THE WATER OF SYSTEMS CHANGE

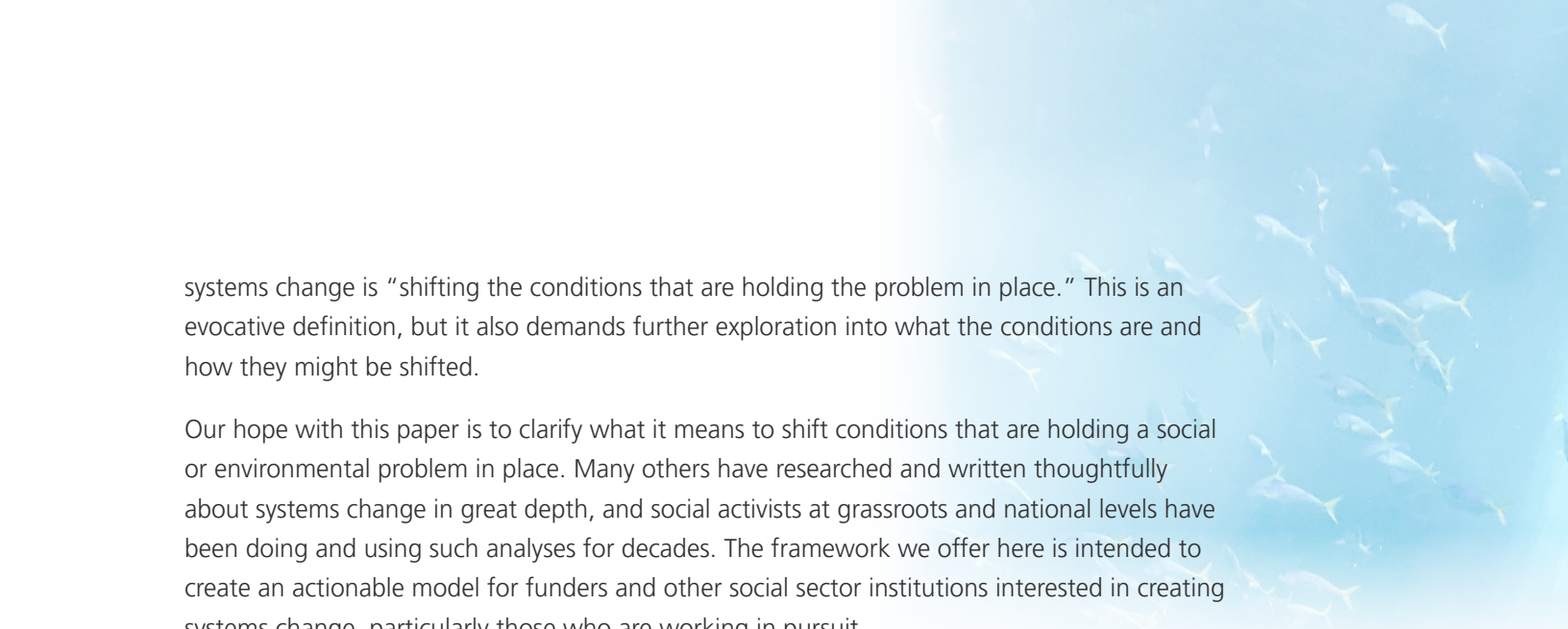JOHN KANIA, MARK KRAMER, PETER SENGE

June 2018

Foundations involved in systems change can increase their odds for success by focusing on less explicit but more powerful conditions for change, while also turning the lens on themselves.

"Systems change" is not a new concept, but increasingly leaders of foundations, nonprofits, and other influential social sector institutions are hailing it as a promising way to achieve greater impact. The idea has moved from activist and organizer circles to the forefront of discussions among foundation CEOs and is increasingly cited in philanthropy publications and conferences. Yet despite all the attention, and a long tradition of academic study, the concept and its implications for funders and grantees can still seem hard to grasp and apply. One reason the concept is so challenging may be captured by the following well-known story that goes something like this:

> A fish is swimming along one day when another fish comes up and says "Hey, how's the water?" The first fish stares back blankly at the second fish and then says "What's water?"

As more and more foundations pursue systems change, foundation leaders are increasingly recognizing the water they have been swimming in all along. For all the excellent programs and nonprofit organizations foundations have seeded and scaled up, funders have rarely reached their ambitious goals for lasting change. Complex problems such as mass incarceration, educational disparities, and environmental degradation remain intractable due to myriad constraints that surround any specific program a foundation might fund. Constraints include government policies, societal norms and goals, market forces, incentives, power imbalances, knowledge gaps, embedded social narratives, and many more. These surrounding conditions are the "water" that many foundation leaders are exploring more deeply.

The first step in seeing the water is to illuminate the systemic forces at play. Grappling with this messy kaleidoscope of factors is a much different process than funding or managing a typical nonprofit program. It requires that changemakers look beyond any single organization to understand the system by identifying all of the actors that touch the issue they seek to address. One must then go further to explore the relationships among these actors, the distribution of power, the institutional norms and constraints within which they operate, and the attitudes and assumptions that influence decisions. These are the conditions that significantly impede or enable social change. As Social Innovation Generation (SIG) in Canada defines it more broadly,

systems change is "shifting the conditions that are holding the problem in place." This is an evocative definition, but it also demands further exploration into what the conditions are and how they might be shifted.

