

# DEVELOPING NEW MODELS FOR SOCIAL TRANSFORMATION

a report by Professor Sarah Pearson

How can Foundations best amplify  
social impact through innovation?



**We can't always do what we've always done because what we've always done is not getting anyone anywhere.**

Lived Expertise Video interviewee



# ACKNOWLEDGEMENTS

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A huge thank you to the over 100 amazing individuals who enthusiastically participated in the project through many and varied means, all of whom are involved in social innovation in one way or another, many we count as long-time friends and many that we welcome as new ones (see the full report for a list of these generous humans busy changing the world every day).

Finally, and most importantly, thank you to those with lived expertise who engaged in the project, adding your voice, expertise, and wisdom – we hope this project leads to hearing from you more, working with you better, and providing the kind of support that breaks down silos, matures mindsets, draws on collaborative experimentation, and delivers a world where we can all prosper equally, a place we can all proudly call ‘home’.

## Acknowledgement of Country

We acknowledge the Traditional Owners and their custodianship of the lands on which our University stands. We pay our respects to their Ancestors and descendants, who continue cultural and spiritual connections to Country. We recognise their valuable contributions to Australian and global society.



CREATE CHANGE



### Online access

This report is a summary of a larger and more detailed body of work. You can access the full report online at [paulramsayfoundation.org.au/people/sarah-pearson](http://paulramsayfoundation.org.au/people/sarah-pearson) or scan the QR code.



Sarah gets out of bed to make a collective difference, be that by building connected ecosystems to grow new industries, conducting cancer research using AI, empowering entrepreneurs in the Global South to solve challenges and build economies, or investing in Deep Tech to ensure Australians don't get left behind. Collaboration, inclusion, empowerment and #LeaveNooneBehind are central.

She has been a leader in the development of innovation ecosystems nationally and internationally, an entrepreneur and intrapreneur, Board Director and Advisor for numerous innovative organisations, and Chief Scientist & Chief Innovation Officer for Australia's DFAT.

Her current portfolio of roles includes Director at RACQ, Council of ANU, Prof at UQ, and she sits on Investment Committees and VC Boards responsible for over \$1Bn of Venture Capital globally.

She holds a PhD in Particle Physics from Oxford, is the author on eight international patents, for cancer diagnosis and novel confectionery, and is a Fellow of the Australian Academy of Technology and Engineering.

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# EXECUTIVE SUMMARY

**We live in unprecedented times. A period where globalisation has supported relative peace and growing prosperity. Where technological innovation has transformed social connectivity, democratised access to information and power, and driven new industry and jobs. The current pandemic, geopolitical power struggles, and a widening disparity in the distribution of the benefits of technology, however, threatens this progression. Many people have been, and many more are being left behind, with the recent COVID-19 pandemic seriously affecting progress in areas such as gender equality. Innovation, from an operational, business model, technological and societal perspective, is poised and ripe to help. This research focused on how this innovation could be applied to philanthropies seeking to address social change, overcome disadvantage, and build Equality of Opportunity.**

