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Article

An Exploratory Study of Types of Innovation in US Foundations

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Abstract: While foundations contribute in significant ways to the United States' social, economic, and political life, they are experiencing increasing demands placed upon them by their own sector and need to respond to the major changes in their external environment. In order to create breakthrough solutions to long-standing problems, foundations have to become more innovative and seek to experiment and find new approaches. Unfortunately, innovation discourse within foundations has received little attention. This paper fills the gap in the literature as it describes the results of a study that explored different types of innovations implemented in foundations. More specifically, staff members of 17 US foundations that are known for supporting innovation in nonprofit organizations, were asked to describe programmatic and administrative innovations implemented in their own foundations. The results showed that foundations that support innovation are in fact innovative themselves. They implemented numerous innovations in programmatic and administrative, financial, and structural areas. This paper provides a rich description of a broad range of innovations implemented within each of those areas. The contribution of this study and insights are significant at this particular time when foundations' roles and impact on social change are questioned. The results can enrich our discussion of where foundations can go from here in terms of becoming innovative themselves in order to be able to support and enhance innovation in the nonprofit sector.

Keywords: foundations; innovation; nonprofit organizations; types of innovations

1. Introduction

"Philanthropy is changing and evolving more quickly than ever, with new societal challenges, new players, and new strategies. In this time of change, questions of how foundations can optimize their effectiveness for the public good are increasingly urgent—and the ability to self-reflect or even be introspective on an organizational level is critical" (Berman et al. 2017, p. 5).

Foundations contribute in significant ways to the nation's social, economic, and political life (Boris 2001). The economic wealth of those institutions has increased 1000 percent in the last two decades, and their support for nonprofit organizations has tripled since 1991. In 2015, there were 86,203 foundations in the USA with nearly \$868 billion in assets and close to \$63 billion in giving (Foundation Center 2015). In 2015, foundation support accounted for 16% of the nonprofit sector's funding (Giving USA 2016). Since the 1960s, foundations' leadership accepted the idea that foundations "can play, have played, and should play a leading role in making the United States a more just and democratic society" (O'Connor 2010, p. 330).

At the time when foundations are providing critical support for new strategies and opportunities throughout the nonprofit sector (Foundation Center 2013), they are experiencing increasing demands placed upon them by their own sector and need to respond to the major changes in their external environment (Faber et al. 2005). The foundations' external operating landscape is drastically

different from what it used to be when the earliest foundations formed over hundred years ago (Berman et al. 2017). As newer philanthropic approaches are challenging current philanthropic norms, investment, and decision-making models, the leaders of foundations are questioning the structures and operational procedures of foundations. Additionally, with capacity and resources being more fragmented than concentrated, trust in societal institutions decreasing, and collaboration at scale becoming possible, old philanthropic frameworks and models need to be reexamined (Berman et al. 2017).

Despite their economic power, foundations' current grantmaking strategies are seen as no longer matching the emerging realities of tomorrow (Kasper and Clohesy 2008). While being able to use their resources to serve as risk absorbers, foundations are believed to have lost their zeal for experimentation and risk (Kasper and Marcoux 2014), preferring to fund incremental programs that have predictable and quantifiable results (Kasper and Marcoux 2014). They are being criticized for being overly cautious and passive (Ostrander 2007), with innovative foundations being exceptions (Anheier and Leat 2006). In order to create breakthrough solutions to the long-standing problems, foundations have to become more innovative and seek to experiment and find new approaches (Kasper and Marcoux 2014).

Despite the arguments that foundations can impact social change and innovation, we know little about how foundations operate (Ostrander 2007; Scherer 2017; Zoltan and Phillips 2002). Kasper and Clohesy (2008) suggest that not enough funders have a good understanding of what innovation is or how to implement it intentionally and consistently. Several explanations can be provided for the comparatively little research on foundations. Because foundations provide financial support for research, researchers are hesitant to question foundations' work; and foundations themselves (with a few exceptions) have been reluctant about funding independent research of their roles and impact (Zoltan and Phillips 2002). Ostrander (2007) notes that research on foundations is critical nowadays as they are called to take on more responsibility for addressing serious issues. Zoltan and Phillips (2002) add that new work is needed because foundations are significant institutions that, without adequate understanding of their work, can be in danger of uninformed criticism. Additionally, if foundations in fact do have such a great potential to influence the innovation landscape, we need to have a better understanding of innovations within foundations. Unfortunately, social innovation discourse and institutional entrepreneurship within foundations have received little attention (Suarez 2012).

This paper contributes to the emerging body of literature on foundations and innovation as it sought to answer the following research question: What types of innovations were implemented by foundations that are known for supporting innovation in nonprofit organizations?

