

# Stanford SOCIAL INNOVATION REVIEW

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## **A Focus on Culture**

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# A Focus on Culture

*How the Ford Foundation is engaging its global staff in building a shared culture of results*

BY LUIS A. UBIÑAS

**P**hilanthropic organizations confront some of the most exigent and enduring problems facing humankind. Our mission-driven organizations pursue broad societal goals, including reducing poverty, advancing human rights, fostering educational achievement, and strengthening democratic principles and processes. Pursuing these goals is a long-term commitment, requiring aggressive problem solving, sustained effort, and firm resolve.

Our philanthropic resources are exceptionally modest when measured against the depth of the social and economic challenges we tackle. And in a volatile economic climate, philanthropic leaders must be highly disciplined in managing limited resources. The need for strategic and effective philanthropic effort is further heightened by the unprecedented pace of change brought about by the seemingly limitless technological innovation of our time.

Now more than ever, results matter, and how we as philanthropic leaders define, promote and reinforce a commitment to results in the culture of our organizations can profoundly affect whether or not our collective mission to make a difference in people's lives succeeds. A results-focused culture must be predicated on an institution-wide commitment to clearly defined objectives pursued with strategic clarity and supported by dynamic resource allocation. Results can only be defined by end outcomes to the communities we are serving. Process or activity-based results are valuable on an interim basis, but the results that matter are the results that are felt by people in need. How do we understand, in appropriate timeframes, whether we are

making a difference by delivering the results we seek? To truly maximize impact, foundations must work to build results-focused cultures that embed internally the risks and demands faced by our grantees, and demand of ourselves the same level of performance demanded of grantees.

At the Ford Foundation, we continually work to answer these challenges. We make long-term investments, understanding that patient capital and well-reasoned risk are required to chart bold new solutions to complex social problems. Our goals are centered on social justice principles that recognize the inherent dignity of all people. In accordance with these principles, the foundation's work seeks to ensure that social systems and institutions give all people a voice in decisions that affect their lives, and the opportunity to reach their full potential. This is far-reaching and essential work, but it is also, by nature, difficult to evaluate.

Our challenge, then, has been to create a culture focused on results within the Ford Foundation without sacrificing either our ambitious objectives or our commitment to maintaining certain core principles as we pursue those objectives. In building and fostering a results-focused culture, the Ford Foundation is guided by five principles:

1. Create a clear and focused strategic vision.
2. Allocate resources on a differentiated and dynamic basis.
3. Build accountability based on clearly delineated roles and responsibilities.
4. Put a premium on deep and effective listening.
5. Implement a results-focused culture across the entire organization.

Realizing these fundamental principles in an organization's culture is no simple un-

dertaking. It requires comfort with uncertainty and risk, and openness to elements of accountability that at times call for significant shifts in perspective. It demands that we continually ask ourselves, at every stage of our work and at all levels of the organization: Are we making as great a difference as we can for the communities and people we are entrusted with serving? Is there anything we can learn—and change—to achieve the maximum results? And how do we define what constitutes results for the range of work and goals to which we are committed?

## CREATE A CLEAR AND FOCUSED STRATEGIC VISION

A culture focused on results begins with a clear understanding of objectives and the development of strategies to achieve them. During my first year as president of the Ford Foundation, the global program team and I went through a comprehensive review of our grantmaking, motivated by the desire to bring focus and clarity to our work. We identified a core set of social justice issues that together constitute a cogent way to be true to the foundation's mission. For each issue we set clearly defined goals and strategies, developed theories of change for achieving them, and designed operating approaches for working day-to-day. The results of this effort can be seen on our website, which provides a visual map of our grantmaking objectives and strategies and directly links them to the nonprofit and nongovernmental efforts we are supporting.

The second phase of the effort was to determine the scale of resources required to achieve each strategy. Focusing our resources meant we increased the average funding of initiatives from just over \$1 million to more than \$10 million each. We brought the same kind of depth and concentration to our staffing, moving from indi-

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vidual pursuit of initiatives to a team-based approach. Perhaps most important, we were able to thoughtfully deploy the foundation's non-grant resources, including field leadership, public and private sector partnerships, communications, and convening capabilities. Direct financial support, our traditional staple, became only one part of the portfolio of tools the foundation could mobilize to address a problem or challenge once a strategic vision had been set.

