
THE IMPORTANCE OF TAKING RISK IN PHILANTHROPY

Arti Freeman & Violetta Ilkiw

There's a general recognition that large-scale philanthropy has underperformed. This suggests we need more risk taking, more entrepreneurial approaches and more vision.

– Mitchel Kapor (Brodbeck, 2011, para. 4)

PHILANTHROPY PROVIDES US WITH THE OPPORTUNITY TO SEEK OUT INNOVATIVE solutions to complex societal problems. Exploring new ideas, testing new approaches, and engaging in a cycle of experimentation and adaptation are some activities that support innovation. Although research indicates that these types of activities may lead to new interventions and opportunities for the sector (W.K. Kellogg Foundation, 2008), they are perceived as riskier investments. Risk is assessed by the probability of failure (Kramer, 2000), which means that the greater the risk, the greater the chances are of not achieving one's objectives. This helps to explain why foundations turn more often to funding initiatives that are safe and predictable (Sommerville, 2008), with clear logic models, outcome plans, and evidence-based theories of change. While tried and tested initiatives have a place in addressing community issues, the lack of investments in untested activities has led to the persistence of the status quo. Consequently, we are not seeing a shift in some of society's deepest problems, despite well-thought-out outcome models.

Foundations are in a unique position to take bold steps that can help foster innovation. We have access to broad-based knowledge, resources, and networks, which we can use to convene the sector for the purposes of exploring and experimenting with new ways to address old challenges. This article outlines the risks taken by two funders, the Laidlaw Foundation and the Ontario Trillium Foundation, and shares their learning. Over the past several years, the foundations have co-invested in three promising new initiatives to strategically address the need for resources, knowledge, and tools to support and sustain youth organizing and engagement across Ontario. These initiatives are:

- In early 2009, our foundations convened a gathering of 60 youth sector representatives to help envision how to foster an infrastructure to support youth organizing in the province. This became known as the Youth Social Infrastructure (YSI) initiative.
- Learnings and relationships arising from the YSI initiative led to the inception of alternate platforms for emerging grassroots groups, such as the Youth Organizing Platform (YOP).
- The Laidlaw and Ontario Trillium Foundations were also part of the ArtReach Toronto funders' collaborative to provide youth in marginalized communities access to arts funding and technical support.¹

ARTI FREEMAN is Program Manager at the Ontario Trillium Foundation.
Email: afreeman@otf.ca

VIOLETTA ILKIW is Program Manager, youth social infrastructure strategies, at the Laidlaw Foundation.
Email: vilkiw@laidlawfdn.org

The strategies we adopted in pursuing these initiatives were, by their nature, inherently risky but ultimately proved fruitful for us. These included funding early in the process to allow future possibilities to unfold; leveraging resources, expertise, and technical support by collaborating with other funders and stakeholders; being flexible with grant outcomes and open to shifting and adapting the initiative based on emergent learning; and tapping into the wisdom of crowds through diversity and participatory leadership. Each of these strategies will be explored below, in an attempt to show that while these initiatives have not been without risk, the rewards reaped and resulting community impact have been well worth it.

While various risks and strategies will be discussed, we are not suggesting a cookie cutter approach – each new challenge will necessarily be unique, so the solutions and initiatives devised to meet them need to be appropriately flexible. Being able to sense what is percolating in the sector and catching it at the right time is what is critical. In tackling the initiatives discussed, we needed to have a sense of which issues were ripe and which would have traction if we acted “now.”

THE STRATEGIES EMPLOYED

Funding early

While funding an initiative for which there are no pre-determined outcomes and metrics (what we define as “funding early”) is a definite risk, the benefits justify this risk. These benefits include the shining promise of innovation as well as a platform on which to test new ideas to address ongoing challenges and to better respond to community needs.

The initial conversation with 60 participants in the first YSI gathering was held with no pre-conceived expectations of results, but there was a clear, agreed-upon intention between the Laidlaw Foundation and the Ontario Trillium Foundation to create an environment in which the youth-related groups and we, their funders, could co-explore ways in which we could best work together to support youth engagement and organizing.

The vision of creating a social infrastructure that could connect youth across Ontario emerged – a fluid structure that could educate, inform, and influence groups through open and consistent communication, new relationships, and a process for ongoing collaborative work. In other words, a community of practice. The Laidlaw Foundation and the Ontario Trillium Foundation saw potential in the emergence of this community of practice and elected to invest in further gatherings and conversations amongst multiple stakeholders, even though concrete outcomes were yet to be determined.

