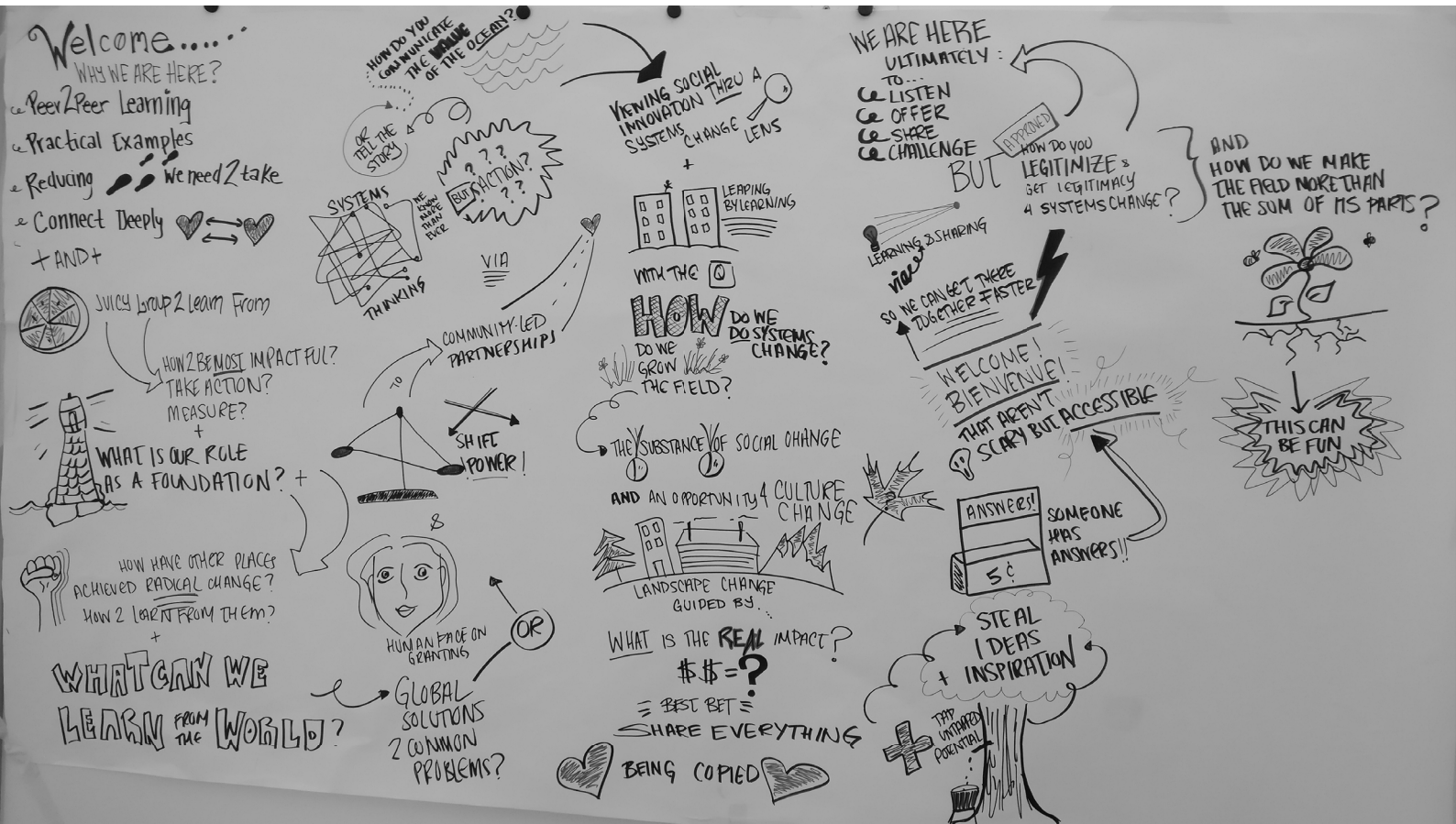# Funding Systems Change:
Challenges and Opportunities

A report by:

- Social Innovation Exchange: Jordan Junge, Louise Pulford;
- Social Innovation Generation: Kelsey Spitz and Tim Draimin;
- Forum for the Future: Anna Birney; and
- The Systems Studio: Rachel Sinha

Introduction

Many foundations across the world are increasingly interested in systems change. They understand that creating real and lasting change takes more than just grants and endowments. They recognize that they are not individual agents working alone to solve a discrete problem.

More and more, foundations do not only engage with the breadth of stakeholders and changemakers related to their mission, they are engaging with the complexity of the problem itself, and the web of policies, culture, history, economics and relationships entrenching it. They are interested in how they can create the conditions that enable change to happen and how to best serve as a platform for systemic action.

As part of the [SIX Funders Node](#), we brought together 22 foundations and systems change experts in September 2016 for a retreat on Wasan Island, in the Muskoka region of Ontario, two hours north of Toronto. This was a pioneering group, leaders in their respective fields, some of whom were well-versed and established in systems change and others who were just beginning their journey. Despite coming from different countries and focus areas, the participants were united in their curiosity and desire to create systemic impact.

About the retreat

The retreat was made possible through the J.W. McConnell Family Foundation's leadership on behalf of their partnership with BMW Foundation, Breuninger Foundation, Robert Bosch Stiftung and Community Foundations of Canada and took place in collaboration with the Breuninger Foundation, who joined as a participant and hosted us on Wasan Island.

While the retreat drew on global thinking and case studies, it was rooted in practice and provided a unique and focused opportunity for foundations working on systems change, or moving towards systems chance, to support each other and develop practical strategies to overcome shared challenges.

Our objective was to create a natural peer-to-peer learning environment where participants could connect deeply and provide practical examples to help each other advance the field.

The retreat was hosted by the Social Innovation Exchange (SIX), in collaboration with Social Innovation Generation (SiG), as part of our Funders Node, which works with leading funders to unpack the big questions facing foundations and trusts across the world.

About this report

The purpose of this report is to:

(a) highlight the learning from our retreat on Wasan Island; and,

(b) help nurture the emerging community of foundations working in systems change by codifying and sharing examples and practices from the pioneers and early adopters of this approach.

We extend an invitation to others to join the community of foundations exploring systems change.

Like the design and facilitation of the Wasan Island retreat, this report is a collaboration; network experts Social Innovation Exchange (SIX) and Social Innovation Generation (SiG) have drawn on systems change experts, Anna Birney of Forum for the Future and Rachel Sinha of the Studio Systems Lab to synthesize the experience and our learning.

