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EXECUTIVE SUMMARY

WHAT'S NEXT *for* **PHILANTHROPY**



**ACTING BIGGER AND
ADAPTING BETTER
IN A NETWORKED WORLD**

With support from the
W.K. KELLOGG FOUNDATION and the
ROBERT WOOD JOHNSON FOUNDATION

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ABOUT THIS REPORT

The point of view expressed here emerged from a multi-year project on the future of philanthropy supported by the W.K. Kellogg Foundation and the Robert Wood Johnson Foundation. It updates and builds on an earlier body of work that was completed in 2005.

In the years since our initial work, Monitor has explored many aspects of philanthropy and social investing. We've closely observed and participated in many of the exciting experiments and dialogues in the field. And we've had the privilege of working with some of the most ambitious and innovative philanthropists in the world.

This current project represents our attempt to separate the signal from the noise created by all of the change in the field. It reflects what we've learned from more than a decade of exploring the present and future of philanthropy, including conversations with hundreds of practitioners, leaders, and experts.

Our final report highlights how changes in the world around philanthropy will call on funders to not only adopt today's best practices, but also to pioneer "next practices"—effective approaches that are well-suited to tomorrow's more networked, dynamic, and interdependent landscape of public problem solving. It details 10 specific next practices that we believe will help funders have greater impact on growing social and environmental problems.

You can download the full report, which contains many more examples of next practices, at <http://monitorinstitute.com/whatsnext>.

INTRODUCTION: THE STATUS QUO IS NOT AN OPTION

Philanthropy today takes place in a context that is radically different from the environment in which many of its current practices and behaviors were developed.

An intimidating range of forces—globalization, shifting sectoral roles, economic crisis, complex social and environmental challenges, and ubiquitous connective technologies—are changing both what philanthropy is called upon to do and how donors and foundations will accomplish their work in the future.

Simply stated, philanthropists operate today in a stressful, rapidly evolving, networked, and interdependent world.

Yet many of philanthropy’s core practices and principles remain essentially unchanged from the way they were a hundred years ago, when Andrew Carnegie and John D. Rockefeller first created the foundation form. As we and other observers have been noting for some time, the world around philanthropy is changing much, much faster than philanthropy itself.

This is not to say that philanthropy hasn’t responded to the shifting landscape. To the contrary. As the relevance and role of philanthropy has become a more urgent question over the past decade, newer actors and older institutions alike have been striving to be more strategic in a variety of ways.

But where the cutting edge of philanthropic innovation over the last decade was mostly about improving organizational *effectiveness*, *efficiency*, and *responsiveness*, we believe that the work of the next 10 years will have to build on those efforts to include an additional focus on *coordination* and *adaptation*. Coordination, because given the scale and social complexity of the challenges they face, funders will increasingly look to other actors, both in philanthropy and across sectors, to activate sufficient resources to make sustainable progress on issues of shared concern. No private funder alone, not even Bill Gates, has the resources and reach required to move the needle on our most pressing and intractable problems. And adaptation, because given the pace of change today, funders will need to get smarter more quickly, incorporating the best available data and knowledge about what is working and regularly adjusting what they do to add value amidst the dynamic circumstances we all face.