Providing funding early in the process meant we were funding an interesting idea that had not yet developed traction. Working together with stakeholders at this emergent stage of development created an opportunity for us as funders to play a role in helping to shape the course of a future possibility. It created a space for everyone to learn together, and a deeper foundation for setting out the vision, leading to a clearer, more realistic, and creative way forward to address the challenges of sustaining youth work in Ontario.

Funding early not only allowed for experimentation, but also gave agency to the work. Other funders began participating in the initiative, and youth-related groups who participated found that, as a result of being part of the process, their grassroots work gained more credibility at the community level.²

Forging and nurturing a funding relationship at the nascent stages of this project led to formation of an early trust between the youth-related groups and us, their funders. This lessened the perception that failure would result in a withdrawal of funding; instead there was an increased understanding that we were co-exploring and learning together.

In choosing to pursue this strategy of incremental grant-making, funders need to come to terms with the reality that it might take a few years before outcomes are defined and realized. “Early funders” need to learn to be comfortable in spaces that are undefined and where they do not have the answers. This may create tension between wanting to deliver something concrete and having to “walk through chaos” before things begin to take shape. The challenge in our case was that we could not give a grant to something that did not yet exist. Our solution was to provide convening funds to host conversations that would determine the next step.

Our experience suggests that majority of the funding at the early stages was focused on bringing people together in conversation, which required minimal up front resources but a lot of time and space to develop and test ideas. According to W.K. Kellogg Foundation (2008), experimenting and learning from failure early in the process actually saves time and costs in the long run, as it becomes more difficult and expensive to shift and make changes to programs or services once they are too far along.

Collaborating and pooling resources

Collaborating and pooling resources with others can be risky because of competing agendas. In 2006, ArtReach Toronto was implemented as a three-year pilot with shared contributions from funders totalling almost \$2 million (Cawley, Freeman, & Ilkiw, 2010).

While each funder at the table was committed to the vision of ArtReach, they brought their own agendas, and this posed a challenge to clear and resolute decision-making and reporting. These issues became more pronounced during the times of transition when decisions had to be made about the future of ArtReach. Another challenge was that members of the collaborative saw themselves as the “decision makers,” which meant that every decision had to be made by the entire collaborative. Although sub-committees were formed for specific areas, the program staff could not move ahead without the entire collaborative voting on the recommendations of the sub-committees. The need for a clear governance structure is crucial and has been previously discussed as key to successful collaboratives (Cawley et al., 2010).

In the YSI collaborative experience, given that members were not a homogeneous group (the participants included funders, individuals, youth-led groups, and youth-serving organizations), there was also a risk around power dynamics. Our foundations were very aware that power imbalances could pose a barrier to moving forward. One of the strategies we used to address this was to ensure constant transparency by openly speaking about what our agendas were and opening the floor for people to name elephants in the

room, the funders' presence (and the associated power imbalance and potential to limit open and honest dialogue) being one of them.

Notwithstanding, the benefits of engaging in collaboration and pooling resources far outweighed the risks. These allowed us to leverage the strengths, expertise, and resources of everyone involved, adding value to our investments and increasing reach and impact in the communities we were working with. Each member of the ArtReach collaborative provided resources beyond funding. For instance, the Laidlaw Foundation stepped in as the administrative partner in the ArtReach collaborative, stewarding the funding, staffing, and reporting. Other funders provided expertise in communications to help with the pilot launch, while still others developed a plan for evaluating the impact of the initiative (Cawley et al., 2010).

Collaborating and pooling resources in this way enabled the community to apply for funding from one entry point as opposed to applying to ten different funders. The collaborative provided young artists and groups that would not usually be able to meet the eligibility criteria of many funders in the collaborative with a channel to access funding for their initiatives.

Collaborating also provided us with the opportunity to learn from and influence one another. For instance, the Ontario Trillium Foundation changed its policy in order to allow unincorporated youth-led groups to apply for funding through a shared platform, such as Schools Without Borders (Freeman, 2011b, pg. 4). This in part was influenced by both the ArtReach and YSI initiatives. The Frontline Partners for Youth Network (FPYN), another group involved in the YSI initiative, indicated that as a result of their participation, they "broadened who they work with to include youth leaders in the youth-organizing sector" (Freeman, 2011b, pg. 6).

