



**Fund the
People Toolkit**

How-To Guides

Who Drives Change in Talent-Investing?





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There are two overlapping questions you should ask while considering how to conceptualize and structure your investments in grantee talent. **1.** Who or what is the “subject” or “target” of the intervention? **2.** Who gets to drive the problem analysis, objectives, content and format of the intervention? Let’s address these one at a time.

Investment Focus

Who or what is the “subject” or “target” of the intervention? The main thing to consider here is: do you invest in individual people or the systems that support those people?

The Talent-Investment Focus Continuum



**Individual
People**

On the far left side of the Focus Continuum are investments in individuals. Activities at this end of the continuum can create significant value for the people who get the opportunity to participate. At the far right of the continuum are people-systems—the policies, practices, techniques, and processes that enable organizations to develop their people. These investments can yield great value for entire teams and are directly tied to institutional performance.

Experience and anecdotal evidence strongly indicate that when foundations opt to invest in nonprofit talent, they tend to focus on individuals. Baking It In means moving along the continuum toward investing in people-systems. This shift helps to address the deficit of resources and incentives for nonprofit organizations to invest in their employees. It is ultimately more affordable, and it has a longer-term impact on a greater number of people.

**People
Systems**

If your foundation is not ready to shift completely from individual people to people systems, it may be helpful to consider a healthy mix of the two so these foci complement one another. For example, Durfee Foundation, a family foundation in Los Angeles, provides sabbaticals to executive directors and provides the recipient’s organization with seed funding to establish a sabbatical policy and practice.

Driver of Change

The second major decision point when crafting talent-investments: who will be the driver of change? This, too, can be thought of as a continuum. On the left end of the spectrum, the funder sets the agenda; at the right end, the grantee plays this role.

Whoever is driving the change has the agency and authority to answer important questions such as:

- **What is the challenge to be addressed?**
- **What is the best intervention or set of tactics to address this challenge?**
- **How will we define and assess success?**
- **What is the structure of the investment?**
- **Who is the facilitator, intermediary or provider?**
- **What is the skill to be imparted, and/or the content to be taught? The format of the experience?**

At one end of the continuum, the funder sets the table and the grantee takes a seat. Clearly, funders have a role to play in defining how their resources are used. Grantmakers bring a bird’s eye view of needs in the field, and an economy of scale in their interventions. Funders can also assess the opportunities and challenges facing nonprofit professionals across a geographic terrain or field of work.

At to the other end of the spectrum, grantees set the table and funders take a seat. Nonprofit teams deter-



mine the change they wish to make, and what intermediaries they may use to support that change. Then they invite funders to support the effort. Clearly, nonprofit leaders have a role to play in defining how they wish to grow and develop. When nonprofit professionals are empowered to shape the use of foundation funds according to what they deem to be useful, it increases morale, customization of the intervention, and buy-in from participants.

There are clearly benefits at both ends of the continuum. Anecdotal evidence indicates that most of the time funders are driving the change. The Baking It In framework suggests that funders shift so that the process is more balanced, and grantees have a stake in defining and owning the change.

Matrix of Focus and Control

Let's consider these two continua together. Using the Focus Continuum as a right-to-left arrow and the driver of change continuum as the up-down arrow, we get the four-quadrant matrix pictured below.

