



## Posts Tagged ‘Social Impact Exchange’

### Why Haven't Foundations Made More Progress in Becoming Strategic? (part 2)

Friday, January 8th, 2010

In the previous post, I explored the difficulty of developing clear goals and being disciplined in sticking with them as one reason why foundations are not more strategic. This post looks at a second topic, “unique positioning.” The [CEP report](#) argues that business strategy is different than foundation strategy, in part because the concept of unique positioning is less relevant for philanthropy than for business.

Why did strategy emerge in the historical period that it did? One hypothesis is that the rise of strategy occurred in part because of the proliferation of foundations. The basic idea is that as more and more foundations work on a finite number of issues, the problem of how all their work fits together emerges, and “strategy” is viewed as a partial solution to this.

This implies that when there were fewer foundations, strategy was, in some sense, not as hard. And this fits with what historian Stanley Katz has observed in his [essay](#) “What does it mean to say that philanthropy is effective?” - namely that strategic philanthropy isn't new, it's been what American foundations have done for over a century.

Could it be that in today's environment it is much more difficult to be strategic than it was fifty years ago, so foundations must work harder to be strategic than in the past? Put more concretely, foundations today are much more likely to have to account for lots of other funders doing work in their domains as they think about their strategy. The environment is more crowded.

CEP's case study on the [Flinn Foundation](#) illustrates that point. One factor in Flinn becoming more strategic was the formation of new foundations in Arizona with missions that overlapped Flinn's and that had larger endowments. And today's foundations need to consider a lot more than newly formed foundations. As [Lucy Bernholz](#) has analyzed, philanthropy is increasingly comprised of other institutional vehicles in addition to foundations to get things accomplished. So the idea of unique positioning may be more applicable in today's environment than it was a decade ago.

All of this points to the need for and value of intermediaries and networks coordinating and fostering more explicit relationships among philanthropic organizations - an under-resourced and challenging undertaking. One effort underway at Duke University, in collaboration with Growth Philanthropy Network, is the [Social Impact Exchange](#), which aims to be a forum for scaling effective social programs and solutions.

These musings have led me to conclude that I may have started with the wrong question. Rather than being disappointed in the apparent lack of progress in foundations becoming more strategic, perhaps a better set of questions revolve around how strategic foundations are, and why? And how this has changed over time, and why? Answering these questions may lead to a better understanding of steps the field can take to make the progress so many are eager to see.

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