



# Advancing Racial Equity Through Capacity Building: The Kresge Foundation's Talent and Leadership Development Efforts

Many nonprofits work to create more equitable outcomes in communities. They are tackling complex, systemic issues, often with little to no dedicated resources to build their own capacity to do this work. The Kresge Foundation is trying to address this gap in support through a capacity-building program focusing specifically on leadership development through a racial equity lens.

The Kresge Foundation works to expand opportunities in America's cities. Through grantmaking and social investing in arts and culture, education, environment, health, human services, and community development in Detroit, the foundation collaborates with partners to create pathways for low-income people to improve their life circumstances.

For the foundation, a key strategy for achieving equitable outcomes in communities is investing in the talent and leadership capacity of its grantees. This investment better equips nonprofits to advance racial equity and achieve better outcomes in their organizations and in communities.

## **DESIGNING A PROGRAM TO MEET A WIDE ARRAY OF NEEDS**

In 2016, the foundation decided to run a one-year pilot program, named the Fostering Urban Equitable Leadership program (FUEL). The pilot was the first time The Kresge Foundation made an investment in the leadership of grantees across all six of the foundation's program areas in a coordinated way and the first time the foundation made investments in leadership with an intentional focus on racial equity.

The FUEL pilot expanded on a history of investment in leadership at the foundation. Kresge's Leadership and

Infrastructure Funding Team (LIFT), a cross-functional team of staff from across the foundation overseeing grantmaking in leadership and nonprofit and philanthropic infrastructure, developed the FUEL initiative. To inform its approach, LIFT looked to other foundations that invest in leadership and organizations that champion investments in leadership. Key influencers included the Annie E. Casey Foundation, the Evelyn & Walter Haas, Jr. Fund, and Fund the People.

The team knew it would need to hire a partner to help design and implement the program. Team members did not have the capacity to properly manage this program in addition to their workload, and they also wanted to benefit from external expertise in cohort program design and implementation. Kresge selected Community Wealth Partners, a consulting firm that partners with nonprofits and foundations to address issues related to poverty and social justice, based on their experience designing and running cohort programs, their experience with capacity building, and their point of view about the importance of focusing on racial equity.

Kresge and Community Wealth Partners sought grantee input on program design through a survey of a representative sample of about 50 grantees and in-depth interviews with about 10 grantees.

Kresge also knew it would need to select a focus for a more intentional capacity-building effort across the foundation. "We wanted to be as strategic as possible with the resources we had and pick a need to narrow in on instead of trying to cover the waterfront," said Caroline Altman Smith, deputy director for Kresge's education program and leader of LIFT.

## FUEL Program Services at a Glance

SERVICE PROVIDER	OFFERINGS	DESCRIPTION
The Management Center	Managing to Change the World Workshop	Two-day course on management skills including delegation, goal setting, hiring, and utilizing an equity and inclusion lens. Open to one participant per organization.
	People of Color and Indigenous People Cohort	Three-day course including training on core management skills as well as time for discussion about navigating race, identity, and power dynamics within organizations for managers of color and indigenous managers. Open to up to four participants per organization.
Race Forward	Racial Justice Leadership Institute and Coaching	One-day training to help leaders address structural racism and advance racial equity; virtual coaching sessions for a sub-set of organizations who participate in the trainings. Open to 2-4 participants per organization.
Commongood Careers	Senior-level recruitment services Diversity recruitment services	Search services and capacity-building support for future hiring; training on recruiting diverse candidates and inclusive hiring practices. Requires 1.5 days with team members to discuss recruitment and hiring practices, 2-3 hours per week from hiring manager throughout search process (typically no longer than six months) and \$5,000 to cover the non-subsidized portion of the search fee.
Interaction Institute for Social Change	Facilitative Leadership for Social Change cohorts	12-month cohort program on facilitative leadership to strengthen leadership skills of mid-level leaders and instill greater ability to achieve equitable outcomes. Program includes a 2-hour webinar, a two-day in-person workshop, three virtual meetings with a sub-cohort throughout the year, and a final full-day in-person learning experience. Open to two senior leaders per organization.
CompassPoint Nonprofit Services	Organizational equity leadership development program	12-month program focused on helping organizations embed equity into their work and internal structures. Program includes three in-person sessions lasting one to two days, nine two-hour video conferences for peer coaching and problem solving, and at least five hours of individual coaching. Open to executive directors and one or two additional senior leaders.
Management Assistance Group	Board development training and coaching	Customized board development service focused on strengthening board leadership, improving board engagement and increasing board diversity. Engagement includes one-on-one interviews with board and staff, a board survey assessment, coaching and a series of e-learning sessions requiring up to 24 hours of board and staff time over a nine-month period. Requires participation from executive director, board chair and up to two additional board members.

