

# Exploring New Spaces

*A quick guide to evaluating potential new programmatic areas*

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# Presenters



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*Partner,  
Dalberg Advisors*

- 25 years' experience in 30+ countries working with foundations, government, companies and nonprofits
  - Also teaches courses in nonprofit leadership and social impact at UC Berkeley's Haas School of Business
  - Worked with Bill & Melinda Gates Foundation, Rockefeller, Hilton, Firelight, Barbara Bush, Thrive, Nike, and other Foundations on strategic planning and program expansion
  - Originally from PA and DE, has lived in NC, DC, and overseas, now based in Oakland, CA
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**Laura Herman**

*Principal,  
Dalberg Advisors*

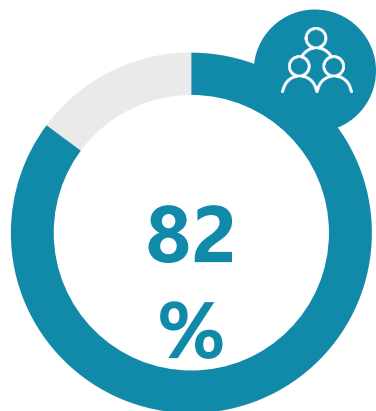
- Over 20 years of social sector consulting across sectors
- Leader in Global Health and Corporate practices, with expertise in gender equity
- Worked with private foundations including the Bill & Melinda Gates Foundation, Rockefeller, Ford, Surdna, Porticus, LEGO and others globally
- Originally from Boston, has lived in Chicago, San Francisco, New York and Singapore, now based in CT



# Agenda

- ❖ **WHY** consider new programmatic areas
- ❖ **HOW** to explore new programmatic areas
- ❖ **Q&A** and sharing experiences

In a 2020 CoF and PhilCA survey, 82% of foundations said they are considering new grantees or programming areas



82% of respondents report they are **actively considering new grantees or programming** focus areas



*"What **systemic and structural changes** do we need to make so we can **be more flexible and nimble** to serve our communities in time of crisis and change?"*

*- Community foundation leader*

*"How [can we] ensure our work remains responsive and proactively engaged with emerging issues?"*

*- Independent foundation leader*

*"How do we need to adjust our strategy to help repair the economic damage of COVID?"*

*- Corporate foundation leader*





**Why is your organization considering entering new programmatic areas?**

**What has been most challenging about the process?**



# Expanding into new program areas helps foundations remain impactful in a changing world, but can be challenging

## Opportunities

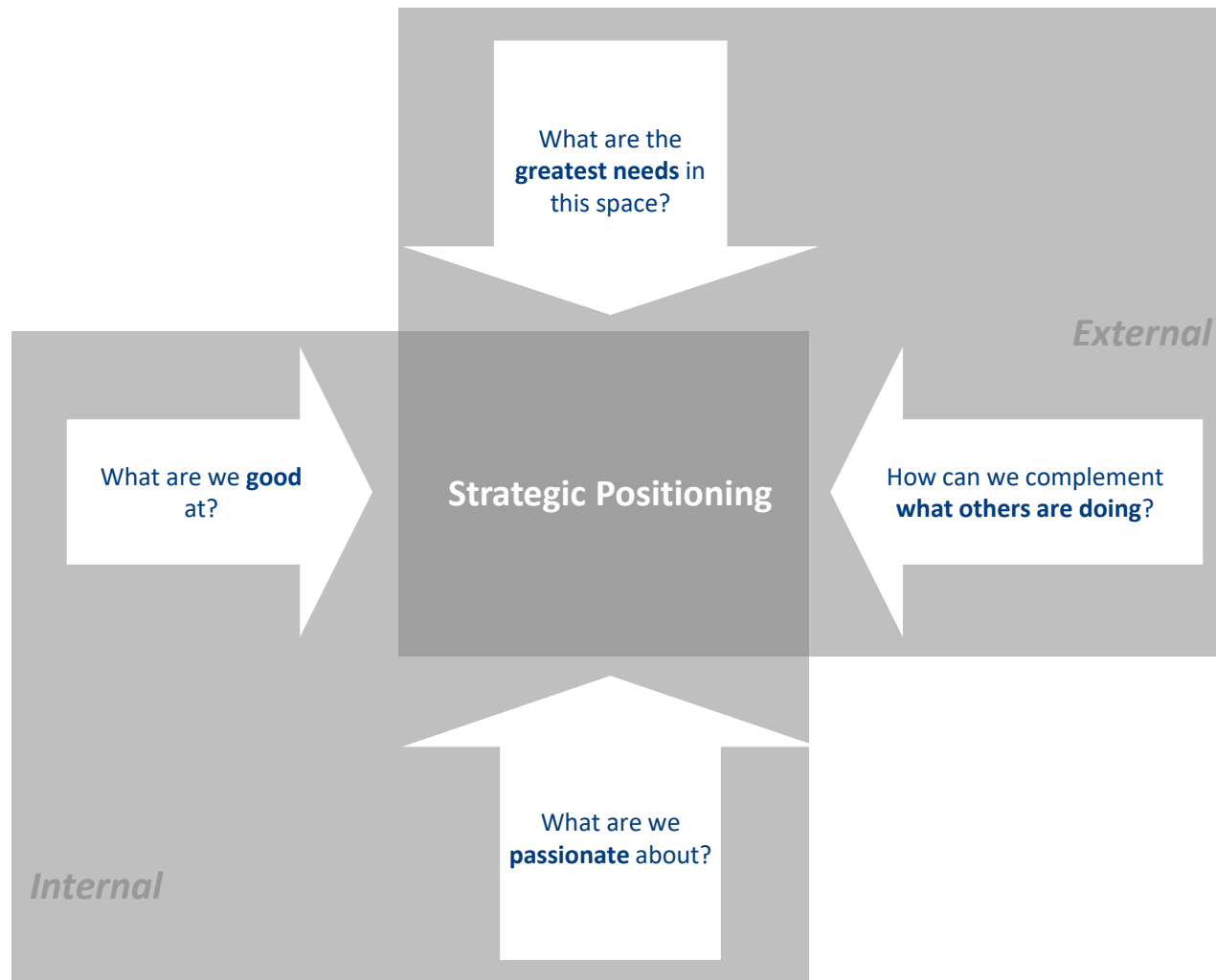
- **Offer donors new opportunities** for engagement and impact
- **Respond to new or urgent needs** in our communities, e.g. COVID response, economic downturns
- **Complement or cement impact** in related existing programming areas, e.g. college access and socio-emotional support, poverty and housing, etc.