We owe them a deep expression of gratitude for sharing their knowledge so freely and co-facilitation the retreat. Three other people who made it all possible -- from logistics to content and facilitation are Louise Pulford and Jordan Junge from SIX and Kelsey Spitz from SiG. The event wouldn't have happened at the magical island of Wasan without the support of Stephen Huddart from The JW McConnell Family Foundation and Volker Hann of the Breuninger foundation.

Many thanks to you all.

Understanding systems change

What is a system?

There are many definitions, but here is a commonly used version:

> *A system is "a set of things—people, cells, molecules or whatever—interconnected in such a way that they produce their own pattern of behaviour over time."* [1]
>
> — Donella Meadows, [Thinking in Systems: A Primer](#) (2008)

A system can be **physical ecosystems**, such as the ocean.

It can be a **social system**, based on a series of relationships, such as our food systems.

Systems can be **socially constructed** systems such as education, government, markets, or even race (as a constructed system of codifying and classifying people), all dating back thousands of years with an exponential number of iterations across geographies and cultures.

Each of these systems are, in turn, interconnected; in other words, physical, social and socially-constructed systems are linked and interdependent.

Systems can be small — such as ourselves (a complex set of systems and microbiomes) or large—like the whole economy. Many of our complex social and environmental challenges are rooted in social and socially constructed systems we've developed to shape our societies: in the defining patterns of behaviour between each other and with the planet. Systems change comes from people and organisations wishing to tackle these patterns and fundamentally change them.

Like systems themselves, systems change is neither apolitical nor amoral - a system can be changed for the benefit of some over others. A principle insight from the Wasan Island retreat was that this approach is as complex as the problems it seeks to resolve.

The case studies in this report highlight the diversity of challenges systems change seeks to address, from the health of the ocean to people who face multiple and severe disadvantage to transitioning toward low-carbon economies to indigenous reconciliation. The common characteristic of these challenges is that they are complex - they are social, dynamic, and generative - and not easy to solve.

System change as an outcome

The emergence of a new pattern can be said to be the outcome or impact we wish to cultivate or work towards as part of systems change. So how do these patterns or new structures emerge?

Pioneering systems thinker, Donella Meadows, explored 'leverage points' as a way to explain the places "within a complex system (a corporation, an economy, a living body, a city, an ecosystem) where a small shift in one thing can produce big changes in everything."

She developed a list of **potential leverage points**, from least effective to most effective — or some least impactful to most impactful. System change is unlikely to happen in just one of these ways but through a combination of them all:

All of the case studies in this report demonstrate many of the different leverage points pursued by foundations who joined the Wasan retreat as part of the SIX Funder's Node.

What is most striking is how they are all seeking to build the capability of a system to adapt and learn – either by supporting nonprofits' power to evolve through collaboration, by creating a culture of continuous social innovation, or by creating the conditions in which systems can continually adapt and respond to the lived experience of adults with multiple disadvantages, thus shifting the goal and paradigms of social services.

Structures – changes in the physical structures of a system (for example: the way a transport or energy system is organised)

Flows—changes in how flows of information, finance or value are distributed, configured or relate to each other

Rules—changes in the rules that dictate how the system is organised; if they change they will have an impact on the flows and structures of the system

Power to evolve—changes in the power to add, change, evolve, or self-organize system structure; if the system is self-organising it has the power to keep evolving (innovating and learning) and thus can keep addressing the complex challenges it addresses

Goal—changes to the purpose and function of the system, ultimately determining how the rest of the system operates

Paradigm—changes in the set of assumptions, perspectives or views about how the world works; paradigms are the patterns with which we organize our thoughts and make sense of the world, which informs how we act and how structures, flows, rules, goals arise. This is the most significant system change - a paradigm shift from one underpinning model to another.

"System change is the emergence of a new pattern of organisation or system structure." [2]

— Anna Birney (2015)

How do systems change?

There are different frameworks that describe how systems change that can serve as the basis of strategy and design of system change interventions.

Framework: The Adaptive Cycle

The adaptive cycle framework draws from living systems to understand how structures are going through continual change.

The adaptive cycle describes four phases of a dynamic system as explained through nature:

- A system germinates (like a young forest or new innovative idea);
- Grows (a maturing forest or the adoption and dissemination of an idea);
- Enters a phase of conservation (the forest is highly productive and thick with growth or an idea becomes entrenched as a paradigm policy and culture);
- Finally, will eventually be destructed and renewed (a fire burns through the forest, naturally renewing the forest floor or a paradigm is fundamentally overturned, such as EU and Brexit).

The model below shows the different roles that individuals or organisations play. These different roles cluster together to seed ideas, create growth, build stability or disrupt the status quo so new projects can emerge and change can happen.

Used by the Finance Innovation Lab and Mapping Momentum, a 2016 publication by Tim Draimin and Rachel Sinha.

FIGURE 1: ROLES THAT BUILD THE FIELD OF SYSTEMS CHANGE

Germination - seeding new systems change initiatives

THE STRATEGIST
The intrapreneur who starts multiple systems change ventures from within an organization, convenes the partners, pulls in resources and makes things happen.

THE FIRESTARTER
The dynamo who partners with founders to help turn concepts into strategy.

Growth – building, amplifying and accelerating the work of the systems change ecosystem

THE ILLUMINATOR
The pattern spotter who creates maps, writes articles, and shines a light on emerging trends in the field.

THE DIGITAL DESIGNER
The creative mapper who builds tools to make systems easier to see.

THE EXPERIMENTER
The hardworking leader of a growing systems change project.

THE FACILITATOR
The connector, out in the field meeting people in the ecosystem, introducing fellow system change practitioners to one another, building platforms that keep connections growing.

THE CONVENER
The host who gathers groups of systems changers together to connect and learn.

THE LEADERSHIP ACCELERATOR
Supporters who build the capacity of existing systems leaders to do their work better.

THE ECOSYSTEM FUNDER
Organisations that fund different players within the field of practice, or platforms that are helping it to emerge faster.

Conservation - stabilizing roles that turn experiments into established cornerstones of the field

THE SHINING STARS
Systems change projects that have moved beyond a start-up stage to become established organizations and can be used as case studies.

THE KNOWLEDGE BUILDER
Creates theoretical and practice-based research within the field of systems change, based at universities and learning hubs.

Creative destruction – challenging the status quo

THE INCUMBENT DISRUPTOR
Individuals who use the platforms they are given to talk about the need for systems change.