Our hope with this paper is to clarify what it means to shift conditions that are holding a social or environmental problem in place. Many others have researched and written thoughtfully about systems change in great depth, and social activists at grassroots and national levels have been doing and using such analyses for decades. The framework we offer here is intended to create an actionable model for funders and other social sector institutions interested in creating systems change, particularly those who are working in pursuit of a more just and equitable future. In offering this contribution, we acknowledge that, as white males who are in the process of unpacking our own areas of privilege, our viewpoints inevitably come with blind spots. Over the course of writing this paper we benefited from the generous suggestions of many people who helped us to see dimensions in our ideas that we did not initially see ourselves. We offer special thanks to our equity consultants Sheryl Petty and Mark Leach at Management Assistance Group, FSG colleagues Veronica Borgonovi and Lauren Smith, and senior advisor Paul Schmitz for their unique contributions to improving this work.

> Systems change is about shifting the conditions that are holding the problem in place.
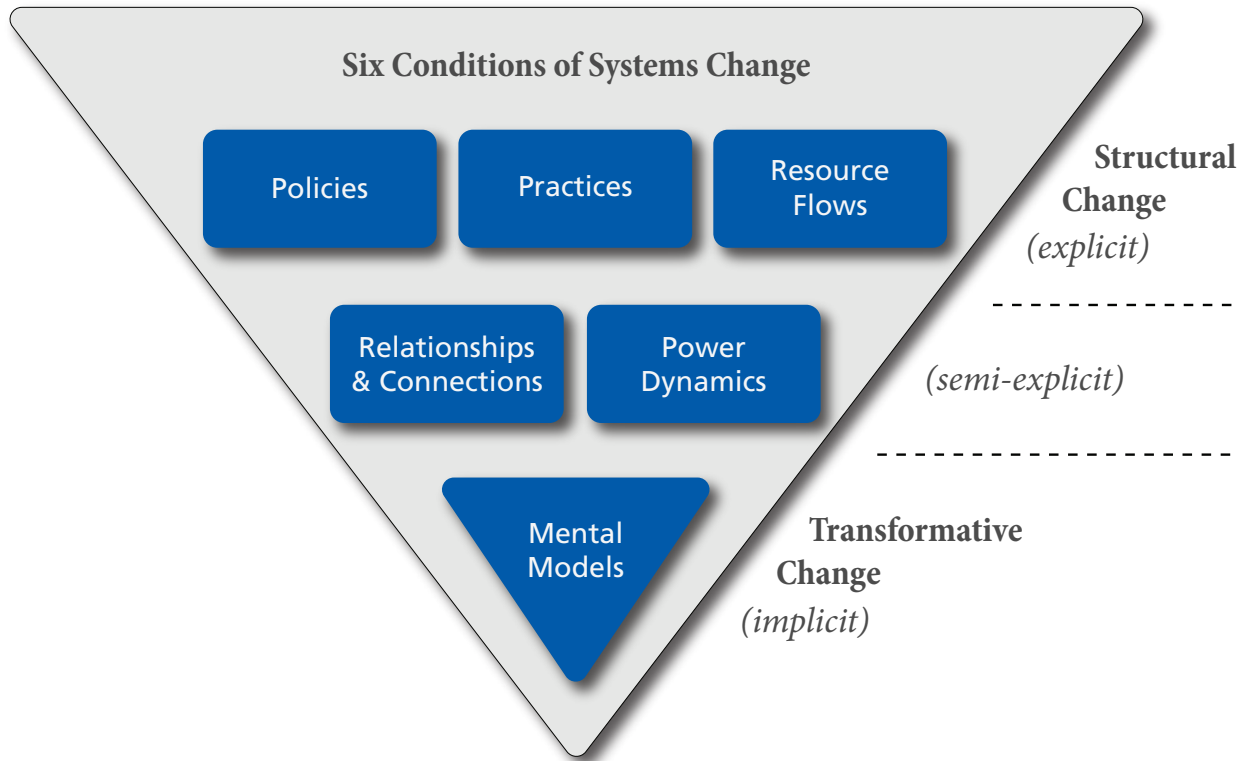
Six Conditions of Systems Change

Figure 1 shows six interdependent conditions that typically play significant roles in holding a social or environmental problem in place.[1] These conditions exist with varying degrees of visibility to players in the system, largely due to how explicit, or tangible, they are made to most people.

It is important to note that, while these conditions can be independently defined, measured, and targeted for change, they are also intertwined and interact with each other. The interaction can be mutually reinforcing (e.g., a change in community and legislator mental models may trigger a policy change). The interaction can also be counteracting (e.g., scaling effective practices

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1 The framework depicted here draws upon the extensive literature behind systems change and systems thinking. The six conditions we mention have been articulated in various ways by a variety of academics and practitioners (see, for example, *Building Ecosystems for Systems Change*, Social Innovation Generation; Foster-Fishman, P.G., & Watson, E.R. *The ABLe Change Framework: A Conceptual and Methodological Tool for Promoting Systems Change*). Specific terminology and definitions for these conditions will vary from this article. Inspired by the well-known systems thinking "iceberg" concept and Donella Meadows' body of work—for example, *Leverage Points: Places to Intervene in a System* (1999)—this framework also places systems change conditions at three different levels with respect to their visibility and their ability to transform a system. Our hope is that this depiction will support foundations and other social sector institutions in developing systems change strategies by illuminating key internal and external leverage points that support sustainable progress at scale.