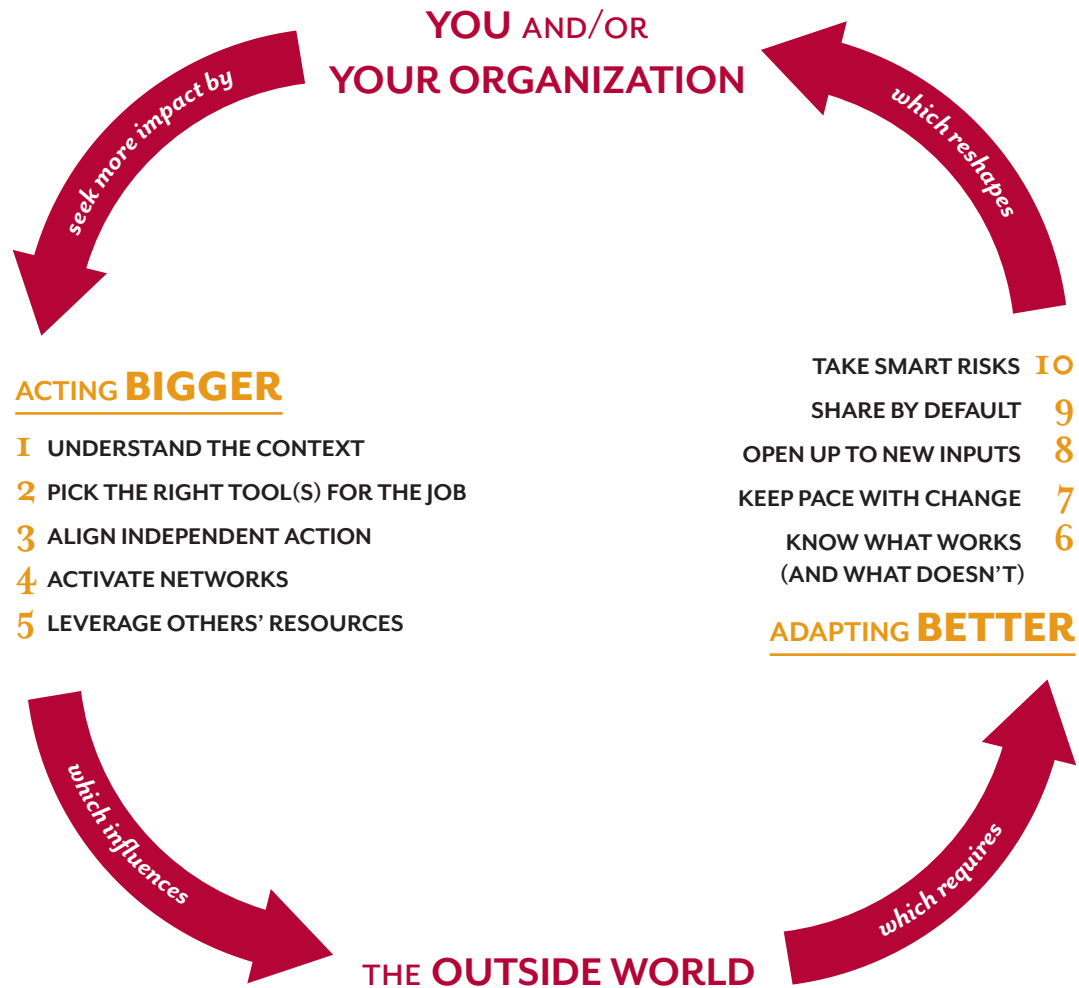
In other words, the most successful funders in the future will do more than operate as effective, independent institutions. The next decade will call on

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them to develop “next practices”—effective approaches that are well suited to the emerging landscape of public problem solving—that allow them to **act BIGGER** and **adapt BETTER**.

The good news is that the very same global trends and forces that are pressuring funders to change are also opening up new opportunities for doing so. Today’s most ambitious philanthropies are already beginning to pioneer the next practices for tomorrow. The ClimateWorks Foundation is helping more than 10 funders and scores of other actors work in concert as part of a \$1 billion coordinated global campaign to fight climate change. The Edna McConnell Clark Foundation rallied more than 20 other funders into a syndicate to support three particularly effective nonprofits and take their work to scale. And the Wallace Foundation is systematically testing and evaluating innovative educational and cultural programs around the United States, methodically sharing the results to broadly spread knowledge about effective approaches—with more than 200,000 report downloads a year.

Think of these examples that have already emerged as “precursors” of future practice. We believe practices such as these could easily become widespread in the coming years.



ACTING BIGGER

The landscape of private actors working for public good expanded quickly over the past decade, despite two financial downturns.

The number of foundations in the United States alone rose from 56,000 in 2000 to more than 75,000 in 2008, and the number of nonprofits ballooned from just over 800,000 to almost 1.2 million. Between 2007 and 2008, more than eight new U.S. foundations (and more than 160 new nonprofits) were created *every day*. This growth, of course, is also global. And it's diverse. There are now more individual donors, more foundations, more community foundations, more donor advised funds, more giving circles, more socially responsible businesses, and a new cadre of "impact investors" working for social change in every region on the planet.