Collaborating with the sector has also deepened our relationships with community groups, increased our understanding of the issues, and helped us to support initiatives more effectively. Our experience suggests that trust, with a foundation in strong relationships, is critical in any collaboration, particularly because the agenda of the collaborative needs to supersede any individual and organizational agenda. As funders, we took just as much responsibility as other participants for the successes and failures of these initiatives in which we were actively engaged. We were truly partners, and this removed some of the inherent power differential in the relationship between funder and grantee.

Flexible and adaptable grant-making

Being flexible and adaptable means being fluid and sensitive to how the process is evolving. For us, it also meant being ready, willing, and able to change our roles as funders, the composition of the collaborative, the direction of the initiative, or any predetermined outcomes to ensure that participants and strategies remain relevant to the changing environment. For many of us, this can be a risky venture because it creates a level of uncertainty about where things are moving and a fluidity in expectations, responsibilities, and outcomes.

Our experience with the YSI initiative, which has been the quintessential exercise in social innovation, suggests that the role of funders may need to change at any given

time based on the needs of an initiative. In this case, each funder took on different roles depending on the type of support needed. These roles included that of convener at the beginning of the process, transitioning to the role of supporter and steward of the emerging vision, and then shifting again to that of an active collaborative partner helping to shape and design the next steps that would help propel the vision forward.

This created challenges in that we were not playing the usual funder role of consulting with grantees from a distance, and it created a need to constantly negotiate our roles (e.g., when discussions about granting and applications to our foundations came up). We dealt with this by providing the same information and guidance we would offer any potential grantee. Our willingness to be mutually responsible for how the YSI moved forward placed us in a position of shared accountability with community partners.

Being flexible and adaptable allowed us to see another innovative idea unfold amidst our learning from the YSI initiative: the evolution of shared administrative platforms at Schools Without Borders (SWB) and Tides Canada Initiatives (TCI). Shared administrative platforms are intermediaries that provide legal, financial, human resources, and other administrative supports to multiple unincorporated groups.³ It was envisaged that a youth organizing platform (YOP) would not only provide administrative support to emerging community or youth-organizing groups, but would also include capacity building, technology supports, and mentorship. The Laidlaw Foundation saw an opportunity to shift its funding to support both SWB and TCI in their research into what this platform could look like, its potential for direct support to grassroots activities, and how it could be sustained. The Ontario Trillium Foundation supported SWB (working in partnership with TCI, among others) to explore the migration of the youth-led groups from their existing administrative platform onto the YOP, using it as a case study to see whether this was a viable platform that could be scaled up for the province.

While changing direction midstream may pose a risk, research indicates that the ability to do so helps organizations capitalize on emerging opportunities (McKinsey & Company, 2006). Our experience suggests that the ability to see opportunities and challenges ahead of time enables one to quickly adjust and respond to meet those challenges. Funders need to commit to continuous learning, have the ability to take on changing roles, be sensitive to changing needs and circumstances, and be willing to adopt an adaptable approach, as these are required to support the development of innovative solutions in the sector to address community issues.

Diversity and participatory leadership

Diversity breeds greater innovation. Synergistic benefits can arise when diverse perspectives and experiences are effectively harnessed to cultivate original and creative ideas and solutions to the issues at hand. However, taking such an approach also means that the full range of stakeholders who will most likely be affected by a decision should be included in the decision-making process. Specifically, groups that may oppose the majority decision should be encouraged to join the conversation.

This can be risky on multiple levels. The innovative solution that emerges from amongst these many voices may be beyond the scope of what the funders are able to or wish to fund. Also, it may be difficult to devise and execute a process that ensures that partici-

pation takes place with integrity and equity and that every voice is heard. There is also the risk that an underlying conflict may arise and that the conflict may be mishandled, potentially creating loss of trust, frustration, and chaos – resulting in the collapse of an initiative. Finally, it can take a bit of muddling through the disorder and uncertainty that comes with putting many different voices and perspectives in one room.

One of the hypotheses that evolved from the lessons learned during the YSI initiative was: if participatory facilitation techniques are used, every voice is heard and all participants are engaged equally. Our experience with the YSI initiative suggests that because we used Art of Hosting 4 processes, such as World Café and Open Space technology, that enabled participation and self-organizing, participants took ownership of the outcomes and acknowledged their unique role in moving the vision forward. Investing in a participatory process also helped deepen relationships, which in turn played a large role in sustaining the momentum and work of the group.