FIGURE 1. SHIFTING THE CONDITIONS THAT HOLD THE PROBLEM IN PLACE

Six Conditions of Systems Change

Policies

Practices

Resource Flows

Relationships & Connections

Power Dynamics

Mental Models

Structural Change *(explicit)*

(semi-explicit)

Transformative Change *(implicit)*

SYSTEMS CHANGE CONDITIONS—DEFINITIONS

Policies: Government, institutional and organizational rules, regulations, and priorities that guide the entity's own and others' actions.
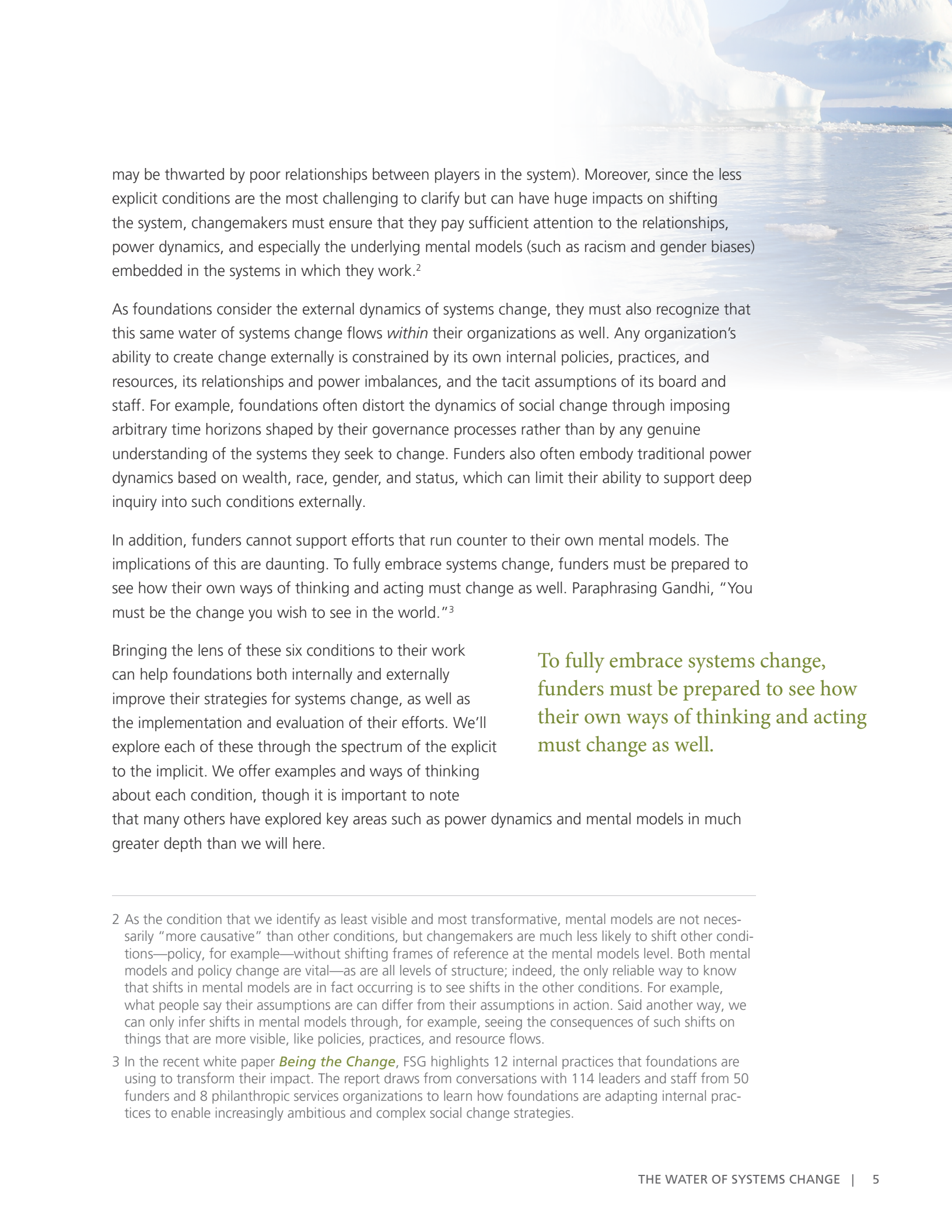
Practices: Espoused activities of institutions, coalitions, networks, and other entities targeted to improving social and environmental progress. Also, within the entity, the procedures, guidelines, or informal shared habits that comprise their work.

Resource Flows: How money, people, knowledge, information, and other assets such as infrastructure are allocated and distributed.

Relationships & Connections: Quality of connections and communication occurring among actors in the system, especially among those with differing histories and viewpoints.

Power Dynamics: The distribution of decision-making power, authority, and both formal and informal influence among individuals and organizations.

Mental Models: Habits of thought—deeply held beliefs and assumptions and taken-for-granted ways of operating that influence how we think, what we do, and how we talk.

may be thwarted by poor relationships between players in the system). Moreover, since the less explicit conditions are the most challenging to clarify but can have huge impacts on shifting the system, changemakers must ensure that they pay sufficient attention to the relationships, power dynamics, and especially the underlying mental models (such as racism and gender biases) embedded in the systems in which they work.[2]

As foundations consider the external dynamics of systems change, they must also recognize that this same water of systems change flows *within* their organizations as well. Any organization's ability to create change externally is constrained by its own internal policies, practices, and resources, its relationships and power imbalances, and the tacit assumptions of its board and staff. For example, foundations often distort the dynamics of social change through imposing arbitrary time horizons shaped by their governance processes rather than by any genuine understanding of the systems they seek to change. Funders also often embody traditional power dynamics based on wealth, race, gender, and status, which can limit their ability to support deep inquiry into such conditions externally.

