junxion

United Way
British Columbia

Working with communities in
BC's North, Interior, Lower Mainland,
Central & Northern Vancouver Island

Cultivating Transformation

How Charities Can Deliver Exceptional Impact

"

Never doubt that a small group of thoughtful committed individuals can change the world. In fact, it's the only thing that ever has.

— MARGARET MEAD, AMERICAN CULTURAL ANTHROPOLOGIST
   AND AUTHOR, 1901 - 1978

Dear Friends,

Like many of you, we have dedicated our careers to supporting the communities where we live, work, and play. Similarly, our organizations are focused on generating positive impacts, reflecting on our progress so that we can improve continuously, and sharing what we learn.

We've been proud to support local and regional actors that are making meaningful impacts in their communities, and large, global, household names that have the reach and capacity truly to change the world for the better.

We've also seen an awful lot of change.

Fundraising and philanthropy have been utterly transformed by the digital revolution. Demands on leadership and management have evolved as organizations have become as complex as their business sector counterparts. And more recently the dramatic and important increase of attention on matters of racial discrimination, social justice, and Indigenous Reconciliation in Canada and around the world have reshaped organizations' sense of their roles and responsibilities.

Against this backdrop, we worked together on some visionary strategy and planning work at United Way British Columbia. United Way's board and leadership recognized that the demand for local support services has never been strongergreater. As they completed the amalgamation of over a dozen United Ways into a consolidated British Columbia-wide organization, they also recognized that in order to thrive, a large, modern charity requires distinct models of governance and leadership, brand and culture, agility and learning, alongside capabilities in systems thinking and change-making.

We set out to develop a new, modern charity framework, and this document, Cultivating Transformation, is the result.

This is a discussion paper. We invite and encourage your feedback: What resonates? What's missing? What tools, models, or frameworks are complementary? What are the biggest barriers to change and evolution? And most importantly, how might we do more to support your work?

Thanks for all you do for our communities. May this paper inspire, inform, and improve your great work.

In gratitude,

Mike Rowlands
Partner & CEO
Junxion Strategy

Michael McKnight
CEO
United Way British Columbia

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This Discussion Paper was co-written by Michael McKnight, President & CEO, United Way British Columbia, and Mike Rowlands, CEO, Junxion Strategy. It is dedicated to the thousands of volunteers and donors who give their time and resources in support of the charity sector and its work in our communities. The value they create is incalculable.

Introduction

Charities are being pulled by market and community forces toward new ways of operating. Individual donors are fewer in number, and those who are continuing to give tend to seek more insight into the efficacy of their gifts. Charities are also facing increased competition from the private sector, which is itself feeling more pressure to embrace social purpose and take responsibility for social and community impacts.

Beyond the direct effect of diminished revenue streams that once supported all aspects of charities' work, this also implies an increasing burden for data gathering and privacy, impact measurement and evaluation, and stakeholder engagement and reporting.

The intersecting complexities of major societal challenges such as climate change, biodiversity loss, income inequality, and the persistent marginalization of people across our communities is also leading many charities to take more ambitious stances on the issues they exist to resolve. While many focus on the surface-level implications or symptoms, they're also being asked—and many are stepping up—to respond to the underlying conditions or root causes holding those problems in place. This all puts pressure on the capacity of organizations to embrace agility, design and implement innovation, and drive long-term change.

In addition, the rapid advance of technology is both an enabler of action and a significant cost center for many organizations. Yet as the world increasingly conducts affairs online, charities are feeling more and more pressure to offer digitally enabled services, information access, data security and analysis, and more. This, too, is a new and rapidly growing challenge for most charities.

In short, the operating landscape for charities has changed dramatically in less than the last generation.

To respond to these new realities, charities must change and modernize, narrowing the focus of their purpose, collaborating with others to enhance their capacity, relinquishing outdated projects and programs while developing and launching new ones, and establishing new revenue streams.

This paper presents a Transformational Charity Framework—an outline of the contemporary imperatives and capabilities charities will need to develop to thrive for the next decade (and beyond). This is not an attempt to define a 'one size fits all' model; rather, it is an effort to provide a general frame of reference to support charities' supporters, staff, and leaders as they strive to respond to communities' needs, prevent the perpetuation of social challenges, respect funders' and donors' wishes, develop sufficient scale, and pursue their purpose.