While it took almost three years of engaging with the diverse stakeholders involved in the process before we saw any results, our early findings suggest it was worth investing the time needed to ensure diversity and broad engagement. Some of these findings are discussed in the impact section below.

IMPACT: RESULTS OF TAKING RISK

Playing an active role as collaborators, catalysts, and stakeholders in the processes described above led to the unfolding of new ideas and solutions that went beyond what any defined set of outcomes might have predicted at the outset.

Youth Social Infrastructure (YSI)

While we are still learning through this process, the impact of the YSI collaborative is evident as stakeholders develop new perspectives and ways of working within and across organizations. YSI members have seen the effective change possible through participatory leadership and are collaborating with one another using the same tools and processes used in the YSI initiative to address gaps and opportunities within their own communities in an innovative way by creating space for passion and energy (see note 2).

For example, the New Mentality, a project of Children’s Mental Health Ontario, transformed that organization’s training program using participatory leadership methodology, learned through active involvement in the YSI initiative, as a way to ensure the participation of all stakeholders in the process. The organization sought to better engage the young people they serve through the delivery of youth engagement training workshops for mental health agencies, signalling a shift in organizational culture (Freeman, 2011a).

Toronto-based youth groups Schools Without Borders, the Grassroots Youth Collaborative, ArtReach Toronto, Manifesto Community Projects Inc., and others have begun to align their work to collaborate toward the creation of a grassroots training and mentoring initiative for youth organizing in Ontario. This new way of working together allows the groups to extend their resources to a wider audience, using the YSI network to give space and time to the evolution of creative ways of making the mentoring, training, tools, and workshops accessible to youth organizers across Ontario.

Youth Organizing Platforms (YOP)

The emergence of a youth organizing platform (YOP) is a significant development that could not have been predicted at the onset of the YSI initiative. The potential of a shared administrative platform rests in its ability to reduce administrative duplication, allowing groups to be more efficient and nimble. It also creates a way for neighbourhood or grassroots groups to access funding and structural support, and to be more effective at organizing around societal concerns. It allows funders to put grant dollars directly in the hands of residents, with organizations playing a supportive infrastructure role taking on the governance risk. This in turn creates greater opportunity for innovation, experimentation, and real community empowerment. Funding administrative platforms is still a new idea in the funder landscape and requires changing funding policies to allow funds to flow to more than one project under the umbrella of one organization.

While shared administrative platforms are currently being used by a number of organizations in the sector, the notion of a youth organizing platform, which incorporates value-added services – such as mentoring, capacity building, and shared office space – to meet the needs of emerging groups, is currently being explored. While it is still too early to tell what the impact a YOP may have on the sector, and if this model could reach a broader base of emerging groups (not just youth), both foundations are committed to test and further develop this innovative infrastructure to support and sustain youth- and community-organizing.

ArtReach

ArtReach has shown itself to be a low-cost and efficient approach to reaching significant numbers of emerging young artists. The pilot provided grants to 75 initiatives representing a variety of arts, including music, dance, theatre, writing, and other multi-disciplinary art forms. The collaborative investment successfully created programming for excluded and “hard to reach” youth, building their skills and leadership abilities and strengthening community capacity. Significantly, ArtReach has acted as a bridge to further funding for ArtReach grantees, as 66% reported successfully obtaining grants from established arts funders at the city, provincial, and federal levels (ArtReach Toronto, 2010).

Taking the plunge

Making riskier investments as a funder does not mean shifting your organization’s funding strategies away from existing methods that are garnering positive results. As an organization you can choose to diversify what you fund and how you fund and begin with small experimental initiatives to see where they go. This could mean earmarking a portion of grant dollars each year for unexpected initiatives that may fall outside of your defined criteria or funding focus. It can also mean experimenting with how the foundation interacts with its community of stakeholders, opening doors for more informal dialogue that is not tied to granting or outcomes.

To successfully support and engage in innovative programs and practices within the sector, we, as funders, need to seed and cultivate innovation within our own organizations. For instance, we could increase our tolerance for risk, commit long term to an organization, or remove funding barriers. In practical terms this may mean broadening the scope of activities funded to include experimentation and testing and providing technical assistance to grantees to support new ideas. Allowing organizations to develop

or change outcomes as needed and to reshape design based on discovery, as well as providing flexibility in how funds are spent, are other practices funders could consider promoting internally (Freeman, 2011a).

