

THE POWER OF NONPROFIT SECTOR R&D

CREATIVITY DURING COVID

NEAL MYRICK

2020 was the year of the pivot for nonprofit organizations and funders. While scrambling to deal with all the challenges, many of us in the sector noticed something encouraging: some nonprofit organizations with access to flexible capital and visionary leadership seized the opportunity to upend their business models to not just survive but to thrive through the pandemic. That success was driven, in part, by flexible funding that gave those leaders the freedom they needed to research, develop, and implement their ideas.

Data also played an essential role in tracking how well the newly implemented programs were meeting their goals. Measurement was done in near real-time because the chaos of the pandemic demanded it. Using timely data to measure program success helped foundations and nonprofit leaders navigate the daily chaos, identify priorities, and execute in ways traditional measurement and evaluation practices could not have supported.

The pandemic pivots, driven by the dueling forces of survival and ambition, taught us something. When encouraged and funded well, we saw that research and development and the real-time use of data could help nonprofit leaders solve our world's most complex challenges—even during the toughest of times. It should be more evident than ever that this model for

supporting and driving continual learning and change isn't just suitable for a pandemic response—it is a best practice for future social impact work.

I am encouraged by what I see. I have spent the last eighteen years in the nonprofit sector, including six years leading Tableau Foundation, focusing on building data capacity in nonprofits in more than 120 countries. When we started Tableau Foundation in 2014, I pledged to provide unrestricted, multiyear funding and let our nonprofit partners lead, recognizing that they are the experts in solving problems in their communities. Our unrestricted funding, along with software and training grants, allows courageous nonprofit leaders to use data for research, development, and tracking the impact of the innovation they scale. The pandemic was brutal, but I am more encouraged than ever.

One of the courageous leaders who led her organization through a massive pivot was FareStart CEO, Angela Dunleavy. FareStart's mission is to transform lives, disrupt poverty, and nourish communities through food, life skills, and job training. Before the pandemic, they operated restaurants, cafes, and a catering business, serving 950,000 meals each year. The pandemic, however, shut down nearly every line of business. Yet today, FareStart is serving more meals in a more mission-aligned way than ever before. How did they do it?

I remember first hearing about FareStart's challenges in February 2020. We heard that Farestart was pivoting its business to focus almost exclusively on delivering packaged meals to shelters, homelessness organizations, and schools. Shifting to packed-meal delivery would keep FareStart's staff employed while also meeting the needs of thousands of people at risk of going hungry. So, we asked how we could help.

Their ask was simple. FareStart raised funds to provide three days of meal service per week and needed \$137,000 to scale to seven days of service. Filling that gap seemed like a great idea, but I had one question: Who was funding the capacity they needed to pivot their entire business model? I could see supporting the seven-day meal service, but I also wanted to understand how they would have the ability to innovate so much in so little time.

Answering my question on March 10, they wrote, "The administrative staff time spent on capacity building and response, as you know, is not something we have funding for." They estimated it would cost \$183,350 to shift their business model and plan for closing down some programs while scal-

ing up food delivery—all while managing the risks the pandemic posed to their staff and communities.

One day later, on March 11, Tableau Foundation approved an unrestricted \$320,000 grant. We wanted to help them move to a seven-day service, of course. Food insecurity was peaking. But, more importantly, we wanted to help FareStart have the administrative capacity to do the R&D required not just to survive but to thrive through the pandemic. The result was a win for everyone.

FareStart delivered 950,000 meals in 2019 and more than 2 million in 2020. They provided weekly updates using data to show exactly how many meals were delivered to which organizations and where there were still needs. The data told a fantastic story about how FareStart was successfully pivoting and, more importantly, that they understood and could respond to an ever-changing environment. Their ability to communicate their command of the situation built trust and confidence among their stakeholders, positioning them to respond to the crisis while creating a new business for a world that would no longer be the same.

Imagine if we and all their other funders had restricted grants to providing meals, not allowing any funding for FareStart to develop the essential, complex business models. The support would have fed people, but FareStart would have struggled to leverage their staff's ingenuity to turn their emergency response into a long-term, scalable business.

When speaking with Angela about this in early 2021, she said the pivot not only allowed them to respond to the needs of the community; it also allowed FareStart to “align our work more closely with our mission by reaching more vulnerable people in our communities.” Their pivot worked. It doubled the number of meals they provided and allowed them to build for the future in a more mission-aligned way.

FareStart and many others that successfully pivoted proved that we as a sector can turn on a dime and have more impact as a result. They confirmed that, when adequately funded, R&D and the use of near real-time data play an essential role in helping nonprofit leaders tune their organization's service delivery to more closely meet the needs of the communities they serve.

Supporting these entrepreneurial efforts does not just benefit the outcomes. It also has a multiplying effect on organizations, including improving staff morale when their innovative ideas are listened to and acted upon.