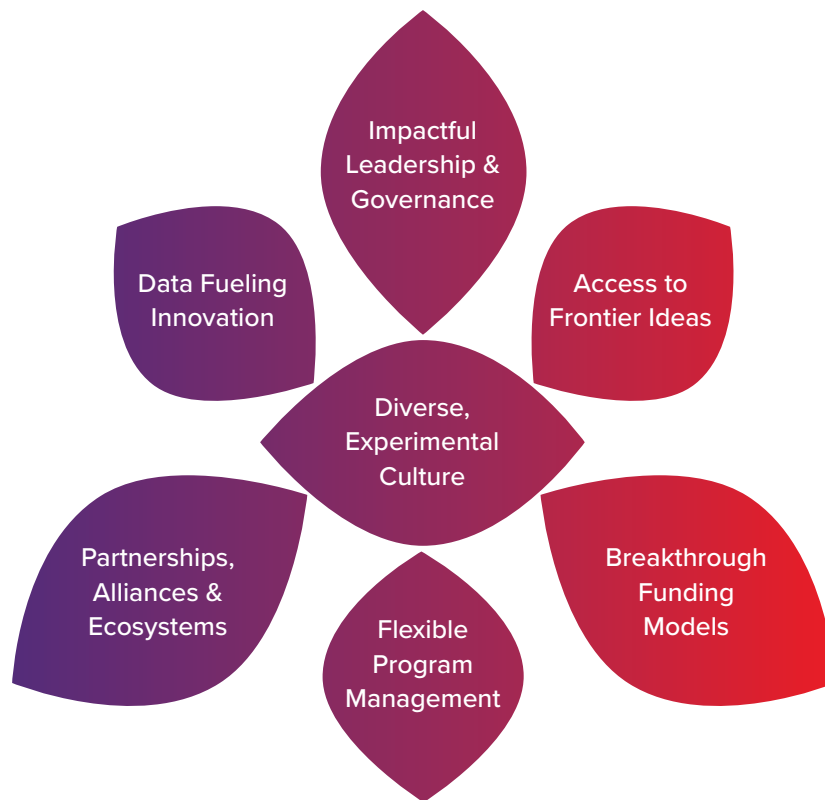
## INNOVATION & FOUNDATIONS

**“Innovation should be central to philanthropy. The philanthropic spend in the for-purpose sector is quite small which means it should play a 'value adding' role and provide funds that NFPs can't get through fundraising or government. Innovation is one of the hardest activities to fund which means philanthropy can play an important leadership role”.**

Survey Respondent

Opportunities abound: starting with how we lead and govern in Foundations so that we unleash creativity and opportunity, throughout the organisation and externally; how we become more open and access new impactful ideas we would not have dreamt of without looking more widely; how we fund differently in order to make the most of our corpus, apply a gender lens, provide more than financial resources, and support long term impact through new funding models; how we manage programs with sufficient flexibility to allow for unforeseen impact and experimentation by those we support; with whom and how we partner to deliver greater systemic change, and how to engage in an inclusive ecosystem of impact; how we leverage data to understand the issues, provide an asset for innovation, and measure our impact; and crucially how we set up for a diverse, experimental, learning culture. And in all of this, how we connect to and empower those with lived expertise to build economic self-determination, and combine with other expertise to grow inclusive problem-solving communities.





At a global and national level, Foundations and funders have turned to innovation to experiment with new ideas, new approaches, new ways of doing things. From the Atlassian Foundation partnering with others on Global Challenges, to the Medway Youth Trust utilising Artificial Intelligence (AI) to assess risk to young people, the Schmidt Foundation’s Moon Shot Plan, and Australia’s Save the Children experimenting with an Impact Fund. Novel ways to access new ideas from places not thought of before are being widely explored. Through global challenges, co-design, hackathons, new partnerships, supporting social entrepreneurs, impact investing and social bonds.

Some Foundations have the vision of becoming more open, connected, learning organisations. Of realising the complexity and interconnectedness of the issues they seek to address, as well as the diversity of solutions and their pathways to impact. Of finding their place in an ecosystem of stakeholders driving for social change collectively. Of embracing humility and managed risk, with an eye to the goal, bringing together and working with whoever is needed to deliver large scale change, leveraging all the assets available to the Foundation and partners, beyond merely grant funding. Others have taken the bold move to see themselves as part of an “inclusive ecosystem of impact”.

Throughout the research it became clear that there are strong movements towards addressing power imbalances, engaging and empowering those with lived expertise, moving on from an outdated deficit model of “doing to or for” towards a more empowering, energising, collective, and impactful model. One that embraces the voice of lived expertise, engages greater diversity of expertise and mindsets in governance and decision making, builds capability in community, supports development and delivery of radically new solutions, removes power imbalances in data use, and asks those impacted to evaluate programs.

All of this is new and challenging, and Foundations recognise the need to grow their capability, their innovation approach, and build a thriving, experimental culture so they may embrace innovation for greater impact. With so many on the learning journey, there is an opportunity to join others and learn from one another – both through current global initiatives and by setting up an open, honest, humble, action-based network of Foundations wanting to work collectively on projects that will help them all progress in their quest to change. By joining forces, change will not look so frightening and the possibilities more achievable.

# HIGHLIGHTS FROM ACTIONS LISTS

In this section we highlight some of the bolder actions suggested for Foundations to consider. In later sections actions and insights are placed in each element of the Framework, some of which are easier to implement. We have bundled them together in this Highlights section, drawing out some of the major themes. It is not meant to be an exhaustive list, but a representation of participants ideas that can start conversations about possible actions to take.