Good intentions fueled this growth, but along with them came the inevitable consequence of increased fragmentation. The experiments may be multiplying. The question is whether they will ever sum.

Rationally, many of us know that in a more crowded environment individual action might not be optimal, and we readily acknowledge the importance of working together. Yet collaboration remains more the exception than the rule. That's because too often, working collaboratively means giving up individual control, being patient with group processes that feel slow and drawn out, and dealing with sometimes difficult interpersonal tensions, even as the benefits of doing so are often hard to see and measure in the short run.

But recent and precipitous declines in foundation endowments served as a grim reminder that no individual organization or actor, no matter how large their assets or how efficient their processes, has the resources required to single-handedly produce meaningful change. Funders may not legally *need* to work with others, but if they hope to achieve significant impact on their communities—let alone on really wicked problems—they'll *have* to. And increasingly, the others they work with will be actors not just in the nonprofit sector, but in business and government too.

In the coming decade, we believe the most successful funders will combine long-standing instincts toward independent initiative and action with an emerging "network" mindset and toolkit that helps them see their work as part of a larger, diverse, and more powerful effort overall. Resources and strategies will be coordinated to achieve common goals—within philanthropy, across sectors, across diverse cultures and geographies, and by uniting the efforts of individuals with institutions.

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Increasingly, these new choices won't just include old-style partnerships and collaborations. We see five primary interrelated approaches, some new and others already well tested, that funders can use to act bigger and increase their impact:



UNDERSTAND THE CONTEXT. Philanthropists are just one part of a larger ecosystem of actors, and in almost all cases they will need to engage many different stakeholders if they hope to address today's pressing social and environmental challenges. Strong peripheral vision—seeing and developing a shared understanding of the system in which they operate—will be critical to helping funders build and coordinate resources to address large, complex problems. And the growing accessibility of systems mapping, data visualization, and network mapping tools now makes it easier to see a collective whole that was previously only visible in pieces.

- ▶ *RE-AMP, a collaborative of Midwestern foundations and nonprofits, developed a shared understanding of the levers for achieving clean energy in the Midwest by mapping the system of relevant forces and players, helping to align the vision and coordinate the efforts of many independent stakeholders.*



PICK THE RIGHT TOOL(S) FOR THE JOB. Funders have a wide range of assets—money, knowledge, networks, expertise, and influence—that can be deliberately applied to create social change. Using these resources well might mean using financial capital differently to make loans or equity investments that produce social as well as financial returns, acting as a neutral convener to promote collective dialogue and action, compiling and sharing accumulated knowledge with others, or getting engaged in the success of partners by explicitly working to build the capacity of key stakeholders. Regardless of the specific approach, successful funders will recognize that grant dollars are only one tool among many that they can bring to bear on their work.

- ▶ *The Vermont Community Foundation is ensuring that its investment strategies complement its programmatic goals by offering donors the option to invest money in local socially responsible businesses, using its investment managers to vote by proxy, and co-filing activist shareholder resolutions.*



ALIGN INDEPENDENT ACTION. Coordinating resources toward common goals no longer must mean developing a consensus-based collaborative. Funders are forging new ways of working together, from learning groups to strategic alignment networks, that fit different purposes and circumstances, allowing individual funders to aggregate and amass resources of all kinds and effectively “punch above their weight.” The challenge for funders will be to find—or be found by—the right partners to help them accomplish their goals. In some cases, this will require funders to follow, rather than lead, and it may mean working with a range

66 VOICE FROM THE FIELD

We need to understand how the individual investments our foundations make could map with the work of other philanthropies to create momentum and impact on issues we share a common interest in.



*These voices from the field are quotes drawn from our interviews and an anonymous survey of 75 philanthropic leaders and practitioners who were convened in San Francisco in March 2010.

of new stakeholders, reaching across sectors to businesses and government agencies or involving grantee partners, academics, and others that might hold part of the solution. These actors don't necessarily need to make decisions together, but they need their efforts to add up.

