

# **PREPARING FOR STRATEGIC REVIEW PROCESSES**

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APPROACHES AND REFLECTIONS ON STRATEGY  
REVIEW PROCESSES FROM 13 PRIVATE FUNDERS



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### ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

### ACKNOWLEDGMENTS

We are grateful to Hilary Rhodes at the William Penn Foundation for her guidance and feedback on this project. We would also like to thank CEP’s senior writer and graphic designer, Ethan McCoy and Jay Kustka, for their assistance on this report.

We are also very grateful to program directors, senior leaders, and executive directors at the following foundations for their participation in interviews with CEP and insights on the topics covered in this report:

- ▶ Barr Foundation
- ▶ Charles and Lynn Schusterman Family Philanthropies
- ▶ Ewing Marion Kauffman Foundation
- ▶ Hillman Family Foundation
- ▶ Houston Endowment
- ▶ John D. and Catherine T. MacArthur Foundation
- ▶ Richard King Mellon Foundation
- ▶ Surdna Foundation
- ▶ The David and Lucile Packard Foundation
- ▶ The Heinz Endowments
- ▶ The McKnight Foundation
- ▶ The William and Flora Hewlett Foundation
- ▶ Walton Family Foundation

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Special thanks to the William Penn Foundation, who commissioned and funded this publication.



# OVERVIEW

In 2020, the William Penn Foundation engaged the Center for Effective Philanthropy (CEP) to explore the strategy review processes of peer foundations as it prepared for its next comprehensive strategic review. Through surveys and interviews with 20 senior leaders at 13 philanthropic funders, CEP explored the structures, processes, and elements related to these funders' most recent and comprehensive strategy reviews.<sup>1</sup>

This paper summarizes the key findings from CEP's efforts and offers a set of recommendations for funders planning their own strategy reviews. Many of the methods participants described may not be surprising, as they are used by many funders. Taken together, though, we hope that these examples and recommendations can help funders more effectively, inclusively, and transparently plan and execute their strategy reviews.

In reading these findings, it is important to remember that philanthropic funding contexts vary; there is no "one-size-fits-all" approach to a strategy review. Funders using different approaches provided clear perspectives about why they have chosen to act in certain ways. Instead of right or wrong answers, the perspectives in this paper raise meaningful questions for funders of all stripes to consider as they plan for comprehensive, periodic reviews of their strategies.

## THERE IS NO STANDARD OR OPTIMAL MODEL FOR A STRATEGY REVIEW.

Key elements of strategy reviews — their frequency, staff participation, methodologies, and communications — vary broadly across the 13 funders participating in this study.

Still, certain aspects of strategy reviews are common: a thorough analysis of relevant data, input from a diverse group of external stakeholders, an emphasis on transparent and proactive board communication, the continuation of grantmaking throughout the process, and assistance from consultants and/or evaluators. Within each component, however, there is notable variation.<sup>2</sup>

**Though structures are usually influenced by institutional precedent, they can — and often do — evolve over time. Funders change their models as their contexts change. For instance, some of the largest funders (by asset size) in this study were more likely to have long-established structures for their reviews that have been developed over time, but their frameworks, like those of most funders, allow for flexibility across programs.**

## THE FREQUENCY OF STRATEGY REVIEWS TYPICALLY FALLS INTO THE FOLLOWING (OCCASIONALLY OVERLAPPING) FRAMEWORKS:

- ▶ **Organization-wide regular cycle:** Many funders in this study conduct foundation-wide strategy reviews on a regular cycle, most commonly every five years. Most of these funders also have processes for checking in on their strategies periodically between cycles.
- ▶ **In response to current events or internal leadership changes:** Several participants indicated that their review was prompted by internal or external events, such as new leadership (at the organization or board level) or changes in their fields.
- ▶ **Always reviewing:** A few participating funders have a structure of ongoing strategy reviews involving frequent updates and iterative conversations, which do not reevaluate overall programmatic direction but rather adjust strategy within those funders' broader goals.
- ▶ **Program-specific timing:** Several funders in the study review strategies on a program-by-program basis, often using timelines customized to each program and with interim strategy updates between more formal reviews. Timelines for review cycles are based on the work and context of each program.

<sup>1</sup> All survey questions and topics were developed in partnership with the William Penn Foundation.

<sup>2</sup> CEP assigns various weights to broad statements or conclusions. A "few" or "handful" corresponds to two to five funders, "many" or "several" corresponds to six to nine, and "most" or "nearly all" corresponds to ten or more.

Regarding the methodologies used to review their strategies, most funders described employing program-specific approaches, as well as “learning” or “guiding” questions that can be used across programs or easily modified for specific programs, with a more tailored approach typically developed by program directors. A few funders reviewed programs sequentially, rather than all at once. Those who did so found it valuable to have more “mature” programs and strategies begin the process, and for program directors to share resources and practices to avoid duplicative work.