## EMPOWERING LIVED EXPERTISE

**“You might be a facilitator, you might be an academic, but you don’t study poverty, honey, you experience it. And we need to empower those who have to not carry just the burden, but carry the solution; allow them the space to present the solution.”**

RECoDE Interviewee

### Peer and Other Networks

- Join global networks of Funders collaborating to develop best practice for a range of topics, such as new funding mechanisms and impact metrics
- Design a study tour to learn from Foundations and others globally that are ahead in their journey of accessing and absorbing new solutions externally
- Set up an “Innovation in Foundations” Network, designed to support Foundations on their innovation journey, sharing lessons learnt and working on action oriented collaborative projects
- Build an Australian consortium, similar to the MacArthur Foundation’s Catalytic Capital Consortia to invest, build market capability, share transaction costs such as due diligence, set standards, influence development of regulations, and share lessons learnt experimenting with new forms of funding mechanisms
- Develop a Data Catalyst network program to:
  - Share learnings, resources, and data sets
  - Develop an approach to securely and ethically share Foundation data
  - Build common understanding of the most important questions using data, with different partners addressing different pieces of the overall complex solution
  - Develop methodology for collective governance of data, gaining a collective view of how people want their data used to benefit society

## Capability

- **Innovation**
  - Understand why to innovate and what approach to use when
  - Conduct a survey of current innovation culture within the Foundation to generate a baseline, identify strengths to build on, and opportunities for improvement
  - Set learning goals and feedback opportunities for innovative programs – both for the grantee and the Foundation
  - Build Board and leadership capability in areas such as incorporating lived expertise, innovation, risk management and diversity
  - Give Foundation staff the opportunity to grow external networks
  - Develop a capability building program to grow understanding, skills and tools for managing programs flexibly for staff and the Board
- **Tools**
  - Co-design best practice models for funding approaches supporting early-stage social ventures
  - Partner on the sharing and development of standard tools such as impact measurement, and co-design a program of support that helps partners measure impact effectively and efficiently
  - Develop partnership frameworks that enable light-touch governance of grantees, allowing a level of flexibility to drive short-term impact while setting the foundation for long-term and systemic change
- **Data**
  - Build the case for investment in end-to-end data analytics capability and its application throughout the organisation
  - Undertake a data maturity assessment and build a program to fill the gaps in understanding, skills, and activity
  - Invest in technology and organisation-level capability to collect and analyse data, and embed these skills and tools across the organisation
- **Risk**
  - Develop a risk management framework and deliver a risk transformation program across the Foundation. As part of this, develop tools to support greater confidence in strategic and measured risk taking

## Lived Expertise and Community

- Build engagement capability in the Foundation and partner organisations
- Address the need for diversity and lived expertise on the Board and Investment Committees
- Understand the lived expertise behind data, and co-create insights, shared meaning and solutions with those who the data represents. Include co-designing easy-to-understand visual data and 'Mobile storytelling'
- Partner with community on a challenge or opportunity and explore how best to empower those with lived expertise to develop solutions, select solutions, fund them, and grow them to impact. For example:
  - Run a 'Challenge' in Community, providing growth support as well as finance
  - Empower and support innovative community-led responses to local issues through an Innovation Fund
  - Co-design an approach with Community, that would lead to building capability to run their own Fund and programs
- Work with Community to build just, equitable, and sustainable data ecosystems, helping to dismantle power structures, empower communities, and build sustainable solutions. This would include building capability in collecting and analysing data
- Research and apply leading edge approaches to engagement of lived expertise, such as the development of diverse, enduring communities comprising a range of expertise, including but not limited to lived expertise, collaborating to deliver social change.

## Centres and 'Labs'

- Fund long term programs, Alliances and Centres on a range of topics, allowing space for failure and experimentation
- Provide long term funding for an existing Impact Lab or set up a new one, collaboratively with innovators, entrepreneurs, researchers, lived expertise, corporates, government, social impact stakeholders, and community. Conduct bold experiments, engage unlikely partners and expertise, and develop and test new technology solutions. This could include a growth program (such as an Accelerator) to test and scale promising ideas



## STEPS TO CHANGE

**Change can be frightening but over time it becomes normal – There are three stages that Schopenhauer identified for any new ‘truth’: “First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.”**

Arthur Schopenhauer

### Gender Inclusivity

- Pay conscious attention (and targets) to diversity at all levels and in all partnerships
- Develop programs to support women and people from diverse backgrounds stepping into leadership positions within Foundations and in partner organisations
- Access or develop gender lens tools and apply them to ensure that the Foundation is being intentionally equitable in their giving. Tools would include gender lens investing and impact measurement tools, actions would include making current inclusivity data available and joining collaborations working on this
- Develop a program to uncover gender bias in data collection and analysis of the issues and impact