- ▶ *Since 2000, Keep Antibiotics Working has dramatically raised public awareness of antibiotic resistance through a novel collaborative structure that responds to the cross-disciplinary nature of the issue by helping disparate funders align their support and allowing nonprofits to define and execute on a coordinated strategy.*

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ACTIVATE NETWORKS. Although the individual grant is the typical unit of analysis for most foundations, the success of any grant or organization is rarely sufficient to move the needle on a complex problem. We have all felt the irony when successful programs are lauded while the system they aspire to change continues to fail. Funders are well positioned to support connectivity and to coordinate and knit together the pieces of a network of activity that can have impacts far beyond the success of any one grant, grantee, or donor. And advances in network theory and practice now allow funders to be much more deliberate about supporting and participating in networks and in thinking about how the collective impact of a coordinated portfolio of grants can produce more significant change.

- ▶ *The Barr Foundation is building a stronger network of afterschool service providers for Boston youth by supporting “network weavers” who facilitate relationship building, knowledge sharing, and collaboration among service providers and community leaders.*

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LEVERAGE OTHERS' RESOURCES. In addition to finding new ways of working together toward collective goals, some funders are also exploring how they can use their independent resources as levers to catalyze much larger streams of funding and activity from other sources. Effective funders are learning to activate resources beyond their control by investing in and stimulating markets to produce social benefit; by influencing government funding flows through public policy advocacy; by shifting opinions and attitudes through public education and media efforts; and by engaging other players, funders, and resources of all kinds.

- ▶ *The Clinton Health Access Initiative is working to aggregate demand, improve efficiencies, and reduce volatility in the market for AIDS drugs in an effort to provide medicine affordably in Africa and the Caribbean.*

VOICE FROM THE FIELD

These public-private partnership things, they're really messy and they're really hard and they're really complex. And they're also the only frickin' way that things are going to get solved.

ADAPTING BETTER

Once organized philanthropy truly embraces acting bigger, the work will only be half done.

Mistakes made at a grand scale are still mistakes, and potentially very destructive ones. Ambitious efforts that demonstrably fall short of expectations are still failures. The extraordinary and successful philanthropy of the future will make judgments based on the best evidence available and then learn and adjust rapidly and publicly. In addition to acting bigger, the field will need to adapt better.

The positive pressures to support these new behaviors are building. Grantmakers can no longer assume that they occupy a safe and quiet haven where people are given the benefit of the doubt simply because they are doing charitable work. As a *New York Times* headline proclaimed some years ago, the public is now “asking do-gooders to prove they do good.”

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Much progress has been made in this regard over the past decade due to the extraordinary efforts of many dedicated people and institutions. The hard work will continue in the years to come, and will almost certainly take interesting new directions—in some cases, with great promise, and in others, with real risks. A number of funders, for example, are beginning to refocus their efforts on the big picture, working in partnership with others to test whether they are moving the needle on pressing problems rather than simply conducting small, individual program evaluations after the fact. Others, however, faced with the complexity and messiness of today’s challenges, may succumb to the temptation of false precision, setting simplistic proxies for impact just because they can be easily measured, even if they miss the mark in assessing real progress on complicated social problems.

Further complicating matters is that in today’s dynamic landscape of public problem solving, it often no longer makes sense to develop strategy using purely linear approaches: identifying a problem, formulating a theory, deciding on a solution, and executing a clear plan. Nuanced theories of change and the resulting action plans can be out of date almost as soon as they’re printed. Strategies today must evolve on the basis of judgment that is actively and continuously cultivated, using multiple inputs and sources. Otherwise, a leader is in danger of lashing the funding rudder in place only to find that the tide, the wind, and the current have pushed the effort way off course. Funders will succeed in this rapidly shifting environment if they continuously improve their ability to learn, shift, and adapt in real time—or they risk becoming irrelevant at best or, at worst, actually hurting the cause.

Fortunately, new technologies allow us to share information and gather input in real time, more easily and cheaply than ever before. The question

for the coming decade will be whether funders can learn to use these new tools to figure out what works, share what they know and do, get feedback quickly, and then be ready to act on what they learn in ways that add up to meaningful impact on public problems.