2. Literature Review

If foundations can in fact be innovation influencers, the question is: how innovative are they themselves? Surprisingly, researchers have paid scant attention to innovation and entrepreneurship within philanthropy, with most of the research on foundations being externally oriented (Suarez 2012). The theoretical literature that does exist points to the opportunity spaces within which foundations can innovate. Kasper and Clohesy (2008) outlined numerous opportunity spaces for innovation in foundations (Figure 1). The first major space is *program opportunities*, which constitutes the core of a foundation's work. Within that space, the authors identified *six areas of innovation*: strategic grantmaking, wielding influence, leveraging resources, collaboration and brokering, research and knowledge sharing, and learning and evaluation. The second major space pertains to a foundation's internal operations, and encompasses *structural, financial, and administrative opportunities* in the areas of staffing, governance, organizational structure, physical infrastructure, financial management, technology and knowledge management, and communications and marketing.

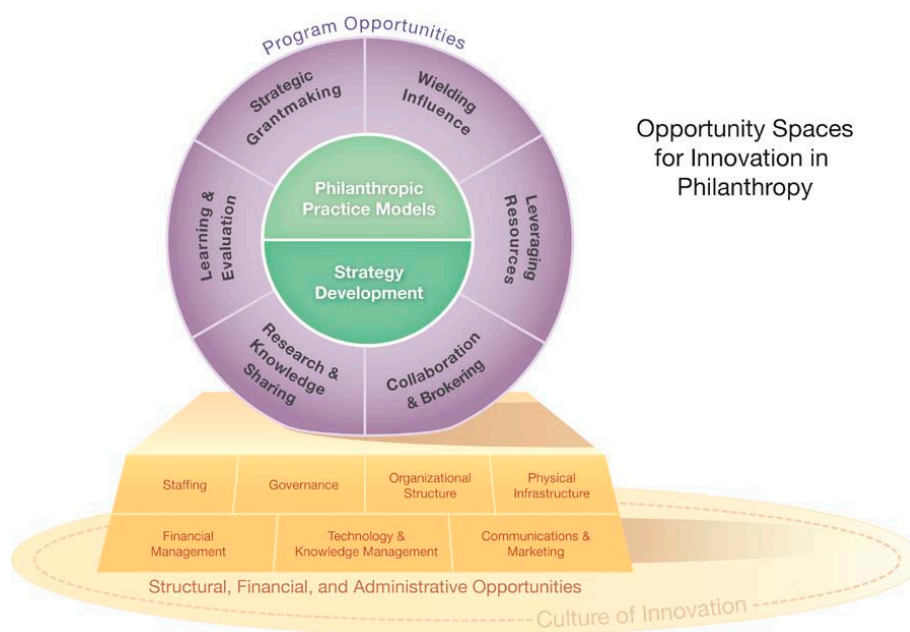


Figure 1. Opportunity spaces for innovation in foundations (Kasper and Clohesy 2008).

Fulton et al. (2005) described *six areas of philanthropic innovation*: experimenting with grantmaking strategies, rethinking available resources, redefining the spheres of activity, creating a culture of learning, aggregating actors, and questioning the foundation form. In summary, the works of Fulton et al. (2005) and Kasper and Clohesy (2008) provide a good foundation for exploring different types of innovations implemented in foundations.

Some empirical evidence shows that foundations are innovating, changing, and adopting new approaches to better create social change. In a study of foundation and endowment organizations that provide investment and advisory services, Envestnet (2013) found that rather than building their own technological solution from scratch, charitable-hybrid advisors are outsourcing to technologically savvy investment service providers, such as turn-key asset managers (TAMPs), broker-dealers, or registered investment advisor (RIA) platforms (Envestnet 2013). Foundations are adapting their internal practices to better achieve meaningful impact. A study of 114 practitioners from 58 philanthropic organizations found four ways that foundations are transforming. First, foundations are adopting new frames of reference for determining the size and shape of their staffing models. Viewing staff as capital to multiply impact, not drive costs, is one aspect of an innovative staffing philosophy. Second, foundations are reshaping their overall design structures, allowing staff to work together in new, innovative, and better-connected ways. Back-office support (such as human resources, IT, finance, communications, and operations staff) is being engaged in a few ways to contribute more directly to the success of the foundations. Busting silos among staff is another way that foundations are innovating their internal structure. Third, foundations are expanding and rethinking the skills they seek in staff, welcoming and valuing diverse experience and boosting the breadth and depth of professional development. Fourth, foundations are placing higher value and importance on organizational culture by committing to a culture of continuous learning, managing power dynamics, and internally modeling the practices they expect from grantees (Stevenson and Bockstette 2018).