# NEXT STEPS

## Ecosystems

- Appoint a mediator to engage with the startup and social impact ecosystems and explore the Foundation's role as an ecosystem participant, builder, and supporter
- Start small experiments engaging with innovation ecosystems
  - Encourage startups, investors, and other ecosystem stakeholders to spend time in the Foundation's office space
  - Attend local innovation ecosystem events
  - Build partnerships with field-building intermediaries
  - Create the list of Tech For Good pitch comps and get involved - judging, hosting, observing
- Explore how best to add value to regional innovation ecosystem building, from providing support for backbone organisations, to engaging as an Anchor partner, through to helping social impact entrepreneurship to be included
- Accelerate the growth and connectivity of Australia's impact ecosystem by setting up a backbone entity (or fund an existing one) to drive connectivity and possibility across the ecosystem with a common vision

## Story Telling

- Celebrate social entrepreneurs working across Australia through storytelling. This could act as resources for the Board to share through their networks, for internal teams to celebrate the success of partners supported, as well as grow support for social entrepreneurship across Australia. Include and empower lived expertise entrepreneurs and 'Mobile Storytelling'
- Simplify the grant process (such as short video application)

## Cross Cutting Topics

- This report provides detailed insights for each element of the 'Framework for Innovation in Foundations'. Overlaps between actions and insights for several elements were expected and we have attempted to place them in the most appropriate section. Other cross-cutting topics emerged during the research, including: Technology for Good, Innovation Models, Lenses for Enhanced Social Impact, and Engaging Lived Expertise. More information on these topics can be found online at [paulramsayfoundation.org.au/people/sarah-pearson](http://paulramsayfoundation.org.au/people/sarah-pearson)

We hope to share the findings of this project through a range of media, forums and workshops in future, bringing people together to discuss what they could do. It is hoped that this project will inspire the participants and others in philanthropy to explore and experiment more, applying some of the actions and ideas in this report, as well as others. We also hope that it will bring many to work together, collectively building a better future for all.





# DETAILED INSIGHTS & SUGGESTED ACTIONS

# IMPACTFUL LEADERSHIP & GOVERNANCE

## Highlights

Change is challenging. Innovation is change delivering impact. For innovation to take hold, for new approaches and experimentation to become widespread and impactful, it needs leadership to be visibly adopting and championing innovation. Both Board members and Executive leadership. Leadership needs to understand and embrace the possibilities and opportunities, to tell the stories of the Foundation's experiments and to seek ways to leverage their own networks to drive greater connectivity and impact.

Leadership needs to create an environment in which everyone is motivated to explore, try, fail, share, learn and adapt in fast and frequent cycles. A mindset for impact, experimentation, and learning. For humility and empowerment. Empowering staff to contribute in a meaningful way, and beneficiaries to address their challenges and opportunities their own way. One that understands and embraces professional risk management, recognising that there is greater risk of not experimenting, and knowing when not to take risks (such as compliance).

And diversity counts. Diversity of thought, diversity of experience, diversity of expertise. For many reasons, one being organisational performance. Diversity is much bigger than gender equity, but research has shown that employing female CEOs and increasing women in leadership positions significantly enhances performance.<sup>1</sup> More broadly, women represent at least 50% of the population and successful organisations recognise giving women voice and placing them in decision making positions is key.



## Challenges Identified

- The mindset of leadership regarding innovation and risk
- Ownership of an issue or agenda
- Top-down versus devolved decision-making internally and externally
- Contrasting world views in leadership
- Pre-existing power structures – internally and externally
- Strong focus on brand and the need for credit for the impact
- Time pressures and lack of an innovation plan
- Lack of diversity on boards

## Suggested Actions

### Small Jumps

1. Build Board and leadership capability in areas such as incorporating lived expertise, innovation, risk management and diversity
2. Develop an innovation plan for embedding innovation across the Foundation

### Innovative Leaps

3. Review Board composition to include greater diversity, voice of the beneficiary and lived expertise, direct experience of innovation and corporate experience of risk management
4. Research and apply leading edge approaches to engagement of lived expertise, such as the development of diverse, enduring communities comprising a range of expertise, including but not limited to lived expertise, collaborating to deliver social change.

<sup>1</sup>World-first research shows female CEOs boost companies by \$80m on average, Annabel Crabb <https://www.abc.net.au/news/2020-06-19/women-in-leadership-boost-success/12370516>

## DIVERSITY IN LEADERSHIP

**“From the perspective of our partners, I find that leaders that have a direct experience of the issues they are seeking to impact and listen to the voices of those they are supporting are able to bring about the most innovative solutions when they match these insights with engagement and support from diverse cross-sector partners.”**

Survey Respondent

# ACCESS TO FRONTIER IDEAS

## Highlights

Frontier ideas are new ideas for solving ongoing challenges, found in a broad solution discovery space. Foundations have been experimenting with numerous ways in which to access new solutions to current challenges, recognising that new thinking is needed to solve long standing issues. Challenges have become so complex that a diversity of thought is needed, and empowering and engaging lived expertise to solve these challenges and build economic self-determination is becoming an imperative.