## Challenges

- **Complexity:** Societal problems have complicated causes and effects with local nuances
- **Humility:** Need to recognize limits of our knowledge and work with informants and partners
- **Patience:** Need to balance the need for commitment and understandable desire for quick, tangible impact with active learning and flexibility

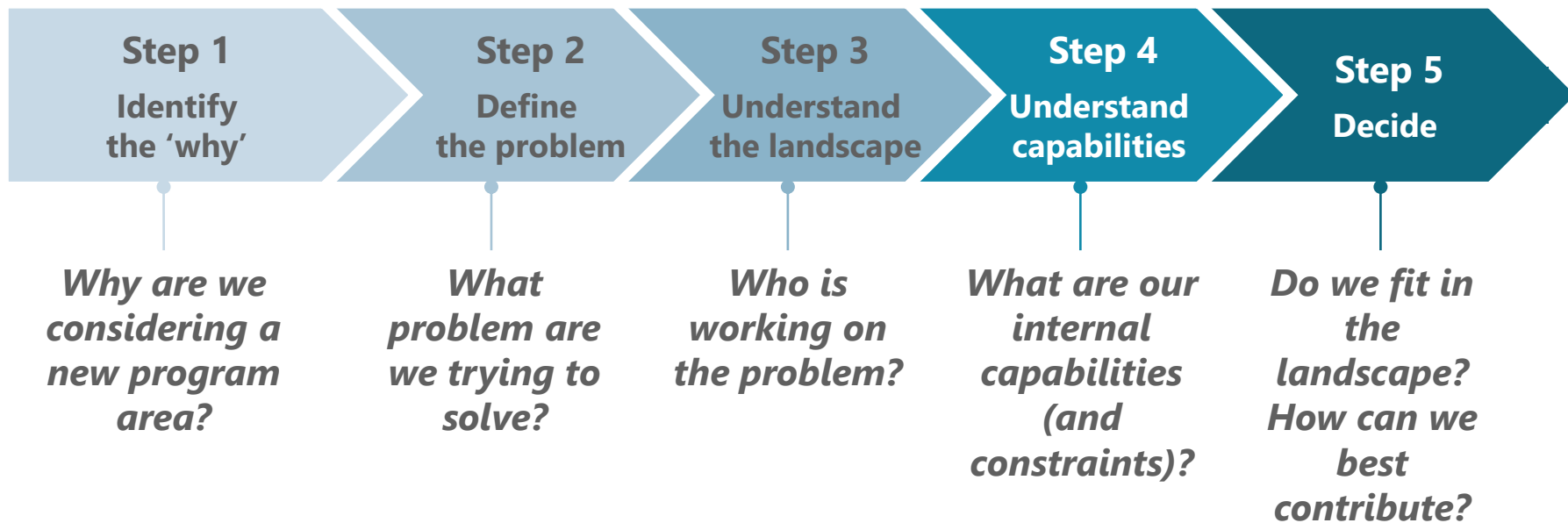
***A thoughtful and structured approach to exploring new spaces helps ensure successful engagement***

Exploring new programmatic areas should blend input from internal perspectives and an understanding of the external opportunity set





# A five-step process can help foundations thoughtfully approach expansion into new programmatic areas





# Step 1: Identify the 'why' | Clarify our aspirations and why we might want to expand into a new space

1

## Clarify your motivations and aspirations

*The first step is to ensure clarity internally on why we might want to expand, and what we hope to achieve. This can be done by holding discussions with relevant individuals – donors, board members, senior executives, etc.*

2

## Explore how it will help you achieve our mission

*How does this aspiration relate to the foundation's overall mission and objectives? What is our Theory of Change as to why this new programmatic area will accelerate or amplify progress towards our stated mission?*

3

## Identify links to our current portfolio

*How might the new program area complement or support existing programs, and vice versa? Is there a risk that new programs might spread resources too thinly, or otherwise detract from progress against other important goals?*

# Step 1: Identify the 'why' | Example

**Context:** An anonymous family foundation was considering going into the positive youth development (PYD) space in the US

## 1 Clarify our motivations and aspirations

The foundation wanted to enter the space to “help youth thrive” but did not know what it means to “thrive” or how to tell if a young person is thriving. The original aspiration was to “materially improve the life trajectory of 3 million youth... and know them by name.”