In addition, funders cannot support efforts that run counter to their own mental models. The implications of this are daunting. To fully embrace systems change, funders must be prepared to see how their own ways of thinking and acting must change as well. Paraphrasing Gandhi, "You must be the change you wish to see in the world."[3]

Bringing the lens of these six conditions to their work can help foundations both internally and externally improve their strategies for systems change, as well as the implementation and evaluation of their efforts. We'll explore each of these through the spectrum of the explicit to the implicit. We offer examples and ways of thinking about each condition, though it is important to note that many others have explored key areas such as power dynamics and mental models in much greater depth than we will here.

> *To fully embrace systems change, funders must be prepared to see how their own ways of thinking and acting must change as well.*

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2 As the condition that we identify as least visible and most transformative, mental models are not necessarily "more causative" than other conditions, but changemakers are much less likely to shift other conditions—policy, for example—without shifting frames of reference at the mental models level. Both mental models and policy change are vital—as are all levels of structure; indeed, the only reliable way to know that shifts in mental models are in fact occurring is to see shifts in the other conditions. For example, what people say their assumptions are can differ from their assumptions in action. Said another way, we can only infer shifts in mental models through, for example, seeing the consequences of such shifts on things that are more visible, like policies, practices, and resource flows.

3 In the recent white paper *Being the Change*, FSG highlights 12 internal practices that foundations are using to transform their impact. The report draws from conversations with 114 leaders and staff from 50 funders and 8 philanthropic services organizations to learn how foundations are adapting internal practices to enable increasingly ambitious and complex social change strategies.

Influencing the Explicit to the Implicit

THE EXPLICIT

Foundations, nonprofits, and other social sector actors have long worked at the first level of our inverted triangle to inform government policy, promote more effective practices, and direct human and financial resources toward their chosen goals. Changing these structural conditions can have powerful effects. The results are readily observable and can often be assessed through traditional evaluation and measurement techniques. But without working at the other two levels, shifts in system conditions are unlikely to be sustained.

Consider, for example, the Affordable Care Act (ACA) enacted during President Obama's administration. The ACA is one of the largest shifts in policy and flow of resources this country has seen in decades. Millions of people who were previously excluded from health care have gained access to it. The ACA included numerous financial components intended to change practice by realigning incentives for greater accountability for health outcomes. In short, the ACA created huge impact at the first level of systems change.

At the second level of systems change, the ACA helped catalyze stronger relationships between community and health providers as more attention is being paid to the social and structural determinants of health. However, the ACA has not yet significantly changed the relationships among key players such as providers, insurers, pharmaceutical companies, and patients. Nor has the ACA been successful in shifting power from corporate lobbyists, political parties, and congressional legislators to consumer and patient advocates.

Most fundamentally of all, the ACA's supporters did not successfully instill a new public narrative about why America's uninsured deserve access to health care or the ways in which broader health care coverage strengthen the global competitiveness of the U.S. to benefit all citizens. A sufficient number of health care and public health advocates were galvanized by their sense of what the ACA had achieved to prevent the repeal of the ACA. However, without shifting the underlying mental models of a critical mass of lawmakers, corporate leaders, and the general public, the ACA's achievements and potential remain at risk.

> Shifts in system conditions are more likely to be sustained when working at all three levels of change.

A similar story can be told about the migrant crisis in Europe. When politicians increased the number of refugees that were allowed to enter their countries, they addressed practices, policies, and even provided financial resources for resettlement. Without promoting an accompanying narrative to win over the hearts and minds of their citizens, however, a fear of economic and security risks, along with a fear of the "other"

(e.g., other religions, other cultures, other races), undermined successful resettlement and created a major political backlash in countries such as Germany, Italy, and the UK that threatens to reverse the political leaders' first-level changes.

THE SEMI-EXPLICIT

The same interdependencies operate at the second level of our framework. Shifting power dynamics and building relationships across sectors and political divides may feel especially threatening to foundations, but it is essential work in systems change.[4] Transforming a system is really about transforming the relationships between people who make up the system. For example, far too often, organizations, groups, and individuals working on the exact same social problems work in isolation from each other. Simply bringing people into relationship can create huge impact.

Recent years have seen a growing interest among foundations in supporting comprehensive community change, collective impact, and other methodologies that build cross-sector coalitions, engage affected communities in shaping solutions, and bring an equity lens to the work. These efforts can begin to address both relationships and power dynamics. For example, the Road Map Project, a cradle-to-career collective impact initiative in south Seattle and south King County, worked to build relationships among school districts, funders, community colleges, early learning providers, youth development organizations, community activists, and others who were already deeply committed and working hard to make structural change in the system. The first phase of the work focused on building a common agenda and measurement system, reporting results, and developing a shared strategy. Dozens of organizations began to align and coordinate their efforts, and people from various sectors began to work together in ways they hadn't before. This was especially true in the south suburbs where poverty was skyrocketing due to the forces of gentrification at play in Seattle proper. This phase of work helped build momentum and contributed to many areas of solid progress such as a big increase

> Transforming a system is really about transforming the relationships between people who make up the system.