As we see it, there are five additional next practices that can help funders adapt better:

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KNOW WHAT WORKS (AND WHAT DOESN'T). In an evaluation landscape cluttered with distinct and warring methodologies, it's nearly impossible to see the forest for the trees. Despite the myriad approaches and tools available, it is still difficult to get a reliable answer to the question, "Did we make a difference?" Effective measurement in the future will evolve in ways that parallel the new paradigm for philanthropy more broadly: it will be fully contextualized, aggressively collective, real-time, transparent, meaningful to multiple audiences, and technologically enabled. The goal is to develop systems to learn from successes, and failures, in ways that can help everyone—funders and grantees alike—develop the judgment to guide and improve efforts in the future.

- ▶ *After spending a decade and more than \$2 billion promoting a small-school strategy for education reform, the Bill and Melinda Gates Foundation discovered that its approach was not ensuring success in college and decided to reassess its strategy and take a new course.*

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KEEP PACE WITH CHANGE. Funders typically operate at their own pace, a speed that can often be grossly mismatched with the urgency of need and the rate of change in the world around them. Funders give on their own timelines, often more closely correlated with arbitrary deadlines and periodic board meetings than with the realities of community needs and the shifting context of a problem. As a result, they can frequently miss critical opportunities simply because they are too slow to see changes or to act in a timely way once they're visible. Most funders have neither systematic feedback loops nor mechanisms for adapting their processes and programs based on changes in the world or new learning that emerges. The ability and willingness to change and shift behavior based on dynamic realities and lessons learned in real time—either first hand or from others—will be critical to philanthropy in the next decade.

- ▶ *The Rockefeller Foundation has replaced its long-standing, fixed "programs" with a set of interconnected, time-limited "initiatives" that aim to allow the Foundation to quickly respond to unanticipated opportunities, to shift tactics when necessary, and to regularly recalibrate its approach to fit external needs.*

VOICE FROM THE FIELD

We continue to learn, share information, collaborate, and adjust strategy at a glacial speed that would guarantee failure in any other sector.

VOICE FROM THE FIELD

Foundations sit at the center of so much knowledge—from grantees, from research, from experts, from evaluations—but we just lock it away in our filing cabinets and it doesn't do anyone any good.

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OPEN UP TO NEW INPUTS. Today there are many ways to get better answers to almost any question by soliciting external input. Opening up has become an essential competency for working as part of a complex system. Virtually every aspect of organized philanthropy's business—adjusting organizational strategy, choosing how to approach an issue, surfacing new innovations, identifying good grantees—can benefit from collecting outside expertise and diverse perspectives. The yield: points of view from diverse cultures and perspectives, access to new and wildcard ideas, stakeholder buy-in and engagement, and the public legitimacy that comes with taking the time to listen before taking action.

- ▶ *The Center for Effective Philanthropy's YouthTruth initiative is measuring the success of school reform by soliciting feedback directly from high school students about the quality of their experience, providing valuable input to foundation and district leadership from voices that would normally not be heard.*

9

SHARE BY DEFAULT. With distribution costs coming closer and closer to zero for online media, traditional barriers to sharing information are shrinking. Speeches and conversations can be shared through podcasts and digital video. Data now stored in databases can be turned into public libraries with a simple web interface. And in a more crowded playing field, there is tremendous value in reflecting on your work and conveying your lessons to others. By increasing the amount of information that is available, funders can create an environment where stakeholders can find what they need to make smarter decisions, grounded in the experience and knowledge of others. For mission-driven organizations like foundations, it makes sense to start from a place of sharing everything and then make a few exceptions rather than a place of sharing little where transparency is the exception.

- ▶ *Ashoka's Changemakers competition "open sources" proposals by placing them on a public messageboard, allowing the community of participants to not only choose their favorites but also to strengthen all of the contestants' ideas and build awareness of them in the field.*

10

TAKE SMART RISKS. Instead of seeing the potential for reward and opportunity, funders often seem to see only the downside of risk—risk as something that needs to be avoided and minimized. But the most effective funders of the next decade will recognize that failure is a natural part of creating breakthroughs, since the problems that philanthropy often aims to address rarely have clear and technical solutions. It isn't always possible to know the

most effective course of action at the outset. Effective funders will recognize when innovation is necessary and will be willing to take risks and experiment with new approaches, learn quickly, and adjust as they go. They will reclaim the upside of risk, using a portion of their resources to make high-risk, high-reward bets that have the potential to be truly transformative.

