



## STRATEGY DEVELOPMENT

To have the most impact in their field, numerous foundations pursue a dual strategy: implementing their own projects and supporting other actors.



“Developing my own projects, setting goals, planning the implementation and then getting started – that’s what I look forward to most working in foundations.”

“We see ourselves first and foremost as donors. For us, the focus is on finding good organisations and projects that we can then support financially.”



In most books on foundations and philanthropy, a clear distinction is made between grant-making and operational foundation work: either funds are provided for other organisations or the foundation achieves its own aims independently.

In theory, both extremes exist. In practical work, however, these two modes of operation are usually intertwined. In order to achieve as much impact as possible, many philanthropists and foundations opt for a middle path, combining their own ideas with funding, or experimenting with different forms of philanthropic work.

## Finding the right strategy

Experience proves that there are many different ways to resolve a problem. For example, some foundations run their own hospital, cultural institution or training academy; with their own organisation and staff.

Other philanthropists exclusively support the projects of others, or they first gain experience in a certain area with their own projects. They are then better able to assess and support the most effective stakeholders in this sector. Still others go the opposite way – through a series of pilot grants, they get to know organisations with which they later build something bigger.

Thus, it is less about the pros and cons of operational or grant-making work, but rather about the peculiarities of the respective *modus operandi* that philanthropists can take into account when making their decision.



“What I like most about my own projects is the creative freedom. I can set the goals as well as determine the way in which the goals are to be achieved. If, my foundation gets bigger, I will certainly need my own team.”

“We address complex issues such as poverty, hunger or climate change. However, we do not have specific expertise ourselves, nor do we have the time to go into detail. That’s why, with the help of experts, we focus on finding organisations that are already doing very good work and pursuing promising approaches.”



A central question that many philanthropists ask themselves is: what do I bring to the table – how much money, how much time, what relevant knowledge and experience? Or to put it another way: what causes are already being well addressed and where can I potentially use my expertise to accelerate change?

Often strategic philanthropic work is closely associated with operational work and individual projects. But a targeted funding programme can also be very strategic and impact-oriented.

## Achieving more together

In recent years, the value of cooperation has come increasingly into focus. Many challenges are so great that one organisation or foundation can do little alone.

What is needed is a coordinated approach in which each partner makes its own specific contribution. Some organisations can be directly active in the field whilst, others focus on improving the legal and financial framework by lobbying governments, the administration or supra-regional organisations for adaptations.

Some invest in the development of new, innovative solutions or in the optimisation of existing services. Others provide funding for the partners' activities or take care of the coordination and alignment of the partners and the shared infrastructure.



“My team now have some experience and expertise in implementing projects on the ground and with our target beneficiaries. We are now looking for partners who will allow us to expand our projects and offer other foundations and organisations our know-how in operational work.”

“We work a lot in international networks with experienced partners. To ensure that the networks are organised efficiently and effectively, we provide funding for an office. This funding has a significant leverage effect because it helps to channel funds into the most impactful channels.”



With both individual projects and in cooperation with funding partners, significant momentum can be given to solving important issues. Which path will have the most impact is hard to say with certainty at the beginning of a new philanthropic activity.

Therefore, many philanthropists choose to experiment first, to get to know the field better and to develop their own approach based on their experiences. This often results in a differentiated programme, combining their own activities with targeted funding.

### **Learning from others**

Many philanthropists find it particularly helpful to have an open exchange with the organisations they support, other funders and other experts in the field. These are often very good at describing where the greatest needs are in the field and what gaps there have been in funding to date. Closing such a gap can provide the decisive impetus for issues to gain new momentum and make the solution of long-standing problems more likely.