Grantmakers for Effective Organizations (GEO), a field leader in promoting innovation that increases effectiveness, found that foundations have been steadily increasing their grantmaking portfolio, including a willingness to fund support capacity building and evaluation. Foundations are also investing in strengthening relationships with nonprofits, as well as recognizing the importance of diversity, equity, and inclusion to their mission. Finally, GEO found that foundations are creating an innovative internal culture that supports ongoing learning and improvement, though many foundations

report their culture is not where it needs to be to maximize effectiveness ([Grantmakers for Effective Organizations 2017](#)).

Limited theoretical and empirical literature suggests that foundations have a great potential to solve society's most complicated problems. Their unique position as independent, flexible, efficient, and apolitical funders allows them to contribute to solving issues that are otherwise neglected by the public and private sectors ([Porter et al. 1999](#)). Yet many foundations are risk-averse and do not fully utilize their potential for innovative impact. Funding innovation is risky, and does not produce the clear, quantifiable, and predictable outcomes that most funders seek. The emerging group of funders who have returned to the art of funding innovation are finding it unpredictable and rewarding, especially when the foundations provide support in both financial and nonfinancial ways.

In summary, the existing literature suggests that the opportunity spaces for foundations' innovations are numerous, and when appropriately picked and applied, foundations' strategies and mechanisms have a great potential to encourage innovation in the nonprofit sector. The purpose of this paper was to identify and describe types of innovations that were implemented in foundations that are known for supporting innovation in nonprofit organizations.

3. Methodology

Sample and Data Collection

In this study, we focused on foundations that fund innovation. We assumed that if those foundations support innovation, they will more likely be innovative themselves. We used several different methods to identify foundations that support innovation. We started with a web search, using key phrases like "grants for innovation," "foundation grant nonprofit innovation," "grants nonprofit innovation," "funding innovation nonprofit," and others in a similar vein. We also searched the Foundation Center database and Chronicle of Philanthropy using the key phrases listed above, as well as phrases like "new approaches," "changing the way," "new ideas," "better way," "improved service delivery," and "solving." Once foundations were identified, their websites were then reviewed for explicit or implicit mention of their support for innovation. The three coauthors were involved in creating the sample population. Clear search criteria for identifying those foundations, as well as a systematic review of the identified foundations by each author were used to avoid researcher bias.

The result of the above vetting process was a list of 42 foundations. Next in the course of our research, we asked respondents to identify other foundations that are known for supporting innovation. This snowball sampling resulted in the inclusion of 15 additional foundations. Out of 57 total foundations, 14 declined to participate because of a variety of different reasons, primarily time constraints, and 28 did not respond to our inquiry. The final sample for this study was therefore comprised of 17 foundations of different ages, sizes, and types (see [Table 1](#)).

Table 1. Foundation sample (N = 17).

Foundation Name	Funding Strategy				Age	No. of Employees	Foundation Type
	Concept/Idea	Concept/Idea Development	Concept/Idea Implementation	Concept/Idea Scaling			
Thomas B. Scattergood	Yes	Yes	Yes	No	11	6 FT *	Health conversion
The Sprout Fund	Yes	Yes	Yes	No	15	9FT 1PT **	501c (3)
The Rockefeller Foundation	Yes	Yes	Yes	Yes	103	155 FT	Institutional philanthropy
Vermont Community Foundation	No	Yes	Yes	No	30	25 FT	Community
The Forbes Fund	Yes	Yes	Yes	Yes	33	8FT 5PT	A supporting organization
The Bush Foundation	Yes	Yes	Yes	Yes	64	43 FT	Private
The Knight Foundation	Yes	Yes	Yes	Yes	67	70 FT	Private
California Health Care Foundation	No	Yes	Yes	Yes	20	48FT 1PT	501c (4)
The American Society of Association Executives Foundation (ASAE)	Yes	Yes	Yes	Yes	53	15 FT	Private
A. E. Casey Foundation	Yes	Yes	Yes	Yes	69	200 FT	Private
Kresge Foundation	Yes	Yes	Yes	Yes	93	93 FT 2 PT	Private
Kellogg Foundation	Yes	Yes	Yes	Yes	86	217 FT 2 PT	Private
McKnight Foundation	Yes	Yes	Yes	Yes	50	45 FT 3 PT	Private
Taproot Foundation	No	Yes	Yes	No			Private
Gordon and Betsy Moore Foundation	Yes	Yes	Yes	Yes	17	105 FT	Conversion
The California Endowment	Yes	Yes	Yes	Yes	21	150 FT	Private
Te Lodestar Foundation	N/A	N/A	N/A	N/A	19	1 FT 1 PT	Private

* FT: full-time, ** PT: part-time.

