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**Leveraging Your Foundation's Information Assets:
How to Become a Knowledge Foundation**

Outline of talk prepared for the Grants Summit 2000
Washington, D.C. November 13-14, 2000

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I. Introduction—Why is your foundation’s knowledge important?

1. Foundations have a relatively untapped asset for accomplishing their goals—their knowledge about the fields in which they work.
2. Applied effectively, this knowledge can be almost as valuable as a foundation’s money.
3. Unlike money, knowledge can be shared with as many nonprofits as a foundation would like. It won’t run out.
4. Knowledge is a resource that differentiates foundations from individual donors and charitable gift funds. Foundations have it. Individual donors don’t.

II. Why should grantmakers care about using their organization’s knowledge more effectively?

1. Expands the pool of assets available to advance a foundation’s mission.
2. Increases the effectiveness and impact of foundation and grantee efforts.
3. Strengthens relationships with nonprofit partners.

III. Defining knowledge management

1. Foundations are like most other organizations. They don't know exactly what they know or how much they know. However, they can learn from practices pioneered in the business world to manage their knowledge assets with the same professionalism they use to manage their financial assets.
2. The difference between knowledge and information
 - a. Knowledge is a human act
 - b. The difference between books on a bookshelf (information) and the application of that information to solve a problem (knowledge)
 - c. To solve problems, professionals "*piece information together, reflect on their experience, generate insights and use those insights to solve problems.*"
--Richard McDermott, 1999
3. Definition of knowledge management (many definitions, no standard)

Knowledge Management: -- activities focused on the organization gaining knowledge from its own experience and from the experience of others, and on the judicious application of that knowledge to fulfill the mission of the organization. These activities are executed by marrying technology, organizational structures, and cognitive based strategies to raise the yield of existing knowledge and produce new knowledge.

-- R. Gregory Wenig
4. Three basic steps in knowledge management: Capture, Interpret, Deploy
5. Some key principles of knowledge management
(drawn from Thomas H Davenport "Some Principles of Knowledge Management")
 - a) Effective solutions integrate people *and* technology
 - b) Sharing and using knowledge are often unnatural acts
 - c) Implementing knowledge management requires high level champions
 - d) Knowledge access is just the first step
 - e) Knowledge management never ends

IV. Applying knowledge management to philanthropy

1. Definition of a Knowledge Foundation:

A foundation that views its knowledge as a distinct asset and strategically develops, captures, uses, and shares that knowledge to achieve its designated mission.

2. Definitions of explicit knowledge versus tacit knowledge

- a) Explicit—codified knowledge, that which can be expressed in words or numbers and easily shared in written form
- b) Tacit/Unarticulated Knowledge—personal, experiential, context-specific knowledge that is difficult to formalize or share in written form. Generally resides in the minds of individuals and teams. Extracted via human interaction. *Harder to extract but usually more valuable.*

Explicit/Articulated Knowledge	Tacit Knowledge
<ul style="list-style-type: none"> • Grant applications that provide information on the state of affairs in different issue areas • Grantee progress reports • Environmental scans of issue areas • Research reports gathered from outside sources • Program evaluations • Foundation-funded research • Consultant reports • Annual reports from foundation and grantees • Published articles by foundation staff 	<ul style="list-style-type: none"> • How to “read between the lines” in a grant proposal narrative • Strategies for getting grantees to share failures as well as successes • How to nurture collaboration between nonprofit organizations • A program officer’s accumulated knowledge of the history of efforts and organizations in the fields • Vision of a field and the ability to assess synergies and gaps in programs across multiple organizations

3. Distinction between different knowledge management strategies (See M. Hansen, N. Nohria, and T. Tierney, 1999)
 - A. Codification – focuses on documentation and databases, emphasizes explicit knowledge
 - B. Networking Strategy – focuses on helping people find each other so they exchange ideas verbally and interact, uses searchable directories of people, emphasizes tacit knowledge

V. What types of knowledge do your non-profit partners want?

(Taken from extensive interviews with nonprofits, reported in “The Coming of Age in the Information Age” by the Pew Partnership, Charlottesville, VA, July 2000.)