Feedback from the grantee survey led the team to focus on talent and leadership development through a racial equity lens. Based on grantee input, Kresge formed partnerships with six service providers to offer a range of services to grantees touching on different topics critical to advancing racial equity inside organizations and aligned with grantees' needs.

"Curating a selection of high-quality services was hopefully seen as another value-add for our grantees," said Neesha Modi, program officer for Detroit and a member of LIFT. "Determining what services were available and vetting different providers meant that our grantees wouldn't have to spend time identifying and evaluating options."

Input from grantees and service providers informed the goals of the program: 1) stronger senior teams, 2) stronger mid-level staff, 3) more diverse talent, and 4) more equitable organizations.

Grantees then were invited to apply and select from among seven services being offered. Everyone who decided to apply was accepted into the program, and Kresge, Community Wealth Partners and the service providers worked together to match grantees with the services they requested.

Because grantees had diverse needs and varying capacity to devote time to internal work, the services ranged in format, duration and intensity (see sidebar). Recognizing that grantees are more likely to apply learning back at their organizations if they have a partner to support them, most offerings required participation from more than one person inside each organization.

The \$1.6 million program budget included service fees, a \$25,000 capacity-building grant for each service provider, consulting costs and travel stipends for participants. In the

first round of the pilot, Kresge reached 10 percent of its grantees: 286 individuals from 115 grantee organizations participated. LIFT selected existing foundation grantees they thought were the most "mission critical" for the mission of each of the foundation's program areas and invited them to apply for the first round.

## ASSESSING IMPACT

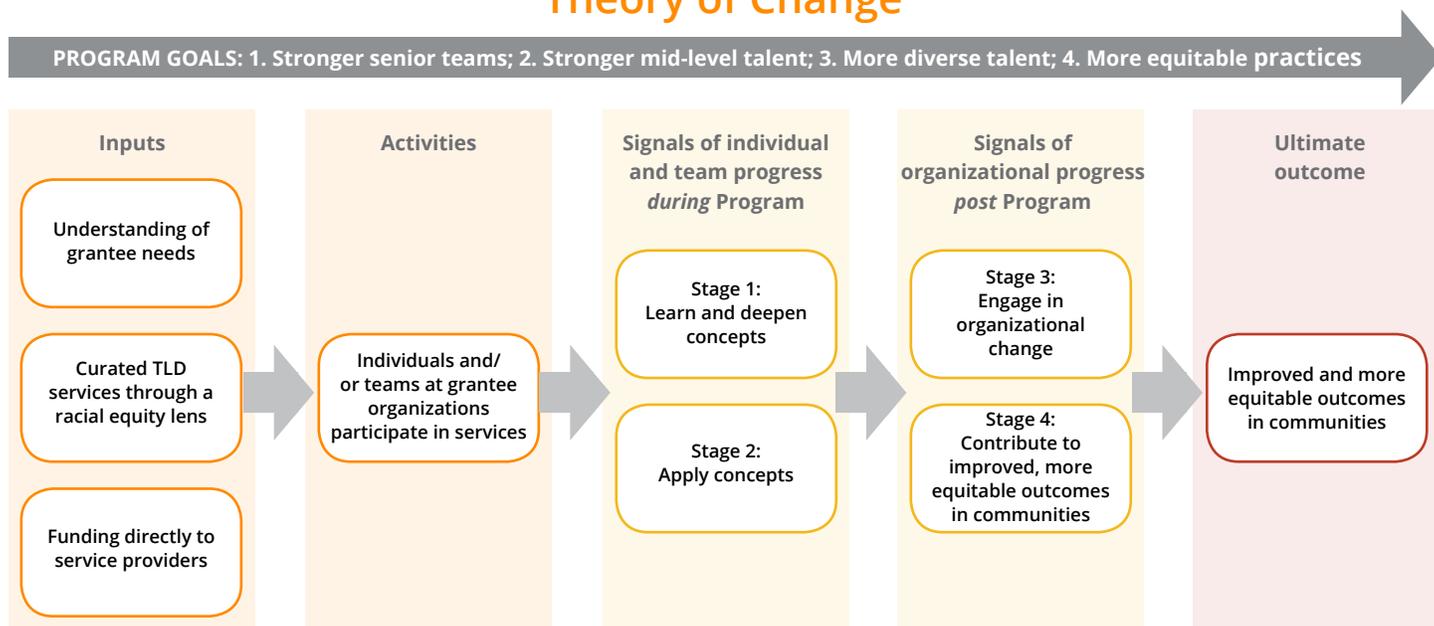
While the goals of the FUEL program could take years for grantee organizations to achieve, the program's theory of change articulated the outputs and early outcomes the team hoped to see. For the second round of the program the team updated the theory of change and revised one of the goals to shift from "more equitable organizations" to "more equitable practices" to make that goal more right-sized to the level of investment organizations are receiving from the program.