We conducted a total of 18 structured interviews with the foundations' personnel. The foundations' representatives provided us with the names of individuals who were best qualified to answer the questions pertaining to innovation. Each interview was conducted via Skype and recorded using an Amolto recorder. Interviews lasted for an average of one hour.

Participants received an interview guide (Appendix A) and an informed consent form prior to an interview. Along with a number of demographic questions about the respondents and their foundations, this guide included a number of questions about programmatic and administrative innovations. Those questions were developed using theoretical literature on innovation spaces in foundations as the basis. Examples of questions around programmatic innovations included: In the last three years, have you introduced innovations in the grant-making process?; In the last three years, have you implemented innovations facilitating collaboration among diverse stakeholders?; In the last three years have you introduced new ways of leveraging your resources with a goal of multiplying the impact of your foundation's work?; In the last three years, have you introduced new ways of evaluating foundation's work/assessing its impact?). Administrative innovations pertain to foundation's internal operations and encompass structural, financial, and administrative innovations in the areas of staffing, governance, organizational structure, physical infrastructure, financial management, technology and knowledge management, and communications and marketing were captured with six questions. Examples of questions around those types of innovations include: In the last three years, have you introduced new governance practices?; In the last three years, have you introduced new technologies to communicate/connect with your stakeholders?; In the last three years, have you introduced new approaches to communications and marketing?; In the last three years, have you introduced a new approach to staffing? For each of those questions, respondents were asked whether or not their foundation implemented innovations in that area and provide examples of implemented innovations.

4. Results

Our sample included different types of foundations: private, community, conversion, health conversion, 501c (3), institutional philanthropy, and supporting organization. The ages of the participating foundations ranged from 11 to 103 years. Foundations also varied in the number of employees they had, with a minimum of one full-time and one part-time employee, and a maximum of 217 full-time and two part-time employees. With the exception of two foundations, all foundations funded full ideas/concepts. All foundations funded concept/idea development and concept/idea implementation. Fifteen out of 17 foundations also funded concept/idea scaling (see Table 1).

4.1. Innovations in the Program Opportunity Space: Innovations in Philanthropic Practice and Strategy Development

Among the most often implemented innovations in philanthropic practice were: implemented new models of practice beyond traditional grantmaking (16 foundations), introduced innovations in the grant application process (14), and introduced new ways of soliciting grant proposals (11). Within the strategy development area, the most frequent innovations were: introduced new ways of leveraging resources with a goal of multiplying the impact of the foundation's work (17), and introduced innovations in fostering and facilitating collaboration among diverse stakeholders (15) (Table 2).

The least often implemented innovations in the program opportunity space were in philanthropic practice: introduced new approaches to grant decisions (7), introduced innovations in how the grant applications are handled and processed (8), and introduced new ideas for the selection process (8) (Table 2). Evaluating the foundation's work/impact was the least often mentioned innovation in the strategy development area.

Table 2. Innovations implemented in program and structural, financial, and administrative opportunity spaces (N = 17).

Innovation Spaces	Number of Foundations
Program Opportunities	
<i>Innovations in Philanthropic Practice</i>	
Implemented new models of practice beyond traditional grantmaking	16
Introduced innovations in the grant application process	14
Introduced new ways of soliciting grant proposals	11
Introduced new ideas for the selection process	8
Introduced innovations in how the grant applications are handled and processed	8
Introduced new approaches to grant decisions	7
<i>Innovations in Strategy Development</i>	
Introduced new ways of leveraging resources with a goal of multiplying the impact of the foundation's work	17
Introduced innovations in fostering and facilitating collaboration among diverse stakeholders	15
Implemented innovations in brokering relationships	14
Introduced new ways of influencing public policy and corporate behavior	14
Introduced new ways of sharing the knowledge and information that is of great value to other organizations	14
Introduced new ways of evaluating the foundation's work/impact	10
Structural, Financial, and Administrative Opportunities	
Introduced new financial systems, new approaches to managing endowments, or new approaches to managing financial assets	14
Introduced new technologies to communicate or connect with stakeholders	12
Introduced a new approach to staffing (hiring practices, performance evaluation, etc.)	11
Introduced innovation in the foundation's communications and marketing	11
Made changes in the foundation's structure (legal structure, design of internal/external networks, etc.)	6
Introduced new board governance practices	4

Foundations clearly saw the value in expanding their areas of practice to include a variety of different activities that go beyond traditional grantmaking. One of the interviewees elaborated on why that is becoming increasingly important: "increasingly our money is like a drop in a bucket ... So, we're not going to be making a huge impact with just our dollars. What we recognize is our nonfinancial support is going to be more important" (Program officer, Foundation 11).