THE CIVIL SOCIETY ACTIVIST
Programs designed to challenge civil society organisations to start thinking more systemically.
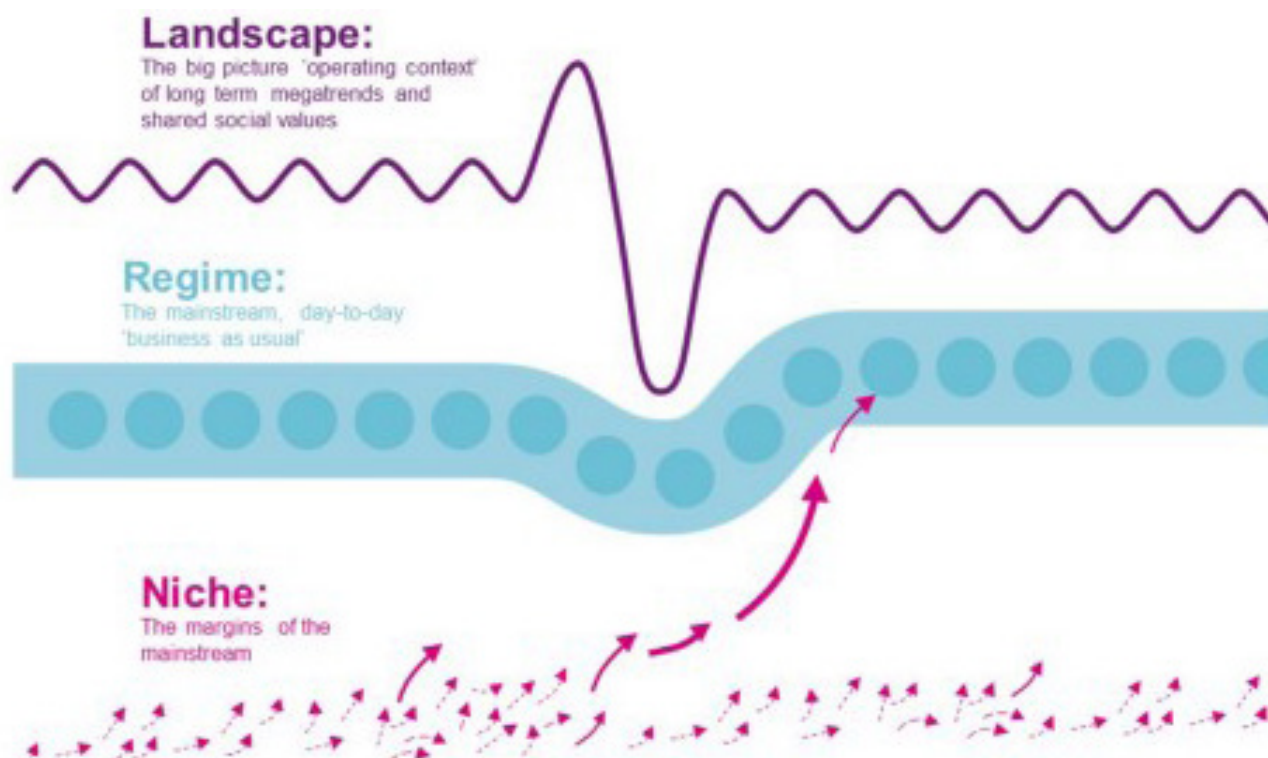
Framework: Sustainability Transitions Theory

Many organisations draw from Sustainability Transitions Theory.

> *"A transition is a radical structural change of a societal (sub)system that is the result of a co-evolution of economic, cultural, technological, ecological and institutional developments at different scale levels."*[3]

- Rotmans et al, (2001) in Grin et al

The underpinning assumption in this model is that system change happens at multiple levels and that change happens when factors at these different levels come together to create a change in the regime or mainstream.

For example, landscape level trends - such as climate change - and new innovations from the niche - such as community energy - might either replace or reconfigure the current energy system. Practitioners who have used this theory include Finance Innovation Lab, Forum for the Future, and SMART CSOs. They all recognise the need to operate at the diff erent levels in order to create systemic change.

Landscape:
The big picture 'operating context' of long term megatrends and shared social values

Regime:
The mainstream, day-to-day 'business as usual'

Niche:
The margins of the mainstream

Multi-Level Perspective by Frank W. Geels and Johan Schot (2007). This graphic adaptation courtesy of Forum for the Future.

Framework: Theory U

Theory U is used by Prescencing Institute, Reos Partners Social Labs and a growing number within social innovation interested in taking a more systemic perspective. Theory U is less about how systems change - although it is based on complexity and systems thinking - and more about how to go about pursuing systems change.
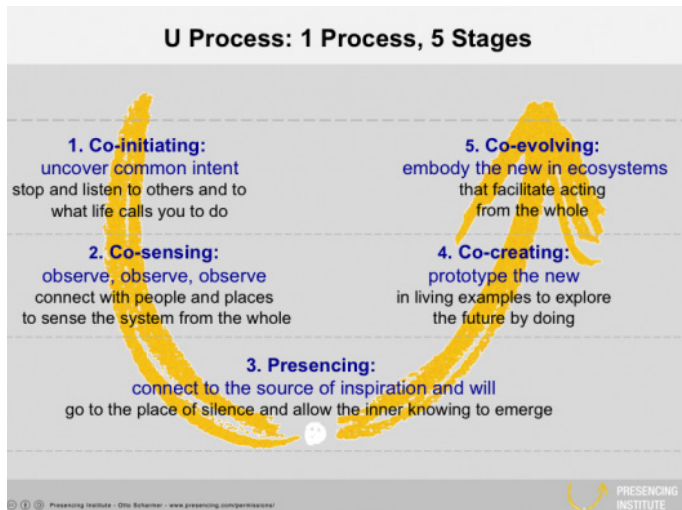
How are different frameworks applied?

Organisations often use a blending of approaches to understand, frame and develop a process to achieve systems change. The Natural Step Canada, for example, draws on a number of approaches including Change Labs, Design Thinking, Theory U, the Framework for Strategic Sustainable Development and Collective Impact to foster deep learning, bold action, and unconventional partnerships and collaboration.

Similarly, the four foundations profiled in the case studies below use multiple systemic frameworks and processes to understand or diagnose a system and its dynamism: from system mapping to place-based approaches to social innovation labs to collaborative multi-stakeholder platforms to network infrastructures. Each foundation also demonstrates deeper processes of leadership in order to create the capability and capacity for change; for example, Lankelly Chase brings emotional resilience into their systems change processes.

What we see throughout all of the case studies below is the individual, collective and organizational learning process required in order to continually adapt and improve; not only the system change approach, but also testing the assumptions behind them toward the outcomes they wish to see.

Learning from Practice: case studies from the field

We wish to thank the four organizations who participated in the Wasan Island retreat for their willingness to be featured as case studies, and for humbly sharing their experiences, insights, lessons and challenges in order to support their peers with learning and exchange.

With deep thanks to:

- **Calouste Gulbenkian Foundation, UK**
- **Lankelly Chase, UK**
- **The J.W. McConnell Family Foundation, Canada**
- **The Garfield Foundation, US**

Calouste Gulbenkian Foundation

Summary of interview with Louisa Hooper, Programme Manager

How did you start to work towards systems change?