Social entrepreneurship, through for profit as well as not for profit models, is one example of ways Foundations have accessed frontier ideas. This delivers value by enabling Foundations to support entrepreneurs generating innovative ways to solve social challenges through new business models and technology. Applying a gender lens to assessing what to support is growing in use, recognising that intentionally including women and girls is required in order to drive greater change.

Some commented that access to ideas is the most challenging element of the Framework - how do you ensure you are asking the right questions and prioritising what matters most? How do you access great and genuinely different ideas? And how do you decide which idea will have the most impact? How do you measure this with evidence? How do you open up to ideas and not get swamped?

Suggestions included focus on a topic, partner with others to access ideas and become an outwardly engaged organisation rather than one that expects others to come in.

## Challenges Identified

- Ensuring that the ideas that are generated will deliver impact in community – not merely speaking to Foundation staff’s programs and requests
- Understanding the root cause of the issue before trying to develop solutions.
- Accessing great ideas, not just good ideas, and having the tools to identify which ideas could be most impactful
- Having the absorptive capacity to bring the idea into the Foundation
- Considering the whole route to scale, not just funding an idea for a set period
- Being able to move outside individual paradigms of thinking, maintaining constant authentic curiosity
- Being careful not to crowd out current solutions that work but you are not aware of
- Moving to an innovation mindset at a time when funders and recipients have been coping with economic challenges brought about by COVID and other pressures

## Suggested Actions

### Small Jumps

1. Give Foundation staff the opportunity to grow external networks, including with peer Foundations
2. Attract a diversity of ideas not usually accessed, including those that challenge traditional approaches

### Innovative Leaps

3. Partner with communities of lived expertise to help them build their solutions to challenges and opportunities, including building capability in setting up For-Purpose entities through social entrepreneurship
4. Develop a public-facing grant request portal and process that engages with partners, applicants and civil society in the evaluation and decision-making process

## INCLUDING WOMEN & GIRLS

**“It’s not about only giving to women and girls or giving more, it’s about being intentionally equitable in our giving to every cause. Unless we intentionally include women and girls, the system will unintentionally exclude them.”**

Elizabeth Broderick AO quote from report “Sharpening Our Focus on Corporate Giving: Keeping Gender Equality in the Frame.” Australians Investing In Women and Champions of Change Coalition

# BREAKTHROUGH FUNDING MODELS

## Highlights

The variety of new financial instruments available on the market is incredibly rich, from direct equity investments to impact investing, micro-finance, concessional loans, impact bonds, performance-based contracts, crowdfunding, peer-to-peer funding, blended finance, pay for results, first loss capital, Venture Funding, gender lens investing, employee volunteering, procurement and more. Foundations have been trialling some of these instruments, either internally through program funding; externally through setting up an investment entity (such as the Save the Children Impact Fund); partnering with an existing external fund (such as the Global Innovation Fund); or collaboratively with a range of stakeholders including the private sector and government.

In order to accelerate this, Foundations recognise the need to grow capability inside their organisation and across the market, and work with others to address the regulatory and legal framework changes that are required. Some Foundations are seeking ways to partner with others to share opportunities and reduce transaction costs, and fund collectively. It is also recognised that support for new solutions goes beyond just programmatic funding; Foundations are being asked to provide funding for activity that supports organisational growth and capability building inside funding recipients, as well as providing access to networks of support and routes to market. Funding timelines and agility also need addressing, as does inclusivity and empowerment of those with lived expertise within the community to have their ideas funded and to make funding decisions.

## Challenges Identified

- Risk aversion in current funding models
- Existing structures for governance around budget and finance are usually inflexible and complex
- Prevalence of short-term funding cycles
- Enabling non-traditional stakeholders to control or direct funding
- The right expertise and capability
- Scale of investment when utilising the Venture Capital model (Impact Investing)

## Suggested Actions

### Small Jumps

1. Co-design best practice models for funding approaches supporting early-stage social ventures, including flexibility and breadth of activity supported, and beyond just financial support
2. Address the need for diversity and lived expertise membership of Investment Committees

### Innovative Leaps

3. Set up an Australian consortium, similar to the MacArthur Foundation's Catalytic Capital Consortia to invest, build market capability, share transaction costs such as due diligence, set standards, influence development of regulations, and share lessons learnt experimenting with new forms of funding mechanisms
4. Partner with community on a challenge or opportunity, and explore how best to empower those with lived expertise to develop solutions, select solutions, fund them, and grow them to impact. For example:
  - a. Run a 'Challenge' in Community, providing growth support as well as finance
  - b. Empower and support innovative community-led responses to local issues through an Innovation Fund, which will support community organisations to act on the matters that affect their local communities
  - c. Co-design an approach with Community, that would lead to building capability to run their own Fund and programs.



