

Foundations in the Internet Age: Knowledge is an Asset, Too

Blueprint R & D

Lucy Bernholz, Ph. D.

Kendall Guthrie, Ph. D.

Foundations are in the funding business. That has been true for the past century. But they are also in the knowledge business – whether they realize it or not. The grants they make for direct service and research and the work they undertake around evaluation and policy analysis all generate vast quantities of information about the fields in which they work. That information constitutes a very valuable but underutilized tool for accomplishing their mission.

Foundations have traditionally viewed their financial assets as their key resource for effecting social change. However, foundation dollars constitute a much smaller percent of the non-profit sector budget than most people realize. Most private contributions to the nonprofit sector come from individuals. Foundation dollars constitute only 18.8 percent of all donations to non-religious organizations.¹ And all private contributions from individuals, corporations and foundations combine constitute only about one-third of the entire revenue stream for the civic affairs, arts and social service organizations with whom foundations tend to work. So the foundation share of that revenue stream to nonprofits could be calculated at between 7 and 3 percent.

But foundations possess a key resource that the individual donors do not -- information about the fields in which they work. And most foundations have barely begun to tap their information assets. Those funders that can transform the information flowing through their doors into knowledge -- and then get it out to those who can apply it -- can significantly expand their influence. We call this entity the Knowledge Foundation.

New information technologies, such as databases and the world wide web, are facilitating this transition to a knowledge foundation. This article explains some of the unique qualities of information as a resource for effecting change and envisions what a knowledge foundation might look like. It then describes techniques and technologies currently employed by a few innovative foundations to help them manage and invest their information resources more effectively.

Information -- An unlimited resource. Foundations have lots of money and they never have enough. One hallmark of foundation grant making is its selectivity. However, there is no similar limit to the amount of information a foundation can provide. A piece of information can be used by an unlimited number of people without being used up.

For example, if a foundation wants to reduce teen pregnancy, it can fund only a handful of prevention programs. In the process, it also usually tracks the outcomes of different

¹ "Foundation's Share of Private Philanthropy," Foundation Giving: Yearbook of Facts and Figures on Private, Corporate and Community Foundations, 1999. New York, The Foundation Center.

strategies, identifies best practices and monitors the external forces that might be contributing to observed changes. Foundations already try to apply this knowledge to their own grant making. But more importantly, they can also share this information with grantmakers and pregnancy prevention programs around the country – investing their information assets in far more programs than a single foundation could ever fund.

The knowledge foundation: capitalizing on information assets. Many foundations work hard at conducting reviews of best practices, distributing reports, publishing studies, and connecting grantees. Foundations that view this knowledge management and dissemination as a core strategy for accomplishing their mission will organize themselves differently and employ the very best tools for the job.

To capitalize on their information, foundations need to expand their concept of their assets. They should manage the collection and distribution of their knowledge resources with the same care and professionalism they devote to their grantmaking and stock portfolios. To date, only a few of the very largest or most technologically centered foundations have hired Chief Information Officers and many of these people are more focused on the technology than knowledge management.

What does a ‘knowledge foundation’ look like? Imagine: Grantees might go to a foundation's web site to submit their applications. Applications would be downloaded directly into the foundation grants management database, reducing onerous data entry. The information in grant applications also would be instantly indexed and accessible.

At the web site, grantees would find the information they need to help them craft an effective proposal. A knowledge foundation would make available the relevant reports, literature reviews and evaluations that it had either produced or collected. The web site would also include a database of grantees and information about the results of the grant, so that prospective grantees could *build* on the knowledge of the foundation and experience of previous grantees.

Program officers reviewing grants would have desktop access this same information, as well as public databases on relevant trends and a complete record of past foundation grantmaking. Program staff would be able to assess quickly the results of relevant past grants as well as identify proposals that fit clear gaps in service. Most important, the lessons learned from the foundation's background research, the past proposals received, the funded evaluations and the ongoing work of foundation-funded entities would be organized, accessible and widely distributed to those who could act on it – both inside and outside the foundation. By building the system to collect and manage information in these ways, foundations would be creating a platform for knowledge sharing.

This vision of a knowledge foundation might seem like a big leap from today's current practices of file folders and paper libraries. Several companies are already marketing software to manage the grant application and review process via the Web. A number of foundations have already taken significant steps towards this vision. They are using new information technology in innovative ways to share best practices, becoming

philanthropic portals for their entire community and help their staff exchange ideas more effectively.

Sharing research and best practices -- internally and externally

Foundations spend a lot of time looking for best practices, primarily to determine which groups they should fund. Once grant decisions are made, this best practices information and all of the other data collected to guide decision making can be leveraged for additional dividends. Foundations can share all this information with the nonprofits working in their issue areas.

Foundations who understand the value of this role as information broker are positioning themselves as an information resource for the field. For example, the Annie E. Casey Foundation (www.aecf.org) now describes one of its main objectives as providing "the best available data and analysis on critical issues affecting disadvantaged children and families" and providing their target community not just the funds but "the knowledge and tools practitioners, policymakers, and citizens need."

The World Wide Web is a powerful tool to organize and disseminate this information – as the Pew Charitable Trusts (www.pewtrusts.com) and the Robert Wood Johnson Foundation (www.rwjf.org) demonstrate. Their web sites serve as major information clearinghouses on their respective issues. The sites provide more than a list of publications that can be ordered. They offer the full publication. These foundations also provide searchable directories of their grantees. Listings include both a description of the project and contact information for the grantee, including email and web site address. The Robert Wood Johnson Foundation goes a step further by providing actual outcome reports on a number of its completed grants. Reports describe the problem addressed, the objectives and strategy, results, dissemination, any next steps and a bibliography.