## 2 Identify how it will help achieve our mission

“To make a meaningful difference in the lives of the poor by multiplying the impact of high-performing leaders and organizations”

## 3 Identify links to our current portfolio

Small, stand-alone training program for youth delivered in partnership with Girl Scouts, Boys Club, 4H



## Step 2: Define the problem | Ensure that you understand the problem and the people whom you want to serve

Potentially redefine the problem

### 1 Understand the scale and scope of the problem

*What, specifically, is the target problem/opportunity and why is it pressing? Who is most affected by the problem and where are they located?*

### 2 Understand the people we aim to serve

*Who is the population we aim to serve? What are their key? What are the primary barriers and enablers to those needs being met? What are their strengths that can be harnessed? How does the problem/opportunity affect people differently by gender, ethnic background, income, location, etc.?*

### 3 Understand the root and proximate causes

*What are the root and proximate causes at play? What systemic failures are causing or exacerbating the problem (e.g., norms, policy, infrastructure, technology, etc.)?*

### 4 Understand the trends

*What are the emerging issues or future trends that could influence this program area (e.g., demographic changes, technology, climate change, policy, etc.)? How might this influence the problem and client/beneficiary needs and assets in the future?*



## Step 2: Define the problem | This step can be done through desk research and stakeholder interviews

### Desk research

#### *Illustrative sources:*

- Articles and reports produced by organizations working in the field
- Government databases and statistics (incl. race- and gender-disaggregated)
- Sector-specific news sites
- Popular press
- Scientific, academic, or economic journals
- Third-party analyst reports (e.g., from think tanks or consultancies)

### Stakeholder interviews

#### *Illustrative interviewees:*

- Community members and end clients that we hope to serve
- Current grantees in proximate spaces
- Non-grantee organizations within the target programmatic area
- Sector/industry experts
- Academic researchers

*Ensure equity is a consideration when conducting interviews (e.g., compensate interviewees for their time, source interviewees from diverse communities)*

***After completing initial desk research, further desk research and interviews should be done in parallel so that they inform each other.  
Ensure research is time-bound to enable progression to the next steps***

## Step 2: Define the problem | Stakeholder interviews with end clients should take a participatory approach



### *Human-Centered Design Principles*

#### **1. Meeting people where they are**

We encourage leaving your desk and immersing yourself in the lived experiences and context of those you seek to understand and engage in the design process.

#### **2. Understanding their needs holistically**

People's experiences, perspectives, and behaviors are shaped by their social, economic, and cultural context. Understanding people in a nuanced manner leads to better and more impactful design, regardless of what we're creating together.

## Step 2: Define the problem | Example (1/3)

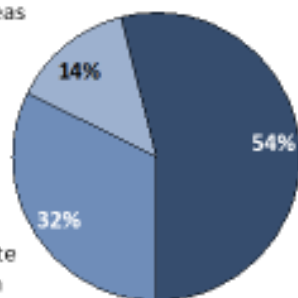
### Most youth are hopeful and believe they are thriving, but a substantial minority are “stuck” and “struggling”

#### Hope among US youth, 5<sup>th</sup> - 12<sup>th</sup> grade

(Fall 2012)

##### Discouraged:

Students lack ideas and energy for the future



##### Hopeful:

Students possess numerous ideas and abundant energy for the future

##### Stuck:

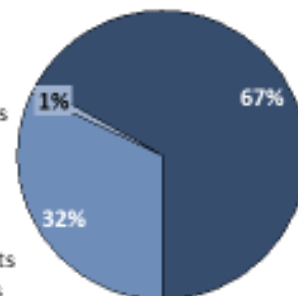
Students generate little momentum toward the future

#### Wellbeing among US youth, 5<sup>th</sup> - 12<sup>th</sup> grade

(Fall 2012)

##### Suffering:

Students think about present and future life in negative terms



##### Thriving:

Students think about present and future life in positive terms

##### Struggling:

Students lack positive thoughts and experiences

#### Additional observations

- Hope correlates with engagement. 72% of hopeful students are engaged, meaning they are highly involved with and enthusiastic about school.
- Hope largely persists over time, averaging 4.4 out of 5 at every level from 5th through 12th grade.
- Hope is more predictive of college success than high school GPA or ACT/SAT scores, according to Gallup.
- Youth feel positive about their own wellbeing, with seven out of ten believing they are treated with respect, nine out of ten supported by family and friends, and three out of four feeling they are learning.
- Youth have become more optimistic since 2009, when 50% were hopeful and 62% of youth were thriving.