Seeding innovation within our own organizations also means creating governance strategies and policies that provide enough flexibility to allow us to embark on riskier ventures. Boards need to understand and be educated in risk tolerance with all grants, as social returns on investment cannot be calculated as definitively as monetary returns. Due diligence and good governance do not exclude taking on riskier ventures; rather, it is a sign of good governance when such decisions are made and we learn from them, ultimately strengthening the organization and its ability to respond to emerging issues and to see broader and deeper impacts of its investments.

When partnering, either with other funders and/or with our community stakeholders, we have learned that it is important to build strong relationships of trust, have an ability to listen to differing viewpoints, and be prepared to work together to shape outcomes. When those deeper relationships are built, it is possible to relate as humans, not as institutions; and, through this, it is possible to see where divergent agendas intersect for collaborative action to move forward. While not every decision needs to be collaborative, where collaboration is intentionally exercised, room is made for new and different ideas to be fostered. This leads to strengthened relationships and ensures transparency, contributing to better results in the long term.

To work effectively with diverse community stakeholders, funders must learn to give power away rather than try to maintain power over. The authors of *Do More Than Give* discuss the importance of “mutual accountability that comes when funders and non-profits alike hold themselves and each other responsible for larger outcomes they seek to achieve, and funders give power away by sublimating their own ideas to the goals of the larger network” (Crutchfield, Kania, & Kramer, 2011, p. 13). Another way to address power dynamics is to put the issue on the table clearly and honestly. It can be a vulnerable action for funders to take, but should not be as it is not really possible to take power away, nor should anyone deny their own power. Naming the power dynamics that exist, as well as being aware of them, creates an opportunity to work with the differences in the room, provides clarity, and even a rebalancing of power rather than sitting in power over those we call “partners.”

CONCLUSIONS

Innovative ideas may lead to small incremental changes or to something revolutionary that could shift the entire landscape of an issue, organization, or sector. However, supporting ideas that are untested but promising is a risky endeavour, as the chances of failure may seem higher than in traditional investments. Since innovations, large or small, help make things better (W.K. Kellogg Foundation, 2008), funders have a responsibility to invest in new ideas that can be tested and further developed. Acting boldly, however, does not mean throwing caution to the wind. The risk of investing in an idea needs to be measured against the potential impact it could have (Kramer, 2000). The opportunity to evaluate the risk and document the experiment as a learning activity can help inform the future of our own grant-making and policy decisions, and the changes we wish to contribute to in society.

Foundations are in a unique position to take bold steps to boost and foster innovation. Our attachment to rational logic models creates an illusion of control and accountability that may be directed at the stated outcomes rather than the reality on the ground. When we focus on outcomes-based initiatives, we tend to discard the discussion about the values and assumptions driving these outcomes as if they don't exist. While outcome-based plans can be useful as markers, workplans do not exist in static time, and programs need to respond and shift to changes in their environment. Activities that bolster innovation include being flexible with grant outcomes and how funds are spent; supporting the convening of networks for the purposes of learning, discovery, experimentation, and knowledge sharing; investing in time and space for people and organizations to come together to pursue ideas for social change; and thinking creatively about providing resources other than funding, such as technical expertise, brokering relationships with other funders, physical space to meet, and so on (Freeman, 2011a).

The initiatives supported by the Laidlaw and Ontario Trillium Foundations have significantly changed the landscape of the provincial youth sector, particularly in Toronto. They have also connected urban and rural youth, and have helped foster new partnerships and shifted paradigms in both communities and organizations.

Both the Laidlaw and the Ontario Trillium Foundations took a risk by venturing into uncharted territory and shifting the type and method of support for initiatives to steward innovation in the field of youth work. Lurking within new and untested ideas are potential solutions to some of society's most pressing problems. Can we afford not to take the risk?

NOTES

1. Technical support included training, assistance with grant writing, networking, and so on.
2. From interviews conducted by Arti Freeman (September 2011) with YSI members (Motivate Canada, Schools Without Borders, Frontline Partners for Youth Network, Sketch, Celebrate Youth Movement, Agincourt Community Services Association, and The New Mentality).
3. These groups come under the legal entity of the intermediary and are governed by the intermediary's board of directors.
4. The Art of Hosting and Convening Conversations uses various social technologies to help groups learn and work toward innovative solutions. See: <http://www.artofhosting.org/home/>. Also, the [youthsi.org](http://www.youthsi.org) resource page lists a number of resources for using the various social technologies: <http://www.youthsi.org/resources.html>.

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