► *The Heinz Endowments, the Grable Foundation, and the Pittsburgh Foundation took the risk of abruptly and publicly cutting funding to the city's failing school district in order to spark the public engagement necessary for reform.*

PAVING A PATH TO THE FUTURE

Acting bigger and **adapting better** represent a set of practices that can make philanthropy a more powerful and transformative force for positive social change in the twenty-first century. Although any one of these next practices could prove fruitful on its own, they can have exponentially more impact together.

We are far from alone in seeing this potential, or the characteristics of many of the new approaches that may be taken. In fact, we have been struck by the common themes in recent work by many leaders, advisors, researchers, and publications in the field.

But even if congruent ideas are emerging about *what* can help funders act bigger and adapt better, *how* to make the actions more commonplace remains stubbornly elusive. On some level, the approaches we have outlined feel like common sense: natural adjustments required to remain relevant and nimble in the modern world. But they remain frustratingly uncommon in philanthropy, and difficult to do.

The most obvious reason is that the practices we have detailed will require many leaders, at all levels, to change their behavior—donors, boards, foundation presidents, staff members. And changing behavior is always hard, as anyone who's ever gone on a diet or tried to stop obsessively checking their iPhone for messages can attest.

Nevertheless, we are hopeful that positive change can accelerate in the years to come because the pressures and enablers from outside philanthropy are growing in scale and scope, alongside the rapid changes in the world. These external forces are already chipping away at some of philanthropy's internal

VOICE FROM THE FIELD

The whole system is set up to keep people from taking risks. No foundation president or program officer has ever been fired for not trying some crazy new idea. In fact, the only thing that can get someone fired is if something big and crazy goes publicly wrong.

External forces are chipping away at some of the internal barriers to change, providing wind at the backs of innovative leaders inside philanthropy who are already trying to work in new ways.

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The challenge and the opportunity for the next decade is to make it easier for individuals and independent institutions to choose what is best for the collective whole without setting aside their own goals and interests.

We believe this can happen through a combination of: **new data and tools**, enabled by new technology; **new incentives**, provided by changes from outside philanthropy; **and new leadership**, sophisticated about what it takes to succeed in a networked world.

■ NEW DATA AND TOOLS (THE MEANS TO MAKE IT EASIER TO CHANGE).

We have long believed that the new connective technologies are the Trojan Horse of change in philanthropy and the social sector as a whole. The changes that have already shaken the media and music industries now are sweeping into and through the social change world. But it's still hard for philanthropy as a field to adopt and use new tools. Top-down, centralized, sector-wide tools and infrastructure are often rejected, even if they could improve performance. And at the same time, bottom-up innovations—individual foundations creating specific solutions to their particular problems and circumstances—rarely spread or scale. One foundation's innovation remains just that: one foundation's innovation.

As funders begin to act bigger, we will see a merger of top-down and bottom-up mindsets driven by new tools and platforms that help funders do their own work and their collective work better. These tools will be designed with interoperability in mind, so that data and knowledge gathered by one actor can be integrated with that gathered by others, with only modest investments of money and time. Broad use of common tools can then promote widespread adoption of standards and conventions that cross institutional lines, which, in turn, could improve both the data and the tools even further.

The challenge is to build tools that make it easier for people to do the right things and harder to do the wrong things. We all have so much on our plates that it's difficult to make the time to try to do something differently. The status quo is the easiest road to follow. But if we can make the path to new behaviors easier, we have a better shot at getting people to change their behavior, especially if there are new incentives to do so.

■ NEW INCENTIVES (THE DRIVER FOR CHANGE).

Change in philanthropy may be facilitated by technology, but it's not ultimately a technical problem. It's a very human one. Nothing will change until people change.