"We went in with eyes wide open that many of our grantees are already doing significant internal work on equity. While we're aiming to contribute to steps grantees are making on this path, we know the resources Kresge is providing are small compared to the overall need," Altman Smith said. "We wanted to keep our expectations about impact commensurate with that. In the short term, we are comfortable with results such as changing the nature of conversations and dynamics in the organizations."

The cadre of consultants and service providers collected data to help assess impact as well as identify opportunities to improve future iterations of the program. Evaluation data showed outcomes related to all four of the program goals, such as strengthening board systems, structure, and approach; mastering general management and modeling equity best practices; effectively recruiting, hiring, and retaining diverse talent; and increasing awareness of racism

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# Theory of Change



In May 2018, LIFT revised the Theory of Change based on learnings from the pilot year. The FUEL Program's Theory of Change is focused on developing the skills of individuals and teams related to leadership management and racial equity under the umbrella of equitable talent and leadership development.

and equity within organizations. Testimonials from grantees showed evidence of the early outcomes in the theory of change and progress toward the program goals.

"The Building the Board of Your Dreams program (from Management Assistance Group) has changed my approach to governance and provided me with tools, resources, and skills that I now use continuously," said Susan Danish who is board chair of National Human Services Assembly Board, CEO/executive director of The Association of Junior Leagues International, and a member of another national board. "It has made me a much better leader and contributed to the improved effectiveness of the three organizations I touch."

Renée Branch Canady, CEO of MPH, a Michigan-based health institute, found participating in Race Forward's program helped her see how she can advance equity in her organization. "Participation in the cohort was an opportunity for us to turn a critical eye on how we are leading for equity within our organization, both as individuals and as a team," Canady said. "Our interactions with others in the cohort led us to rethink the demands we put on ourselves as leaders and the expectations we have of our colleagues. The result is we now have a clearer understanding of how our culture should evolve to fully live our commitment to health equity and social justice."

Participants' suggestions for improvement fell into three categories:

- 1. Give grantees more time to learn about the program and consider whether they want to apply.** In the first round, Kresge announced the program and offerings available and gave grantees three weeks to consider whether they wanted to apply. For some grantees that was not enough time to consider the options, secure the necessary buy-in, and plan for the time commitment participation would require. The second round of the program builds in more time between the announcement of the program and the deadline to apply.
- 2. Provide more guidance to help grantees determine which service among the offerings is the best fit for them.** The second round of the program includes improved communication about the service offerings available as well as questions for reflection to help grantees assess which offering would be the best fit for them. Community Wealth Partners hosted an informational webinar to give grantees an opportunity to interact with service providers to better understand the options available to them and ask questions.

- 3. Continue to be mindful of participants' diverse needs and offer services that range from low-touch to high-touch.** Feedback from participants varied in this regard: some wished for more low-touch or online offerings, others wished for more in-depth time with service providers and other participants. In round two the consultants and service providers are working to design program offerings that meet grantees where they are, recognize the time and capacity constraints they may be under, and allow them to participate in meaningful ways.

After incorporating a focus on continuous learning throughout the pilot year, reflecting on feedback and seeing early signs of progress toward the program's goals, Kresge is repeating the FUEL program for a second round with upgrades in response to feedback and replicating a similar program for grantees in the foundation's environment program to be able to reach more grantees of that program.

## SHARPENING THE VISION FOR LEADERSHIP DEVELOPMENT THROUGH A RACIAL EQUITY LENS

Community Wealth Partners facilitated a meeting with the Kresge team, service providers, and grantees to reflect on evaluation findings and highlight insights to inform the design of the program's second round. Two key takeaways were especially influential in refining the program's theory of change.

The first takeaway was the power an initial investment of any size can have in catalyzing grantees' sustained investment in leadership development through a racial equity lens.

