

# AMPLIFYING SOCIAL IMPACT IN A CONNECTED AGE

A Survey of Technology-Related Grantmaking for Social Benefit

EXECUTIVE SUMMARY

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# AMPLIFYING SOCIAL IMPACT IN A CONNECTED AGE

## A Survey of Technology-Related Grantmaking for Social Benefit

We are experiencing an explosion of inspiring examples from around the globe of communities using newer, low-cost communications technologies to influence hearts and minds and bring about positive change. Whether in Egypt or East Los Angeles, the Philippines or Philadelphia, social movements and effective organizations are increasingly using mobile phones, online video, texting, social media and related strategies to amplify their efforts and generate social impact.

With some very notable exceptions, philanthropic investment in domestic nonprofits' technology use has largely focused on improving operational functions and efficiencies — hardware and software upgrades, databases for managing membership, the maintenance and design of websites, online fundraising campaigns, etc.

Now, leading nonprofits seek to go beyond simply using technology to strengthen operations. Rather, they are working towards technology integration — weaving technology strategies throughout their organizational cultures to enhance programmatic efforts to achieve social outcomes. They are looking to glean the lessons from seemingly spontaneous, viral successes with new media in order to be as pro-active and strategic as possible with their own practice.

Clearly, the move is on from back-end to front-end use of communications and information technology to bring about change.

## Introduction

With the goal of understanding the barriers to increased philanthropic investment in programmatic uses of technology for social impact, ZeroDivide launched a research project in August 2010. The emphasis was on domestic nonprofits that represented historically underserved communities. Forty-one funders and 13 nonprofit technology service providers (TSPs) participated in the research. Participating foundations varied in size, programmatic emphasis, and geographic reach.

The research consisted of the following:

- two funder convenings and one convening of nonprofit technology service providers (TSPs)
- telephone and in-person interviews with funders, TSPs and field experts
- an 8-question online survey completed by 28 of the participating funders

Overall, we found that funder interest in supporting grantees' use of new digital media tools and strategies is great and the need is high, yet investment remains modest because most funders have been slow to adapt to this emerging field.

Certainly, there are some very promising philanthropic investments in technology and new media strategies taking place — for example, by the Ford Foundation, the John S. and James L. Knight Foundation, the David and Lucile Packard Foundation and others. However, our findings show that beyond the 20 largest foundations in the U.S., robust engagement with these emerging opportunities is more the exception than the rule.

## Key Recommendations

Our research unearthed valuable suggestions by funders and TSPs for increasing social impact with technology-related grantmaking. A core premise driving these recommendations is that a greater quantity of funds must be invested to ensure a higher quality of grantmaking and nonprofit outcomes.

Participants identified three major strategies for strengthening the sector:

### 1. Increase Funder Education & Engagement

The top recommendation for strengthening the sector was, “increased funder education and engagement activities.” While acknowledging the existence of such activities, participants cited the need for much more robust and widely-promoted offerings, such as:

- Knowledge building through case studies, a “how to guide” for funders, and reports regarding the state of the field
- Online efforts such as regular blog posts, tweets, videos, resource lists, and discussion fora
- Regular face-to-face and online briefings with issue-based and regional affinity groups
- Conference activities, including delegations, pre-conferences, mixers and workshops

## 2. Strengthen Funder Advising

The second most frequent recommendation for increasing investment was to strengthen offerings that can assist funders in moving along the path from initial inspiration and education to making the case at their foundation, designing and implementing a grantmaking program, and evaluating and refining their investments.

It’s no surprise that smaller and mid-sized funders cited this need most frequently. By definition, they have fewer in-house staff and less opportunity to hire new staff that might be more familiar with tech-related issues. Funders across the spectrum, even large ones, identified the need for more visible and thorough resources to foster best practices for portfolio assessment, grantmaking program design, and implementation and evaluation.

## 3. Expand the Investment Pool

While participants provided valuable suggestions to improve the quality of tech-related grantmaking, the core take away is that the quantity of investment must greatly increase to advance these shared goals in a meaningful way.

Participants proposed the following six strategies to attract more investment to this sector:

- Matching Grant Programs: Incentivizing new investments
- Collaborative Funds: Providing investment vehicles for new funders
- Donor-advised funds: Engaging a tech savvy and less risk-averse pool of funders
- Government allocations: Leveraging public-sector investments
- Corporate philanthropy: Maximizing untapped potential for partnerships
- Community Benefits Agreements (CBAs): Exploring those negotiated in the public interest

## Key Findings

As our research makes clear, this is an emerging and under-resourced sector, requiring significant field-building investment in order to maximize the myriad opportunities for impact.