One example of the results that can be achieved by combining non-grant resources with financial resources is JustFilms, a new Ford Foundation effort to advance social justice through the creative lens of emerging and established documentary filmmakers. Although the foundation has been a leading funder of social justice documentaries for decades, supporting landmark films such as *Eyes on the Prize*, this effort is harnessing the power of film to create a national and global dialogue on social justice issues.

Our first step was to identify clear, focused outcomes that could be thoughtfully assessed, such as growing a new cadre of filmmakers, bringing social justice films to market at strategic moments that maximize awareness and social change, helping films find an audience, and connecting new works to a global network of social change makers and movements. Evaluating how we were meeting these objectives required us subsequently to change our strategy, more than tripling our funding from under \$3 million annually to more than \$10 million annually to support our aspirations; establishing a creative collaboration with two leading film organizations, the Sundance Institute and the Tribeca Film Festival; and assigning two dedicated, full-time, high-level and experienced foundation staff members to direct the initiative. In its first year, JustFilms had more films in the 2012 Sundance Film Festival's documentary competition than any other producer, and one of our films won the award for Best Documentary.

#### **ALLOCATE RESOURCES IN A DIFFERENTIATED AND DYNAMIC MANNER**

With clear objectives, strategies, and operating approaches in place, the central question we asked was what scale of resources was required for each strategy to effectively achieve the results required. From the start, the foundation allocated



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resources—financial, staff, and other, such as public voice—according to the nature and scale of its objectives. We change that allocation dynamically, on the basis of strategic need. As a result, the level of resources can vary greatly across initiatives and over time. Through ongoing assessments, we engage in a dialogue with program staff about whether our investments should be augmented to achieve significant results, or reduced to allow for future exploration and course correction. This process creates a dynamic internal marketplace of ideas and information that informs the evolution of our grantmaking strategies.

For example, using results-based strategic assessment and adjustment recently allowed us to launch a \$200 million investment to help shift the approach of urban development from one focused on isolated areas of urban need to one focused on regional solutions that link potential workers to centers of

employment and housing. The goal is now to tie economic opportunities to communities in need through better transportation, housing, and zoning policies.

Once initial resources are allocated in a differentiated way, we immediately face the question of how to reallocate resources as initiatives evolve, succeed, and, fail. A results-focused culture must integrate course-correction methods, acknowledging successes and failures and adjusting resources accordingly. This process begins by answering five important questions:

1. Does the initiative or field office have a clearly defined strategy and approach with explicit and achievable objectives that can be documented and evaluated?
2. Can additional funding for a defined period deepen or hasten desired results over time in an initiative or office?

3. Are the funds currently allocated being deployed strategically? Have peripheral activities been eliminated?
4. To what extent has the initiative team successfully engaged other partners, including other foundations, businesses, and government?
5. Is the initiative team strategically using the foundation's non-grant resources—intellectual, convening, and communications—to pursue the initiative's goals?

The answers to these questions help guide decisions about which initiatives are best positioned to deploy additional funds strategically, as well as which ones require additional funds to achieve more significant results. But the answers may also lead to a decision to change course or to end activities.

It is essential to use the same differentiated, dynamic approach in the allocation of staff and other non-grant resources that add value beyond direct financial support. One example is the strategic use of communications—a core resource that is often left out of the results equation. Each strategy must consider if and how the use of communications activities is critical to achieving its desired goal. At the Ford Foundation, we think about the deployment of external communications assets—how we allocate the foundation's voice—very carefully as an integral part of how we work.

Achieving results often pivots on our ability to communicate effectively and strategically about promising solutions to complex challenges that are effective and realistic. An early example came in November 2010, when a critical mass of people gathered in Cancun, Mexico, for the United Nations Climate Change Conference. The Ford Foundation, along with our grantees, saw this convening as an opportunity to raise the profile of community forestry in Mexico—a little known but significant success story in cutting greenhouse gases. A foundation-supported media campaign offered journalists a chance to visit community forestry sites in Mexico, generating important media coverage before and during the conference. To complement this effort, I authored an opinion article, which ran in US and Mexican media, on the need to invest in sustainable forestry programs that respect and promote community stewardship. Using the foundation's public

voice continues to be a critical asset toward achieving results in our work in community forestry and other grantmaking areas.