An Invitation to Discussion

This is a discussion document. The authors welcome your feedback and suggestions for refinement. What aspects of the Transformational Charity may be missing from our analysis? Would you sequence or prioritize the capabilities we've outlined in a different way? Are there aspects of charities' work that we have not adequately considered?

Feedback will be catalogued and consolidated, and a subsequent version of this paper may be published, potentially including a more comprehensive guide to embracing the traits of a Transformational Charity. Please share your feedback to moderncharity@junxion.com.

Finally, we note that this is a complicated framework; significant resources and capacity will be required for any charity to implement it. Smaller organizations will need to prioritize their adoption of those parts of the Framework most relevant to their purpose, vision, and mission.

Purpose, Vision, and Mission

Governors, leaders, and indeed all management and staff should be aligned toward the organization's mission. In turn, the mission should align to the organizational vision and its overall purpose. These three 'core strategic statements' can be thought of as a set of statements that are effectively the highest policy of the organization.

Purpose answers the question, 'Why does the organization exist?' It should guide all the organization's strategy and activities, guiding the organization to improve people's lives, while operating within its proportionate share of the planet's natural carrying capacity. It is rarely revised.

Vision answers the question, 'How will the world be made better by your work?' [1] It should articulate a potential future state that may be highly aspirational, but conveyed in a statement that should also be actionable, brief, and concise. This narrows the focus of the organization to making a particular contribution to the purpose—given the purpose may be shared by other like-minded organizations. It is only revised when meaningful changes in the organization's context prompt setting of a new vision.

Mission answers the question, 'What work is your organization uniquely positioned to do, in pursuit of the vision?' This narrows the focus of the organization yet further, supporting strategic prioritization, aligning operations, and helping to ensure all hands understand the value their role contributes to the whole. This may be revised during strategic planning, to ensure the organization continues to optimize its contributions to communities.

Theory of Change

When charities are focused on systems-level change and/or when their vision is highly ambitious, governors and leaders develop a Theory of Change to map the organization's daily work, annual planning, and strategic priorities to short-, medium-, and long-term outcomes. The 'impact statement' that's typically positioned atop graphic illustrations of theories of change describes the ideal end result of charities' and like-minded allies' work; this is precisely the definition of 'vision' we articulate above—so the Theory of Change ties daily activities and the organizational mission to the vision, and thereby to the purpose of the organization.

The Transformational Charity equips governors, leaders, and staff with a Theory of Change, reviewing it on a regular cycle as a fundamental contributor to and aspect of its strategy. [2]

Case Study: Canadian Museum for Human Rights

Established with a profound mandate to contribute to the global conversation on human rights, CMHR established a Theory of Change to approach its purpose.

Every social purpose organization is likely to have ambitions beyond its capacity. To make the best use of finite resources, the Museum articulated a Theory of Change that helped them narrow the scope of its strategy and plans.

In partnership with peers and allies around the world, the Museum is focused on hosting transformational experiences, sharing stories that inspire action, and modelling and promoting human rights practices.

Many organizations articulate a mission they know will be necessary, but that they also know will be insufficient to achieve their vision. This enables them to identify partners and allies who share their vision, while bringing complementary expertise, value, reach, or scale [3].

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1 'World' may be defined as the organization's local market, most important stakeholder group, or Earth as a whole.

2 A Theory of Change should be created for the organization as a whole, but is also a valuable tool to develop for each program or long-term initiative.
3 "Scale" is understood to include organizational growth, reach to new and / or diverse audiences, and / or provision of additional services. This is further explored in the J.W. McConnell Foundation paper, Scaling Out, Scaling Up, Scaling Deep: Advancing Systemic Social Innovation and the Learning Processes to Support It.

Governance & Management

Many assume that a board's primary function is to hire, evaluate, and occasionally replace the CEO or Executive Director, but this is neither a complete framing of their relationship, nor a useful one for organizational health and effectiveness.

Charities' boards of directors typically have responsibility for four things:

1. **Strategy**: They must maintain a strategic stance, looking out three or more years and approving strategic plans

2. **Legal**: They must uphold their fiduciary duties and responsibilities

3. **Policy**: They must develop, uphold, and interpret organizational policies

4. **Advice**: They must offer valuable support and advice to leadership

Often, charities invite directors to donate to the organization at a level that's meaningful to them as donors.