Five years ago the Calouste Gulbenkian Foundation in Portugal set up the [Gulbenkian Oceans Initiative (GOI)](#) to explore the economic value of marine natural assets. Working with academics, business, NGOs and policymakers with a view to making the sustainable management and protection of the ocean count more in decision-making.

Here at the UK Branch we wanted to support and complement the work of the GOI through a programme that looks at communicating the value of the ocean more broadly.

Gulbenkian's role in the UK has often been to connect people and issues across boundaries (be it sectors, regions or disciplines) in ways that will deliver cultural, social and environmental benefits, especially for the most disadvantaged.

Having strands of work in the arts, social sector and environment gives us a distinctive place from which to convene people across different areas and facilitate the relationships necessary for more systemic approaches to change. We wanted to bring this approach to the issues of the ocean and its value in our lives.

Creating the conditions for systems change

We first identified two key underlying and interconnected challenges in relation to the ocean: the need to make ocean issues 'human' – communicating more effectively why a healthy ocean matters to us all – and build collaboration capacity in this area. Marine knowledge is often silo-ed and even if NGOs want to collaborate and to innovate, they sometimes lack the resources to do so well.
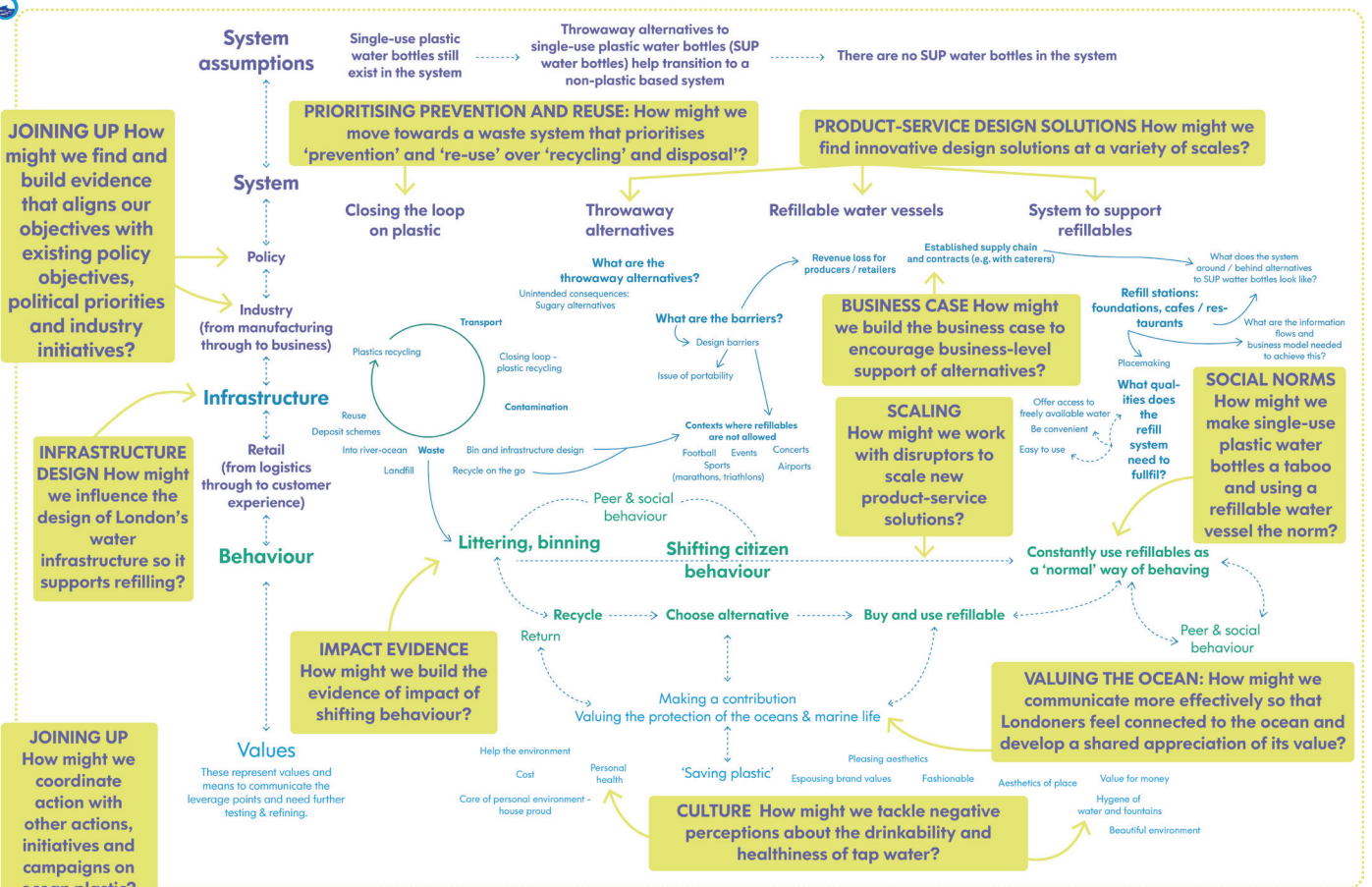
#OneLess map of leverage points

We decided to invest in the change community itself, rather than in a suite of projects. We set up the Marine CoLAB, a diverse group of NGOs working towards system influence on various level. . The CoLAB is a group of nine NGOs identified through an open call process, each bringing different approaches, interests, areas of expertise and geographical focus to the table. We've supported the CoLAB to meet initially over a two-year period in a facilitated 'lab-type' process to explore how to communicate the value of the ocean more effectively.

Focus: Experimenting with values

The CoLAB is providing space for experimentation and unlocking silos of expertise. The CoLAB creates a collaborative arena to think differently, experiment with new ways of approaching problems, take action, learn and share. Its vision is to catalyse new and more effective solutions, working with the values that connect people and the ocean.

The CoLab is testing a 'values-based approach', building on the values people share about the ocean and revealing the breadth of things people care about in ways that we hope will be more influential and impactful. Its first experiment is the #OneLess campaign. An ambitious cross-sectoral initiative to make London single-use plastic water bottle free whilst also contributing to a shift in the way we value the ocean. Achieving a plastic water bottle free London cannot be achieved by organisations in isolation. It needs a holistic, system-wide approach. It also needs to connect people in the city to the sea. Through the CoLAB, the campaign has access to the breadth of networks, expertise and actors, including businesses, government and civil society, necessary to effect systemic change. The initiative is also deliberately designed to take a values-based approach, by seeking to understand what values stakeholders in the system are communicating and to test the impact of messaging that builds on a shared appreciation of the value of the ocean.