Among the examples of activities that go beyond grantmaking are: providing a platform for idea generation and development; implementing community building activities that help generate ideas, such as creating ideation sessions and brainstorming opportunities; organizational capacity building through technical assistance for grantees; and making more direct investments and introducing new impact investing models (mission-driven impact investing and program-related investing).

When speaking about activities that go beyond traditional grantmaking, one foundation representative explained, "we view community building as kind of a department of services that involves creating these ideation sessions, brainstorming opportunities, community outreach through lunch and learns and panel presentations, basically that has evolved in the past couple of years to be a whole line of business for us" (Program officer, Foundation 2). Another foundation's representative told us: "we work with a broad range of organizations that also need a degree of capacity building and we have worked with community organizations, mostly our grantees, to develop a technical assistance program" (Foundation fellow, Foundation 6).

Five respondents mentioned their foundations implementing new investment strategies. A policy director at one foundation explained:

We have a very robust mission driven investing, impact investing, and program related investing groups. And they are more and more going into riskier areas with a very firm set of rigor and criteria that comes from the financial industry but looking at innovative ways to shape environments (Foundation 12)

A philanthropic advisor for another foundation described the following:

... we've started to actually make more direct investments, so for example, we invest directly in a goat farm that would align with our farm initiative around farm viability, that is one example. That is one thing that we've done that is new. The second thing that we've done in the last three years that is part of our programming is we have created a new nonprofit reserve fund (Philanthropic advisor, Foundation 4)

Fourteen foundations reported implementing innovations in the grant application process. Two clear themes that emerged within this area were making the application process more seamless and more efficient. One program director explained, "rather than waste everyone's time doing a full proposal and submitting budgets and those sorts of things, we'd rather sort of narrow down and progressively ask for those additional materials as people get closer to actually receiving a grant" (Program director, Foundation 7). According to another respondent, his foundation accepted proposals in any format:

We can accept a written proposal that is either submitted online or as attachment to email, or submitted by hand, dropped off at a library, and we pick them up at the library. The libraries are in the neighborhoods where the project areas are targeted. We permit youth to submit applications that are just like a video, like a self-interview on video or audio (Foundation 2)

Eleven foundations reported introducing new ways of soliciting grant proposals.

The following themes emerged throughout the interviews: pro-active, timely, and responsive to community's needs; community support/buy in; and more flexible solicitation of grant proposals. One of the major new ways of soliciting proposals involved going out to communities, meeting with key stakeholders and thought leaders to hear about their ideas, and talking about their fit and how the foundation might support them.

Another theme that emerged was timeliness and responsiveness to community's needs during the grant solicitation process. Foundations realized that long waiting times can stall creativity and that they needed to be more responsive to potential grantees' needs. A foundation fellow explained: "we recognized that the needs of our community are coming in at different times of the year ... we worked on an internal basis with input from our grantees and other intermediary foundations to kind of get the process that was inclusive and collaborative and human-centered" (Foundation fellow, Foundation 6).

Several respondents noted that instead of requiring a lengthy application document, they decided to allow applicants to provide supplemental materials in different ways to augment their application. Lastly, asking applicants to find funding partners in their communities or come up with ways to match foundations' grant moneys was identified as another innovation in soliciting grant proposals. One respondent said:

we came in as a national funder at the invitation of the community and they all had to have community funder partners. Part of that is our belief in the community and ... what we know of sustainability is going to be linked to community acceptance, ownership, and saying—this is ours" (Policy director, Foundation 12)

All participants were eager to talk about their work in fostering and facilitating collaborations. Fifteen foundations introduced innovations in the area of fostering and facilitating collaboration among diverse stakeholders. Participants mentioned that having emphasis placed on making a collective impact forced them to facilitate collaborations, fund centers that fund innovation, and co-sponsor events and projects. One of the respondents said:

Because there has been such an emphasis on results-based accountability and also on another thinking piece known as collective impact theory, we've been . . . trying to push that out the door a fair amount for training for grantees, co-sponsoring conferences each year, selective impact and resource based accountability training (Philanthropic advisor, Foundation 4)

Different types of collaborations were described among a variety of different stakeholders, such as businesses, nonprofits, and government organizations. One of the respondents explained:

Sometimes we fund the initiatives. Sometimes we fund centers who fund collaboration. . . . We're working with the . . . federal reserve bank to bring state resources and philanthropic resources to basically an economic development competition that happens in cities in each state. So, we're funding tables/collaboratives for problem solving. We're creating them ourselves in some places, and then we fund a lot of national convening (Program officer, Foundation 11)

Another foundation started policy circles, which enabled organizations "to look at a common issue but also to be able to open a dialogue with policymakers . . . it helped connect them to one another but also through the legislature and other policy makers in the state" (President, Foundation 5). A policy director at one of the foundations commented, "the eleven social justice organizations that we funded, we funded them as a collective. We did not fund them as individuals" (Foundation 12).