### THE CURRENT STATE OF TECHNOLOGY-RELATED PHILANTHROPY

#### High Funder Interest, Limited Expertise

All funders indicated great interest and curiosity in supporting grantees' use of new technologies for programmatic impact. However, many expressed uncertainty about how to move from inspiration to actual grantmaking. "Lack of familiarity and expertise" was the highest response to the survey question regarding barriers to increased investment, at 69.2% of respondents.

#### Modest Existing Technology Investments

Seventy-two percent of survey respondents reported that their foundations invested up to 10% of annual grantmaking resources in grantees' tech capacity and tech-related activities. However, in meetings and interviews we clarified that a strong majority of these participants' investments were actually in the 2–5% range, with approximately 30% of funders at or close zero.

#### The Digital (Funding) Divide

According to the online survey, 50% of funders' tech-related investments were grants to nonprofits representing historically underserved communities. Our anecdotal and qualitative conversations suggest this number is considerably lower among the overall funder population. While not all funders have these communities as their focus, for those concerned with social equity, there is clearly the need for significantly increased investment in the tech capacity and tech activities of historically underserved populations.

#### Grantees & Donors Leading the Charge

Many funders agreed with the colleague who noted that "the grantees are way out in front of us on this work and are already coming back to me asking for resources to be more intentional and strategic with their Facebook and Twitter efforts. They've been experimenting on their own initiative but now are interested in really getting serious."

Two community foundations funders independently mentioned criticism from their donor advised funds that the foundations weren't keeping pace with developing technologies or supporting grantees in doing so.

### Investments Largely Tactical, Not Strategic

The majority of funder participants reported not having made specific tech-related investments or having a well-defined strategy to guide their grantmaking in support of grantee's technology needs. A number of funders reported offering tech-focused trainings for grantees — mostly on social media — though these were largely one-time sessions with a tactical approach.

### Mobile: A Missed Opportunity

Studies by the Pew Research Center and others have documented the high rate of mobile use by youth and communities of color — key populations for social equity grantmaking. Our meetings and interviews identified numerous examples of underserved communities across the world generating outsized impact using mobile strategies for engagement and social action. However, we found very few examples of funders supporting community-driven mobile deployments in the United States.

### Strategies for Impactful Investment Unclear

Despite the high degree of interest, funders indicate significant uncertainty around investing in nonprofits' use of technology for social outcomes:

- 38% of respondents cite “strategies for impactful investment not clear”
- 23% cite a “need for more proof of successes, case studies.”

## CHALLENGES TO TECHNOLOGY-RELATED INVESTING

### ROI, Measurement & Getting Beyond “More Traffic”

Many funders expressed skepticism that tech-related activities such as social media resulted in programmatic impact or were capable of helping nonprofits to mobilize. One funder captured this well, saying, “We may see lots of online traffic and ‘fans’ but it doesn't mean they're using this strategically or have moved their mission.” The development, refinement and promotion of appropriate measurement, documentation,

and evaluation tools are clearly needed. The field must document and disseminate information about the successful use of new technologies by communities.

### Competing Funding Priorities

Our survey on barriers to investment yielded a 61.5% reply citing “competing funding priorities.” This was the second highest response to our survey question on the subject — a sobering result when paired with the 23.1% citing “larger economic context, limited new investments” as a key barrier. Here we have a wide pool of funders expressing serious concern about the availability of grantmaking in this arena.

### Future Funding Trends: Conflicting Data

Forty-four percent of survey respondents indicate their tech-related investments are due to increase over the next 3 years. Only one respondent indicated their investments would decrease. Yet, this conflicts with the results cited in the previous section, where 61.5% cited “competing funding priorities” as a key barrier to investment.

### Strengthening the TSP (Technology Service Providers) Ecosystem

Both funders and TSPs agree that there’s a great unmet demand by nonprofits for tech-related services. The TSP sector is a heterogeneous ecosystem comprised of local, regional, national and global providers, and must be funded using a robust approach that takes into account many different layers and needs.

- Service providers and funders identified other notable gaps in the TSP sector:
- Services to low-income community members not engaged with nonprofits or social services
- Certain regions lack service-provider hubs, rely on only “distance” support by national TSPs
- Limited staffing by “techies of color” and underserved communities receiving TSP services
- Messaging Makeover Needed: “Don’t Lead with Tech”

Funders frequently cited the need for new messaging and framing to get beyond the choir of IT staff and those foundations already supporting grantees’ use of tech for social impact. One program officer advised, “Don’t call it tech, people’s eyes glaze over and they check out.” Another suggested, “lead with examples of social impact, show how tech played a role in it.”