Unfortunately, one of the biggest barriers to individual change in

philanthropy is a misalignment between the desired behaviors we've highlighted and the incentive systems that support (or discourage) their adoption. Funders want to encourage risk-taking and systems change but then demand immediate results and don't tolerate failure. They want to promote learning and knowledge sharing but then provide no benefits for doing so. They talk about collaboration but then resist sharing or ceding power to others. Without rethinking the incentive systems that guide behavior, change in philanthropy will likely remain elusive.

So what incentive do people and institutions have to change, given such barriers to transformation? We have consulted many experts on this subject, none more persuasive than organizational theorist Edgar Schein. He argues that the only time organizations learn and change is when the normal level of "learning anxiety" (the anxiety produced by having to shift and learn something new) is trumped by "survival anxiety" (the anxiety produced upon realizing that if something doesn't change, they will not survive). Among endowed philanthropic institutions, there is almost never a threat that raises survival anxiety, which means that many funders have limited (if any) incentives to prompt adaptation and behavior change. But once again, external forces are providing an assist to determined philanthropic innovators. For philanthropy, the incentive may not be survival, but rather aspiration. Anyone hoping to have more impact in this new context is going to have to work smarter in the years ahead.

What will happen next in this era is anyone's guess. All we're sure of is that the status quo is not an option. And that will be incentive enough for ambitious leaders who want to leave a legacy.

■ **NEW LEADERSHIP (THE HUMAN SYSTEM BEHIND CHANGE).**

Neither new data, new tools, nor incentives will really matter without new leadership and the will to change. The best ideas and most thoroughly proven solutions will fall flat if they encounter a human system that is not ready to embrace them.

We now live in a social change landscape that is both more diverse and more fluid. The emerging cast of characters comes in many flavors: non-profit sector leaders, scientists, entrepreneurs, movement leaders, corporate executives, celebrities, finance experts, ex-politicians, software engineers, economists, ministers, and amateurs of all kinds, all of whom can now play the game that used to be open only to big institutions. And leadership today spans at least three generations: the Baby Boomers, the Gen-Xers, and the Millennials. Mix together the different training and life experiences of these stakeholders and the result is many new leaders asking many questions that challenge the status quo, all at once. It's no accident that we are witnessing the outline of a new division of labor among government, business, and civil society—even a new social contract—starting to emerge. The relationships

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between philanthropy and markets, and between philanthropy and government, are changing in a dynamic battle of approaches and ideas.

All of which raises the question: What do philanthropic leaders need to do in order to be effective and to achieve their goals? The answer, we believe, is to start by asking what qualities of leadership are most needed.

Our work around the world over the past decade has taught us that leaders today have to be comfortable bridging boundaries of all kinds—especially across sectors. They have to be comfortable with technology and speed. They have to be skilled at listening, sharing control, and empowering others. They must be comfortable with ambiguity. In other words, old models of hierarchical, heroic leadership that worked well in an organizational context don't fit today's more networked environment as well.

The reason is that so many of the problems the leaders face, inside and outside their organizations, can only be addressed by involving more of the people who must solve them.

Roger Martin, dean of the Rotman School of Business at the University of Toronto and a former Monitor colleague, has written eloquently about the future of leadership. He joins many other contemporary thought leaders in arguing for more emergent and adaptive approaches, which he sometimes calls "design thinking." It's not simply a matter of coming up with the *right* answer, he explains; it's about recognizing and engaging the people who will have to act, working together to test a range of possible solutions, creating feedback loops to facilitate learning, accepting and learning from failures, and practicing continuous adaptation.

The ubiquity of such advice in the early twenty-first century doesn't make it any easier to follow, of course. And it may be especially difficult for philanthropic leaders, whether they are new donors or established foundations, as this behavior directly challenges some of the norms around caution, risk aversion, and competition for credit that permeate philanthropy.

CONCLUSION: AVOIDING THE TRAP OF FALSE DICHOTOMIES

The project that yielded this essay has not only helped us understand the road ahead. It's also helped us get even clearer about how we'd like to walk it: with curiosity, openness, humor, and humility.

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It is in this spirit that we put forward one last reflection about what's next for philanthropy.