In the book *Intrapreneurship: Managing Ideas Within Your Organization*, author Kevin C. Desousa writes, “Employees that engage in the innovation process, especially in the generating, advocacy, and experimenting with ideas and emerging concepts often find themselves more connected to the organization. While it may sound paradoxical, the staff actually gain more when they play the role of idea advocates for their peers’ ideas and participate in experimentation processes with new concepts than when generating and/or advancing their ideas.”¹

Once acted upon, using data to track the success of newly implemented ideas on a near real-time basis allows everyone—staff and funders alike—to witness the sensation as it happens. Seeing success as it happens helps build morale, trust, and confidence in organizations and their leaders.

When considering the power of R&D, it is necessary to define it, because it is not discussed as broadly in the nonprofit sector as innovation is. And innovation is one of those buzzwords everyone talks about but understands differently. The word is often used interchangeably with R&D, putting at risk the progress we could make if the concepts were more universally understood and appropriately funded.

Stefan Lindegaard, the founder of Growth Mindset Lab, once wrote that R&D “turns money into knowledge.”² Translated into nonprofit terms, R&D is the process of turning funding into knowledge. When knowledge from R&D gets turned into a new product, program, or process, it becomes an innovation. Thinking of innovation as a noun helps keep it differentiated from R&D.

When we funded FareStart’s administrative capacity to pivot, we funded R&D—their ability to adapt, experiment, and use their best thinking to develop new ways of serving new constituents. When they turned their knowledge into a new packaged-food delivery business model that more than doubled the number of meals they delivered, their knowledge became an innovation.

Tableau Foundation has always funded R&D and the active use of data to measure whether innovations achieve expected results. We fund these projects expecting them to be successful. Each time we make funding decisions, we ask ourselves, “What is our plan when this succeeds?”

We think this is important because, far too often, we hear funders say they support innovation but not scale. They actually are supporting R&D that produces knowledge about how to solve a problem. Still, they have no intention of funding the process of turning that knowledge into an

innovation that works at scale in the real world. That approach encourages “pilotitis,” which is the incessant funding of “innovation” without any plans for scaling innovations that work. It is killing our sector, yet it continues to happen with no end in sight. My friend and colleague Kate Wilson, CEO of the Digital Impact Alliance at the United Nations Foundation, wrote a great article outlining some best practices for avoiding the condition.

One great example is with our partner CEPEI, a global think tank based in Bogota, Columbia. Founded by Philipp Schönrock in 2003, CEPEI has provided nearly twenty years of policy solutions and insights to optimize global leadership engagement on governance, finance, and data for sustainable development. In 2019, Tableau Foundation supported R&D efforts to help CEPEI build new knowledge about improving the data ecosystem to help drive the United Nations Sustainable Development Goals (SDGs) across Latin America and the Caribbean.

When we first discussed a partnership, Philipp had clear goals and a few ideas for building the data ecosystem, including an idea for a new data center to help develop a data culture across Latin America and other countries. He knew continual measurement and learning could help. Still, he needed to research and develop his ideas to determine precisely how data analytics and visualization could support his vision.

We provided a small software grant and unrestricted funding to support CEPEI’s R&D efforts in early 2019. Months later, in November 2019, Philipp stopped me at a conference and said our unrestricted support gave him the “liberty to experiment,” noting that the freedom was transformative and unlike anything he had experienced before. Little did we know how transformative his R&D efforts would, indeed, be.

At the beginning of 2020, Philipp and I discussed another investment to help CEPEI implement a new program built from the knowledge he gained through his R&D efforts. But, by March 2020, everything had changed. Like Angela at FareStart, Philipp realized that merely adjusting to the new normal was not going to be enough. Instinctually, he knew he needed to leverage the pandemic’s dark power to revolutionize CEPEI’s work. Doing so would meet his stakeholders’ needs and allow CEPEI to come out of the pandemic stronger and positioned for having a more significant impact.

Philipp acted quickly. Through their R&D efforts, CEPEI learned how governments and organizations could use timely data to transform decision making and improve transparency. The CEPEI team turned that new knowledge into an innovation—a COVID-19 data and innovation center

that would help the United Nations and other partners use data to monitor progress against COVID-19 response and recovery goals.

CEPEI knew that demonstrating the effectiveness of this approach during the pandemic would have an immediate impact while providing evidence that using timely data to guide decisions was an approach that should work all the time. Therefore, their pandemic response positioned CEPEI to scale an innovation long into the future.

When Philipp pitched us his new idea, we knew three things. First, the R&D efforts we supported in 2019 were about to take root in a powerful way. That was exciting and gave us confidence in the data center idea.

Second, turning knowledge from the R&D effort into a valuable innovation takes time, effort, and money. Therefore, we needed to provide seed funding to turn the concept into something tangible.