1. Most nonprofits engage in a combination of periodic and just-in-time learning.
2. Learning is often exclusively equated with program evaluation or organizational development.
3. Data collection and outcome measures are difficult for nonprofits. Funders and non-profits don't always value the same pieces of data.
4. Nonprofits want the “real story”—the barriers and failures—not just success stories.
5. Nonprofits want a knowledge broker who routinely can sift through information and send them the most valuable nuggets (*NOTE: This is a logical role for foundations to play.*)
6. Nonprofits see new technologies as a valuable tools, but they mostly use the internet for email.
7. Most nonprofit leaders prefer to get the information they need through direct one-on-one contact with someone they trust.

VI. Three common knowledge management strategies at foundations

1. **Internal organizing**—hire a director of learning/knowledge management who can infuse a culture of knowledge management/sharing throughout organization. They typically focus on changing culture and developing small systems and internal procedures to catalogue and organize information for better internal use.
Foundation examples: Schwab Family Fund, Fannie Mae Foundation
Typical IT Tools: Catalogs, databases
2. **Peer networking**—strengthening informal connections among colleagues in issue-specific communities of interest. Can function within a foundation, across foundations or between foundations staff and grantees.
Foundation examples: California Healthfunders Extranet, Reproductive Rights intranet within large international foundation, affinity groups
Typical IT Tools: Intranets, Extranets
3. **Reinvesting in the field**—Becoming a knowledge broker for the field. Conscious efforts to collect information from partners and grantees, interpret it and redeploy it back into the field.
Foundation examples: Robert Wood Johnson and Pew Charitable Trusts public web sites, software vendor certification process for grantees of Tides Foundation's Community Clinics Initiative
IT tools: Extensive public web sites, electronic newsletters

VII. Barriers you may encounter/Reasons knowledge management projects fail

1. Overemphasis on technology—technology is just a tool. The key is changing an organization's culture. An effective knowledge management strategy is 20 percent technology and 80 percent people skills and cultural change.
2. Staff resistance to values change—it's not our job to tell nonprofits how to run their organizations.
3. Project lacks purpose or clear connection to foundation work
4. Lack of accountability—no one has responsibility or authority to make it work.
5. Lack of resources devoted to implementation -- energy and resources run out when pilot is over.
6. Failure to tailor projects to needs of primary users—i.e. know your primary audience and their needs.
7. Lack of a high level champion.

VIII. Six steps any foundation can take to manage its knowledge more effectively

1. **Raise the value and visibility of knowledge.** For example, make sure knowledge dissemination and learning are listed in job descriptions and job performance evaluations, and that performance in these areas is part of incentive structure in the organization.
2. **Convene a Knowledge Management Task Force**—The team can start identifying the movement of knowledge and information through your organization and ways to improve the flow. The team should be cross-departmental and include senior program directors, representative program officers and administrators, Director of Communication, Director of Evaluation, Director of Information Technology, Librarian, and lead Human Resources staff.
3. **Develop a simple catalogue of knowledge resources.** Make a database of key commissioned research and evaluations so that they can be found and used by people outside the department that commissioned them. Standardize how information comes into the organization so it's easier to catalog—standard form for grants, consultant RFPs and reports, program and grant evaluations.
4. **Help people find each other.** Develop a detailed directory of staff, consultants and even frequent partners. It should be searchable by skills, areas of expertise and past project work. Also make sure there is a system for keeping the information fresh (this ties back into the incentive system – people need a reason to use and update the resource).
5. **Increase opportunities for sharing tacit knowledge.** Convene brown bag lunches or informal seminars with people who don't usually meet but should – for example, staff doing capacity building grants across different issue areas, new program assistants meetings with people who started their careers as program assistants. Also be inter-foundation groups such as all program officers in your state working on health issues. Consider hiring a professional facilitator with experience at drawing out lessons. They might also provide a brief written report to keep track of the meetings and to inform those who cannot attend.
6. **Convene Grantees.** Gather grantees working on similar issues or similar types of projects. They can learn about the foundation's vision for work in that area, discuss common problems and issues, and create new knowledge by sharing their experiences.