One clear theme that emerged throughout the discussion of different types of collaborations was that the foundations were not interested in forced collaborations. In one participant's words, his foundation facilitated "engineered collisions in community programs" by bringing the right people together at the right time and allowing them find collaboration that will benefit them rather than the foundation creating them (Foundation fellow, Foundation 6). Another foundation requested that their current grantees find new ways to work together as part of a collaborative approach (Foundation 2).

Another major area in which foundations implemented numerous innovations was leveraging resources with a goal of multiplying the impact of the foundation's work. Among the innovations implemented in this area were the leveraging of financial capital, funding intermediary organizations that provide support for nonprofit organizations, and supporting their grantees. One respondent described their partnership with a business as an example of leveraging resources: "Sea Change Capital partners really does most of the front work on our grant making . . . They match our grants. So, we established the Sea Change/Lodestar Collaboration Fund and so a lot of our collaborations go get vetted and fronted through Sea Change Capital Partners. That's a way we were able to expand our service without expanding our staff or workload" (Foundation 17). A foundation fellow (Foundation 6) explained how his foundation funds an intermediary organization—a local Council of Nonprofits—to provide support to nonprofits through training, convening opportunities, and in general equipping nonprofits to be robust problem solvers. Another foundation described "putting the organizations at the center and wrapping our services around them" as a way of leveraging the foundation's resources to provide comprehensive support (President, Foundation 5).

In addition to fostering and facilitating collaborations and leveraging resources to multiply the impact of the foundation's work, 14 foundations reported innovations in brokering relationships. One participant reflected on how their foundation brokered relationships: "if something's not happening in a city, I'll broker a connection with a thought leader or expert from another city, or a national expert, and then I'll fund the travel for that" (Program officer, Foundation 11). Another respondent noted, "we spend a lot of time providing technical assistance to grantees . . . helping them troubleshoot and making connections for them" (Program officer, Foundation 1). Yet another foundation recognized the lack of "flyover state" organizations at major national conferences. They broker diverse relationships with those less represented organizations by "buying out 50 seats at a time at the upcoming independent sector conference making those seats available to our grantees and having them be present as attendees to those high-profile national conferences" (Foundation fellow, Foundation 6).

Fourteen foundations indicated that they introduced new ways of influencing public policy. One participant noted, “What we understand is that public policy is about public will. It is about engagement, and really about the capacity to engage. So, we really are always looking at new ways to do that, and who is not at the table that needs to be brought in” (Policy director, Foundation 12). Building on the idea of engagement, another respondent described the necessity of diverse perspectives in this innovation space. She emphasized the necessity of all types of diversity—race, thought, background, field—in order to make progress (Chief officer, Foundation 15).

Among specific ways in which foundations influenced public policy were sitting on different committees and advisory boards trying to influence idea making that way, educating legislators, collecting new data and aggregating it to illustrate the extent of existing issues, funding community groups, funding the legal structure, and helping organize the voice of the sector. They also exercised their influence through the organizations that they funded. A program officer of one foundation explained:

Sometimes it’s about infrastructure investments that you hope will influence other stuff. We fund grantees who try and influence policy by issuing issue papers, by convening people, by sharing effective practice and asking for it to be scaled and taken up by several programs (Program officer, Foundation 11)

The last program opportunity for innovation area that foundations implemented numerous innovations in was sharing the knowledge and information that was of great value to other organizations. One of the respondents reflected on the importance of innovation in this area: “I really feel like people describe foundations as being luxury position, as having the time and the money to look around a lot and do the landscaping and try to really understand what’s going on and its really our responsibility to share that work in the cold face of it” (Program officer, Foundation 11).

Foundations shared their knowledge and information through insight reports, white papers, resource books, film series, sessions at conferences, sessions outside of the foundation’s community, and training and educational opportunities for their grantees. One foundation created the Remake Learning Playbook that included an accompanying set of cards, examples, case studies, and exercises that other cities, towns, or regions could practice to develop a learning network similar to Remake Learning (Program officer, Foundation 2). A representative of another foundation described their knowledge sharing initiative: “We helped fund, along with other funders, a multi-year initiative that just was unveiled in February called the power of possibility and it has its own website (<http://www.thepowerofpossibility.org/>). It provides tools to nonprofit boards to think about using collaboration when they have issues like loose an Executive Director or to think about it any way” (Foundation 17).