A second experiment, to network 'agents of change', unusual advocates for marine conservation in coastal communities, is about to begin and other experiments are in the pipeline.

Insights and challenges

Shifting the relationship of funder and grantee – Foundations talk a lot about collaboration, but we're not always good at doing it ourselves. In the CoLAB, we try to participate as an equal member of the group, but inevitably this is complicated by the fact that we are also funding the other members' participation. We have set the overall frame of inquiry – communicating the value of the ocean – but have resisted an expectation that we would or should dictate the agenda. This has raised interesting questions about roles, responsibilities and what leadership in a collaborative context means.

Time and the value of networks – Facilitating a group of changemakers to meet and funding the time for them to do so has provided the resources needed to form the kind of trusting relationships that should enable deeper collaboration and greater impact in the long run – but it does take time. This must nevertheless feel purposeful for NGOs conscious of the urgency of the issues they work on, and for foundations, keen to demonstrate the impact of their investment to trustees.

Measuring impact – The lab approach does not mean we should not be rigorous in assessing where and how we invest. It does mean we should be able to remain open to the outcomes a collaborative and experimental approach might deliver, whilst at the same time articulating clear goals and measuring progress towards them, not always easy to do when the goals are systemic and long-term. It feels like the next piece of work that foundations need to address is how to understand impact in the short and medium term for long-term systemic interventions. This will be key for the success and sustainability of the CoLAB and for the system change sector at large, protecting the space for experimentation and unexpected outcomes whilst supporting work that is powerful, strategic and delivers fully on its potential.

Lankelly Chase

Summary of interview with Alice Evans, Director of Systems Change

How did you start to work towards systems change?

'When Julian Corner, our new (and current) Director came to the organisation, he noticed that when our funding came to an end, nothing would have changed within the wider system. He started to think about how could we use our resources better and achieve a bigger impact. He also noticed that we supported the same charities but under different funding streams which were targetted at different groups. In reality, the people were the same who faced a variety of issues. So he shifted the focus of the organisation from funding just the cause, towards these people who faced severe and multiple disadvantage, those who services to support due to their silo'd nature.

Creating the conditions for systems change

We focus on how you create the conditions in which systems can continually adapt and change to make life easier for these individuals.

Our efforts are focused on those people who face a similar intersection of challenges: criminal justice, homelessness, domestic violence, or violence of any kind, mental illness, and/or extreme poverty. Around one person there will be multiple systems and these systems create disadvantage. We are broadly looking at creating the conditions for change within systems that sit across all of these people. These systems include place, public, community, and familial systems. It's always a challenge for us to define our work, because the moment you define something you begin to exclude things.

When we were developing our work around place, we started with an objective to 'develop a vision of a transformed system', but it became clear that change is an on-going process. So instead we shifted and now we are trying to build a vision of a system that is constantly transformed. Systems need to be able to constantly flex and grow because people's lives evolve and change. There is no perfect solution. Our role is how do we create the conditions in which systems change to constantly evolve and adapt.

Focus: Principles instead of outcomes

Our strategy focuses on supporting people and systems to adapt and how we as an organisation evolve to meet these needs. Instead of creating set outcomes to achieve, we have identified 9 system behaviours that we believe systems need to flourish. We believe that part of our role is enabling them to flourish.

These have evolved out of all the projects we've supported and through conversations we've held withpeople with lived experience, policy makers, and interested individuals. We've honed these conditions down to 9, they are:

1. People see themselves as part of an interconnected whole
2. There is shared purpose and vision
3. Feedback and collective learning drive adaptation
4. Open, trusting relationships enable effective dialogue
5. All people are viewed as resourceful and bring strengths
6. Power is shared and equality of voice is actively promoted
7. Decision making is devolved
8. Accountability is mutual
9. Leadership is collaborative and promoted at every level

How do you approach your work?

For a foundation, we have an unusual approach to our work:

- We always develop proposals with the people who are going to deliver them.
- We don't call them 'Grantees', we call them 'Partners'.
- We use coaching as a way of managing relationships.
- We don't ask for monitoring and evaluation, but help our Partners capture their learning journeys instead.
- We know that a project is never going to end up exactly how you planned. So our Annual Report asks about how they've changed their approach and what they've learnt. We have regular conversations and meetings throughout the year to work through the change.
- We have been on an important journey with our Trustees, it's been very incremental over the last 5 years. Now our decision-making is devolved down to us.

We've never told people to copy our approach. We've been quietly focused on what we're doing. We have tried to show some humility, to show that we don't have all the answers. After 5 years, our purpose and role are becoming clearer. As such, we have quiet confidence mixed with some anxiety. We don't want to show leadership by telling people what to do, we want to show leadership by getting better at what we're doing.'

The J.W. McConnell Family Foundation

Summary of interview with Darcy Riddell, Director of Strategic Learning

How did you start to work towards systems change?

In 1999, the J.W. McConnell Family Foundation partnered with McGill University and Dr. Frances Westley to create the first Canadian graduate-level program specializing in the voluntary sector. The McGill-McConnell Program for National Voluntary Sector Leaders introduced complexity and organizational change to many future non-profit leaders in Canada, including Stephen Huddart, the current President and CEO of the Foundation, and John Cawley, the current VP.

Around this time, the Foundation also began to invest in partnerships with practitioners who were developing successful paths to change work through a complexity lens. They called this area of work Applied Dissemination. This initiative funded change-makers with promising new innovations to spread or scale them to new settings, while also supporting them to hone their interventions in light systems change goals. This funding program included a convening component to introduce new skills and foster a peer-to-peer cohort.

Amidst this rich and advancing field of activity, it became clear to the Foundation that there was need and opportunity for intermediaries to build an enabling ecosystem for social innovations *to scale*. In response, the Foundation collaborated with Planned Lifetime Advocacy Network (PLAN) as a civil society partner; MaRS as the largest urban innovation hub in North America (and now the world); and the Waterloo Institute for Social Innovation and Resilience (WISIR) at the University of Waterloo as a research partner to create Social Innovation Generation (SiG) in 2007 with a mission to "create a culture of continuous social innovation" in Canada.

As each of the four partners embarked on developing discrete elements for a more robust social innovation ecosystem, the collaborative found it difficult c eate something that was "more than the sum of the parts." As a result, a national SiG office   as created to steward and help align the partners' activities and to hold the space for a broader ecosystem approach.