**95% of youth believe it is very or somewhat likely that they will be better off than their parents in the future.**

Source: Gallup Student Poll, National Cohort Fall 2012; Gallup, "U.S. Youth Say They Will Be Better Off Than Their Parents," 2013

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## Step 2: Define the problem | Example (2/3)

**Nearly half of youth live below 2x the federal poverty line and having less family income makes it more difficult to thrive**

As of 20XX		Above 2X PL	Below 2X PL	Difference in rate for lower-income youth
Profile	• Youth ages 10-19 <sup>1</sup> :	55% (23.4 million)	45% (18.8 million)	
	• Average household income <sup>2</sup> :	\$97,000	\$23,500	4.1x lower
	• Not covered by insurance:	5.7% (1.3m)	13.8% (2.6m)	2.4x higher
Family and Support Structures	• Children living with a single parent:	15.6% (3.7m)	43.1% (8.1m)	2.8x higher
	• Parents have college degree:	31.2% (7.3m)	9.1% (1.7m)	3.4x lower
Health	• Currently obese <sup>3</sup> :	18%	18%	Negligible
	• Ever diagnosed with ADHD:	8.3%	8.6%	Negligible
	• Ever diagnosed with depression:	2.9% (0.6m)	5.8% (0.5m)	2.0x higher
Achievement	• High school dropout rate:	3.8%	11.3%	3.0x higher
	• Employed, ages 15-18 <sup>4</sup> :	8.0% (1.0m)	3.0% (0.3m)	2.7x lower

Households above 2x the federal poverty line,  
or \$37,000 for a family of 3

Households below 2x the federal poverty line,  
or \$37,000 for a family of 3

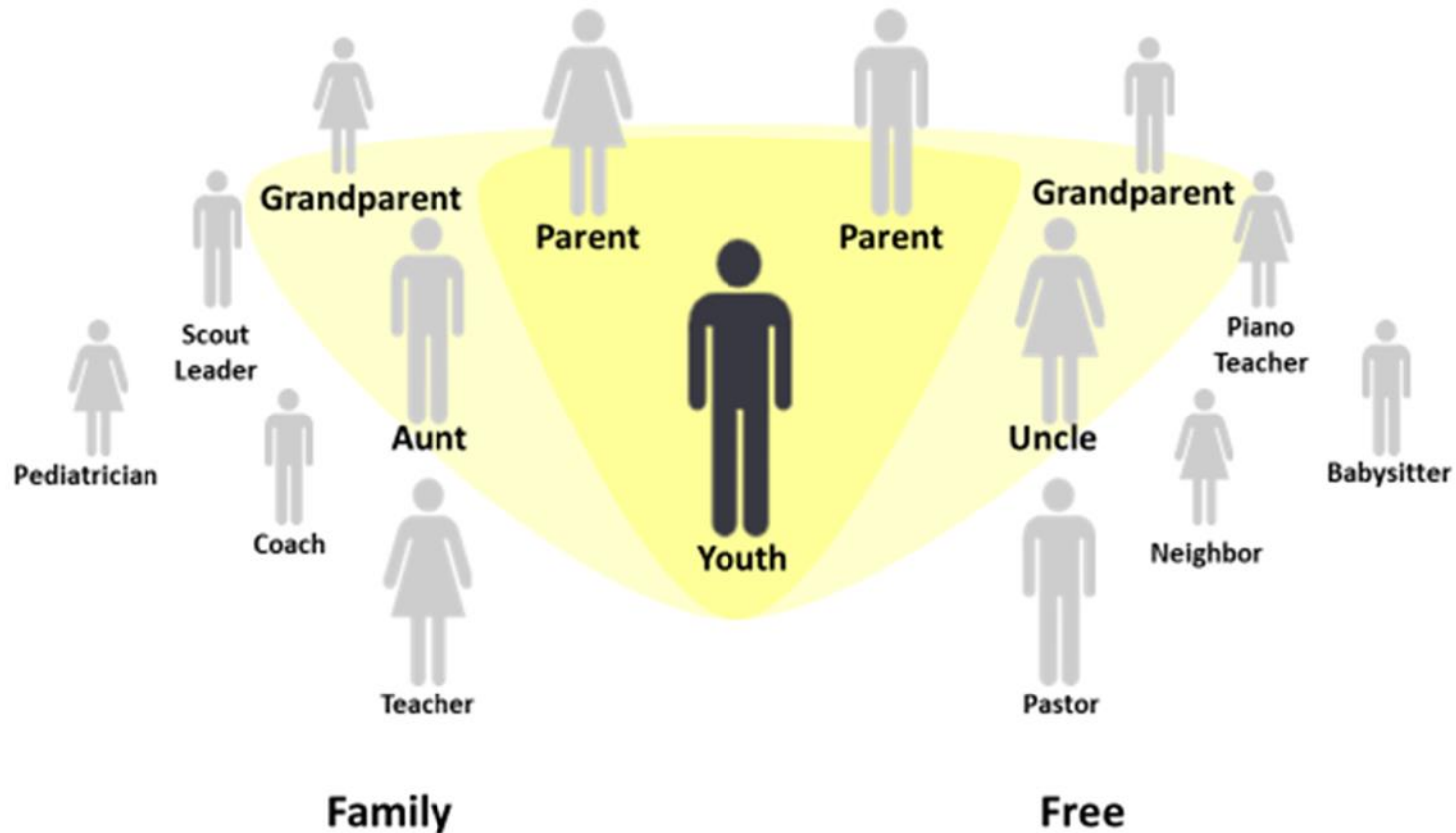
Notes: (1) Estimated using 42.2m total US youth; (2) Calculated using census income data, household size of 2.6 and HHS definition of poverty as \$18,530 for a household of 3; (3) Academic studies have not determined a clear relationship between income and obesity; (4) Rates calculated based on 51% of youth being ages 15-19, according to census