These grantee databases help prospective grantees better target their proposals, which should result in more efficient work for program officers. More importantly, they provide a directory of leading nonprofits working in these issue areas, and a repository of best practices. Practitioners can come to these foundation web sites, learn about key issues in their field, get reliable data, locate likeminded colleagues, learn how to implement best practices, and go on to improving their work -- all without contacting anyone at the foundation. Because the information is provided in electronic form, the foundation incurs no additional printing and postage costs to significantly expand distribution of its knowledge.

Opportunities for Community Foundations: Becoming A Community's Philanthropic Portal

Community foundations have always faced a dual challenge of making grants and building assets. Therefore, they have even more opportunities to serve as an information broker. Effective fundraising already requires community foundations to function as the donor community's knowledge base about the local nonprofit community. All the

information the staff posses about the nonprofit and donor community can be shared with the community as a whole.

Several community foundations have turned their web sites into philanthropic portals for their area. The most effective ones provide potential donors more than a mere list of nonprofits in the community but information about the work of those nonprofits. For example, the Peninsula Community Foundation (www.pcf.org) developed extensive profiles of the nonprofits in its community and then put this information in a searchable online database (www.philanthropycenter.org) as part of their Center for Venture Philanthropy. The profiles provide prospective donors -- and everyone else in the community -- with an organization's contact and budget information, and engaging descriptions of their services, issue areas and mission. People can identify organizations that work in specific issue areas or of a certain size.

Improving communications among staff and nonprofits

Sometimes valuable information in an organization isn't written down: it is comprised of the tacit knowledge, expertise and experience in colleagues' heads. A knowledge foundation makes it easy to find and transfer this kind of knowledge. First, foundations can make their human resources more accessible to themselves -- and the community -- by providing tools for people to find each other, such as searchable directories of staff, grantees and consultants.

For example, ten health foundations in California have built an extranet to facilitate communications among staff working on similar issue areas. Staff at any of the participating organizations can search through a combined staff directory and a grantee directory. For example, a program officer at one foundation who makes grants to AIDS service organizations can quickly find the names, telephone numbers and email addresses of all the program officers working on AIDS issues. The program officer can also identify other AIDS service organizations that have received funding from member foundations and learn about what those organizations are doing.

The California HealthCare Foundation (www.chcf.org) has taken this practice one step further by creating a combined electronic rolodex for the entire foundation. All business cards and mailings lists collected by the staff are scanned into the database. Imagine the advantages when everybody at the foundation can find the name and phone number of the experts they need, when they need it. The database can also be used to craft highly customized mailing lists so that the foundation can send reports and conference invitations to a wide circle of people who work in their issue area.

Foundations need to provide the most current communication tools to facilitate the exchange of ideas. That means providing all staff with voice and email -- and training in how to use them effectively. Too many email accounts sit idle because no one has ever shown the foundation staff how the basic mechanics of their email software or -- more importantly -- how to use it as a strategic communications tool.

Finally, the nonprofits with which foundations work need to be part of this knowledge network. The David and Lucile Packard Foundation (www.packard.org) is developing an extranet that will provide an online collaboration space to link its staff, consultants and grantees. The extranet, which will include a directory, shared calendar, online resource library and place to post common documents, will provide a platform for information and ongoing learning among people working on similar issues.

Foundations have long supported collaboration and networks. Foundations should encourage their grantees to use information technology effectively to support these goals. Too many foundations still view computer hardware as a capital or operating expense, which they don't fund. Instead, they should see computers and Internet connections as integral parts of their grantmaking strategies, especially those that emphasize collaboration across organizations.

One step at a time.

Becoming a knowledge foundation depends on more than technology. It's a matter of vision. Foundations that recognize the value of their information assets will find ways to invest that information. They will see themselves as conduits of research – from practitioners to researchers through foundations and back to the fields of policy, research, and practice. They will change the way they operate to position themselves as partners, not just external funders. And they will experience a significant leap in the value they add to the fields in which they work, as they find ways to apply their knowledge base just as they apply their financial assets.

Not every foundation needs to become a knowledge foundation. In fact, smaller and newer foundations have an advantage. They can build themselves around knowledge management from the beginning, and avoid the hassle of changing decades of practice. New foundations might choose to build an online application and reporting process, direct database connections, and digital archives from the very start. Imagine the savings on file cabinets and floor space alone!

As information becomes an increasingly valuable resource, foundations are in a prime position to think of their work differently. Of course, if you think of yourself differently you should structure your work differently. Philanthropists need to understand how powerful information can be when it is available to those who can apply it. Financial resources remain important. But it will be those foundations that leverage financial investments with information assets who will most effectively meet the challenges they undertake.

Lucy Bernholz (lucy@blueprintrd.com) is the President of Blueprint R & D, a San Francisco firm providing research, program design and strategic planning advice to established and emerging foundations. Kendall Guthrie (kendall@blueprintrd.com) is a Strategist with Blueprint R & D and the former Deputy Director of HandsNet, an online information service for human services organizations. This article is derived from a

speech Bernholz delivered to emerging community foundations in California. Copyright Lucy Bernholz 2000. All Rights Reserved.