And third, the work required to adapt the data center to meet the global community's needs during and after the pandemic would not be fast or easy. Therefore, if it was to be successful, we needed to commit to funding it for more than one year. We understood that we were not investing in a pilot project; we were investing in a leader, an organization, and an idea that would require continual adaptation. The result was fantastic.

CEPEI's vision came to life on December 3, 2020, when CEPEI, Tableau Foundation, the United Nations, and more than twenty other partners launched the COVID-19 Data and Innovation Centre. The Centre's purpose is "to deliver information, evidence, knowledge, innovation strategies, territorial requirements, and policy recommendations to the UN COVID-19 Multi-Partner Trust Fund in their purpose of strengthening response and recovery actions in the Global South."

As UN's deputy-secretary general Amina Mohammed said during her remarks at the Centre's launch, "The Centre's data will help tell the story of what is happening across geographies, including the Global South, economic sectors, and diverse groups of people. It is my hope that the COVID-19 Data & Innovation Centre will thus enhance the openness, transparency, and quality of what we do across analysis, programming, and results monitoring. And in doing so, it will shed light on new paths forward and ways to tailor our assistance to help those falling behind."³

Looking back, I realize that, at its simplest, Philipp provided vision, leadership, and courage. We provided support for a robust data infrastructure and unrestricted funding with trust.

Thankfully, we were not the only foundation to provide flexible, trust-based support during the pandemic. Many foundations leveraged the pandemic's urgency to loosen grant requirements, offer more flexibility, and reduce reporting requirements. By March 2020, the Council on Foundations, Ford Foundation, and more than forty other philanthropic organizations led the call for funders to commit to more flexible funding to respond to the pandemic. During the announcement, Kathleen Enright, president, and CEO of the Council on Foundations said, "One of philanthropy's key strengths is its ability to pivot and adapt as circumstances require. That flexibility is needed now more than ever."⁴

Pia Infante, steering committee chair of the Trust-Based Philanthropy Project, explained in the same announcement:

The reason a trust-based approach works in this short-term, emergency frame is that it works for the long term. When we deeply resource our leaders, organizations, and movements, we enable the adaptivity necessary in the chaotic, complex times we are living. It may have taken a global pandemic for some philanthropies to let go of restrictions, arduous processes, and exacting expectations of already overburdened nonprofits, but let's hope one benefit is that we now jettison all that no longer serves the greater good.⁵

Enabling the "adaptivity necessary" requires support for R&D and robust data infrastructure to collect and use data in near real-time so all stakeholders involved can assess whether an innovation is or is not meeting communities' needs. It requires funding that organizations can turn into knowledge, which becomes the source for innovative tools and programs that, in turn, need data and funding to continuously adapt to a world that has always been, and always will be, chaotic and complex.

So, what does this mean for nonprofit R&D? It means the pandemic taught us that R&D is essential to progress, not just during a pandemic but all the time. Arundhati Roy, an Indian author and activist, recently wrote that pandemics have historically forced humans to imagine a new world. She described pandemics as a portal between the old world and the new world.

Many of us walked through that portal and are never looking back. The pandemic gave us a once-in-a-lifetime opportunity to experience the power of adequately funded R&D at an unprecedented scale. We now have a once-in-our-lifetime chance to fight for it to stay.

As Latanya Mapp Frett, president and CEO of Global Fund for Women, wrote when reflecting on her lessons learned from the pandemic, “Creativity comes out in crisis. Let’s embrace that. Now is a once-in-a-lifetime opportunity to reimagine and reshape the future. Our most innovative, ambitious ideas are needed at this moment; we can’t afford to waste them.”⁶

NOTES

1. Kevin Desousa, *Intrapreneurship: Managing Ideas Within Your Organization* (Toronto: Rotman-UTP Publishing, 2017).

2. Stefan Lindegaard, “What Is the Difference Between R&D and Innovation?” LinkedIn, September 27, 2016, <https://www.linkedin.com/pulse/what-difference-between-rd-innovation-stefan-lindegaard/>.

3. Amina Mohammed, “COVID-19 Data & Innovation Centre: Visualize the Effects of the Pandemic and the Potential Solutions,” December 4, 2020, <https://cepei.org/en/novedad/covid-19-data-innovation-centre-visualize-the-effects-of-the-pandemic-and-the-potential-solutions/>.

4. Ford Foundation, “Top Foundations Pledge Flexible Funding to Grantees in Wake of COVID-19 Crisis,” March 19, 2020, <https://www.fordfoundation.org/news-and-stories/news-and-press/news/top-foundations-pledge-flexible-funding-to-grantees-in-wake-of-covid-19-crisis/>.

5. Ford Foundation, “Top Foundations Pledge Flexible Funding.”

6. Latanya Mapp Free, “Letter From Latanya: 19 Lessons We Are Learning From COVID-19,” May 20, 2020, <https://www.globalfundforwomen.org/latest/article/19-lessons-covid-19-latanya-letter>.