Selected Resources on Foundations and Knowledge Management

Artificial Intelligence Applications Institute at the University of Edinburgh. *Knowledge Management*, AIAI website, 1999. <http://www.aiai.ed.ac.uk/~alm/kamInks.html>

The AIAI website provides an introduction to the concept of knowledge management and highlights important resources, key challenges, approaches to the practice of knowledge management in an organization. The piece provides a good overview of the field and builds a simple framework for how organizations, including foundations, can think about their knowledge-related processes.

L. Bernholz and K. Guthrie. "Knowledge Is an Asset Too." *Foundation News and Commentary*, May-June 2000. <http://www.cof.org/foundationnews/0500/Knowledge.htm>

Bernholz and Guthrie introduce the concept of the knowledge foundation, contending that foundations need to begin to capture, use, and share knowledge as an asset, as they do their financial resources. The article also provides several examples of foundations that are using knowledge management strategies effectively.

T. Davenport. *Some Principles of Knowledge Management* (University of Texas, Austin, 1998). <http://www.bus.utexas.edu/kman/kmprin.htm>

Davenport takes a pragmatic look at several basic principles of knowledge management, including: the importance of combining technology and human solutions, the challenge of overcoming cultural resistance to sharing knowledge, the need to find dedicated leaders to promote knowledge management, and the fact that knowledge management is an ongoing, never-ending process. Many of these principles are applicable and enlightening in relation to philanthropic, as well as corporate, organizations.

M. Earl and I. Scott. "What Is a Chief Knowledge Officer?" *Sloan Management Review*, Winter 1999, pp. 29-38.

Earl and Scott examine the importance of knowledge management in businesses and explore the role of "chief knowledge officers" in implementing knowledge management strategies. They examine what CKOs do, what they look like, and what types of support and resources they need to be effective. The article can help foundations in thinking about how they can find or develop the leadership needed to implement knowledge management practices.

B. Fryer. "Get Smart." *Inc magazine*, September 15, 1999. http://www.inc.com/articles/details/0,3532,ART13542_CNT53,00.html

Fryer looks at the growth of the field of corporate knowledge management and examines the benefits and challenges that have resulted as several companies have tried to implement knowledge management systems. The article provides a simple introduction to the field that can help grantmakers to think about how knowledge management practices can be applied to their own organizations.

M. Hansen, N. Nohria, and T. Tierney. "What's Your Strategy for Managing Knowledge." *Harvard Business Review*, March-April 1999.

The authors examined corporate knowledge management practices to reveal two very different overarching management strategies. In companies that center around standardized products that fill common needs, knowledge is carefully codified and stored in databases to be accessed and used by anyone in the organization. In companies that provide more

customized solutions, knowledge is shared primarily through person-to-person contacts, and computers are used to help people to find each other and communicate. This article can help grantmakers in thinking about the type of knowledge that they hold and what systems can help them to capture, use, and share that knowledge.

R. McDermott “Why Information Technology Can Inspire but Cannot Deliver Knowledge Management.” *California Management Review*, Summer 1999, pp. 103-117.

McDermott argues that effective knowledge management depends more on cultural change and community building than information technology. Knowledge requires a human relationship to think about, understand, share, and appropriately apply information to create solutions to problems. The article provides grantmakers a good distinction between information and knowledge and identifies several strategies for building a culture that supports knowledge sharing and creation.

M. Porter and M. Kramer. “Philanthropy’s New Agenda: Creating Value.” *Harvard Business Review*, November-December 1999, pp. 121-130.

Porter and Kramer look at ways that foundations can move beyond serving as passive conduits for giving to actually generate social benefits that go beyond the purchasing power of their grants. The authors suggest that grantmakers can add value through several knowledge-intensive strategies: selecting the best grantees, signaling other funders, improving the performance of grant recipients, and advancing the state of knowledge and practice.

