

WEBINAR

# 3 Trends in Philanthropy: Thriving Through Transition, Technology and Teamwork



It's an exciting time in philanthropy. Driven by three powerful trends, private foundations are leveraging a wide range of giving approaches to make a difference. The first trend is a transition to next-generation leadership that's bringing fresh skillsets and perspectives. Next, the foundation/nonprofit relationship is undergoing a transformation toward more collaborative and strategic partnerships. Recognizing that they want to do more, foundation leaders are embracing a third big trend: powerful technology that creates operational efficiencies and drives innovation.

Recently, **Elizabeth Wong**, head of philanthropic advisory services at **Foundation Source**, and **Robyn Hullihan**, our senior philanthropic director, sat down for a

conversation about these emerging trends and how funders can embrace them. In addition to these big industry trends, Elizabeth and Robyn also identified other trends they are seeing in their daily work with foundations and trustees.



**ELIZABETH WONG**  
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The following are the highlights of their conversation.

## Our first trend is next-generation transitions. How are family transitions changing the nature of philanthropy?

**Robyn Hulihan:** New philanthropists mean new ideas. The next generation is putting its mark on how foundations operate. Incoming philanthropists are looking inward and contemplating what role they might play in the sector. They're committed to learning about the issues they want to support. They're considering themselves as actors in that space, whether that means conducting more site visits, applying their own professional expertise or volunteering. Part of this reflection includes looking closely at new solutions to existing problems.

Going forward, there may be less support for organizations that focus narrowly on cultural preservation, such as traditional museums or performing arts organizations. But there might be a greater examination of how to help communities emerge from poverty, for instance.

**Elizabeth Wong:** As the nonprofit ecosystem is changing, foundations are finding a different place for themselves. Foundation boards are taking a closer look at the impact of their practices on their nonprofit partners. They're asking: "What application information is necessary versus nice to have?" Perhaps it's a nuanced distinction, but it can make an important difference in the time and effort required of a nonprofit when they're seeking funding.

Similar questions are being asked about post-grant reporting and evaluation. When a foundation requests updates about the use of grant funds, is there a purpose beyond holding the grantee accountable? Foundations are working to integrate themselves into the ecosystem by aligning their objectives with those of their implementing partners.

We're seeing foundation decision-makers exploring risk and their own willingness to make bets on new and possibly unproven interventions to support innovation. We worked with a relatively small foundation that was new to the sector they were working in. They determined that their strategy would be to go where other funders did not. They conducted deep research in their area of interest and discovered that some discrete activities could have an outsized impact. They could draw attention to the challenges faced by a particular community, and they were able to provide data that would be compelling to policymakers. What's more, they could deploy their own expertise and communication to amplify the message.

We have one foundation client where the funder took a good look at their practices and recognized that they wanted to make applying for grants less of a burden on nonprofits. So they revamped their application process. Now it starts with a phone call where a board member collects information and populates the application themselves. The board member obtains much of the information in advance from public sources. That allows more time during the call to learn about the nonprofit strategy and needs.

**Hullihan:** I'd also like to point out that foundations are seeking ways to get family members involved. Initially, this can mean talking about the work of the foundation and seeking input from the kids around the dinner table. Are there issues or causes they'd like to support and why? For young adults, involvement can be greater. For example, it might be to create non-voting seats on board subcommittees where family members can fully participate in the grant selection deliberations, helping to vet applications and discussing program strategy.

One foundation we work with devised a way to expand family members' roles. In addition to creating board seats for the second generation, they set aside a portion of the foundation's assets in a separate account and had the second generation make all the investment decisions for those assets.

**Wong:** Another example of new philanthropists and new ideas that we've witnessed recently is a foundation that is transitioning from decades under its initial leadership. For many years, the foundation has focused mostly on its role as a grantmaker distributing funds. The new generation on this board is looking at ways to bring in more expertise from the field and from community members themselves. They're thinking about convening symposia, for example, and bringing in voices where the board of the foundation can hear firsthand what some of the nonprofit leaders' challenges are, what solutions they're exploring, and how the foundation itself can help, not just with dollars. The convening itself is potentially very powerful and not something the previous generation had ever considered.

## The next trend is the changing foundation/grantee relationship. How have giving approaches evolved to embrace partnership?

**Wong:** Today's nonprofit ecosystem is re-imagining the funder/grantee relationship. Historically, funders held a lot of power and nonprofits often felt compelled to shape their work to what was fundable. In other words, what the funder wanted.

Increasingly, the dynamic is shifting to one of partnership. The funder is asking more questions about what is important, what needs to be funded and how their dollars can help most. While foundation boards still retain fiduciary responsibility, they're also acknowledging the expertise of nonprofit leaders.

**Hullihan:** I would also like to highlight partnerships among funders. Funders recognize that they can learn from other grantmakers. We see more and more foundations investing in their own education and looking to leverage the support they offer to communities alongside other funders. Informal and formal efforts to collaborate with others allow each funder to focus on their own priorities while also achieving greater impact together.

Finally, we're also seeing a reconsideration of what foundations want to achieve and aligning their grantmaking practices to those objectives. For example, a foundation that has traditionally given to grassroots organizations recognized recently that they wanted to see greater scale. But the truth was

their grantmaking was structured around deficit funding. They were used to supporting organizations that were living quarter to quarter, where the foundation's dollars helped to keep the lights on.