# FLEXIBLE PROGRAM MANAGEMENT

## Highlights

Foundations are in the early stages of exploring flexible program management. Traditional approaches of providing grants and managing defined activity have had their place, but in a world where solutions are experimental and specific outcomes uncertain the approach is no longer delivering best value. The move from transactional to more of a partnership approach to supporting solutions also requires different tools for managing outcomes, as does the transition to becoming a learning organisation.

Making space for experimentation and change, for failure and learning, having a clear agreement on responsibilities and measurement of impact, and providing a range of support for success are all key parts of the new toolbox. Listening and learning and finding ways to bring Boards along the journey so that staff can be empowered to embrace flexible decision making, are also important when moving to more flexible program management.

## FOCUS ON LEARNING

**“Social innovation is by nature experimental, iterative, and incremental with a focus on learning. This means philanthropy needs to significantly change its way of working and focus less on contractual fulfillment, outputs and instead focus on learning in partnership with the funded agent. This of course does not mean that there should be no process or expectations but that they should be framed to support innovation and learning”.**

Survey Respondent

## Challenges Identified

- Providing leadership with the comfort that impact will be achieved in an experimental context, as well as accepting the risk of failure
- Defining an overarching goal whilst setting interim project goals that allow sufficient flexibility within a contract for funding
- Making space for innovation beyond the project – how to convince leadership to support the project beyond a traditional funding cycle
- Development of appropriate impact and learning measurement tools
- Flexible management capability

## KEEPING THE GOAL IN MIND, COMMUNICATING AND LEARNING

**“Keeping the impact goal in mind. Being flexible regarding milestones - not from the perspective of being tardy, but the perspective of ‘what have we learnt, does this work and if not, how do we change and what ongoing KPIs should we base progress payments on?’. Strong partnership between grantee and Foundation. Open communication and joint vision. Connecting grantee to whatever support they need to scale.”**

Survey Respondent

## Suggested Actions

### Small Jumps

1. Develop partnership frameworks that enable light-touch governance of grantees, allowing a level of flexibility to drive short-term impact while setting the foundation for long-term and systemic change
2. Fund long term programs, Alliances and Centres allowing space for failure and experimentation

### Innovative Leaps

3. Bring together diverse stakeholders to co-design a suite of flexible program management tools (that include listening and learning, building a shared agenda, support beyond funding, adaptation and flexibility of funding, and metrics based on evidence of impact). This would build ‘new to Foundation’ tools based on those already in use in other sectors (such as Venture Capital), as well as developing ‘new to the world’ tools
4. Develop a capability building program to grow understanding, skills and tools for managing programs flexibly for staff and the Board

# ALLIANCES, PARTNERSHIPS & ECOSYSTEMS

## Highlights

Collaboration is a theme that threads through all elements of the Framework. There is momentum for Foundations nurturing alliances and partnerships to accelerate long term impact, be that through accessing new ideas collectively, funding collaboratively, understanding how best to manage partnerships, and how to access and make data available more broadly. This is all fuelled by a new form of networked leadership and an open, connected, humble culture. Aimed at creating greater impact, faster, together.

The central idea is to move from a transactional mindset applying partnerships to specific projects, to a mindset centred around the Foundations' core values, understanding their role in the system, the value others bring, and how together greater impact can be achieved. In Australia this is being embraced by Foundations mainly through partnerships, globally alliances are delivering greater impact, and for all there is a recognition that there is a need for big systems change – Foundations need to act together rather than individual Foundations looking at small parts of the system.

Now is a fertile time to be collaborating in Australia for greater impact – the new government has flagged its desire to be more open, the maturity of startup and technology ecosystems has been growing, universities are being encouraged to 'commercialise' their expertise for both economic and social impact, the private sector is beginning to embrace ESG, and communities are collaborating to fuel economic transition. However, the system is currently built on competition, not cooperation, and true partnership and connection across the ecosystem will take time. Foundations are well placed to lead this change, signalling the importance of working together and sharing power to drive greater impact, faster.