### COMMON ELEMENTS OF REVIEW METHODOLOGIES OFTEN INCLUDE:

- ▶ Setting goals that outline what review teams want to accomplish, with organization’s mission and values in mind;
- ▶ Determining how to measure success;
- ▶ Collecting data — through grantee evaluations, field scans, surveys, interviews, expert input, and landscape analyses — to assess progress and reflect on needs in the field;
- ▶ Gauging the importance of the organization’s strategies to the current environment, often through the lens of racial equity, community needs, and/or family priorities;
- ▶ Devising revisions to current approaches;
- ▶ Discussing implementation, including exits from current areas of focus.

Additionally, a few funders described “pre-review” processes in which they redefined or further clarified their mission or theory of philanthropy, cast a broad net of research to reassess the most important work and methods to fulfill that mission, and reflected on and adjusted how they wanted to approach their philanthropy broadly.

The outcomes of review processes ranged from modest modifications to pre-existing programmatic focuses to “putting anything on the table” and completely shifting goals, approaches, and strategies.

All funders described the challenge of deciding how to end work with existing grantees. This was noted as especially challenging for regional funders with deep networked relationships. For some, this meant providing exit grants that were multiyear (most commonly three years) and/or unrestricted. A few participants also facilitated introductions of grantees to other funders, showcased the grantees’ work on their website, or modified terms of grants made during the review (for instance, converting project funding to general support). As one participant noted, their grantees’ “needs don’t go away” when their foundation decided to start a strategy review.



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### INPUT FROM FIELDS AND COMMUNITIES IS CORE TO STRATEGY REVIEWS.

Nearly all participants sought external perspectives — from grantees, field and community leaders, other funders, and non-grantee nonprofit organizations — as part of their review process.

Participants reported that diverse external perspectives provided significant value to strategy reviews, including expertise on strategic directions, feedback on ideas and potential new directions, suggestions for new ideas, connections to other organizations, and identification of challenges and needs in specific fields and communities. Broadly speaking, funders brought in grantee and community input during the brainstorming and refining phases, and then brought in expert consultants and nonprofit or philanthropic leaders for their review and input once the proposal was nearing final form.

Many participants noted that a racial equity lens was an important consideration in their review. These funders incorporated racial equity by bringing in a diverse range of perspectives to inform their work and, when assessing their current strategies, to examine the diversity of their grantees and funding beneficiaries.

### FUNDERS VARY IN COLLECTING EXTERNAL PERSPECTIVES FROM DIVERSE STAKEHOLDERS.

Participants described many ways to collect input on their strategies: informal conversations throughout the process, formal advisory groups convened around specific aspects of programmatic work, interviews, or invitations to speak to foundation board or staff. Funders who brought in grantees or community leaders to board meetings mentioned how helpful these perspectives were in solidifying ideas with the board, as they added personal touches and anecdotes to complement the data behind their strategy reviews.

Study participants varied in their approach to asking grantees for input. Staff at several funders directly sought feedback from grantees and stakeholders; at other foundations, consultants gathered external perspectives.

Understandably, grantees may feel nervous about the implications of a funder’s strategy review on their funding relationship. Funders who use consultants to gather grantee input emphasized that their approach encourages transparent feedback, but also cautioned that grantees may hesitate to be truly candid if they feel that their funding depends on the result of the review.

On the other hand, a few funders who gathered input directly from grantees — particularly through interviews — found that it helped solidify their relationships with those organizations. Aside from getting information about grantees’ needs, these conversations helped funders and grantees better understand one another and talk about issues they normally do not discuss. To promote candor and account for a sense of guardedness in grantees, it is important to emphasize that those conversations are “off the record” and not tied to grantmaking plans.

A few funders described the importance of avoiding “extractive” feedback-gathering methods, which take stakeholder time without providing value back to them. To avoid doing this, these funders compiled learnings from their conversations with stakeholders and broader review processes and shared it back with those who participated.

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### **BALANCING TRANSPARENCY IN EXTERNAL COMMUNICATIONS CAN BE CHALLENGING.**

Emphasizing the importance of clarity and transparency, nearly all funders reported communicating externally about their strategy review throughout the process. While a few did not communicate with grantees or waited to do so until final decisions were made, most funders reached out to their grantees when they started the process, when opportunities to provide input arose, and when strategies were decided. These messages generally took the form of blog posts or individual conversations, but also included statements on funders’ websites, email communications, updates on application portals, or as part of group convenings. Many participants prioritized grantee communications and made them a built-in aspect of their process.

Several participants in this study stressed the importance of letting grantees know that a strategy review is underway directly from their foundation contact, rather than from a public announcement. Funders described holding grantee convenings to share how new work would be rolled out, encouraging program officers to have individual conversations with grantees to describe potential changes, and developing an internally consistent set of responses to grantees’ questions.