Throughout the ten year partnership, SiG's approach to seeding the ecosystem was guided by a complex systems- informed definition of social innovation developed by Dr. Frances Westley:

> *"Any initiative (product, process, program, project, or platform) that challenges and, over time, contributes to changing the defining routines, resource and authority flows or beliefs of the broader social system in which it is introduced. Successful social innovations reduce vulnerability and enhance resilience. They have durability, scale and transformative impact."*

Working together, the partnership catalysed a social finance marketplace in Canada through stewarding a Canadian Task Force for Social Finance, which led directly to the founding of a national Centre for Impact Investing at MaRS. The SiG partnership has also been very active in public policy and network-building, both internationally and across Canada.

Creating the conditions for systems change

Today, the Foundation has numerous parallel programs that take a systems approach to enable the conditions for transformational change.

RECODE fosters collaboration across universities and colleges to support 'ecologies' of social innovation and entrepreneurship in and around higher education institutions. Through RECODE, WISIR, and the learning, coaching and consulting platform called Innoweave, the Foundation also supports capacity of social innovation across domains with a whole range of resources on theories of change, scaling models, social innovation labs, social enterprise, and social finance.

Through the national WellAhead initiative, McConnell works on mental health and emotional wellbeing in schools (K-12). WellAhead takes a systemic approach to foster wellbeing, using a Lab-inspired process to prototype new ideas around things like school greeters, time in nature,

and having students, parents, admin and teachers involved in school together.

The Indigenous reconciliation initiative takes a systemic, collaborative approach to address multiple needs in Indigenous communities in Canada with a focus on social finance partnerships.

Focus: build connections, capacity, and relationships across domains

McConnell is aiming for integrated, cross-system impacts, to create ongoing innovation capacity that fosters social inclusion, enriches quality of life, and breaks down the dysfunctional silos across institutions that underlie so many social and environmental problems.

We look for opportunities to pool philanthropic capital to encourage funders to take more risk with their dollars. We help to direct those dollars towards work that will have a systemic outcome, such as shifting policy or culture, and building the willingness to collaborate and try new things, breaking out of institutional lock-in.

We utilize a range of frameworks to work effectively with our grantees. We make frequent use of the resilience framework (the panarchy/adaptive cycle) and the 'scaling up, out and deep' model. We also use Geels and Schot's multi-level perspective framework from Sustainability Transitions Theory.

Our Foundation's theory of change is about phases of change that may begin with distributive impact. We want to build connections, build capacity and move towards transformational change. We talk about impact across different levels and try and look for approaches and impacts that cut across our different initiatives. This is the Holy Grail: how do we learn across domains so our work can be more and more integrated?

How do you approach your work?

We work to find patterns of practice, name them, and share insights internally and with grantees. We use systems and impact mapping to clarify our strategic intent and grow shared understanding of the systems we are working in. We believe change is emergent and are deliberately patient during phases of experimentation.

As a Foundation, we are at the front end of strategy development. Of ourselves, we ask the question: what are the implications for strategy, learning and evaluation when the locus of learning should be at a systemic level - i.e. learning together with actors in the system itself? How do we foster systems level learning and help the system see itself better?

Insights and challenges

Foundations need to find ways to help their Boards be more comfortable with taking risks - Current approaches to change are incremental, yet we need fundamental transformative change in many systems. Foundations' roles should increasingly include large-scale concerns and investment in systems-level thinking, capacity-building, collaboration and experimentation. Foundations can play a unique role by investing in riskier work to test radical solutions, leading the way for governments and providing incentives and enabling conditions for other sectors to participate.

Measuring and metrics for systems change - In my view, traditional metrics are used by Foundations to manage anxiety (their own staff and board's). They worry that what they're spending money on isn't working, so they better measure it more. This approach kills systems change every time. For systems change experiments to work, we have to lighten up on the metrics piece for a significant chunk of time at the front end of a project. Ultimately, this comes down to trusting grantees.

Understanding progress - In our drive for impact, we are not used to seeing a system in transition. We might be tempted to write off in erventions at the beginning of systems change as 'just another committee' or 'just talk,' but during these opaque times creates pivotal space to organize around new values, which in turn starts to change culture. In addition to fostering new conversations and values in our initiatives, we also work to advance new orientations around systemic change in the philanthropic community. The field of philanthropy also contributes to holding the problems in place by clinging to and reproducing mechanistic paradigms of change instead of embracing more comprehensive worldviews that align with emergence and complexity.
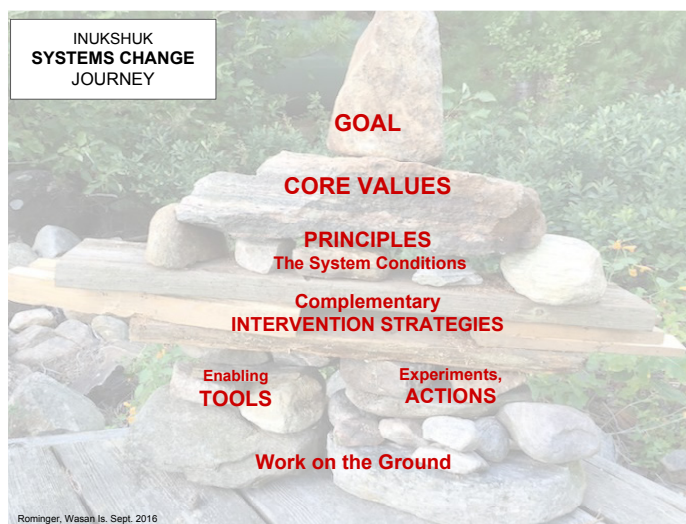
The Garfield Foundation

Summary of interview with Ruth Rominger, Director, Information and Network Design, Collaborative Networks Initiative

How did you start to work towards systems change?

'The Garfield Foundation was founded in 2001 to focus on environmental sustainability and community revitalization. A few years into our grantmaking, we started to realise that supporting one grantee at a time was not creating the scale of impact needed to address the issues we cared about. And we saw that even when our fellow foundations with far greater resources, were funding the same issues, they weren't having the impact any of us know is necessary.

In fact, we observed that the fragmentation of funding, in which grantees have to compete for recognition and resources, and pitch a unique angle to every foundation (each with their own program guidelines), was actually adding up to *less than the sum of the parts*. Having funded work on environmental sustainability in which systems thinking was a central principle, we asked ourselves, "What would a systems approach in philanthropy look like?"

INUKSHUK
SYSTEMS CHANGE
JOURNEY

GOAL

CORE VALUES

PRINCIPLES
The System Conditions

Complementary
INTERVENTION STRATEGIES

Enabling
TOOLS

Experiments,
ACTIONS

Work on the Ground

Rominger, Wasan Is. Sept. 2016

Fast forward a couple of years, and after talking with fellow environmental funders and leading advocates around the country, the Foundation decided to invite a small cohort of funders and nonprofits working to promote clean, renewable energy in the upper Midwest states to work together using a systems approach to shifting the energy system in their states.