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4 Tools can help. For example, in their recently released *Systems Grantmaking Resource Guide*, Management Assistance Group and Grantmakers for Effective Organizations include a tool for mapping power. The tool's purpose is to identify opportunities and challenges for changing the power dynamics in a system (e.g., influencing those in power directly or creating the conditions needed for others to build power) in order to change the system. The authors describe how one grantmaker worked with Strategic Concepts in Organizing in Policy Education (SCOPE) to conduct a power analysis with grantees and stakeholders to understand the political landscape as it relates to a key determinant of education outcomes for elementary-school-age children: poor nutrition and diet. This mapping process led to a campaign to pressure the school board to change the vendor supplying school lunches, resulting in thousands of children receiving more nutritious lunches.

in high school graduation rates. However, community members voiced frustration that their perspectives were not being sufficiently incorporated throughout the process, and despite the progress, it was clear that racial disparities were not closing.

In response, project leaders embarked on a strategy revision. As part of the new direction, they decided to establish a new strategic leadership body for the project composed entirely of diverse leaders who come from the Road Map Project's communities. The original leadership group, composed of powerful systems leaders, stepped aside, acknowledging that this new Community Leadership Team could be a better mechanism for understanding the community needs and aspirations and could be a more potent force for change.

Or consider the importance of relationships within the system when the Conrad N. Hilton Foundation launched an effort to end chronic homelessness in Los Angeles. Permanent "supportive housing," which combines a home with the social services needed to address the multiple disadvantages of the chronic homeless, has emerged as a promising solution. However, the mayor and city administration controlled housing, while the county agencies and board of supervisors controlled social services. The two levels of government had never worked together and, in fact, often blamed each other for the growing homeless population. As the Hilton Foundation brokered and built relationships across this divide, they brought together city and county staff who had never even spoken before. Ultimately, a joint plan was developed. The city agreed to issue a $1.2 billion bond to pay for 10,000 new housing units, funded by a property tax surcharge, while the county agreed to a sales tax increase that would fund $355 million annually in social services to accompany the housing. Without changing the relationship between these major players in the system, the problem may never have been addressed in such a meaningful way. The impact of the changed relationships that grew out of the foundation's work dwarfed its direct grantmaking dollars.

THE IMPLICIT

When it comes to seeing and talking about the water of systems change, the third level—mental models—poses the greatest challenge and, for many foundations, is the newest dimension of their work. Most systems theorists agree that mental models are foundational drivers of activity in any system. Unless funders and grantees can learn to work at this third level, changes in the other two levels will, at best, be temporary or incomplete.

Following in the footsteps of many national advocacy organizations that have been actively engaged in "changing the narrative" for some time, a handful of leading foundations have begun working on changing the narrative for the issues they address. The "narrative," of course, is merely one visible embodiment of and influence on the underlying mental model. Our mental

models shape the meaning we assign to external data and events and guide our participation in public discourse. At the same time, external information and public discourse can bring to the fore one or more of the many different mental models each of us holds. In this sense, mental models and prevailing social narratives are interdependent.

"Mental models and social narrative work in a bi-directional way," says FrameWorks Institute CEO Nat Kendall-Taylor. He continues, "Narratives are shaped by mental models, but narratives also, over time, shape the mental models we have." For example, we have lately seen a powerful shift in the mental models associated with sexual harassment in the workplace. While most people likely had thoughts on what behavior was inappropriate or illegal, prevailing mental models played into sexual stereotypes that condoned shameless behavior, undermined the credibility of victims, and limited the mainstream media's reporting on the topic.

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These often unspoken social norms were highly visible to and understood by people most directly experiencing harassment, abuse, and assault, and often less "seen" and questioned by people not directly suffering from the current systemic conditions. We have seen these entrenched mental models begin to shift as women, particularly those in positions of relative privilege and influence, have increasingly used social media to share information and personal stories against a heightened political backdrop.

A new narrative of zero tolerance is emerging in public debate and, for many people, is shifting their own internal mental models. Although there has been no change in the laws and legal remedies available to prosecute abusers, this change in narrative has suddenly had profound consequences in shifting the line between what is and is not tolerated. It has also shed light on the implicit power dynamics that have often determined the way women are depicted by the media and entertainment industries as well as the barriers they encounter in all facets of society.

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>
> — *Nat Kendall-Taylor, CEO, Frameworks Institute*

But how do you shift a narrative with a long history of legitimacy? As we will explore below, this is the domain of movements. Movements like Mothers Against Drunk Driving (MADD) in the U.S. have had a deep and lasting impact by making a recognized but somewhat tolerated problem unacceptable, such as by helping people emotionally connect to the perspective of a mother who lost a child to a drunk driver.

Whether a narrative actually shifts can depend on how an issue is framed and by whom. Consider the varying mental models that LGBTQ activists in the U.S. confronted in efforts to legalize gay marriage. When activists framed their argument based on the idea that same-sex couples should have the same rights as traditional married couples, they failed to connect with existing mental constructs in the wider population. After extensive research, some activists decided that the issue could be reframed to fit a widely accepted mental model that two people in love should be able to marry. Once the issue was reframed from one of "rights" to one of "love," the advocates were able to mobilize enough popular support to achieve their objective.