Still, these conversations can be challenging. Many funders described the tradeoff between transparency with grantees and the need to wait to communicate decisions until they have been approved by the board. One funder described having “soft” communications with grantees to prepare them for the reality that the foundation was shifting some strategies. These conversations are important to “manage the rumblings” of grantees who notice that their funder has started making grants in a new strategic direction and has asked for field- and community-wide input on their work. For strategies that their foundation decided to wind down, this participant proactively communicated to long-term grantees that they could still expect another year of operating support.

Finally, several funders noted the importance of “closing the loop” with external stakeholders — committing to sharing what they learned with stakeholders who participated in their data collection and feedback sessions.

### **BOARD INPUT AND ENGAGEMENT WITH THE PROCESS IS KEY.**

All interviewees mentioned the importance of clear communications with their board before and during the strategy review process, stressing the importance of transparency, aligned expectations, and ensuring “no surprises” in the review’s implementation or their final recommendations to the board. As decision makers, boards should agree to and be engaged with the goals and progress of strategy reviews. Staff involved in the process should ensure that their boards understand the organization’s current strategic priorities and work, and, conversely, that staff understand the interests, priorities, and values of the board — especially if family values are a key lens in the process.

Funders in this study kept their board informed throughout the process with program committees, invitations to community conversations about strategy, individual conversations with foundation leadership, topical webinars, and interim updates to share progress and gain feedback. The pace and depth of updates depended on their own organizational cadence — for some, discussions with trustees happened every few weeks; for others, updates were quarterly at board meetings.

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Additionally, keeping board members informed and in broad agreement along the way can prevent disagreements that delay the process. A few participants recommended ending each milestone meeting with trustees with a decision and approval to move forward. Participants used a range of opportunities to discuss trustees’ priorities, perspectives, and feedback: before the process starts, during board meetings, in convenings with grantees and community members, through monthly progress memos, and in individual conversations with foundation leadership.

Foundation presidents often play a key role here. Across participants, even if foundation presidents were not leading strategy reviews, they were primarily responsible for liaising with the board and ensuring that board members were up to date with developments. Several foundation leaders held one-on-one conversations with each board member prior to the start of the strategy review to ensure that the process starts with consistent information and expectations. Foundation leaders also used these conversations to advocate for critically important issues in their fields and communities, including, for instance, the need for an increased focus on racial equity in their funding.

### **OVERALL, STRATEGY REVIEWS END UP TAKING MORE STAFF CAPACITY THAN ANTICIPATED.**

Reviews require a significant time commitment from the staff involved, and the funders in this study devoted considerable time and resources to the process. Strategy reviews often involve many staff across different departments, typically last more than one year, and take place as most grantmaking and other foundation operations continue to function as usual. As a result, many participants noted that their recent reviews “took a toll” on the staff involved. Nearly all interviewees told CEP — unprompted — that staff capacity was a major challenge of their most recent or current strategy review.

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Nearly all funders use consultants to help with capacity constraints, enabling strategy reviews to move along quickly while allowing staff to focus on “the creative parts” of strategy review rather than coordination and facilitation.

Few participants reported making any changes to grantmaking or other internal operations during their review to free up staff time. Though several noted that pausing grantmaking would give them more time to focus, they weighed it against the disruption it would cause to grantees’ work and to their relationships with funded organizations. At most funders, grantmaking continues during the strategy review; only a few interviewees mentioned that their foundation occasionally pauses during the process. A few funders described making moderate adjustments to grantmaking during their reviews, including streamlining reporting requirements, providing automatic extensions for grantees up for renewals, or providing general operating support to grantees.

Nevertheless, making grants during a strategy review is a challenge for program staff — not just in the time it takes, but in the added challenge of managing grantee relationships in a time when priorities may be shifting. Participants have not found a simple solution for dealing with the constraints of staff time in managing competing priorities. Up-front planning, clear expectations-setting (both internally and with grantees), and outsourcing can provide some relief. Ultimately, however, funders stress the importance of strategy generation and ownership coming from staff.

### **CONCLUSION**

We are very thankful for the thoughtful and candid descriptions, perspectives, and recommendations shared by the funders who participated in this study. Taken together, we hope that these examples and recommendations can help funders more effectively, inclusively, and transparently plan and execute their strategy reviews.

# SUGGESTED PRACTICES

If your organization is considering a strategy review, the suggestions below – drawn from CEP’s conversations with the funders who shared their experiences – can provide a starting point in your planning and approach.

## WHEN BEGINNING TO PLAN

### CONSIDER YOUR APPROACH:

Define the scope of your strategy review. If intending to redefine your theory of philanthropy or organizational mission, consider a preliminary process to clarify these points first.