Management works in partnership with the board of directors, taking responsibility for a different list of roles:

1. **Self-awareness**: They must be aware of their own assumptions, values, and strengths

2. **Strategy Preparation & Interpretation**: They prepare strategic plans and interpret them through day-to-day activities of the organization, maintaining a clear focus on impact, out beyond the current year

3. **Balance**: They must take responsibility for their performance and well-being

4. **Growth**: They seek opportunities for learning and development

5. **Lead by Example**: They model organizational values

Governors and managers are united in support of the organization's purpose, vision, mission, and values.

Case Study: Covenant House Vancouver

Board and management are aligned in pursuit of their work to uplift youth, while also being focused on their distinct, mutually supportive roles.

As staff of a trauma-informed agency, Covenant House's team members maintain an unwavering focus on providing unconditional love and absolute respect to vulnerable youth in their community. They model organizational values while also staying aware of their own assumptions and strengths.

Meanwhile, the board of directors maintains its strategic stance, providing advice and support to management, but not over-stepping to get involved in programming that requires significant training and diligent care.

Values-Based Leadership

In order to cultivate the five Key Capabilities (see page 6), governors, managers, and staff must be aligned to a clear and non-negotiable set of core values. While most organizations make the effort to articulate their values, fewer develop meaningful guiding principles for decision-making, and fewer still articulate the norms and expectations of behaviour or conduct within the organization. Finally, rare is the organization in which values are used actively to guide day-to-day decision-making.

These leading practices are imperative for enduring organizations. The best among them also make the effort to measure and evaluate organizational alignment to values, adjusting organizational policies, systems, processes, and learning to streamline adherence to values.

Values-Based Brand: 'Brand' is defined here not in the limited sense of logos and graphic standards, but more holistically as 'the public face of strategy.' Understood in this way, brand is a powerful toolset for stakeholder engagement, an imperative and invaluable activity for any social purpose organization. Brand communications convey to stakeholders what they can expect from the organization, and thereby help to guide its reputation, community engagement, and more.

Values-Based Culture: There's an old cliché in business: 'Culture eats strategy for breakfast.' Every organization has an organizational culture; those organizations that manage their culture proactively to align with their values and support their mission build reputations for authenticity, more effectively engaging and retaining staff, management, donors and supporters, and other stakeholders.

Case Study: Hollyhock

Forced to close during the COVID-19 pandemic, this social change-focused retreat centre navigated the crisis by remaining 'wise,' 'open,' and 'inspired.'

For many retreat centres around the world, the global coronavirus pandemic presented an existential crisis. Many will not reopen. As Hollyhock's board and leadership responded to the closure of their facility in early 2020, they had fierce debates about how best to proceed.

The 'agile strategy' approach they took was guided by engaged leaders who remained focused on making day-to-day decisions through the lens of the organization's well articulated values.

Learning Organization

While Strategic Agility is recognized as a key capability of the Transformational Charity (and is further defined below), it must be informed by reflective learning practices of governance and leadership. The Learning Organization embraces a rhythm of 'conversation' between governance and leadership that refines strategy throughout the duration of a strategic plan. It consists of three interlaced activities:

Regular Cycle of Strategy Review: Strategy should be reviewed regularly to ensure it is driving toward intended outputs and outcomes. Typically, this review will take place on a quarterly basis; however, this rhythm will depend on what makes sense for each organization. To be clear, this is not about redefining strategy every quarter, nor is it about reflexively taking advantage of the latest trends or fads. This is about reviewing and reassessing organizational priorities in response to real changes in the organization or its operating context.

Case Study: Immigrant Services Society of BC

With dozens of programs delivered through over a dozen locations across British Columbia by hundreds of staff, the Society can always identify opportunities to improve.

As unprecedented crises emerged in Afghanistan and Ukraine in 2021 and 2022, ISS*of*BC took a leading role in supporting those displaced by violence and war, learning along the way about the particular challenges refugees face.

They also reflect on their organizational culture, measuring how their various teams uphold shared values, and intervening with internal projects and programs to enhance engagement.