Recognizing the fundamental importance of mental models to systems change can leave one either discouraged by their seeming intransigence or hopeful about the power of narrative to create change. For example, the Occupy and Black Lives Matter (BLM) movements put forth powerful alternative narratives to mainstream thinking. Both Occupy and BLM are in the early stage as movements, yet both have influenced mental models across the country. Occupy, though limited in accomplishing specific aims, established in the zeitgeist the frame of the wealthiest "1%," which has remained a rallying point on the Democratic left and even on the populist right. This framing has the potential to emerge again with continuously widening income inequality. BLM changed the narrative on institutional racism and policing, an issue that has existed for generations and was often not believed by white leaders. The narrative shift, along with widespread engagement from thousands of affected people, has resulted in reforms in many police departments, such as body cameras and training in mental health crisis response, as well as new civil rights investigations.

> Challenges to racial equity show up throughout all three levels of systems change.

In considering the three levels of systems change—explicit, semi-explicit, and implicit—it is important to note that challenges to racial equity show up throughout. There are inequities at every level of systems change that must be recognized and addressed—narratives that have racial under- and overtones; power dynamics that reinforce existing and, often, white power structures; relationships and alignments of systems that often neglect the leaders, organizations, and groups closest to the challenges; resource flows that benefit those with social capital and content expertise more than those with direct experience and context expertise; practices that support vulnerable communities but nonetheless still disadvantage people of color; regulations

that maintain systemic racism or are too complex for smaller, more community-based groups to navigate; and public policy that drives disparate outcomes.

Moreover, as mentioned earlier, each of the six conditions interact and are intertwined, perpetuating a system that can reinforce inequity and any "-ism" such as racism, sexism, or ableism. For instance, the mental models that individuals hold can create implicit biases through which they interpret and make sense of other people, ideas, and events. Historically, those who are in power have shaped the mental models of their constituents. Therefore, changing mental models often means challenging power structures that have defined, influenced, and shaped those mental models historically and in the present. Because the powers that be are often advantaged in defining the public narrative (i.e., history is written by the winners), this reinforces their power and the status quo.

The construction of Civil War monuments, which has received significant visibility recently as many city and state governments remove these statues, provides a case in point. Most of these monuments were not built immediately after the war's end in 1865. The vast majority were actually built between the 1890s and 1950s, which coincided with the era of Jim Crow segregation.

> Changing mental models often means challenging power structures that have defined, influenced, and shaped those models historically and in the present.

Typically, the story conveyed by those in power who erected the Confederate statues was that the statues symbolized virtue, sacrifice, and the nobility of leaders. This became the predominant mental model for many Americans and carried through to the present day. A competing narrative is that these statues were in fact constructed to glorify the Confederate cause of the Civil War and to maintain racism. The Equal Justice Initiative, Southern Poverty Law Center, and many other civil rights organizations and activists have effectively demonstrated this narrative.

As with most issues of race, the issue of Confederate statues remains unsettled across America. However, it is notable that the mental models of a number of people in power—specifically white people—have been changed. A case in point is Mayor Mitch Landrieu of New Orleans, who dismantled Confederate statues in New Orleans and who recently wrote the book *In the Shadows of Statues: A White Southerner Confronts History*. Mayor Landrieu's mental model has shifted during his time as mayor. He is now working alongside activists to, in his words, "gently peel from your hands the grip on a false narrative of our history," by using his position of power to shift the mental models of others.

Systems Change in Action: The California Endowment

As more foundations recognize that systems change, rather than individual programs or predetermined logic models, is their best hope for realizing their ambitious goals, they must reconstruct their strategies to attend to all three levels of systems change—explicit, semi-explicit, and implicit. And they must confront the very same conditions for systems change within the foundation that they are focused on changing externally. More important still, they must learn to see how the two are connected. To quote Bill O'Brien, a mentor for one of the authors, "The success of the intervention is based on the interior condition of the intervenor."

Consider, for example, the way a systems change approach influenced both the internal and external actions of The California Endowment's (The Endowment) billion-dollar, 10-year initiative "Building Healthy Communities" (BHC). This effort has focused on improving the health of young people in 14 of California's communities most devastated by health inequities. As this initiative has been underway for a number of years and has completed several rigorous evaluations related to the effort, it can serve as a useful example of multi-level systems change.

The Endowment first initiated BHC in 2010 as a more conventional philanthropic effort by setting forth "Four big results, 10 key outcomes, and a logic model." After receiving critical feedback from community residents, The Endowment revised the initiative's goals to "building people power, implementing proven health protective policy, and changing the narrative about what produces health."[5] This more community-centric orientation also created better alignment with many years of existing community-building efforts.

> Foundations must confront the very same conditions within the foundation that they are focused on changing externally.

This shift from imposing a predetermined strategy to focusing on building power and voice within the community was the first profound internal change that The Endowment had to make. Program staff and board members had to accept that a different mental model of social change would produce better outcomes. The new goals also did not divide neatly into program areas, necessitating the development of new cross-departmental program teams.

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5 Although only three of the six conditions are explicitly mentioned in its goals, The California Endowment has in fact worked on all six systems change conditions at the three levels.

At the first level of systems change, BHC has set up a unique structure in which efforts to pursue policy change in BHC's local communities align with and reinforce statewide efforts, enabling a more unified and powerful "grassroots-to-treetops" approach. Ultimately, changing policies at the first level depended on changing relationships and power dynamics at the second level.

The Endowment brought together diverse stakeholder groups, including lawyers, activists, politicians, and youth that had never worked together to score more than 100 policy victories in the first five years on diverse issues such as land-use planning and healthy eating. At a state level, BHC has advanced healthier school climate policies, educated and enrolled uninsured residents in the ACA and Medicaid expansion plans, successfully advocated for undocumented residents to have access to health care, and pushed for important criminal justice reforms.