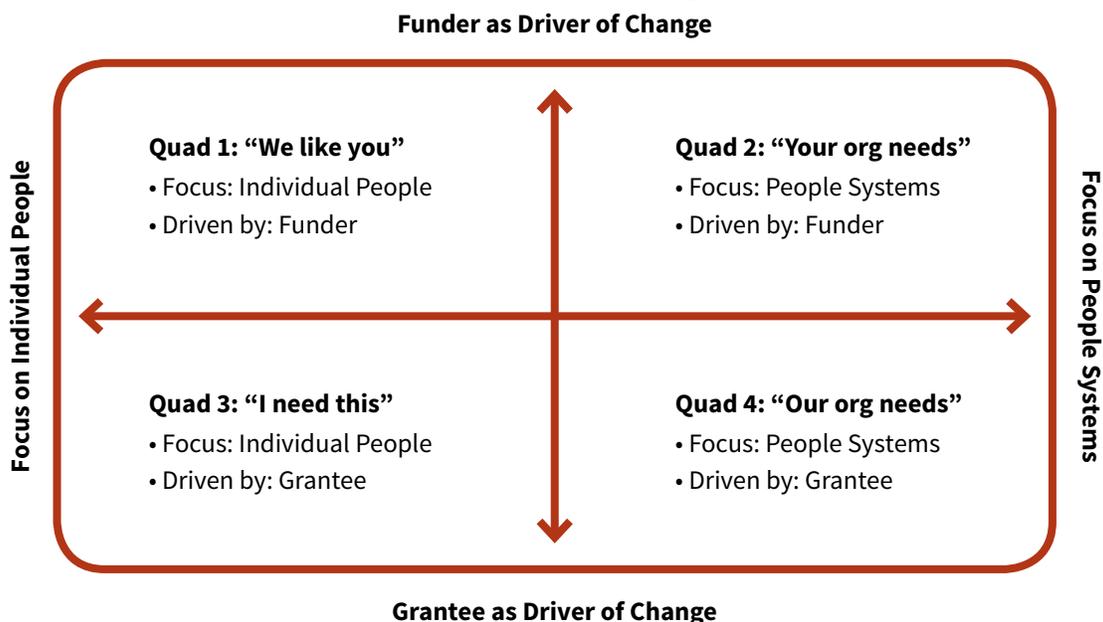
Quadrant 1: "We Like You"

These investments are defined by funders, and focus on individual leaders. These interventions are driven by the staff members of foundations. The closer to the center line an intervention appears, the more likely it is that the funder delegates control of the intervention to an intermediary, such as a consultant, leadership development provider, or academic institution. The individual people supported in Quadrant 1 are commonly those whose leadership is tied up with positional authority (e.g., executive directors). They are often high-profile, charismatic leaders who have already been well-decorated with awards, fellowships, and recognitions by other funders.

Examples of Quadrant 1 investments:

- Contracting a local nonprofit support intermediary to provide coaches to executive directors of grantees based on the funder's perception of need
- Offering sabbaticals to hand-picked executive directors
- Engaging a consultant or training institution to create and manage a foundation-branded, cohort-based learning experience for select leaders from grantee organizations

Focus and Driver of Change Matrix





Quadrant 2: “Your Org Needs This”

Interventions in this category are driven by funders and focus on the people-systems inside and around grantees and nonprofits. This type of funding often aspires to create an economy of scale by institutionalizing policies and practices that strengthen the morale, productivity, and retention of whole organizational teams or people in networks across organizations.

Examples of Quadrant 2 investments:

- Funder engages a firm to provide a planning process for human capital management and growth plans for an anchor grantee
- Funder helps a federated network of local nonprofits to create a leadership training system at the national level so that the federation has an ongoing leadership pipeline
- Funder invests in the establishment or growth of a management support organization for their city or field of work

Quadrant 3: “I Need This”

Quadrant 3 investments are driven by the needs of the grantee and focus on individual leaders. These interventions tend to be highly flexible or customized so as to respond to the particular context, challenge, or goals of nonprofit leaders. These investments may be set up in response to multiple conversations with grantee staff who present their own developmental goals or needs to their funders, but find that regular grants do not include resources to address these matters.

Examples of Quadrant 3 investments:

- Funder provides unrestricted cash awards to proven nonprofit leaders in a local community for use as the recipient wishes—to take a sabbatical, write a book, pay for education, sock it away for retirement, etc.
- Funder establishes open-ended discussion or facilitated exploratory process through which nonprofit leaders can identify their own developmental interests and needs
- Funders create a responsive fund to which grantees can apply when they identify a professional development experience that would be meaningful to them

Quadrant 4: “Our Org Needs This”

Quadrant 4 investments are driven by grantees’ needs, and focus on the people systems in and around those organizations. This customized approach ensures that the resources that are deployed are responsive to the specific need or opportunity stated or demonstrated by the grantee, and agreed upon in conversation with the funder. And the focus on structures and systems works toward an economy of scale that reaches many or all levels of the organization chart, and seeks to address institutional challenges that impact current and future leaders and employees.

