

Open Impact's 2024 Resolution: Improve Governance to Improve Impact

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[Link](#)



As we begin 2024, our firm is doubling down on supporting founders and families as you explore how to develop governance systems that align to your philanthropic aspirations and increase your impact.

“Governance,” the structures and processes for decision making, accountability, and control, may sound like a dull topic for us to be so fired up about. But we’re here to argue that in our work with clients, we’ve seen how rethinking a philanthropy’s governance is actually the most radical way to change its culture and maximize its philanthropic impact.

As our client partners seek to maximize their impact and help create a better world, they are often wrestling with complexities around decision-making that slow progress, whether between donors and families, boards and staff, or management and grantee leaders. What we ask is: what control are you holding onto, and does that best serve your organization, and the issues and communities you serve?

The reason to start this critical work now is that during this “polycrisis era,” the world needs us at our best. The number of people worldwide who require humanitarian aid increased by 30% over the past year to 360 million, according to the U.N. Security Council, extreme climate change is here, and we’re also facing civil rights rollbacks and critical upcoming elections across the globe that can either strengthen or further deteriorate our democracy. In short, the world needs philanthropy to show up now in ways and with a strength we never have before. And while we understand that organizational and culture change can be tricky, we’ve seen the tremendous impact when governance shifts, even if it’s one step at a time.

Here are some of the questions we lead clients through to understand their current governance model and in which ways sharing or shifting power could help increase their impact in 2024 and beyond.

1. INCREASE DIVERSITY. *How can we open up our boardroom to more diverse experiences and voices? What perspectives on the board would make our work more impactful? Whose ideas drive the agenda? How was the strategy made, and does it include input from people with lived experience and from different generations?*

The call to diversify your governance isn't about optics or diversity for diversity's sake. We recommend it because when you have more voices, rather than relying on the perspective of a single person or an insular group, your governance is stronger because you're able to access other expertise, hear new ideas, and come to better solutions. For example, [a study](#) from the Indiana University Lilly Family School of Philanthropy found that nonprofit boards with higher levels of gender, age, and racial/ethnic diversity tended to have more engaged members – and a board that's more invested will work harder for the outcomes they want.

We applaud shifts we've noted in the field toward diversifying leadership, including inspiring examples such as Eddy Zheng of the [New Breath Foundation](#) becoming the first Asian-American juvenile sentenced to life in prison to found and lead a public community foundation. The [Marguerite Casey board](#) is advancing its vision of building representative economies and championing working families by creating a new and truly diverse board, adding six people of color including democracy activist, lawyer, and social entrepreneur Stacey Abrams.

Once you've brought new people in, it's important to build relationships, align on what success looks like, and empower them to actually make change (see #3 below).

Another way we recommend to hear diverse new voices is to attend different conferences than you usually do. For example, this past year we listened in on fascinating conversations at the Change [Unity Summit](#), Solidaire's [Solidarity Circles](#), and Resource Generation's [Transforming Philanthropy](#) Conference.

2. SHARE OR DELEGATE DECISION-MAKING. *How can we share power with the next generation of family and community leaders? What decisions do we want to retain control of and why? What conditions would need to be in place to delegate some decision-making with confidence? What might we achieve if we asked those with greater expertise to make decisions with us?*

Sharing or delegating decisions can be a new and uncomfortable feeling for donors who haven't been asked to do so before. After all, decision-making is all about who holds the *power* to be The Decider. Many donors are beginning to make conscious shifts to share control over key areas of work such as delegating decision-making to staff, younger family members or community and

nonprofit leaders. To enable this shift, some clients feel more comfortable if they're still in control of the decisions that are most important to them, such as setting the total giving budget or the areas of giving.

Grantmaking is a key area of decision-making where there can be tension over “who decides.” And we often see a few different scenarios play out: the founder or family approves every grant; the family shares decision-making with others, including independent board members, staff, and/or community; or the family delegates all or most decisions to staff or community through special advisory groups or to third-party fund managers with expertise on the issue.

We've seen it work well for some clients to set thresholds for their involvement (approving program strategy, grants over a certain amount, or hiring of key staff) and then feel more relaxed about delegating anything below that level, which can free up space for more voices and increased buy-in from stakeholders who feel [more included in decision-making processes](#).

3. BUILD TRUST. *What fears are getting in the way of trusting my staff, my board, and my grantees more? Do I approach trust as a baseline that everyone starts with, or at a deficit and it must be earned? How can I show my staff, my board, and my grantees that I trust their judgment and expertise?*

We know that even the word “trust” can be a trigger for both donors and staff. But building trust over time is exactly what will help you deliver the impact you want. Our field is at a critical crossroads right now of figuring out who is best to lead change. People with lived experience are best positioned to affect change when their organization's leadership starts from a place of believing and empowering them, rather than from a position of asking them to prove or justify themselves or their recommendations.

Shifting to more trust-based philanthropy practices can mean moving toward participatory grantmaking to organizations led by people with lived experience, giving unrestricted General Operating Support grants, and making them for longer, multi-year periods. While a three-year grant used to be the gold standard, now we're seeing philanthropies like the [Walter & Elise Haas Fund](#) making seven-year Endeavor Fund grants. It's an incredible way to show long-term commitment to promising or proven nonprofits that need more capital to fully realize their work. Some foundations are also re-evaluating the [reporting practices](#) they're asking of grantees and reducing that requirement.

We're seeing more clients invest in [collaborative giving models](#) run by leaders with lived experience, which we view as the future for scaling philanthropy and helping donors move more money, faster, to where it can have the greatest impact. Investing in donor collaboratives means not controlling each step of the process, but being confident that the collaborative you've selected knows how and where to best invest.

As we set off on a new year, changing your organization's governance can be difficult because it requires asking tough questions about power and control at work behind the scenes. By working through these questions, what they reveal, and what you can change about your organization, there's an incredible opportunity to increase your impact, reduce bottlenecks, and strengthen community input and engagement. We're dedicated to helping clients improve their governance for 2024 – and we're here for you if you want to work through any of these ideas together.