## SYSTEMIC CHANGE

### Shifting the Culture of Philanthropy

Funders and TSPs alike noted the need for many foundations to embrace a culture of greater openness to experimentation and emerging strategies to keep pace with technology innovation and advancements. Several participants noted that this cultural shift should embrace more than “what we fund,” it should also include shifts in “how we fund.” One example is how several community foundations are including crowdsourcing as a technique to gather more robust information on regional priorities for their grantmaking.

### Wanted: A “Community of Practice”

The main suggestion for strengthening the sector was “increased funder education and engagement activities” that foster a “community of practice.” Respondents noted that existing efforts are dispersed and do not scale widely. A frequent refrain was the desire for a “go to” resource for funders interested in supporting this work.

### Correct the Policy Disconnect

Many funders identified the need to popularize the connection between how communities use technology and government policies that shape how we experience those technologies. Three policy areas were cited as worthy of increased attention from funders:

- Ensuring universal and affordable broadband access
- Guaranteeing an open Internet and linking this to underserved communities’ concerns
- Eliminating structural barriers to technology innovation in the public interest

## Additional Recommendations

### Maximize Existing Investments

Funders already supporting technical assistance and organizational capacity-building initiatives recommend that a technology component be woven throughout the curriculum. A related recommendation is for funders to partner in sharing grantee-learning cohorts. The efficiencies gained by aggregating a larger group of grantees, ideally with the same programmatic focus (the arts, immigration, for example), can help offset the added cost of incorporating new tech curriculum and/or trainers while helping to foster a more robust learning community.

### Create a More Tech-fluent Foundation Culture

This recommendation reflects the understanding that if funders are to be responsive and impactful, there must be a new approach in how their organizations relate to technology.

### Clarify & Strengthen the Tech Service Provider (TSP) Ecosystem

In our funder meetings and interviews, participants described the TSP sector as a “muddy landscape” needing “greater rationalization.” They suggested the creation of a visualization of the sector — interactive and updateable — showing offerings by region and type of service. Funders felt this would be an important step in fostering increased investment in this provider ecosystem, and would be a valuable resource for connecting grantees with the offerings of TSPs.

### Engage Youth & Underserved Communities: Via Mobile

As noted above, mobile initiatives for social impact are vastly underexplored and underfunded domestically. Funder investment in this area could yield a catalytic opportunity to engage youth and historically underserved communities. Several domestic examples highlighted in the report point to an emerging model of focused, pro-active grantmaking that successfully combines capacity building, TA and programmatic funds for community-driven “tech innovation” projects.

### Invest in Tech Leadership by Underserved Communities

In our conversations, TSPs affirmed the importance of staff diversity in strengthening their organizations and their partnerships with community-based organizations, yet they also acknowledged difficulty in making headway to increase such staffing. Fortunately, there are precedents for foundation-supported initiatives to strengthen the hiring, professional development, and leadership by under-represented communities in both the funder and nonprofit sectors.

### Increase Awareness of Media & Technology Policy Issues

The full report highlights initiatives to educate funders regarding opportunities for learning and engagement. As several funders noted, policy decisions being made today will shape how nonprofits and underserved communities access and use technology in the future. The philanthropic sector has a clear interest in ensuring an open and fair digital environment in which innovation and democracy can flourish.

## Conclusion

This research project contributes to a growing yet nascent body of research informing the philanthropic sector's support of technology initiatives for programmatic and transformational social outcomes. It builds on the findings of previous studies while contributing unique perspectives: (a) viewing this issue through the lens of underserved communities' needs and assets, and (b) asking funders what they need in order to be more effective.

The potential is great, the need is high, yet the funding is still quite modest when it comes to mid-sized and smaller foundations in the U.S. Aside from the top 20 or so funders, most have been slow to engage with this emerging "field."

In today's difficult economic climate, funders face tough decisions on how to prioritize grantmaking resources and strategies for maximum impact. But they ignore the developments and opportunities taking place in this sector at their own peril — and more importantly, at the peril of the nonprofit sector and the communities they serve.

As these findings make clear, funders would do well to increase their awareness of technology-related activities to benefit social good. Much more significant investment is needed to leverage the opportunities new technologies provide for programmatic impact.

We hope these findings will help inform discussion and future research in this realm, as we believe it is imperative for philanthropic leaders and key social investors to engage in a strategic dialogue that can guide the field's ongoing development.

Please help us continue the discussion of this topic by emailing feedback and questions to Jeff Perlstein, ZeroDivide's Director of Strategic Engagement, at [jeff@zerodivide.org](mailto:jeff@zerodivide.org).

For those on Twitter, we encourage you to post the url for the report <http://bit.ly/e0qgFo> and tag related tweets with both hashtags, #fundertech and #npotech.