Examples of Quadrant 4 investments:

- Funder crafts interventions so that a significant (even a majority) portion of the resources support specific talent-development objectives and activities in a way that strengthens the entire grantee organization and/or the department or program that the grant is meant to support
- On top of general support, funder creates an investment program, housed at an intermediary, where consultants work with grantees to identify staffing goals linked to program and fundraising goals; then funder invests in implementation of that plan
- Funder makes a wide array of talent development resources available to grantees in combinations that meet specific strengths and weaknesses

Where Do Intermediaries Fit?

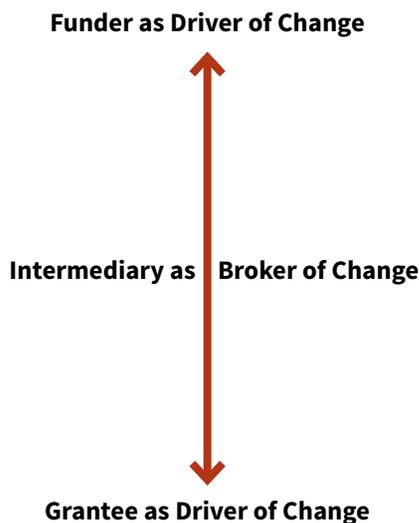
Intermediaries can serve an essential function in ensuring that funders and grantees both participate in driving the change. Whether the intermediary is an individual consultant, management support organization, leadership development provider, or academic center, they can integrate the needs and politics of all players. In some cases, they can serve as a firewall, so that sensitive information about challenges faced by the grantee does not reach the funder in a direct way, yet can still be addressed by the intermediary.

We are often asked by funders to identify the appropriate or high-quality intermediaries in the field for talent-investment work. There is no centralized hub for that information, but Fund the People has relationships with many such groups and maintains strong working knowledge of providers. If you are going to use an



intermediary, finding the right one is an important part of your due diligence and planning. The more clarity you have about what quadrant your work will sit in, the needs and interests of your grantees, and what type of talent-investments you will make in response (*see our menu of talent-investing options*), the easier it will be to find the right intermediaries.

Driver of Change Continuum



Defining Your Foundation's Approach

Based on what we see in the field, most funders seem to default to Quadrant One interventions, in which funder drives change and focus on individual leaders.

When it comes to investing in nonprofit people, the foundation community tends to be primarily interested in “leadership” and “leaders” (generally those in formal positions of authority atop organizational charts or prominent leaders within movements). There are good reasons to focus on these leaders. Because nonprofit chief executives have significant ability to shape or re-shape the focus and effectiveness of their organizations and causes. Their ideas, performances, and attitudes can make or break their organizations.

But this approach also has serious limitations:

- It tends to overlook the developmental needs of the organizational team or workforce.
- It does not address the longer-term need to invest in today's unpaid interns, community organizers, middle managers—who can be tomorrow's program leads, executive directors, C-suite, and board members.
- Funders get to define what learning is needed by everyone, rather than enabling custom-designed investments based on the self-identified interests of the participants.
- It does not enable grantee organizations to build up their organizational synapses and muscles for developing their staff and creating a “leaderful” culture.