Source: US Census Bureau, US Center for Disease Control, National Center for Education Statistics, SAMHSA, USDA Economic Research Service, Urban Institute and Kaiser Commission on Medicaid and the Uninsured, Dalberg analysis

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## Step 2: Define the problem | Example (3/3)

The key to 'thriving' for most youth is consistent attention from a competent, caring adult



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## Step 3: Understand the landscape | Map out the thinkers, doers, and funders in the new program area

*Within the topic, who are the:*



### THINKERS

*Who are the leading researchers, academics, and thought leaders in the space? Where do they focus their work and where are the gaps?*



### DOERS

*Who are the service providers (and advocates) in the space? Where do they focus their work and where are the gaps?*



### FUNDERS

*Who are the other funders in the space? Where do they focus their work and where are the gaps?*



# Step 3: Understand the landscape | We can map the landscape using desk research and interviews

## Guidance for landscape research

- **Create an Excel spreadsheet** to track the thinkers, doers, and funders that you identify in the landscape
- Begin the process with **rapid desk research and internal conversations** to identify some organizations in the landscape
  - **Thinkers** can be found by searching for reports and articles
  - **Funders** can be found by looking at Doers' 990s and Candid
  - **Doers** can be found by looking at funders' portfolios
- **Reach out to a few individuals** to hear their view and ask for whom else to speak with at the end of the interview

### INTERVIEW GUIDE

#### OVERVIEW

Note: Each interview will have one to two specific questions based on the reason they were selected for interview. Provide a brief overview and then please then select from the 10 questions below based on the flow of the interview.

#### Objectives of the interview:

- Understand the changes you have made to giving in response to the crises
- Learn more about your approach to racial equity and how this has changed following the crises
- Discuss operational challenges and the implications of these
- Understand what support you think is needed

### INTERVIEW OUTLINE

#### GENERAL

#### Opening Questions ~5 minutes

Objective: Understand the crises impacted and long-term strategic implications of the global pandemic on foundation strategy and mission.

1. How would you summarize how the crises of 2020 have impacted your foundation and what has this meant for your thinking on long-term strategies?

#### CHANGES TO GIVING ~10 minutes

Objective: Understand the changes made to giving and shifts in focus

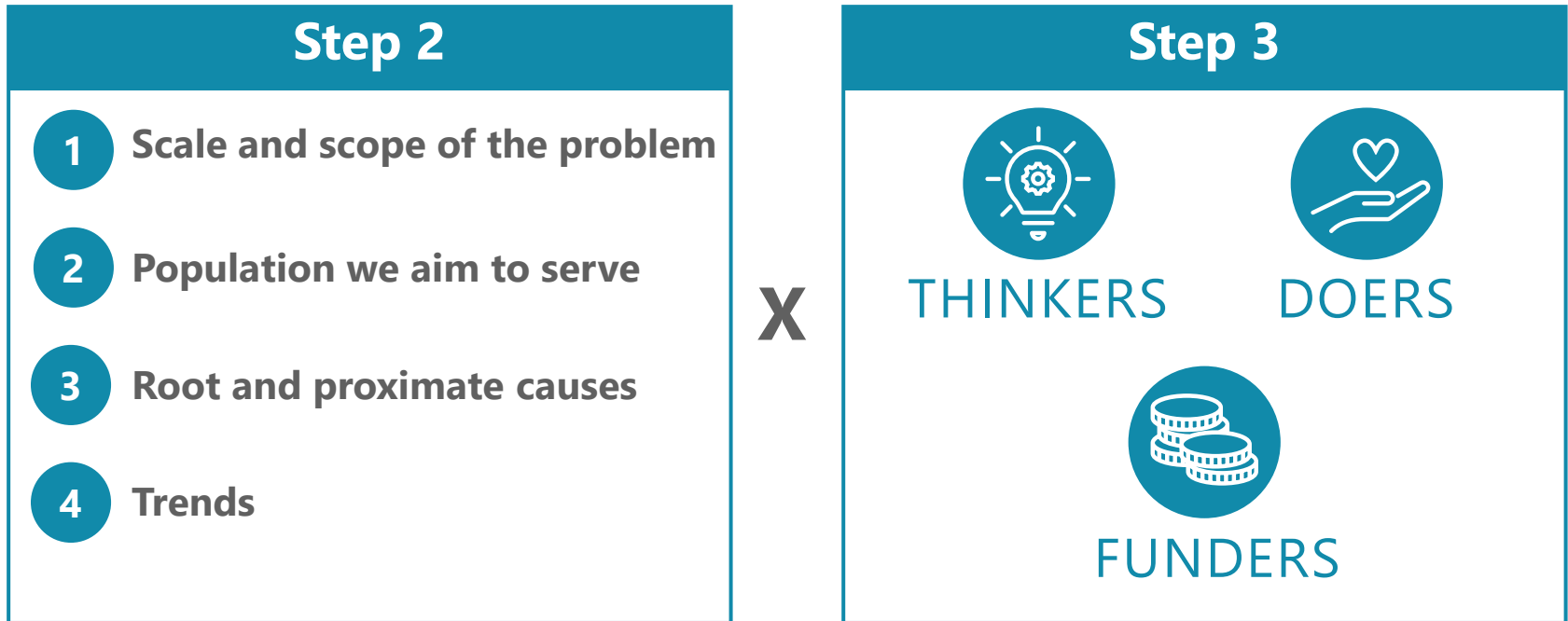
2. How did your Foundation make decisions on changing total giving and where to direct funds in response to the 2020 crises? What were the enablers and inhibitors to change?
3. What helped you explore new approaches to managing your endowment?  
*Note: Only relevant for those foundations with endowments and choosing new tools*
4. How much of your shifts are informed by the changing needs of communities in your geographic area?  
OR How much of your shifts are informed by partners in your geographic area?  
*Note: This question can be optional based on interviewee*