Ongoing Reflective Learning: That cycle of strategic review must be tied to ongoing reflection, dialogue, and learning across the organization—including with community stakeholders. This learning should involve ongoing quantitative and qualitative study and reporting, which of course will vary with the size and capacity any individual organization. Whatever the case, the aim is to cultivate ongoing improvement.[4]

Accountability to Results: Strategy review and reflective learning can be valuable in and of themselves; however, it's also possible that a well-defined strategy does not achieve anticipated results. The attitude and practice of strategy leadership must focus on the results—not merely the successful implementation of strategy. This discipline drives innovation, efficiency, and effectiveness. As with many things, when the Transformational Charity's leadership 'keeps the end in mind,' it upholds accountability and increases its chances to cultivate its desired short-, medium-, and long-range outcomes.

The Learning Organization ensures strategic discipline—the ongoing management of the organization to align with and support fulfillment of the organization's strategic results. Changes in context and learning from experience are considered in the regular cycle of strategy review to ensure unwavering attention to results.

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4   Measurement, learning, and evaluation comprise a complex suite of activities that can help all organizations learn and improve. Check out this post for some of the reasons you should be taking measurement seriously: https://junxion.com/insights/why-should-you-measure-your-social-impact/

Fundamental Throughlines

Advances in technology and in our shared awareness of persistent social inequities have introduced two imperatives for all organizations. These are recognized to be Fundamental Throughlines for the Transformational Charity.

Centre Stakeholders' Experiences:

As a global community, we are currently facing multiple, pervasive, intersecting crises, including widespread socio-economic inequity. Embedded societal patterns threaten the livelihoods and wellbeing of many people, particularly marginalizing Black, Indigenous, and other people of colour; members of 2SLGBTQIA+ communities; those who live with cognitive and physical diversity; and other 'minorities.'

The Transformational Charity centres stakeholders, interpreting and applying JEDI, Reconciliation, and decolonization efforts appropriately for its particular community, across all aspects of its strategy, programming, operations, culture, and brand.

Embrace Digital Technologies:

Every organization uses technology in some way—from email and instant messaging, to central file storage and secure, remote reporting and security. As artificial intelligence begins to permeate even the most familiar software and systems, organizations simply cannot afford to ignore the efficiency and capacity these systems present.

The Transformational Charity embraces digital, developing a mindset that drives them to choose digital solutions first, when cost-effective and mission supportive, using technology to evolve its operating model, support and deliver services in community, and amplify revenue development efforts.

Key Capabilities of the Transformational Charity

Five essential capabilities guide the Transformational Charity. These begin with those most internal to the organization (and therefore most within its influence or control), and reach to those beyond the organization (and therefore more associated with medium- to long-term impact and broader scale social change).

Empowering Leadership

In the agile organization, leadership is a function of position, but also of the authority that comes with training, and lived and learned experience. The Transformational Charity must…

- Engender innovation leadership
- Organize around asset-, skill-, and strengths-based teams
- Keep staff informed of leadership decisions, including them in deliberations as often as possible

- Delegate leeway for those closest to constituents to respond to community needs

Supportive Operations

Sustainably effective organizations align their operations to support their strategic agility, culture, and community engagement. The Transformational Charity must…

- Design roles, systems, and processes to support strategy implementation, in pursuit of the mission
- Prioritize and enhance the employee experience
- Maintain robust and consistent financial systems and controls

- Diversify revenue streams to enhance organizational resilience
- Implement leading practices in data sourcing, security, and safety
- Use business intelligence to inform planning and decisions

Strategic Agility

Given the complexity and dynamism of the challenges most charities exist to solve (or at least mitigate), the Transformational Charity must…

- Monitor its operating context, including needs of constituents, capacity of donors, and regulatory changes, and act on what it learns
- Build capacity, systems and processes to support agility and respond proactively to change

- Align organizational culture and practices to make space for innovation, including research & development, testing, failing, and iterating
- Pursue opportunities to enhance capacity through partnerships, mergers, and acquisitions

Community Accountability

Engagement with and accountability to the communities charities serve and support are essential building blocks of charities' legitimacy in the eyes of their stakeholders. The Transformational Charity must…

