn and understand the realities facing communities. There is a genuine intent to engage not only respected leaders but also diverse "unusual suspects" in an input role to impact immediate strategic plans. This sets the stage for later advisory boards and nonboard taskforce members to engage with the foundation in its work.

OVERBOARD FAIRNESS

"Fairness" must not run amok. With each grant I worried about setting precedent, and frequently we avoided highly attractive individual grants because of potential "demand" for more like that one. "If we do this one, we will have to do one for several other communities." But wait! If a foundation decides to fund one safety net clinic, it is not required—by fairness, law, or otherwise—to fund multiple similar organizations for the same purpose. New foundations can reasonably communicate that they test different approaches and may select one or two particular groups from a subset of organizations; after all, the new foundation is still learning before making larger investments. It is also important, beginning with the first grant and through a consistent format, to capture learnings and share those learnings throughout the organization.

POINT OF THE PROCESS

Strict application of process rules, such as in government grant competitions, may seem fair, but is that really the path to finding the best opportunities for investment? Do those rules truly create a fair field of consideration for all, or do they bias the field toward larger and better-resourced organizations? An incomplete application may be discarded, and that is fair. But did that missing IRS letter, provided a day later, really make the proposal a bad opportunity? The long-term attitude of the foundation about whether the grant process is a competition for winners and losers—or a process for finding the best opportunities—is being formed with those early decisions concerning the importance of grading grant papers. Foundations should at least be intentional when weighing the pluses and minuses of strict competition rules.

RULES OUT OF BOUNDS

Many new foundations start out with a laundry list of rules and limitations that appear to reflect thoughtful considerations about how money is invested. More realistically, these serve as a frontline winnowing tool against the expected deluge of grant requests. *This foundation does NOT fund staff, ongoing operations, buildings, equipment, alcohol, advocacy, mental health, individual health services, rent, etc.* Except for legal restrictions (political activity, propaganda, lobbying, etc.) these lists should form the grist for a good comedy routine at upcoming foundation presidents' retirements. Regrettably, these rules become deeply ingrained in the organization, perennially and diligently (fairly) enforced by erstwhile program staff long after the reasons for their existence have been lost to time. As foundations become more strategic, these rules frequently become barriers to accomplishment of stated aims. For example, we did not fund scholarships—primarily because another Kansas health philanthropy had a large scholarship program in place. This historic rule would have precluded our funding of individual education experiences (okay, scholarships) for lactation consultants needed to advance our breastfeeding work. We luckily remembered the “why” and funded that lactation training.

LEVERAGING—ALWAYS IMPORTANT

Instead of rules, it is wise to focus on leveraging and sustainability from the beginning, whether you are of an “over the transom” (all comers), field of interest, or strategic grantmaking mindset. After a few years, most health foundations discover that their millions are not all that much money compared with the problems they are addressing. Hence, impactful organizations often find it necessary to make limited and shorter-term investments (for us, 8–12 years in a field of work) while nevertheless aiming to make significant, long-term changes. If that is the philanthropic dilemma, then leveraging—aggregating sufficient resources to move the work to a meaningful level of impact—must be an inherent feature of philanthropic business. This can take the

form of matching grants, co-funding, or parallel funding but also means application of grantee assets, in-kind contributions of third parties, bridges to sustainable funding, policy and practice changes, etc. The fundamental leveraging question is: How do you get more than one dollar's worth of “good” for the dollar you spend? The extent of that benefit—tangible and intangible—beyond your own money is the amount of leveraging and a critical factor in the benefit of the potential grant award.

SUSTAINABILITY—A KEY DIFFERENTIATOR

In close association with leveraging is sustainability, frequently understood as the continuation of an activity beyond the grant money in the nearly exact form of operation paid for by the grant money. A more nuanced view is that sustainable projects have elements that survive postgrant, producing material benefits previously achieved with the funding. For example, a project hiring two persons to conduct training of community health workers is “sustained” in one sense of the term so long as those trained workers remain employed in their roles. Advocates may be hired to work on a particular piece of legislation and achieve the goal of implemented law. The policy put into place by that legislation continues postgrant even though funding for the advocates ceases. It is important to define with the grant recipient from the beginning *what* sustainability is expected, to provide funding and assistance aimed at supporting the sustainability strategy, and to give real preference to those projects with a high likelihood of producing benefits outlasting the grant.

In the midst of starting a new foundation, giving some time to fundamental philanthropic culture is important. Early attention to key elements:

- independent, nonconflicted decisionmaking;
- strong external input and a learning attitude;
- a grant process less rule-bound and more focused on securing the best investment opportunities; and
- funding leveraged, sustainable projects

is an approach that will bring many rewards for years to come.

VIEWS FROM THE FIELD is offered by GIH as a forum for health grantmakers to share insights and experiences. If you are interested in participating, please contact Osula Rushing at 202.452.8331 or orushing@gih.org.