#### **BUILD IN ACCOUNTABILITY BASED ON CLEARLY DELINEATED ROLES AND RESPONSIBILITIES**

Clearly defining roles and responsibilities is central to a results-focused culture. For senior management, this kind of clarity—complementary to clarity in strategy and approach—supports the robust level of oversight and partnership that is vital to effectively align resources with goals. Clarity about responsibilities is an essential precursor to accountability.

At the Ford Foundation, we have expanded

often takes the form of increasing economic rewards. Nonprofit organizations and foundations have a different model but must be no less committed to creating a culture that rewards performance and contribution to forwarding the mission. It is critical to acknowledge high performers who achieve disproportionate results—innovative leaders who foster internal and external innovation, build movements, and establish national and international dialogues as a new norm. Our ability to reward such high performers is no less powerful than in the private sector because we can provide the added resources that these leaders need to deepen their work.

At the same time, any culture that focuses on performance results and standards of ac-

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and defined the role of directors to give them explicit responsibility for initiatives. On average, a director oversees three initiatives, supervising their teams and budgets. Our representatives lead the work in our many regional offices, collaborating with primarily, though not exclusively, New York City-based directors to determine which of our initiatives are most needed in a specific geographic area and to ensure that initiatives are implemented effectively. Although many people are involved in grantmaking, responsibility for outcomes in a particular initiative or geographic area sits squarely with the team of directors and representatives involved.

Our expectations of grantees are high. We demand the best from them, and as foundation leaders we need to demand the best from ourselves as well. Every member of the Ford Foundation's staff, from senior leadership to the newest hire, is expected to recognize that being part of the organization means holding himself or herself to the highest standard in ensuring results. Each staff person must know that, like grantees, she or he is accountable for results.

Tying external results to internal outcomes is central to the development of a results-focused culture. In every organization, high performance can be driven by rewards and incentives. In the for-profit sector this

countability must have an equally strong organizational commitment to staff development. Philanthropic organizations must invest in building the skills and organizational tools needed to evaluate progress for each initiative and for each individual grantmaker—indeed, for every member of the staff, from administrative assistants to the president. Every willing staffer has the potential to be a change leader.

An important caveat, as we think about results, is the need to remain aware of the risky nature of our work. Many of our most important initiatives are extraordinarily demanding, and their outcomes are highly uncertain. We face the challenge of maintaining high standards of accountability in an environment where speculative innovation is encouraged and often necessary. In a results-focused culture, it is critical for leaders to make positive use of noble, well-planned, and well-executed efforts that nonetheless were not able to succeed, recognizing and understanding that failure is often the potent seed of future success.

#### **PUT A PREMIUM ON DEEP AND EFFECTIVE LISTENING**

A results-focused culture puts a premium on listening. At the Ford Foundation, we know that our grantees have the deepest

understanding of the issues that affect the people they serve. That is why we support initiatives managed by those living and working closest to where targeted problems are located. We recognize the critical need to maintain a rich dialogue with our grantees and others in the fields and communities in which we work.

The Ford Foundation's worldwide network of offices is designed to help us realize this aspiration by fostering both face-to-face and virtual meetings. In a typical year, in our New York City offices alone, we host more than 20,000 visitors who come together with our teams to work on existing initiatives and to explore new ones. Investing time in listening and learning enables us to make real-time strategic adjustments and to plan highly informed future directions. This emphasis on listening, in turn, enables us to improve how we are working, and demands of ourselves the same excellence we demand of our grantees.