Kresge's grantees are all working to dismantle inequities in America's cities in some fashion, yet many of them lack sufficient resources to invest in their own leadership and racial equity work. By providing tailored support to meet nonprofit leaders where they are, FUEL served as a catalyst for grantees to continue their equity journey. Many of the grantees participating in year one of the program walked away with a commitment to continue the work and find ways to invest in it. For Sherita Smith, who recently became executive director of Grandmont Rosedale Development Corporation (GRDC), participating in the program allowed her to work with her board to create a board development plan that will help them stay focused on equity.

"As a woman of color stepping into leadership of an organization that had been led by a white male for over 25 years, I am keenly aware of equity issues. My leadership represents a significant change for the organization and the community," Smith said. "To aid with this transition, we created a board development plan to help GRDC develop a high functioning, strategic, and diverse board. As we implement the plan, we are looking to ensure a governance structure that is reflective of the community—diverse in terms of ethnicity, gender and age—promotes racial equity, and embodies the skills and characteristics needed for high performance."

While a limited number of grantees from the first-round program will participate in a second round to go deeper in their equity work, Kresge anticipates that 80 percent of the participants in year two will be new to the program. Kresge staff will select grantees they think will most benefit from continued support, with input from the service providers they worked with, to invite to participate in a second round, but the emphasis will be on trying to reach as many grantees as possible over multiple rounds of the program. Through this broad approach, Kresge aims to serve as a catalyst for sustained investments in leadership and racial equity over time across the foundation's portfolio of grantees.

The second key takeaway was the value the service providers got from the program and ideas of how to extend that value further.

"In the current climate, many service providers are being asked to support numerous equity-related initiatives," said ramesh kathanadhi, manager of client engagement at Race Forward. "It's both relieving and exciting to receive support focused on our own professional development." Race Forward used their \$25,000 professional development grant to support their own strategic planning.

While Kresge anticipated that the professional development grants for service providers would be useful, an unexpected result was the degree to which service providers found value in the opportunity to work with and learn from one another. They benefited from sharing best practices that influenced service delivery, identifying opportunities to expand or continue their work, and creating new relationships and opportunities for their own professional development.

Kad Smith and Shannon Ellis of CompassPoint Nonprofit Services offered one example of the sharing and learning that took place. Smith and Ellis had both been involved



Attendees at Kresge Foundation's first FUEL convening.

in revising CompassPoint's compensation framework to be more equitable, and they appreciated the chance to reflect and exchange ideas with the cohort of other service providers. "The cohort gave us an opportunity to learn with others who are undertaking similar structural and cultural shifts," Ellis said. "In the spirit of transparency and co-learning, we shared our revised compensation framework with several people in the program."

In year two, building the field of service providers with expertise on talent and leadership development through a racial equity lens will continue to be an explicit program goal. To help meet this goal, the program will allow for service providers to spend more time together, so they can share their offerings with one another and explore opportunities for coordination and partnership.

"The relationships and camaraderie built in the provider cohort was a bonus outcome of the program design," said Isabelle Moses, director with Community Wealth Partners. "We're excited about the possibility of collaborating more intentionally with providers so that we can continue to imagine how we might deepen alignment around shared

language and approaches, especially those focused on racial equity. Kresge's investment in the service provider cohort has huge potential for ripple effects in the broader sector given the number of organizations these providers collectively serve."

## LOOKING INTERNALLY AT EQUITABLE AND INCLUSIVE PRACTICES

In addition to takeaways that helped refine the foundation's goals related to advancing practice and building the field of service providers, the Kresge and Community Wealth Partners teams also learned valuable lessons about how a funder and consultant can operate with greater equity and inclusiveness in a philanthropic program where power dynamics are inherent.

The first lesson was to create a timeline that did not place an undue burden on participants. Feedback from grantees and providers helped LIFT and Community Wealth Partners recognize times when they were inadvertently driving a false sense of urgency. One example was the application process

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for grantees, which felt short to a number of participants. In response, organizers extended the deadline to apply and iterated the second round to include adjustments that set a pace that is more amenable for participants and providers.

Embedded power dynamics also yielded a valuable lesson. As the funder, Kresge held—and was aware of—significant power in the program. Kresge staff learned the importance of being intentional about when the foundation was using its voice and when it was more appropriate to stand back. In the announcement of the program, LIFT members personally reached out to grantees, invited them to apply, and communicated that participation was optional. “Even though we tried to be sensitive about the language upfront, we heard from a couple of grantees after the fact that they hadn’t really felt it was optional to participate,” Modi said. “When people get a letter from a foundation inviting them to do something, they may feel like there are hidden strings attached or that turning down the opportunity could imperil future funding.”