This way of thinking was at odds with the growth and scale they wanted to see. If they wanted their nonprofit partners to be more strategic, increase capacity and affect more people, the financial planning changed entirely. Instead of how to survive, the conversation with nonprofits became about planning, growth and expansion. How could they attract and retain long-term and qualified staff? How could they invest in infrastructure so they could double and triple their programming? It was an entirely different consideration for both the funder and the grantees.

## Finally, how are foundations leveraging tools and technology to drive efficiencies and create more impactful giving?

**Wong:** The right technology and tools make giving easier and make it possible to involve more family members and streamline grantmaking. One of those is something that Foundation Source offers: grant certificates. That is a digital gift card that enables the recipient to designate a nonprofit for funding. In the case of Foundation Source grant certificates, foundation leaders still retain the right to approve those recommendations, but it's a terrific way to get children, family members and non-family members involved in giving.

Another tool that aids in the communication process between funder and grantee is a robust grant agreement. That way everyone is clear about what the intent of the grant is and what will happen, and what the funds will and won't be used for.

Other tools that foundations are utilizing might include a set of questions that are asked to all applicants to ensure that decision-makers receive what they need for collecting information about potential grantees, particularly when you have a large volunteer board and different board members are talking to different nonprofit organizations. An established set of questions can really streamline the process of collecting information while also ensuring that the right information is being collected.

**Hullihan:** You can think of technology as an efficiency. Foundation management platforms like Impactfully from Foundation Source can make all the difference in how a volunteer board spends its time. Our proprietary technology is designed to help address all the day-to-day information needs of a foundation, allowing board members to focus on policy decisions, strategy development, grantmaking, and engaging members in building a legacy of giving.

In addition to technology solutions, our experts provide legal, accounting and philanthropic guidance towards greater efficiencies in these areas as well.

## Now let's turn to other trends we're seeing. How has the increase of disasters in the world changed philanthropy?

**Hullihan:** More foundations are creating a separate bucket for disaster philanthropy because things are happening more often. They don't want to have to wait until the next meeting. They want to have something available to devote toward disaster philanthropy.

I'm also seeing foundations being more strategic about disaster relief, rather than simply being reactive. When a disaster occurs, foundations are asking themselves, "Do we want to respond now or later in the recovery cycle when everyone's moved onto the next news item but support is still needed? Or even focus on the long term where it might take years for a community to recover but they've been forgotten or overshadowed by more recent emergencies."

**Wong:** The increasing number of disasters and crises is pushing boards to leave more dollars unspent throughout the year so they are ready to respond when a crisis happens.

## How have younger leaders used their communication capabilities to help foundations?

**Wong:** Digital natives see the potential for a foundation to help amplify the work, messaging and priorities of their grantee partners. We work with a foundation that issues a press release when they make their grant approvals. They also feature one grantee per month via their multiple platforms of communications. By doing that, they're extending the story to their broad network.

## How do you navigate challenging family dynamics?

**Wong:** Sometimes when families are running foundations together, they bring their complex relationships with them. It can make a big difference to have a trusted outside partner in the form of a facilitator who knows the issues and is able to get to know the people and the dynamics. That can really help a group move toward an objective with less emotion and friction.

## How do you engage the next generation when there are so many demands on their time?

**Hullihan:** We say, "Let's try and meet the individual where they are." It might not make sense to hold a junior board meeting, for example, if half the junior board is not able to attend. It might be better to start with a lunch-and-learn with an expert in the field or just speak with them about what areas of interest they might have and where there might be opportunities to work together down the road. That might be volunteering with an organization or it might be just experimenting with a small grant and learning about how that works.

**Wong:** The only constant is change, so while you might want the next generation to be involved, they might bring with them different ideas about how to do things. Then the question becomes, is there an openness to that among the current leadership?

## How should foundations respond to all the shifts happening in the world, not just disaster related?

**Hullihan:** More foundations are interested in helping nonprofits work together so there is no overlap in services. Foundations are also collaborating with the other donors of their grantees so they can extend their reach, get the word out and find solutions together.

Writing op-eds that promote the work of grantees can be an effective way of raising awareness. Some of the most successful foundation websites are those that highlight the work of grantees, which draws other donors to understand what that work is and leverage additional support.

## What are the emerging trends around staffing roles in philanthropy?

**Hullihan:** A lot of the hiring that foundations are doing is because they want to go deeper, they want to be involved. They might even want to be a leader as a funder around a topic. To do that, they are going to need staff that can do the research and make recommendations. And, as we discussed earlier, the trend toward streamlining the application process for potential grantees by completing a lot of the information for them, might mean more staff time is needed to take on this type of work.

**Wong:** There is also an increase in communications capabilities at foundations themselves. Foundations are finding their own voice and using their own platform to amplify the work of their partners, but they need people to help do this internally. This might mean hiring a marketer, copywriter or a social media coordinator.

**This is a condensed and edited version of the conversation. You can watch the full video of Elizabeth and Robyn's discussion [here](#).**

## HAVE A QUESTION?

Call 800.839.0054 or send us an email at [info@foundationsource.com](mailto:info@foundationsource.com).

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