Rather than hire experts to draft policy papers as The Endowment might normally have done, the BHC engaged youth as key changemakers, inviting them to sit on the BHC steering committee and to advise The Endowment's president.

The Endowment has provided essential training to equip youth with leadership and public speaking skills, platforms for engagement, and stipends for youth to become actively involved. Thousands of youth showed up for school board hearings, something that had never happened before. As a Sacramento staffer said, "You can see the testimony of these young men impacting some of the decisions. It's actually changing minds." This new level of engagement also changed the way young men of color were perceived more broadly by community leaders and elected officials.

In terms of resource flows, BHC launched an innovative impact investing fund that attracted $200 million in private sector capital to provide better access to fresh food for inner city residents. This too required a significant shift in foundation board and staff mental models and organizational structures to accept the use of investment capital as a new tool for social change.

At the second level of systems change, The Endowment's work with diverse stakeholders, youth, legislators, and the private sector clearly changed relationships and power dynamics throughout their communities, putting racial equity more squarely at the forefront of all community policies, practices, and procedures.

"Plugging the voice of the community into the right kind of political power grid will do more to create health and wellness than any other single intervention."

— *Building Healthy Communities Initiative (BHC)*

According to The Endowment, "Plugging the voice of the community into the right kind of political power grid will do more to create health and wellness than any other single intervention." And when community members observed that program officers still held an uneven balance of power through their funding decisions, The Endowment responded by creating the Fund for an Inclusive California that handed grantmaking power to the community itself.[6]

The third level of systems change—mental models—has also been a key focus in the BHC effort. The Endowment has worked intensely to change the narrative on expanded health coverage, improving students' attitudes in school, and influencing communities to value crime prevention over incarceration. Reducing excessive school suspensions, for example, depended on establishing a new narrative among school principals. The Endowment highlighted research that showed the suspensions disproportionately affected young men of color, did not improve their behavior, correlated strongly with incarceration in later years, and ultimately cost the public an average of $750,000 per student in lost lifetime taxes plus health and criminal justice system costs.

The Endowment also led a targeted media campaign to shift from a narrative of exclusion to inclusion with hashtags such as #FixSchoolDiscipline and #SchoolsNotPrisoners. At the center of each campaign were the actual voices and stories of those most affected by the issue at hand. This new narrative expanded the awareness of school administrators from focusing on short-term punishment to recognizing the longer-term consequences of excluding youth from school.

As The Endowment focused on the less visible, less explicit systems change conditions— relationships and connections, power dynamics, and mental models—staff and board needed to shift their mental models about evaluation.

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6 Power dynamics can seem like a third rail for foundations, yet it's critical for foundations to clarify their orientation to power because how a foundation approaches power affects its role as a change agent. Take, for example, the power dynamics between foundations and grantees. Based on research that included 54 foundations in 22 countries, Avila Kilmurray and Barry Knight posited that foundations fell into two types of groups: those that could be categorized as "power over" types and those that could be categorized as "power with." "Power over" types stressed the importance with grantees of a proven track record, high organizational capacity, a clear theory of change, and the ability to produce outcomes. The "power with" types stressed the importance of a participative approach, connection to the grassroots and innovative approaches, and were put off by a theory of change. How these two types approached the notion of partnering with grantees was also notable. "Power over" foundations set their agenda and searched for grantees that could fulfill their intent. "Power with" foundations were comfortable following the lead of their grantees and allowing the agenda to evolve based on grantee experience. See Guinee, L. & Knight, B. (2013). "What's power got to do with it?" *Alliance Magazine*.

Systems change occurs within a mosaic of constantly fluctuating activity that makes it impossible to determine "cause and effect" in the traditional linear evaluation framework. Funders that seek to track progress with systems change must gather data through multiple windows and from multiple players, keeping the focus on learning to inform what to do next.

Addressing the less explicit systems change conditions often requires a shift in a foundation's mental model about evaluation.

Recognizing the need for a more nuanced approach to evaluation, The Endowment has used numerous methods that together provide the opportunity for pattern detection. These include work commissioned by local learning and evaluation teams, meetings to share best practices, multiple independent in-depth reviews and case studies, "North Star" indicators, and longitudinal analyses of the healthy development of participating youth. Together, this set of activities has begun to reveal insights into if and how systemic conditions in BHC's communities and across California are shifting in the direction of desired outcomes.

As the BHC example illustrates, it is critical for funders aspiring to systems-level change to reveal the ongoing mental models at play within their organization. Says Kendall-Taylor, "Foundation staff and boards often hold the same mental models as the public and wider culture. The same ways of thinking about race and equity, or even public services and individual deservingness, that keep progressive policy from capturing public support are at play within foundations themselves—shaping how grantmaking is done and the types of programs that are pursued." Perhaps the most empowering action that foundations can take to change systems will come from changing the mental models of board members and staff as they delve more deeply into how systems change happens.

For funders aspiring to change systems, it is critical to reveal the ongoing mental models at play within their organization.

Building Capacity To See the Water

Attempting to foster systems change without building the capacity to "see" systems leads to a lot of talk and very little results. One does not learn to play the violin in a three-day intensive course. Real learning—developing a capability to do something we could not do before— demands deep commitment, mentoring, and never-ending practice. The same is true for capacity

building among collective actors such as performing arts ensembles or high-performing sports teams. This is no different when it comes to fostering systems change.