As a result, for round two of the program, Community Wealth Partners is handling more of the communications with grantees as they consider participation.

Community Wealth Partners, as program manager, sometimes had to serve as a bridge between grantees, providers, and the foundation. While this sometimes enabled them to help mitigate the power differential between Kresge and their grantees—an unanticipated benefit in partnering with them—the consultants also held considerable power and needed to be mindful of that.

The Community Wealth Partners team learned some lessons about how they can be more equitable and inclusive in this role. In the first few months of the program, there was a conflict between a grantee and a service provider. The Community Wealth Partners team—out of a sense of responsibility to please the grantee and the funder (their client)—went straight to the provider with some feedback on what to do differently. It turned out that Community Wealth Partners didn’t have the full story of what happened between the grantee and service provider. The provider shared their side of the story and also offered feedback about how Community Wealth Partners could have been more equitable in resolving the conflict.

“The provider was incredibly generous in helping us see the privilege we held and how we could have acted differently to try to resolve the conflict,” said Claire Fiser, senior consultant

at Community Wealth Partners. “So much of the role of an intermediary is about elevating the voices of everyone involved. An intermediary can help diffuse some of the power dynamics at play. And by lifting the voices of everyone involved, we will be able to make better decisions.”

## NEXT STEPS IN THE JOURNEY

Kresge is planning to run a second year of the FUEL program, and its environmental program is also offering a program focused on building equity capacity among grantees that is modeled on FUEL. The program has led to other ripple effects through the foundation as well. “A number of program officers are now having broader conversations with grantees about their capacity-building needs, which is great,” Modi said. “These conversations weren’t always happening before.”

“Conversation is a necessity moving forward,” said Rip Rapson, president of The Kresge Foundation. “If we hope to fashion a more equitable society, we have to learn to have ongoing, frank and inherently difficult discussions about the needs of organizations facing up to this challenge. FUEL gives us an important tool for advancing this work.”

At a time when a number of funders are making similar investments in leadership development and equity, Kresge sees a window for progress. “There is interest from other funders who want to learn more about the program, which is exciting,” Altman Smith said. “Ultimately what we hope to see is that more funders are not only talking about these issues but also devoting funding to them.”

Delshan Baker, vice president of investment at Thread and a participant in the program, hopes to see more funding to support leadership in the nonprofit sector as well.

“I’ve been working for nonprofits for 15 years, and most of the organizations I’ve worked for—with the exception of Thread—have been funded almost entirely with programmatic grants or contracts that set caps on overhead at anywhere from two percent to 10 percent,” Baker said. “There is value in foundations funding nonprogrammatic work. It is essential to the growth and development of organizations and staff, so they can continue to provide quality work. Funding leadership and other types of infrastructure support can go a long way to avoiding burnout and turnover among nonprofit leaders.”

## DISCUSSION QUESTIONS

Use these questions to spark discussion within your own foundation to explore ways you might be able to support your grantees' leadership and racial equity efforts.

- What from Kresge's story resonates with what we have learned from our work with grantees? What about their approach is different from what we have done in the past? What is something we might consider trying based on this approach?
- What are our grantees' needs related to talent and leadership development, and how do we know? What are we already doing to support them, and how might we ramp up those efforts?
- Where are our grantees in their work related to racial equity? How might we tailor support to meet grantees where they are and help them take their next steps in this work?
- Who are the service providers we rely on to help build capacity among grantees, and where are the gaps? What are their capacity needs and how might we support them?
- Do the service providers we work with have space and time to learn about one another's work? Is there a role we could play to help foster alignment and collaboration to strengthen the service offerings available to our grantees?
- What are the barriers to increasing investment in this type of work within our foundation, and how might we address them? To whom do we need to make the case, and what arguments would they find most compelling?

This case study is one of five in a suite of case studies focused on building grantee capacity using the support of consultants. Each case study has been developed in partnership with Community Wealth Partners, drawing on their capacity-building work with various funders and grantees. The case studies showcase varied approaches taken to address the long-term capacity needs of grantees, giving insight to the philanthropy landscape and strategies for foundations, consultants, and practitioners.

This suite pilots an approach for GrantCraft to tap the wisdom of technical assistance providers in making sure learnings from foundation projects are shared. We would benefit from your feedback on this approach, and also expressions of interest from capacity building providers who would like to be considered for future efforts. Please email [info@grantcraft.org](mailto:info@grantcraft.org).

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Photo: Kresge Foundation



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