#### APPROACH TO RACIAL EQUITY ~15 minutes

Objective: Develop insights into how foundations are shifting internally as well as externally to incorporate a racial justice lens.

5. What has enabled your organization to gain clarity on racial equity goals/ gain clarity on tools/ put in place policies/ etc. and what do these look like now compared to the beginning of the year? How has access to communities played a role?  
*Note: Depends on responses to components of racial equity components*

## Step 3: Understand the landscape | Combine findings from steps 2 and 3 to understand potential opportunities



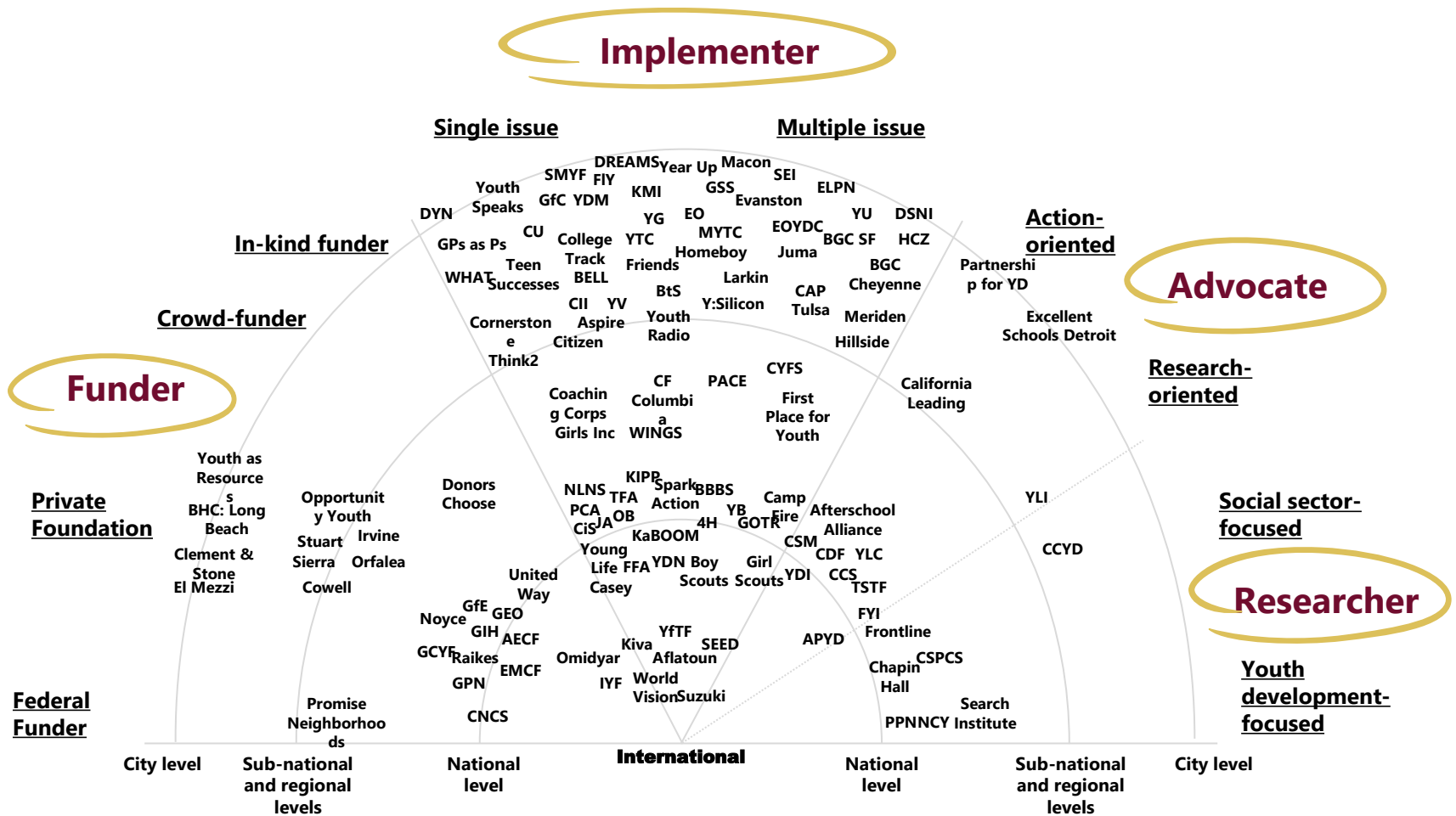
### Identify opportunities based on:

**Gaps:** What needs are unaddressed, underfunded, or overlooked?

**Momentum:** Where is there promising momentum to build on and/or promising interventions to fund?

## Step 3: Understand the landscape | Example (1/3)

The foundation mapped the landscape of funders, implementers, advocates, and researchers

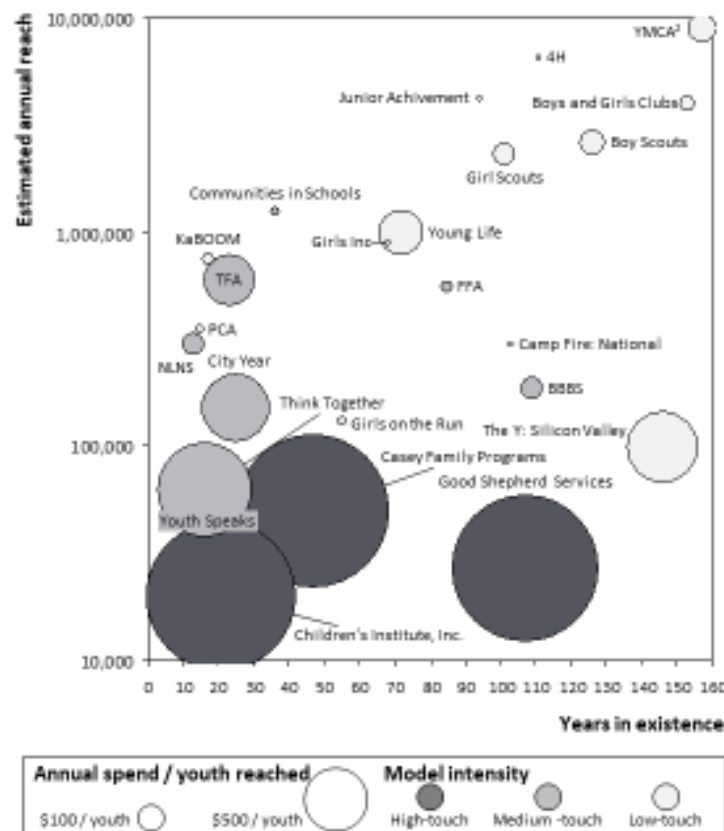




## Step 3: Understand the landscape | Example (2/3)

There are few new, cost-effective models that engage youth directly; models that scale quickly work with youth indirectly

Breakdown of the largest implementers by age, reach, effectiveness, and model intensity<sup>1</sup>



### Landscape analysis and observations

- Organizations that have high estimated annual reach generally have low-cost program models. This is the case with both the new and established organizations.
- Organizations that scale quickly appear to either target youth indirectly or work through adults such as coaches, teachers and school principals. None of the organizations that have scaled quickly focus on youth as the primary customer.
- Organizations that have not scaled and have expensive program models tend to be high-touch. Furthermore, these organizations work with disadvantaged and at-risk youth directly which likely increases the cost of their model.

For discussion: Given this divide within the youth development landscape, should Thrive focus on helping to scale small, high-touch programs or working with large, low-touch programs?

Notes: (1) The graph only includes organizations for which there was data on: annual spend, annual reach and number of years in existence. (2) YMCA spend per youth was not available and was estimated at \$100/youth reached

Source: Dalberg analysis based on research of individual organizations' self-reported data

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## Step 3: Understand the landscape | Example (3/3)