### SET GOALS:

Create clarity about how the goals of your strategy review will align with your mission and, if applicable, the values of any family members on your board. Ensure that participants, process leaders, and board members are aligned on intended outcomes, expectations, responsibilities, timelines, and willingness to invest the capacity required. Make time for staff and board learning on how equity concerns affect programmatic areas of focus, interventions, and methods (such as direct service versus community organizing), communities served, and how approaches to philanthropy can avoid reproducing inequities.

### BE MINDFUL OF CAPACITY PLANNING:

With all staff members who will be involved with the review, set expectations for how their capacity will be affected during the process. Be clear on what staff’s roles and responsibilities will look like, the proportion of their time they should expect to spend on the review, and what additional internal supports or adjustments might help alleviate workload during busy times. In the words of one participant, this is “easy to underestimate.”

### SET PRACTICES ACROSS PROGRAMS:

Different programs may require different timelines, staffing, resources, use of data, and methodologies, but the overall outcomes and expectations of each program’s review should be cohesive across your organization. A few funders in this study found that “too much flexibility” meant some programs needed to rework their reviews toward the end of the process. Others found that too much structure didn’t make sense given the differences in programmatic work. Funders described trying to find a balance, and found that sharing guidelines, templates, and helpful practices and lessons across teams can enable more consistent outcomes and save staff time. If planning for sequential timing — rather than reviewing all strategies at once — select a “mature” strategy to review

first and then share your learnings with subsequent strategy teams.

### CONSIDER GRANTMAKING SUPPORT:

Decide how best to support the organizations you fund during and after the review. Communicate about your strategy review before it starts, share updates during the process, discuss any changes you will consider to grantmaking practices during the review, and be transparent about your exit strategies (transition grants, introductions to other potential funders, or other supports).

## WHEN SEEKING EXTERNAL INSIGHTS AND FEEDBACK

### ENCOURAGE A BROAD RANGE OF PERSPECTIVES:

Reach out to stakeholders from diverse communities and organizations — including grantees, leaders of non-grantee nonprofit organizations, community leaders, and members of communities that your grantmaking seeks to serve. Prioritize and center communities affected by your work, geography, or issue — especially communities that have historically experienced underinvestment. Ask your grantees and stakeholders: “Who else should we be talking to?”

### ASK FOR CANDID INPUT:

Consider options for gathering input directly and confidentially through a third party or, if you ask for input directly, ensure that feedback from grantees and non-grantee nonprofit organizations will be kept separate from future discussions about those organizations’ fit into your program strategy and future funding.

### DEVELOP A COMMUNICATION PLAN:

Determine the optimal frequency, timing, and structure of contact with your external stakeholders. Share the purpose for the review, its timeline, how you plan to use their input, and when they will learn of your decisions.

## WHEN ALLOCATING STAFF TIME

### DETERMINE TEAM COMPOSITION:

Be clear about who will lead the process (including managing coordination across programs), who else will participate in the review, and when that participation will

happen. Develop a plan for how these responsibilities will align with other grantmaking and internal obligations.

#### **DETERMINE BALANCE BETWEEN INTERNAL AND OUTSOURCED WORK:**

Take stock of internal resources and plan for what can be outsourced and what can be done internally. Keep in mind the importance of adhering to a timeline, staff capacity, the ability of all participants to contribute, staff expertise, and internal ownership of the strategy. Keep in mind how external capacity can be used to adhere to a timeline, to ease the burden on staff capacity and allow staff to prioritize their attention on strategic elements.

#### **DEVELOP A REALISTIC TIMELINE:**

Build flexibility into the timeline — flexibility to change course, to account for changes in external environment, and to reflect on the progress. Some funders build more time into their process to prioritize staff and board leadership learning so that discussions and priorities come from a common understanding and value framework.

### **WHEN ENGAGING WITH THE BOARD**

#### **PLAN COMMUNICATIONS:**

Build in frequent opportunities for your board to discuss the strategy review and keep board members informed of your goals, progress, ideas, and potential findings. Make sure board members understand your current work well and agree with the scope of potential outcomes. Consider the capacity of foundation leadership to have individual conversations with board members to discuss their understanding, feedback, and desired level of involvement during the review, and to aggregate this information into guidance for strategy-review teams.

#### **GET FEEDBACK:**

Present a range of opportunities to ask for the board's feedback along the way — for instance, through webinars, learning sessions, memos, and meetings.

#### **INVOLVE FAMILY (IN FAMILY FOUNDATION):**

Early in the process, discuss with family board members (individually and as a whole board) how the family's values and priorities can guide the scope of the review. Where they occur, discuss individual board members' goals, understanding of current strategies, and vision for the future. Consider holding opportunities to facilitate family member learning outside of programmatic discussions.

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