Deep and effective listening is more about shared dialogue than information gathering. Traditional reporting and data collection can sometimes be excessive and ultimately uninformative or misleading, at times yielding adversarial relationships with grantees rather than a constructive collaboration. Excessive data gathering has several costs. First, it is a burden to grantees, creating surplus work for often tightly staffed and financially strapped nonprofits. Second, it undermines quality, because grantees will provide the requested information to meet their grant obligations, but may not have time to supply the insight that is often more valuable than this form of data. Third, it inundates foundation staff with information but may leave them little time to use it effectively. Fourth, it may not provide the information that is actually needed to understand how effective our initiatives and grantmaking are.

Data reporting and design do play an important role in building a culture of results, but just as resources must be strategically targeted, so too must reporting requirements be focused and shaped by certain basic principles. The information and indicators collected must be aligned with program goals and strategies to effectively show whether an activity is on the forecasted path or has deviated from it. From the very beginning, grantees should have a clear sense of what benchmarks of

success are expected of them at each stage of initiative development. Such information and indicators are not exclusively or always quantified or quantifiable. Therefore we must be creative in articulating what kind of information will allow us to make these assessments and subsequent decisions.

The skill of deep listening is vital not only to our individual initiatives, but to our organization as a whole. It is a central part of the culture anchored in our initial strategy-setting effort. At the Ford Foundation, we engaged more than 4,000 grantees and other experts in our strategy-resetting effort in 2008, and we believe every one of them played a role in reshaping and revitalizing our work. Goals, theories of change, and operating approaches are all necessarily imperfect; only by learning from our successes and our mistakes can we build an effective culture of results. Our objective, as we listen to grantees and others, should not be merely to gather data and evaluate others but to learn about ourselves and to evolve.

#### **IMPLEMENT A RESULTS-FOCUSED CULTURE ACROSS THE ENTIRE ORGANIZATION**

Leading a foundation is a complex task. At the Ford Foundation, we make more than \$500 million in grants and contribute to change in a range of other ways, from providing individual and team leadership, to bringing voice and convening, to building awareness and partnerships. But excellence in these dimensions does not adequately define a results-focused culture.

Our success in implementing and supporting program initiatives depends on the foundation's outstanding day-to-day operations and exceptional endowment management, and consequently we have worked hard to ensure that our culture of results reaches beyond the program team to include all staff. A philanthropic organization must bring to all of its operations the same level of rigor that it uses to define strategy, allocate resources, gather information, and evaluate results.

More than \$100 million of the foundation's 2011-grantmaking was the direct result of the changes we made in operations and endowment management in 2008 and 2009. For example, shifting \$40 million from internal operating costs to external grantmaking in 2009 enabled us to launch

and fully fund the programs discussed in this article. In addition, careful stewardship of our endowment—including changing our allocation of funds and the management of those allocations—has allowed it to fully recover the investment losses that resulted from the economic downturn. The decrease in our endowment that has occurred since the beginning of the recession is now exclusively the result of our grantmaking activity.

#### **WHAT WE HAVE LEARNED**

The Ford Foundation has a complex global footprint and a broad scope. Nonetheless, we believe that our early effort to define and instill a culture of results has relevance for other foundations, both large and small. The lessons we have learned over the last several years and the five principles we have put in place have charted a well-defined course for the foundation.

Although the five principles are now clear, nothing about our endeavor to build a culture of results has been easy. Listening means hearing criticism as well as praise; dynamic resource allocation often means making hard and even painful choices; and a commitment to accountability means taking responsibility for performance organizationally and individually. But when we consider the benefits of this carefully developed approach—a greater ability to help the people we serve—we think they far outweigh the challenges of implementation.

As the president of the Ford Foundation, leading a results-focused culture is a constantly evolving challenge. Very little is static. Strategies change and resources shift as strategic need and results demand. Accountability is maintained, based on individual and team performance. Grantees and others need to be continuously engaged and heard.

A culture focused on results is not always comfortable—it has many of the stresses of a marketplace that demands effectiveness and efficiency. In a time defined by technological change and economic discontinuity, however, we have no choice but to demand the most of ourselves. Cultural transformation is, undeniably, hard work, but the rewards of such an endeavor are great. Any leader trying to achieve strategic results at a foundation or nonprofit should consider the hard-won but invaluable benefits of building a culture that fosters, reinforces, and rewards that goal. ♦