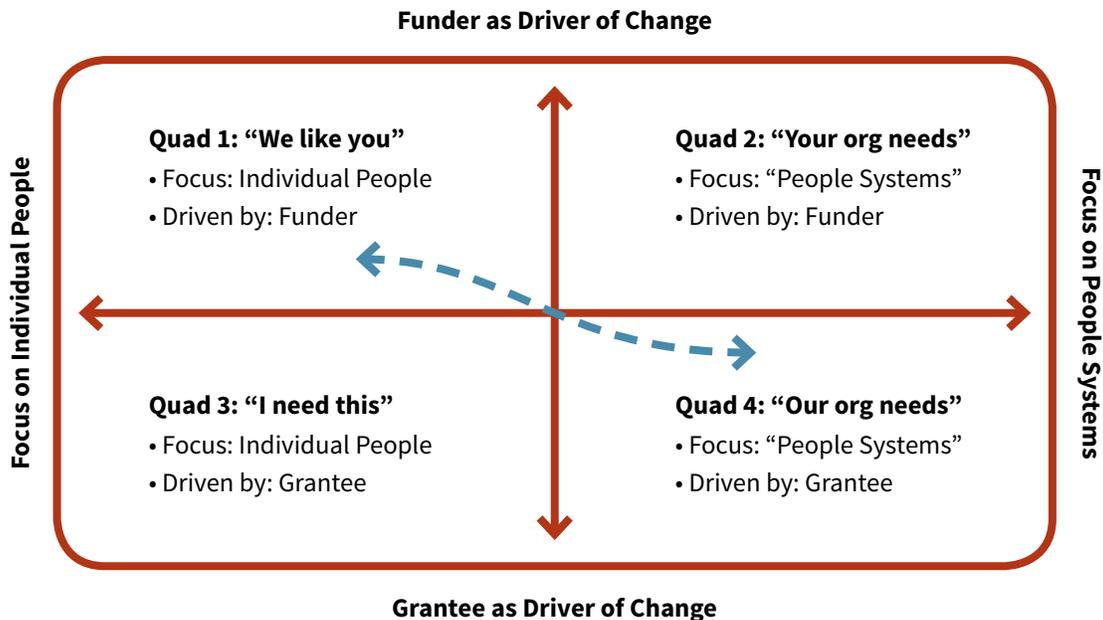
To substantively address the deficit of talent-investment in nonprofit organizations, and to ensure that funders' resources meet the real needs and interests of the people doing the work, we argue that funders ought to strive to move toward a Quadrant Four approach. At minimum there is value in being aware of the continuum of approaches before defining your path. There is value in taking the time to examine your assumptions and attitudes. There is also value in considering the pros and cons of the different quadrants before setting a strategy in motion.

There is meaningful value created in all four quadrants. If you are going to bake it in—and if you are going to help end the deficit of investment in the nonprofit workforce—then you and your foundation must shift from the comfort zone of Quadrant 1 (You Need This) toward the more systemic approach of Quadrant 4 (Our Org Needs This).

For grantmakers, moving to Quadrant 4 may not feel as hands-on, high-profile, or as fun as running leadership development programs for beloved grantee leaders. But the systemic approach is bound to have a wider and more lasting effect on making organizations and the sector work more effectively and equitably, and, therefore, better able to achieve their missions. Another benefit of Quadrant 4 is that it relieves foundation staff of the burden of managing both grantmaking and leadership development programs, something for which most foundations have neither skills nor capacity. Finally, it keeps funders out of a situation where foundations are competing or undermining the talent-investment offerings from nonprofit management support organizations, universities, associations, and other intermediaries.



