

THE KRESGE FOUNDATION
WILL THIS BOLD GRANTMAKER
BECOME THE NEXT GREAT
SOCIAL JUSTICE FOUNDATION?

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EXECUTIVE SUMMARY

This report finds that the Kresge Foundation grapples sincerely with its history and values, and with an admittedly impatient desire to tackle climate change, create resilient cities and close gaps in opportunity faced by low-income individuals and families. The foundation is bold, ambitious and outspoken in ways that disrupt and provoke the philanthropic sector, which is historically more patient and conservative.

Few foundations have embraced risk as profoundly and publicly as the Kresge Foundation during the past decade; indeed, the foundation has moved 180 degrees from risk avoidance to risk pursuit. Prior to 2006, the foundation awarded grants only when success could be assured in what was known as the Kresge Challenge period. Since 2006, strict feasibility studies and matching funds have given way to a distinct point of view, new tools, pooled funding agreements and even a “grand bargain.” In the process, Kresge has pioneered strategies that seek to change complex systems in health, human services, education and the environment; integrate arts and community development; and help Detroit rebound from bankruptcy.

By participating in this research, Kresge shows a refreshing willingness to receive feedback and calibrate strategies based on what is working and what could be improved. Toward this end, this report offers actionable findings and recommendations emerging from grantee and other stakeholder feedback and based on practices outlined in NCRP’s reports *Criteria for Philanthropy at Its Best* and *Real Results: Why Strategic Philanthropy Is Social Justice Philanthropy*.

With visionary governance and bold leadership, dedicated staff, an unwavering commitment to underserved communities and cross-cutting approach to issues, the foundation has carved and continues to blaze a path toward lasting social justice impact. The Kresge Foundation is eager to dig in, tackle big projects, advocate for big ideas and take risks to benefit marginalized and low-income communities. By improving operations and responsiveness to grantees, bringing more explicit attention to racial equity throughout its work, and more deeply engaging with communities in Detroit, Kresge will continue to evolve and achieve significant impact in strategic and just philanthropy.

Few foundations have embraced change – and its attendant risk – more than the Kresge Foundation. Kresge proves that no foundation is too set in its ways to hit the reset button and try something new. NCRP believes that Kresge’s experience can light a path for philanthropy, inspiring and informing other foundations to grapple with the risks and reap the rewards of social justice philanthropy.

FINDINGS

- The Kresge Foundation’s goals and strategies are well-informed and demonstrate a strong commitment to systemic change across its seven program areas.** Kresge Foundation strategies are informed by its own history, a highly-skilled staff and external research and expertise.

- 2. Ambitious and bold, the Kresge Foundation embraces complexity by deploying multiple philanthropic tools to achieve its vision.** These tools include convenings, thought leadership, field-building and advocacy, as well as grants, loans, direct investments, pay-for-performance instruments and loan guarantees.
- 3. Maintaining a relentless pace since its 2006 strategic shift, the Kresge Foundation's tolerance for risk has put it on a path toward achieving significant impact in underserved communities.** Several program areas, particularly the environmental program, have exhibited the potential for profound impact in exemplary pursuit of social justice grantmaking as described in *Criteria for Philanthropy at its Best*.
- 4. The foundation often excels at strategic risk-taking and public leadership, but sometimes – particularly in Detroit – struggles to balance its tolerance for risk with a need for control.**
- 5. While the foundation is openly committed to fostering economic opportunity in low-income communities, it does not always explicitly use a racial equity lens, weakening its strategic commitment to opportunity.**
- 6. Grantees and other stakeholders consider Kresge's program staff to be top-notch;** staff received almost universal praise for their dedication and hard work, passion and intelligence, relationship-building and authenticity.
- 7. Kresge's grantmaking is flexible, works across silos and prioritizes the capacity-building needs of grantees and the larger ecosystem of actors work-**
- ing on targeted issues.** Kresge grantees appreciated its support for collaboration and convening to foster shared learning and networking.
- 8. Kresge's process of selecting and vetting grantees can be daunting and sometimes frustrating in terms of timing, expectations and accessibility.** While staff are highly respected, stakeholders believed they might be stretched too thin or not deployed efficiently. Accessibility and responsiveness of staff remains a challenge.
- 9. The Kresge Foundation meets and exceeds most of NCRP's criteria for effective practices and good governance, notably in its commitment to transparency and to diversity in its staffing and leadership.** Kresge continues to invest in robust communications, is active in national and regional associations and shares reports, speeches and program descriptions on its website.

RECOMMENDATIONS

NCRP urges the Kresge Foundation to consider and act on the following recommendations:

- 1. Keep practicing strategic, social justice philanthropy by taking risks and sharing the underlying values and assumptions behind the foundation's strategies, and the resulting outcomes.** Kresge has led the field and can continue to do so, especially in its commitment to underserved communities, systemic approaches, cross-issue grantmaking, public leadership, multi-year funding, and nonmonetary support (convening, collaboration and strategic communications).
- 2. Build upon the foundation's commitment to economic opportunity by incorporating a racial equity**

- lens in the theories of change, tools and internal operations of the foundation.** Improved cultural competency can enhance an already strong, values-based commitment to closing gaps in opportunity and access for low-income individuals and families. Peers in philanthropy, including the Ford Foundation, Woods Fund of Chicago and The California Endowment, offer models for explicitly addressing structural racism and equity in philanthropic mission and strategy. Kresge's existing strategies, commitment to partnership and use of strategic communications could be even more powerful with a racial equity lens built into its DNA. Applying a racial equity lens opens the door to examine other barriers to equity, for example, barriers affecting LGBTQ populations.
- 3. Especially in Detroit, continue recent efforts to forge relationships with neighborhood and nontraditional leaders to develop a more inclusive understanding of potential partners and levers for social change.** Now maturing into the strategy it launched in 2006, Kresge is poised to develop even more intentional collaboration with grantees. The foundation should work to confront the "distortion field" resulting from its size and influence. As recent programmatic adaptations suggest, mixing equal parts restraint and responsiveness into its already risk-tolerant strategy will reinforce, rather than diminish, Kresge's systemic impact.
- 4. Increase payout to 6 percent and invest the additional resources to expand and support staff and to increase grantmaking to pursue the foundation's ambitious, hands-on agenda.** Stakeholders almost universally praised Kresge's staff, but many wondered whether the foundation can maintain its pace while creating a more supportive risk-taking environment for program officers. An increase in staffing could benefit grantee relationships and strategic impact. The problems Kresge seeks to address are urgent and important for society; adding 1 percent to payout, approximately an additional \$35 million a year, would help Kresge make faster progress in solving these challenges by boosting staff capacity and grantmaking.
- 5. Expand mission investing to a higher percentage of the foundation's corpus and divest from fossil fuels to align investments with environmental goals.** NCRP recommends that the foundation work toward a goal of 25 percent of assets in mission investing.
- 6. Continue to communicate strategically, especially when stakes are high, but show equal willingness to provide a platform for others when doing so will contribute to longer-term goals and relationships.** Kresge leads boldly and uses its "bully pulpit" effectively and often. Kresge showcases the work of its grantees and communicates results; stakeholders urged Kresge to share more of the why and how. Stakeholders would like to know more about the big picture, how the parts add up to the whole and what the foundation has learned about its own impact. Recent communications suggest the foundation is already acting to address these concerns.