One of the opportunity areas that saw the least number of innovations was evaluating the foundation’s work/impact. The few foundations that did implement innovations in that area reported the creation of a foundation-wide evaluation initiative, establishment of a learning and evaluation department, and creation of a learning and impact team. Among some of the inhibitors of innovation in this area were the difficulty coming up with a set of metrics that would work across the programs, difficulty measuring the social return on investment, and helping grantees set up personalized performance measures.

4.2. Innovations in Structural, Financial, and Administrative Opportunity Space

The two most often implemented innovations in the structural, financial, and administrative opportunities space were: implemented new financial systems, new approaches to managing endowments, or new approaches to managing financial assets (14); and introduced new technologies to communicate or connect with stakeholders (12). Eleven foundations introduced a new approach to staffing (hiring practices, performance evaluation, etc.), as well as innovations in the foundation’s communications and marketing. Six foundations made changes in the foundation’s structure (legal structure, design of internal/external networks, etc.).

The most often mentioned innovations in the area of new financial systems, new approaches to managing endowments, and new approaches to managing financial assets included making program-related investments (PRI), making mission-related investments (MRI), making the investment pool available to nonprofits, and giving loans to nonprofit organizations at a low interest rate. One foundation officer explained:

We are in the process of making our first program-related investment, so we already do social responsible investing and have some screens in place for assets. But what we're currently contemplating is actually taking some assets out of our bonds funds and giving it as a loan to a nonprofit and having them pay us back at about 2–3% interest that would be negotiated (Program officer, Foundation 1)

When describing innovations within the use of technologies to communicate or connect with stakeholders and in the communications and marketing area, respondents were hesitant to call them innovations because they were not new to the sector. Examples of innovations in that area included the use of social media, such as Twitter, LinkedIn, Facebook, social media messaging, videos, podcasts, digital media output, digitization of applications and reporting, website overhauls, use of internally developed apps for large convenings, a bi-weekly foundation newsletter, grantee gatherings, and the creation of the foundation's own magazine as a way to engage people and demonstrate what the foundation is doing. One program director described innovations in the foundation's communications and marketing in the following way: "Yes, so the launching of Open Blotter, who that goes to in terms of major donors, the kind of information in newsletters. We also implemented a different way of engaging donor community around some of the research and research programs . . . and doing an on the road, road show, pretty interesting" (Program director, Foundation 9).

Foundation representatives also described several innovations in their foundations' approach to staffing practices (mostly in hiring and professional development areas). According to one respondent, "There's been . . . a very concerted effort to focus on both professional development and career development for all staff" (Associate director, Foundation 10). Several participants talked about ways in which their foundations seek to find the most talented people to contribute to their foundations' work:

our talent management team has adopted a new way of interviewing, where the top candidates are coming in person first . . . also providing the opportunity to write answered responses to qualifications even to the degree of introvert vs extrovert accommodations in applications" (Foundation fellow, Foundation 6)

The least often implemented innovation in structural, financial, and administrative opportunities space was in the area of board governance. Among the innovations that were mentioned in that area were using the Carver governance model, and shifting from a family board to a community board model. Two respondents noted that while no new board governance practices were introduced, the conversations that their boards were having were much more strategic in nature. As one of the respondents explained, "We have tried over the last few years to step up the strategic engagement and to do less of the minutia . . . They still approve grants, but it is a much more of a portfolio perspective . . . a strategy" (Program officer, Foundation 13).

5. Discussion and Implications

This study explored different types of innovations implemented in foundations. The results showed that foundations that support innovation are in fact innovative themselves. They implemented numerous innovations in programmatic, administrative, financial, and structural areas. Those foundations were most innovative in the programmatic area, in leveraging their resources in new ways, implementing new models of practice beyond traditional grantmaking, and introducing innovations in fostering and facilitating collaboration among diverse stakeholders. Foundations also implemented numerous innovations in the grant application process, brokering relationships, and influencing public policy.