- Address power dynamics of access to resources and authority
- Center people, by considering funders' and beneficiaries' expectations and experiences in all decisions across all departments
- Build partnerships and networks to fulfill the mission, cultivating a transparent exchange of insights and ideas with like-minded organizations

- Showcase its work (including reporting on success and shortfalls) transparently to stakeholders
- Meet or exceed community norms and expectations for environmental sustainability, social impact, and good governance (ESG)

Social Systems Change

The sheer scale of some of the societal challenges we face demand that while the charitable sector delivers day-to-day supports and programming, it must also reach beyond solving for symptoms and address root causes of those issues. The Transformational Charity must…

- Address systemic issues that underpin societal challenges while maintaining ability to address acute issues
- Mobilize knowledge to support and influence action across the system

- Navigate socio-political environments to avoid / resolve conflict and mobilize support

Form Follows Function

Finally, we offer a word on organizational structure. Every registered charity must have an exclusively charitable purpose and conduct activities in pursuit of that purpose. In Canada, for example, purpose must focus on relief of poverty, advancement of religion or education, or another purpose that the Canada Revenue Agency deems to be "beneficial to the community." In exchange for such a purpose, charities are granted tax exempt status and the ability to offer receipts to donors, conveying tax benefits to those supporters.
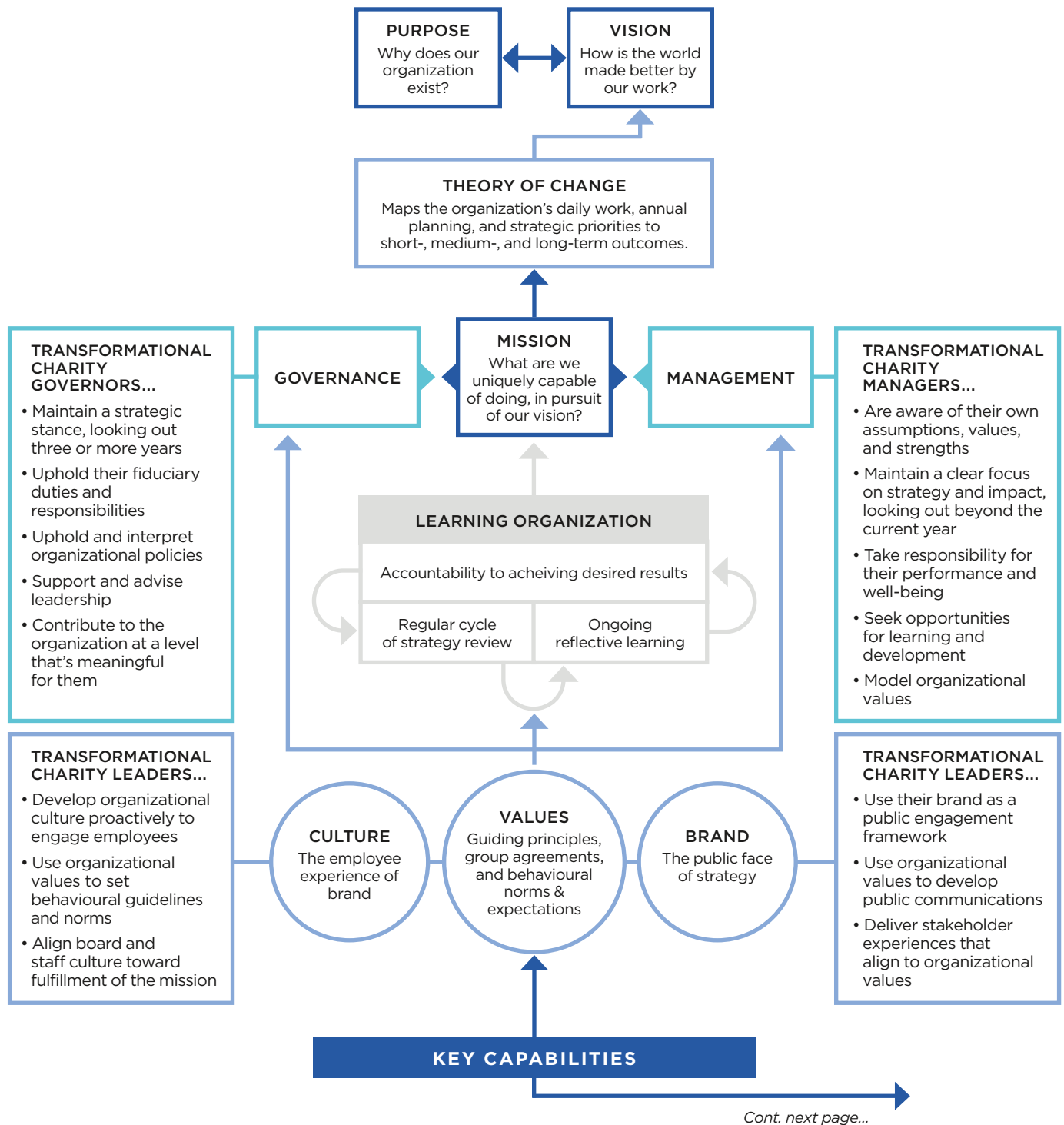
However, charities are increasingly using non-charity models to contribute value to their operations and mission. One common example is the wholly owned subsidiary social enterprise. Often, these are business corporations whose sole shareholder is the charity, and they contribute their profits to the charity, typically unrestricted, so they can be used to fund operations, innovation, research and development, or programming.