## Challenges Identified

- Identifying appropriate partners with a common goal, especially when seeking unknown entities with a different view
- Managing a shared vision and meeting the interests of all stakeholders
- Managing partners is time consuming
- Blindness to the power differential that happens when big money is on the table
- Maintaining trust and momentum
- Maintaining brand when innovating openly
- Embracing the long term and serendipitous nature of innovation ecosystems, with usually unassignable impact
- The need for long term on-going funding for field-building intermediaries, backbone organisations and ecosystem building entities

## FOUNDATIONS LOOKING OUTWARDS & CONNECTING BROADLY

“Philanthropy has a key role to play in supporting an enabling environment, one in which all stakeholders needed to grow an idea to scale can easily connect and shepherd the idea to large scale impact. This requires more of a relational approach, one where Foundations are more outward looking, leveraging their neutral trusted nature to build trust between all stakeholders and connecting them to create more than could be created alone. This can be delivered as a Foundation, or through supporting ‘backbone’ organisations, where the Foundation is one of a number of partners in an Anchor Collaborative”.

Project Participant

## Suggested Actions

### Small Jumps

1. Support a research project to identify how Foundations born of entrepreneurial success are partnering and funding in new ways, understand their approaches, and use the learnings inside the Foundation
2. Start small experiments engaging with innovation ecosystems

### Innovative Leaps

3. Partner with existing Impact Lab or set up a new one, collaboratively with other relevant stakeholders. Include corporates seeking partners for ESG, as well as social and tech entrepreneurs, other funders, civil society, universities, communities, lived expertise, and government. Conduct bold experiments, engage unlikely partners and expertise, and collaborate with public-sector partners to plan, test, and validate new approaches, with the end game of the public service adopting the new approaches
4. Explore how best to add value to regional innovation ecosystem building, from providing support for backbone organisations, to engaging as an Anchor partner, through to helping social impact entrepreneurship to be included (which could engage the current ecosystem on social challenges through Hackathons or Accelerators). This could fit into a place-based strategy, ensuring lived expertise and vulnerable communities benefit from the economic and social impacts, such as facilitating job creation and improving health and well being

# DATA FUELLING INNOVATION

## Highlights

“Data for social good” presents many opportunities for Foundations: improving operational efficiency, understanding complex issues, measuring social impact, empowering lived expertise, and providing a resource for entrepreneurs to build solutions using data. It is an enabler across the entire impact system and hence throughout all elements of the Innovation Framework. Data programs are, however, in their infancy in Philanthropy and rarely considered holistically across the impact cycle. Most current data management systems focus heavily on grants management, missing opportunities to expand its use to other applications.

Foundations need information to make decisions. It is critical for diagnosing issues at individual and systems levels, supporting analysis of potential solutions, delivering those solutions, ensuring they were effective, and sharing back to provide foresight for future impact.

Some Foundations currently use data for monitoring and evaluation (MEL), uncovering the real issues so that better questions can be asked and greater impact achieved, managing programs so that they can pivot if necessary, and learning from their experiments. Qualitative data is also being used to tell the impact stories to celebrate and inspire others to support their work.

In some cases, advanced tools such as Artificial Intelligence (AI) are being used to deepen the analysis of the issues and finding solutions (additional examples in section on Technology for Good). For this to work most effectively, sharing data would be impactful, and many participants suggested that Foundations and others could enable this, whilst addressing the challenges of power dynamics, ownership, and the ethical use of data. Ensuring ethical data governance and design is a critical dimension for any data initiative.

As has been found in all elements of the Framework, capability needs to be developed, both inside Foundations, the organisations that work with them, and in communities so that lived expertise is empowered with voice and the ability to gather and assess the data themselves. Communities are usually left out of the design of the systems, and key to engaging them is to build trust, share power, allow space for all voices, and aligning on shared goals. Data is also being used by entrepreneurial businesses providing solutions to social challenges.

## Challenges Identified

- Data can be an obstacle for innovation: the focus can go onto the measurement rather than meaning of the data; and quantitatively valid data collection takes time
- Measuring outputs can be much easier than measuring outcomes in many situations, but is misleading regarding actual impact
- Challenging to ask the right questions first, and then use data to answer the question vs turning to available data first
- There is a lot of data, but large barriers to accessing the data (public and private)
- There is not a lot of sharing and/or linking of data
- Advanced data capability is in short supply and difficult to access
- The governance and management of sensitive and shared data is challenging.
  - Who owns it, stores it and how can it be shared legally and ethically?
  - How can community involvement and collective governance be included?
  - How can bias in data be removed?
  - How can access to data across the stakeholder ecosystem be made easy?
- Asking grantees to measure impact puts a burden on them that needs to be resourced well.