The results of this study suggest that those foundations that are aspiring to become more innovative in their own practice might want to reevaluate their work in the light of program opportunity spaces for innovation. The findings of this study clearly show that foundations that fund innovation were looking for innovative ways to maximize their impact. They recognized that foundations cannot make a huge impact with just financial support, and that nonfinancial support can be just as important. Those findings are in line with Pearson's (2007) discussion of the ways in which funders can provide assistance to nonprofits beyond sending checks. According to the author, funders can support social innovation by connecting innovators with sources of expertise, improve organizations' management and planning skills, allow flexibility in the use of funds, create a culture of continuous innovation, sharing knowledge and wisdom, and accelerating the foundation's impact by supporting intermediary organizations, creating communities of practice and learning, and identifying and supporting partnerships. When taken together, those initiatives have a great potential for broadscale social change and innovation.

The programmatic innovations most often reported by foundations were similar to the ones identified in a study by [Grantmakers for Effective Organizations \(2017\)](#). Similar to the GEO study, which showed that foundations were investing in strengthening relationship with nonprofits, in this study, foundations saw value in fostering and facilitating collaborations among diverse stakeholders. In both studies, foundations reported using new models of practice that went beyond traditional grantmaking.

In addition to introducing innovations in programmatic areas, foundations reported numerous structural, financial, and administrative innovations. In line with the research results of Envestnet (2018) this study showed that foundations are adopting new approaches to manage their financial systems, endowments, and financial assets. They are also introducing new technologies to communicate and connect with stakeholders. This study further provides support for the research by [Stevenson and Bockstette \(2018\)](#), which showed that foundations are transforming their internal practices. Foundations in this study reported using new approaches to human resource practices, which suggests that they view employees as human capital that is critical for the success of their work. In summary, the results of this study suggest that those foundations that are aspiring to become more innovative in their own practice might want to reevaluate their work in the light of program opportunity spaces for innovation.

While our results provide important insights into the world of innovations in foundations, the limitations of our study should be acknowledged. One of the limitations was the sample size. Out of all the foundations that we identified, 17 participated. When considering this limitation, it is important to recognize that foundations are notorious for being difficult to access, and while fairly small, this sample size was seen as acceptable.

Yet another limitation of our study is inherent to the nature of qualitative research with information based on interviewing. Our knowledge of any given foundation that we interviewed was limited to the knowledge of the interviewee. The people who agreed to be interviewed held a wide variety of roles within their respective organizations and were not able to answer all the questions we asked. This was especially true when asking about recent innovations in governance and financial aspects of their foundations. Future studies should seek to include foundations' CEOs or Board Chairs because people in those positions should have sufficient information to answer the questions about innovations fully. Finally, our study focused on assessing different types of innovations implemented by foundations. We do not know about the outcomes of the innovations implemented by those foundations, which creates a great avenue for future research. Scholars might consider focusing on the grant recipients themselves and their perceptions of the foundations' levels of innovation.

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Appendix A. An Interview Guide

This part of the survey seeks to capture innovations in programmatic and administrative areas of your foundation's work. For the purpose of this project, innovation is defined as the implementation of an idea, service, process, procedure, system, structure, or product that is new to your foundation's practices.

PROGRAMMATIC INNOVATIONS. The following questions pertain to a variety of innovations your foundation may have implemented in its programming.

1. In the last three years, have you implemented new models of practice? (practices beyond traditional grantmaking)
2. In the last three years, have you introduced new ways of soliciting grant proposals?
3. In the last three years, have you introduced innovations in the grant application process?
4. In the last three years, have you introduced innovations in the selection process and/or strategies for reviewing potential grantees?
5. In the last three years, have you introduced innovations in how grant applications are handled and processed?
6. In the last three years, have you introduced new approaches to making grant decisions?
7. In the last three years, have you implemented innovations in fostering and facilitating collaboration among diverse stakeholders (foundations, grantees, communities, donors, policy makers)?
8. In the last three years, have you implemented innovations in brokering relationships?
9. In the last three years have you introduced new ways of leveraging your resources with a goal of multiplying the impact of your foundation's work?
10. In the last three years, have you introduced new ways of influencing public policy and corporate behavior?
11. In the last three years, have you introduced new ways of evaluating the foundation's progress?
12. In the last three years, have you introduced new ways of sharing the knowledge and information that is of great value to other organizations?

ADMINISTRATIVE/INTERNAL INNOVATIONS. The following questions pertain to innovations your foundation may have implemented in its internal operations.

1. In the last three years, have you introduced a new approach to staffing (hiring practices, performance evaluation practices, etc.)?
2. In the last three years, have you introduced new board governance practices?
3. In the last three years, have you made any changes in your foundation's structure (legal structure, the design of internal and external networks, etc.)?
4. In the last three years, have you introduced new financial systems, new approaches to managing your endowments, or new approaches to managing your financial assets?
5. In the last three years, have you introduced new technologies to communicate or connect with your stakeholders?
6. In the last three years, have you introduced innovations in your foundation's communications and marketing?

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