Baking It In: Moving from Quadrant 1 to 4



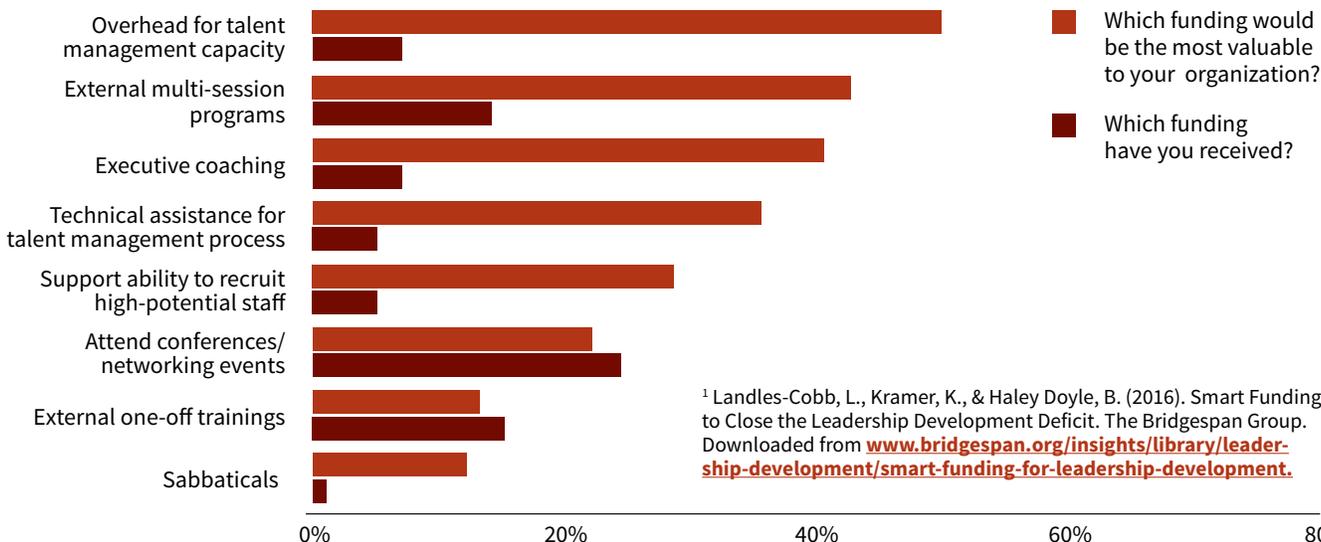
Nonprofits Want Quadrant 4 Investments

In a 2016 study, The Bridgespan Group asked nonprofit senior executives which type of leadership funding would be most useful to their organizations. Respondents rated "overhead funding for talent management capacity" as the most-valued type of funding, far more valued than more commonly recognized investments

(such coaching or sabbaticals). Despite more than 50% stating that this type of funding would be of highest value, only 5% said they'd received this type of investment.¹

This finding brings to light a demand for capital that enables nonprofit leaders to nurture healthy people systems within and around their institutions. It is time for the funding community to recognize this need and shape grantmaking and other resources accordingly.

Leadership Funding for Nonprofits



¹ Landles-Cobb, L., Kramer, K., & Haley Doyle, B. (2016). Smart Funding to Close the Leadership Development Deficit. The Bridgespan Group. Downloaded from www.bridgespan.org/insights/library/leadership-development/smart-funding-for-leadership-development.

Source: January 2016 Bridgespan Group survey of 438 nonprofit senior leaders on their ability to recruit, develop, and retain senior managers.



About Fund the People



Fund the People is the national campaign to maximize investment in the nonprofit workforce. To achieve this goal, we make the case, equip for action, and build a movement to change the attitudes and behaviors of funders, fundraising nonprofits, and the intermediaries that support them. There is a long-standing, sector-wide deficit of investment in the nonprofit workforce. Nonprofit professionals work in environments typified by high burnout and stretched resources. So there is a real demand for equitable salaries and benefits, more and better professional development, improved

human resources functions, and healthy organizational culture. Together, we can address these challenges by reshaping existing resources to prioritize nonprofit people as the central asset of nonprofit performance. Now more than ever, we can ensure that America's civic leadership is diverse, well-supported, high-performing, and sustainable for the long haul. Launched in 2014 and headquartered in Beacon, NY, Fund the People (originally known as Talent Philanthropy Project) is a project of Community Partners. Our work is informed by an Advisory Council of diverse leaders and a team of skilled staff and consultants, and is supported by a coalition of regional and national foundations.

To learn more about Fund the People visit:
fundthepeople.org

Acknowledgments

Rusty Stahl is President and CEO of Fund the People, which he founded in 2014. He is also a Visiting Fellow at New York University's Wagner Graduate School of Public Service. Connect with him on Twitter at @fundthepeople.

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