"I see a lot of people today advocating for systems change but going about it without systems thinking," says Jonathan Raymond, president of the Stuart Foundation, located in San Francisco and focused on promoting the "whole child" in education. "When I got to the Stuart Foundation in the summer of 2014, it dawned on me that as a group of individuals we didn't have the knowledge, skills, or tools to really pull it off. And our thinking about the work wasn't explicit enough." With external support, over the next six months Raymond worked to build his and his staff's capacity to think systemically.

Eventually, the Stuart Foundation identified that one of its key approaches to operating more effectively would be building better relationships, specifically relationships with their partners. Raymond and his team realized that this had direct implications for the culture of the foundation itself. "When we surveyed grantees, we got dinged about how we didn't really know our partners well. And so that helped us to focus on the importance of building deep, trusted relationships."

> Attempting to foster systems change without building the capacity to "see" systems leads to a lot of talk and very little results.

Over the past three years, Raymond and his staff have worked hard to "become better listeners" through a combination of regular staff retreats and ongoing coaching—learning how "the problems you see out there are connected to the problems in here." Says Raymond, "There's no systems change without organizational change and no organizational change without individual change."

Gradually, the attention to relationships and mental models has extended into the Stuart Foundation's grantmaking. In 2016, the foundation became the lead funder for a new Systems Leadership Institute. The institute focused on developing leaders from diverse roles (such as superintendents, NGO management teams, and state officials) into *systems leaders*—people who foster collaboration for systems change.[7] Raymond says, "The whole idea was that we would test this approach out on ourselves, and if it started to stick, we would expose our grantees and partners. We've had four semi-annual sessions now, and about 90 percent of our partners and grantees attended at least one of those sessions. Some of them have come back two or three times with different team members."

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7 "The Dawn of System Leadership," *Stanford Social Innovation Review*, 2015.
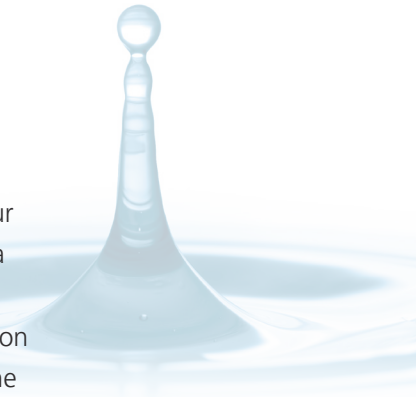
"There's a lot of thought about mental models, to really understand and to think about our broader work throughout the education system in California." This has led to supporting a major systems change initiative within the Department of Education's "Expanded Learning Division," as well as a major labor management initiative. In the latter, the Stuart Foundation is partnered with the California Teachers Association, the School Board Association, and the Administrators Group in efforts that have involved over 100 school districts "to reframe the dynamic" in the relationships that exist at the local level between the teachers' union and the district management team. "There are issues regarding collective bargaining," Raymond says, "that tend to get stuck, and so much of that is mental model work, being able to get everyone in the room and, around the table, start to uncover how we're thinking and how that thinking has been informed by our own experiences, and how we are best able to set aside judgment so that we can learn with and from each other. I think that has been really transformative."[8]

Playing a bigger role in deep changes like this doesn't just happen as a good idea. One needs to be in the mix with stakeholders, exploring shifting relationships, power dynamics, and mental models in one's own ways of operating. The more one is in the mix, the more deeply one will be changed by the work. Raymond adds, "Be patient with it. It's a long haul, this journey, and a lot of it is on the inside. As leaders, we have to be learners ourselves—we have to rethink, reinvent, and recommit ourselves. Are we willing to be vulnerable, and are we willing to go there? If not, I don't think we're going to achieve what is possible."

The Water of Systems Change

In a world of polarized interests and accelerating disparities, the challenges of achieving equitable progress at scale against complex social and environmental problems have become all the more daunting. For some, the response has been to accelerate efforts to change explicitly visible conditions, and to do so quickly. But we argue that now is the time to focus even more on the implicit or less publicly acknowledged key systems change conditions to truly increase the lasting impact of your efforts.

8 An inspiration for this project has been the research by Saul Rubinstein that shows that "Where you have collaborative relationships amongst the adults in school districts, students perform at higher levels"—just as Tony Bryk had showed a decade earlier how, in over 100 public schools, "relational trust" improved test scores. See Rubinstein, S., & McCarthy J. (2010). *Collaborating on School Reform: Creating Union-Management Partnerships to Improve Public Schools*. School of Management and Labor Relations, Rutgers University; Bryk, A., & Schneider, B. (2002). *Trust in Schools. American Sociological Association: Rose Series.*

As the notion of systems change continues to ignite philanthropy's imagination, it is important to keep in mind that systems change, as a way of making real and equitable progress on critical social and environmental problems, requires exceptional attention to the detailed and often mundane work of noticing and acting on much that is implicit and invisible to many but is very much in the water. Making big bets to tackle a social problem without first immersing yourself in understanding what is holding the problem in place is a recipe for failure. On the other hand, bringing attention to shifting the power dynamics at play, identifying where people are connected or disconnected from others who must be part of the solution, exposing the mental models that inhibit success in policy change, and investigating the ways in which the foundation's internal conditions help or hinder external aspirations—this is the nature of successfully changing systems. This is systems change.

> *Real and equitable progress requires exceptional attention to the detailed and often mundane work of noticing what is invisible to many.*

About the Authors

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About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world's toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, the Shared Value Initiative, and the Impact Hiring Initiative to provide the tools and relationships that change agents need to be successful.

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