



A FIO PARTNERS PERSPECTIVE:

Funders of the Nonprofit Sector as Learning Organizations

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I have worked with government funders, private and public foundations, and United Ways for many years. I have also spent a great deal of time thinking about non-profit organizations as learning organizations and, in FIO Partners' model for strategic management, insist that our clients assess themselves relative to key characteristics that encourage organizational learning. Thinking about how to apply the concepts to a funder of nonprofit organizations is more of a challenge but, from my perspective, is equally important. The material included in this article follows from work I did on how funding decision-makers can frame their choices about whether to sustain a strategic stream of investment. (See article *The Question of Sustainability* also available on this website.) One of my goals in pursuing the learning organization model stemmed from my desire to provide a clearer sense of how the support of decision making about sustainability fit within one particular foundation's overall activities. Like the work around questions of sustainability, I believe that this thinking can be generalized to any organization that makes investments in the nonprofit sector.

First, I looked at the relevance of various characteristics, organizational habits if you will, to the work of funders. (For the complete list, see our *Survey on Organizational Learning* available on our website.) While all apply to some degree, I have chosen those that have highest relevance to the work of making these investments.

Environmental Scanning

One of these attributes is the ability and will of an organization to scan the environment for changes in relevant fields of service, shifts in demographics among consumers, actions of collaborative partners, key referral sources, competitors and potential competitors. For funders that translates to what I call zone assessment: a process that is based on data that accurately identifies the extent of community problems in a particular area of interest for a specific funding organization, the degree to which these problems are being addressed in the region of interest, and by what means. Zone assessment should also examine the dynamics of community

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