We chose the project because a key group of people in foundations and nonprofits were open to the experiment and had good relationships, and the issue of clean energy was of becoming a central issue in the environmental movement. It was 2004, and climate change was not yet in the public's consciousness. We thought that the upper Midwest could be pivotal to shifting the political landscape.

The belief was, if the Midwest moves, the nation will move on climate protection. And the consistent winds and open lands looked promising for harnessing wind energy.

Creating the conditions for systems change

The initial group of foundation and nonprofit environmental leaders came together to work with "systems mapping" consultants, to kick off the experiment. The Foundation, a mid-sized private US foundation, contributed funding for a full-time organizer/recruiter, most of the logistical expenses, a grants budget, and a five year commitment to play out the experiment. The Foundation's consulting program manager invited a handful of the sector foundations to contribute to the effort, with a few participating in the mapping process.

The next phase of systems mapping and analysis, which included extensive group discussions, resulted in the group coming up with a shared *audacious* long-term goal, (otherwise known as the North Star), that encompassed much more than advocating for clean wind energy. The systems analysis lead to an insight: the systemic change required to achieve the goal that all data pointed to as necessary to prevent catastrophic climate change requires that we radically reduce global warming pollutants by 80% by 2030!

The systems change discussions also resulted in the insight that meeting the goal required four interdependent interventions: stopping new coal plants, shutting down existing coal plants, radically increasing energy efficiencies, and building a distributed clean energy infrastructure. This is when the Foundation's program consultant invited other consultants with systems change mindsets and skills, to help think through next steps.

The plan was to use systems thinking to design strategies and network infrastructure to support

collective implementation of the strategies. We recruited an excellent strategy facilitator who used sophisticated visual facilitation techniques to engage sub-groups in strategic planning sessions. We supported nonprofit leaders to co-design working groups and coordinate intervention strategies for each leverage area. Once the working groups started to expand their membership, we experimented in building some network infrastructure to support as the work evolved.

How do you approach your work? A network operating structure

The idea behind forming a network rather than starting a new organization, a coalition, or program per se, was the hypothesis that a *network operating structure* is the best model for coordinating interventions among many organizations and geographies, and across the whole energy system.

The [RE-AMP Network](#) is now going on its 14th year of operation and experimenting with strategically adapting its form to address the changed context of 2016. The story continues!

[We learned a lot through the RE-AMP Network experiment](#). And we continue to learn from its evolution. We realised that building "systems-based collaborative action networks" is about participatory design that builds from existing multi-disciplinary methodologies that help develop a shared understand the system, set a common goal, determine systemic interventions and design a collaborative culture and network infrastructure.

Focus: Systems thinking as a framework and value set

Beyond the methodologies and tools, we came to see that the experience helped us to configure a set of principles and a framework that helps navigate the systems change journey. Our learning reinforced our commitment to using a systems approach. Systems thinking helps align cross-sector stakeholders at a deep level, based on values and principles.

It provides a framework for discovering interventions and reinforcing strategies. It is this systems change framework that allows a multi-stakeholder, multi-sector collaboration align a cascade of actions that together change the system. A key learning for us is that we should not focus on action and tools and call them strategies, but take a holistic framing of what we want to achieve and apply the appropriate tools to this.

The success, attention and encouragement generated by the RE-AMP Network convinced us that it would be worth a second experiment in systems-level change, where we could test our developing hypotheses, assumptions and framework. This time we chose the complex issue of toxic chemicals impacts on human health.

We are working with pioneering leaders in the field, who proposed forming a "cancer-free economy" network, in response to our program invitation. They have agreed on the long term goal of "within a generation, we will lift the human burden of cancer and other diseases by driving a dramatic and equitable transition from toxic substances to safe and healthy alternatives." (It's the network North Star, not its campaign slogan).

Insights and challenges

We are in the early stages of implementing strategies, and have gained insights from our failures and successes to get here. The work is refining our thinking, including understanding that we need a cohort of other systems change practitioners to learn along with us. In each context, each systems change initiative benefits from discussing with others thinking deeply while practicing systems change. Some of the questions we are grappling with now include:

- Can this framework shift the culture and practices in the current model of philanthropy to a model based on supporting systems change collaborations?

- Can we prove the case that philanthropic money is far more impactful when in systemic collaboration compare to sprinkling it around, in fragmented strategies?

- What would it look like to apply this type of approach together? Can this sector truly co-create and co-invent in collaboration?

- How do we engage with other partners and practitioners – foundations working together on documenting and learning and sharing with interested parties? How do we build the capacity of the field, NGOs and foundations alike in this work?

The context is changing, our culture is being challenged, and if we truly believe deep collaboration is needed then we need to not only understand it to help our projects be system-based action networks but also build the field of system change – between NGOs and foundations – using a framework for co-creating deep systemic change.

Understanding the pain points within systems change

Trying to change systems is difficult   ork – whether you are working to create an enabling environment or partnering directly on the ground. Often, there is no end goal or set time frame and there are multiple actors working amongst and against each other.

Ahead of the retreat, Rachel Sinha of the Studio Systems Lab interviewed both funders and grantees to better understand the challenges and pain points facing both groups to feed into the discussion on how we change systems.

Funders' pain points:

1. Time – funders are under pressure to understand systems change quickly, to make decisions about what to fund and to move to solutions quickly.

2. Engaging others – funders often struggle to identify new people to fund and to manage expectations. They are exploring what systems change means while at the same time having exploratory conversations with possible grantees. Systems change work also calls on funders to build cross-sector collaboration and create sustainable partnerships, all of which can be challenging.

3. Definitions – funders said they struggle with knowing where to start, understanding where the boundaries of systems change practice are, and defining and mapping systems effectively.

4. Language – is a constant challenge. Making it real, less academic, and sharing a clear definition of what a systems change is and what makes it different. Creating communications that allow everyone to be involved, evidencing the value, not just those who 'get it', and creating compelling case studies is a constant tension and yet a critical element of this way of working.

5. Building internal support – this was a significant issue that was often repeated. Building basic systems thinking skills, working out how to balance new systems change grantees with traditional grantees and getting internal buy-in for a different way of working are each a challenge and butt up against the paradigms and perceived rules within institutions and philanthropy more broadly.

Practitioner pain points:

1. Funding is not agile, but strategies are – This was shared across practitioners. Ideas and strategies arise are shaped by the systems itself, which means practitioners have little idea what shape the project will take when it begins and outcomes are therefore impossible to determine. However, funding streams remain tied to outcomes that must be outlined at the beginning. Funding criteria must match the mission – if the funding is for systems change, it must allow for processes that serve systems change.