**There are no organizations in the landscape that focus on at-risk boys as the primary customer**

**Organizations<sup>1</sup> whose primary customer is youth**  
(funders are in bold)

	All youth	Low-income/At-risk
<b>Boys</b>	The Boy Scouts	
<b>Girls</b>	Girls Inc. Girls on the Run The Girl Scouts	PACE Center for Girls Teen Successes
<b>Both</b>	4H Afterschool Aspire Education Project Beat the Streets Boys and Girls Clubs Camp Fire Columbia Camp Fire National Casey Family Programs Children's Institute Corporation for National Community Service Digital Youth Network Dreams of Wilmington East Oakland Youth Development Center <b>Grantmakers for Children, Youth &amp; Families</b> Hillside <b>International Youth Foundation</b> Junior Achievement National PFA Organization <b>Noyce Foundation</b> <b>Orfalea Foundation</b> Outward Bound Project Cornerstone <b>Rakom Foundation</b> Spark Action <b>Stuart Foundation</b> The Y: Silicon Valley Think Together <b>United Way</b> Wilmington Health Access for Teens You Everston YoungLife <b>Youth as Resources</b> Youth Law Center Youth Radio Youth Speaks Youth Technology Corps Youth Villages	<b>Annie E. Casey Foundation</b> Big Brothers Big Sisters Building Educated Leaders for Life Children Youth and Family Services College Track Colorado Uplift Communities in Schools Dudley Street Neighborhood Initiative <b>Edna McConnell Clark Foundation</b> <b>El Mezzi Foundation</b> Elevate Oregon Fresh Lifelines for Youth Friends of the Children Good Shepherd Services Harlem Children's Zone Homeboy Industries James Irvine Foundation Juma Ventures Kids Making It KIPP Schools Larkin Street Youth Services <b>Opportunity Youth</b> <b>Promise Neighborhoods</b> <b>San Mateo Youth Foundation</b> Self-Enhancement Inc. <b>Shi Cowell Foundation</b> <b>W. Clement and Jessie V. Stone Foundation</b> WINGS for Kids <b>World Vision USA</b> Year Up Youth for Technology Foundation Youth Guidance Youth Leadership Institute Youth Uprising Youthbuild

### Landscape analysis and observations

- Although there are youth serving organizations that directly and indirectly serve at-risk youth and some that focus specifically on at-girls, there are none that focus on at-risk boys.
- Data indicates that boys are more at-risk for traditional risk factors.
  - Boys have comprised more than 80% of all youth homicides for the past two decades. Boys are also more likely to be involved in non-fatal assaults and violent crimes, and more likely to be incarcerated than girls.
  - Boys are twice as likely to be diagnosed with ADHD and to be in special education or early intervention classes.
  - Boys are more likely to be unemployed than girls and less likely to work in growing industries such as healthcare and education.
- Although there are few practitioners that focus on at-risk boys, groups such as the Boys and Young Men of Color Project and the Leadership Institute for Black Male Achievement have identified this demographic as a priority and might be potential partners.

Notes: (1) Organizations also include funders that have an explicit youth-focused strategy

Source: Dalberg analysis based on research of individual organizations' self-reported data, Bureau of Labor Statistics

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## Step 4: Understand capabilities | Understand our foundation's capabilities and constraints, as well as our risk tolerance

### Capabilities

What could we bring to bear on the problem across:

- Expertise
- Resources
- Strong Networks
- Flexibility (e.g. timing, types of grants or PRIs)

### Constraints

Where are we less well-positioned to act based on:

- Lack of Expertise
- Limited Resources
- Weak or No Networks
- Restrictions (e.g. timing, types of grants or PRIs)

### Risks

What is the foundation's approach to and tolerance for:

- Strategic risks
- Operational risks
- Financial risks
- Reputational risks

## Step 4: Understand capabilities | Example

**Context:** An anonymous family foundation was considering going into the positive youth development (PYD) space in the US

### Capabilities

- \$200 million in assets, with spend-down option
- Strong networks in Silicon Valley tech industry
- Relationships with leading academics in PYD

### Constraints

- Limited networks / knowledge of direct service providers
- Donors focused strongly on “building (tech) tools”
- Small staff of ~5, not at PYD experts

### Risk Tolerance

- Limited risk tolerance, given frustration with lack of tangible impact from earlier training programs







**WHAT new programmatic area(s) is your organization exploring (or explored recently)?**

**HOW has your organization conducted the exploration?**





## Step 5: Decide | Combine the findings from steps 3 and 4 to identify whether and how to enter the new space



**Identify where your foundation will be most additional based on:**

**Gaps:** Which gaps is your foundation best placed to address?

**Momentum:** Which areas of momentum is your foundation best placed to accelerate? How can we be truly additive (and not duplicative)?

## Step 5: Decide | The path forward should be rooted in a clear objective for the near term

### 1 **Do not enter**

- *Lack of alignment with overall mission or no clear path to impact*
- *Foundation does not bring additive capabilities or assets*

### 2 **Enter to learn**

- *Complex problem/opportunity with many established players*
- *“New” problem/opportunity with competing, untested solutions*

### 3 **Enter to catalyze**

- *Significant external resources available to address problem/opportunity*
- *Foundation clearly well positioned to influence external resources*

### 4 **Enter to make your mark**

- *Very well understood problem/opportunity with clear path to impact*
- *Foundation can bring substantial resources to bear with a clear ToC*



## Step 5: Decide | Five key principles can guide our decision on whether/how to enter a new space

1. **Maintain “beginner’s mind”:** Be mindful of ingoing assumptions and biases and prioritize opportunities for learning
2. **Be humble and objective** regarding our Foundation’s capabilities and constraints – assess them critically and learn from past failures as well as successes
3. **Apply a ‘systems thinking’ lens and explore partnerships** with existing players (funders, thinkers, and doers) to collaboratively address complex/inter-related root causes
4. **Be inclusive and transparent:** Share your findings and initial decisions with stakeholders (while managing expectations regarding funding, etc.) and ask for input
5. **Consider an adaptive strategy:** Build in steps and metrics to assess progress, gather feedback, scan the horizon, and adjust course

## Q&A and contact information



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**Thank you!**