## DATA COLLECTION CAN BE BURDENSOME

**“Data not collected well or used well can be harmful, it can put an impost on grantees that is not useful, it can breach privacy of service users”.**

Survey Respondent

## Suggested Actions

### Small Jumps

1. Open up data to ‘Challenges’, accessing communities and ‘collective intelligence’ to solve issues using the data
2. Leverage the Foundation’s ability to convene and collaborate across private, public and community sectors as trusted, neutral partners by setting up a Data Catalyst network, with the mandate to:
  - a. Share learnings and resources, develop “how to” guidance, influence standards & regulations
  - b. Share data sets amongst each other

### Innovative Leaps

3. Develop a program to uncover gender bias in data collection and analysis of the issues and impact
4. Understand the lived expertise behind the data, and co-create insights, shared meaning and solutions with those who the data represents, with easy-to-understand visual data

# DIVERSE & EXPERIMENTAL CULTURE

## Highlights

Workplace culture is unique to an organisation, driven by leadership behaviour, the organisations' values, goals, attitudes and "the way we do things". In some senses, it is tribal. And when people feel they are in their tribe, a place where they are supported to be themselves, to experiment and learn, and their values and purpose align, magic happens. We need magic, for innovation to have its impact, and for humans to bring all of themselves to delivering solutions to intractable social challenges.

Key to building an environment that nurtures innovation is creating a set of core values that embrace failure and experimentation as part of "the way things are done". Leadership that models sharing of knowledge and lessons learned, of supporting learning from failure. Where employees are empowered to make decisions, to take measured and managed risks. Foundations will need to embrace this new culture, requiring a new way of determining and measuring success, and learning from failure.

This links to models of innovation in the sense that there needs to be a clear shared vision and brand of which those working within each project can identify and align themselves with. Particularly, building a culture that includes a diverse range of people and perspectives requires a level of openness found through decentralised forms of management, and communication.

In most cases organisations focus on the easily quantifiable aspects of culture, such as resources, and less on the human aspects such as values, behaviours, and climate. Interestingly many of the suggestions from this research have a strong focus on the human side – such as providing a supportive, diverse culture; setting values and "the way we do things" that align with innovation and collaboration; openness to learning from failure; and listening to all stakeholders inside and outside the organisation to inform learning.

Culture is hard, but not impossible, to change. To drive this change, Foundations need to start by demonstrating how the change helps, start with their strengths, start small, showcase and celebrate wins, and scale slowly. There are tools available to help, some of which can be found in the section "Toolkits" in the larger report. While the journey can be a challenge, the end game is worth it – empowering humans to build a much more equal, sustainable, fair, empowering world where all have the chance to make a difference and succeed.

## Challenges Identified

- The nature of Foundations is traditionally one of boundaries and power imbalance
- Most Foundations tend to be risk averse
- Organisations find it hard not to drive alignment to a set culture, and challenging to act on alternative views
- Developing an inclusive environment for those with lived expertise can be hard given the power imbalance
- Resistance to and fear of change

## CULTURE OF TRUST

**“Critical here is building a culture of trust among employees and that failure is OK and it’s actually an essential part of building and growing long-term sustainable programmes. If staff are fearful of their job security should an innovation not go as well as expected this will stifle staff seeking out new ideas and pushing boundaries.”**

Survey Respondent

## Suggested Actions

### Small Jumps

1. Address Internal Culture
  - Conduct a survey of current innovation culture within the Foundation to generate a baseline, identify strengths to build on, and opportunities for improvement
  - Develop a shared understanding of culture and values
2. Engage externally and with diversity
  - Set up ‘Social Entrepreneurs-in-Residence’ programs in Foundations and extend to NFPs in order to transfer an entrepreneurial culture
  - Encourage startups, investors, and other ecosystem stakeholders to spend time in the Foundation’s office space, and Foundation staff secondments into innovative organisations
  - Attend local innovation ecosystem events
  - Pay conscious attention (and targets) to diversity at all levels and in all partnerships
  - Ensure all programs internally and externally consider the needs of women and girls

### Innovative Leaps

3. Build Capability
  - Set learning goals and feedback opportunities for innovative programs – both for the grantee and the Foundation
4. Grow and scale innovative social impact
  - Celebrate social entrepreneurs working across Australia through storytelling, engaging an entity such as Philanthropy Australia to help. This could act as resources for the Board to share these stories through their networks, for internal teams to celebrate the success of partners supported, as well as grow support for social entrepreneurship across Australia. Include and empower lived expertise entrepreneurs and ‘Mobile Storytelling.’



**For more detailed insights into developing new models for social transformation, and for the full bibliography of resources, explore the full report. This can be found at:**

**[paulramsayfoundation.org.au/people/sarah-pearson](http://paulramsayfoundation.org.au/people/sarah-pearson)**



# EXPLORE THE FULL REPORT



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