We hope that the years ahead turn out to be a time when the best philanthropic leaders reject the “either/or” thinking that has characterized so much of the past 10 years, too often devolving into silly debates and artificial polarities.

Perhaps this is already occurring. The distinction between “old” and “new” philanthropy is fading, we're glad to say, as it's slowly been dawning on “old” philanthropists what is new, while gradually occurring to “new” philanthropists what is *not* new. Convictions that were once trumpeted confidently are now more lightly held. That's good, and speaks well of a growing sophistication and maturity that can shape the years ahead.

As we all ask ourselves what will be needed, we find ourselves agreeing with our colleague Eamonn Kelly, who argues that the wisest leaders have to learn to reckon with what he calls “creative tensions.”

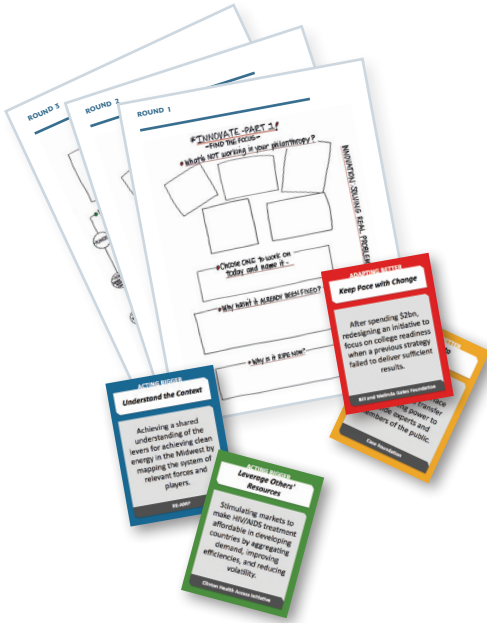
In philanthropy, this means, among other things:

- Feeling the urgency for short-term results *and* having stamina for the long-term
- Holding onto autonomy *and* looking for every opportunity to coordinate and align with others
- Insisting on rigor and evidence *and* taking risks despite uncertainty
- Adopting strategies that maintain some top-down direction *and* letting go enough to unleash bottom-up energy
- Looking for solutions that combine great analysis *and* unbridled creativity
- Understanding that execution is important because we know what works *and* that innovation is important because what we already know isn't yet enough

Rejecting false dichotomies is the philosophy that underlies the next practices we outline here. And it's one way around many of the barriers to change that have held philanthropy back from reaching more of its potential.

So in closing, we offer a final “both/and” observation.

If the early signs of philanthropy's more coordinated, more adaptive, and more impactful future are already present, it's equally clear that the hard work of learning how to cultivate change in our newly connected world is just beginning. As the forecaster Paul Saffo is fond of saying, “Never mistake a clear view for a short distance.”



TOOLS FOR CULTIVATING CHANGE IN A NETWORKED WORLD

The world around philanthropy is changing much, much faster than philanthropy itself. Simply tweaking the status quo is not going to be enough for philanthropic and civic leaders looking to cultivate change more effectively in a world that sorely needs it. Funders will have to pioneer “next practices”—new ways of working that fit the emerging landscape of public problem solving.

This executive summary provides an overview of the shifting context for philanthropy today and offers a point of view about the next practices that can help funders achieve greater impact on intractable social and environmental issues in the coming decade. For a copy of the complete report—including an analysis of the most promising practices and principles that will help funders act bigger and adapt better in the future and numerous examples of how funders are already beginning to experiment with these new approaches—please visit <http://monitorinstitute.com/whatsnext>. There you'll also find the WHAT'S NEXT Innovation Toolkit, a do-it-yourself guide to help you apply these ideas to the pressing issues you face.

MONITOR INSTITUTE

The authors of the report are all leaders of the Monitor Institute, a social enterprise that is part consulting firm, part think tank, and part incubator of new approaches. Our mission is helping innovative leaders develop and achieve sustainable solutions to significant social and environmental problems. We believe that achieving these solutions requires bold leaders to integrate innovative ideas, effective action, and efficient capital. And we believe that today's complex challenges call for leadership from all three sectors—business, government, and nonprofit.

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