2. Timeframes are unrealistic – Socioeconomic systems are shaped over hundreds of years. However, funders still set unrealistic goals like 'try and shift gender relations in the developing world, in 3 years'. It's just not going to happen.

3. Communication with funders is challenging – How do you become known to funders if you are a new practitioner, head down, doing the work? How do you honestly talk about things when they go wrong? Even if going wrong and shifting strategy is part of the process and an opportunity to learn together?

4. There's no support for systems leadership – Systems change is hard. It requires a different kind of support as leaders find out more about themselves through practice. We need leadership programs and accelerators, specially designed to make us more effective.

Looking at the root causes of both of these sets of pain-points, a lot of the challenge of this work comes down to a lack of understanding about what systems change is, how it demands a different way of working, and how to communicate the difference and value of the work within the time frames available.

How do we advance the field: What's needed to nurture the ecosystem?

The funders at the Wasan Island retreat did not and do not have all the answers. They have their sleeves rolled up trying hard to work out how to 'do' systems change from their context. The are often still uncertain and unconfident about how to describe it and sell it internally. While this field of practice is emerging, both grantmakers and grantees need to be closely aligned, learning together and engaging in honest and open conversations that raise the collective capacity to do this work better.

How do we build the field of practice together?

Based on our experience of exploring this closely with the foundations at the Wasan Island retreat, we recommend the following:

More opportunities for peer-to-peer support – Funders need their peers. There are not many funders thinking like those at the SIX Funders Node meetings, nor are there many opportunities for these pioneers to connect. This open space is needed to connect deeply with one another to compare notes, share challenges, validate that the pain points are real and widely shared, learn together, and find renewal.

Curation of resources and practical tools – We need to curate the resources and practical tools for system change, helping to share stories and cases of how others have started to create systems change, as well as create compendiums and practical tools such as videos and games to help build the capability of others to do this work. The power of digital can help with this.

Capacity building – We need to support system change leaders – whether that's networks, individuals, or organisations - beyond just the projects. We need to be creative about the way we think about learning journeys, and how we record the process, so others can learn and we amplify the process.

Evidencing the value – Curation of resources will help to develop the support in building capacity for systems change within trusts and foundations. Now is the time to encourage trustees to shift away from focusing on short-term outcomes and towards longer-term systems change to achieve lasting impact.

Connecting to the practitioner – We need to ensure that the conversations funders have are connected to the practitioners on the ground.

Funding – We need to create a funding mechanism that seed funds this field-building, then supports its development resulting in a sustainable business model over the long-term.

Connect and learn globally – We need a global platform supporting networks of funders to help take this work forward and to understand different contexts. More global case studies help to further evidence the value of systems change, draw out principles of the field and further share learning around the world. How can SIX be a catalyst to help create a stronger global community of practice?

List of participants at SIX Funders Node, Wasan island, September 2016

Alice Evans, Lankelly Chase, UK

Anna Birney Forum for the Future, UK

Blair Dimock, Ontario Trillium Foundation, Canada

Celia Cruz, Instituto de Cidadania Empresariall, Brazil

Gemma Bull, Big Lottery Fund, UK

Gorka Espiau, The Young Foundatio, UK

Félix-Antoine Joli-Coeur, Amplifier Montreal, Canada

Helga Breuninger, Breuninger Foundation, Germany

Jean-Marc Chouinard, Lucie and André Chagnon Foundation, Canada

Jordan Junge, Social Innovation Exchange, UK

Karabi Acharya, Robert Wood Johnson Foundation, US

Kelsey Spitz, SiG National, Canada

Leong Cheung, The Hong Kong Jockey Club, Hong Kong

Louisa Hooper, Calouste Gulbenkian Foundation, UK

Louise Pulford, Social Innovation Exchange, UK

Markus Lux, Robert Bosch Stifung, Germany

Rachel Sinha, Founder at The Systems Studio

Ruth Rominger, The Garfield Foundation, US

Stephanie Rose, Lloyds TSB Foundation for Scotland, Scotland

Stephen Huddart, J.W. McConnell Family Foundation, Canada

Toby Lowe, The University of Newcastle Business School, UK

Tim Draimin, SiG National, Canada

Volker Hann, Breuninger Foundation, Germany

Appendix of Resources

[Mapping Momentum](#): A snapshot of the emerging field of systems change by Rachel Sinha and Tim Draimin. Published in August 2016.

[System Change Agents: A Profile of Grantmaking Foundations Focused on Public Policy](#): explores the complexity inherent in making policy changes over the long term by interviewing a different grant making foundations engaged in public policy published on the Philanthropist in May 2016.

[Behaving like a system:](#) A report on the preconditions for place-based systems change by Collaborate and funded by Lankelly Chase. Published in December 2015.

[Keywords: Building a language for systems change](#): Produced by the Point People and Marc Ventresca at Oxford University's Said Business School in November 2015. This project and publication attempts to find a common language to help system change entrepreneurs who were struggling to find the words to describe their work in a meaningful way.

[What are the capabilities we need for system change?](#) A blog produced by Anna Birney of Forum for the Future exploring the five capabilities that are directly required for systems change. Published July 8, 2015.

[Systems change: A guide to what it is and how to do it](#): A guide produced by NPC and Lankelly Chase to clarify what systems change is, the main perspectives, good practice and recommendation for funders, charities and the public sector on how to act systematically. Published June 2014

[Ecosystems for systems change:](#) A comprehensive resource of ideas, blogs, papers, videos and more curated by Social Innovation Generation including their report [Building Ecosystems for Systems Change](#) written by Tim Draimin and Kelsey Spitz (published in 2014).

[Cultivating system change: a practitioners companion](#): A short book produced by Anna Birney that helps understand systems thinking, practical system change strategies pulled from theoretical models, illustrates examples and provides tips for practitioners to navigate this territory. Published June 2014.

[Systems Grantmaking Resource Guide](#): A guide of powerful tools and resources co-created by Grantmakers for Effective Organizations, Management Assistance Group and The David and Lucile Packard Foundation that provides a selection of the most used and relevant systems assessment tools, frameworks, and processes for grantmakers and the social sector.

[Systems Change Approaches at the J.W. McConnell Family Foundation](#): A powerpoint deck by Darcy Riddell's on "Introduction to Systems Grantmaking: Mindsets, Tools, and Impact for Funders Seeking to Advance a Sustainable Future for Canada," from her presentation for the Canadian Environmental Grantmakers' Network in February 2017.

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2. Birney, A (2015). *How might people and organisations, who seek a sustainable future, cultivate systemic change?* Doctoral thesis, University of Lancaster.

3. Grin J, Rotmans, J and Schot, J in collaboration with Geel, F and Loorback, D (2010). *Transitions to Sustainable Development: New Directions in the study of Long term Transformative Change.* Routledge, New York.