Sometimes, a single brand might encompass a family of organizations. For example, one charity might own a property in which another charity provides programming. Some subset of that programming may not be eligible for the tax benefits to which charities are entitled, so that subset may be provided by a subsidiary or related social enterprise.

The point we want to convey is that form must follow the intended function of the organization(s). Legal and accounting advice should inform decision-making, but openness to innovative organizational forms can unlock opportunities that may not be possible within the valid constraints of a single charity.

TRANSFORMATIONAL CHARITY FRAMEWORK

PURPOSE
Why does our organization exist?

VISION
How is the world made better by our work?

THEORY OF CHANGE
Maps the organization's daily work, annual planning, and strategic priorities to short-, medium-, and long-term outcomes.

GOVERNANCE

MISSION
What are we uniquely capable of doing, in pursuit of our vision?

MANAGEMENT

TRANSFORMATIONAL CHARITY GOVERNORS...
- Maintain a strategic stance, looking out three or more years
- Uphold their fiduciary duties and responsibilities
- Uphold and interpret organizational policies
- Support and advise leadership
- Contribute to the organization at a level that's meaningful for them

TRANSFORMATIONAL CHARITY MANAGERS...
- Are aware of their own assumptions, values, and strengths
- Maintain a clear focus on strategy and impact, looking out beyond the current year
- Take responsibility for their performance and well-being
- Seek opportunities for learning and development
- Model organizational values

LEARNING ORGANIZATION

Accountability to acheiving desired results

Regular cycle of strategy review

Ongoing reflective learning

TRANSFORMATIONAL CHARITY LEADERS...
- Develop organizational culture proactively to engage employees
- Use organizational values to set behavioural guidelines and norms
- Align board and staff culture toward fulfillment of the mission

CULTURE
The employee experience of brand

VALUES
Guiding principles, group agreements, and behavioural norms & expectations

BRAND
The public face of strategy

TRANSFORMATIONAL CHARITY LEADERS...
- Use their brand as a public engagement framework
- Use organizational values to develop public communications
- Deliver stakeholder experiences that align to organizational values

KEY CAPABILITIES

Cont. next page...

EMPOWERING LEADERSHIP	SUPPORTIVE OPERATIONS	STRATEGIC AGILITY	COMMUNITY ACCOUNTABILITY	SOCIAL SYSTEMS CHANGE
The Transformational Charity... • Engenders innovation leadership • Organizes around asset-, skill-, and strengths-based teams • Keeps staff informed of leadership decisions, including them in deliberations as often as possible • Delegates leeway for those closest to constituents to respond to community needs	The Transformational Charity... • Designs roles, systems, and processes to support strategy implementation, in pursuit of the mission • Prioritizes and enhances the employee experience • Maintains robust and consistent financial systems and controls • Diversifies revenue streams to enhance organizational resilience • Implements leading practices in data sourcing, security, and safety • Uses business intelligence to inform planning and decisions	The Transformational Charity... • Monitors its operating context, including needs of constituents, capacity of donors, and regulatory changes, and acts on what it learns • Builds capacity, systems and processes to support agility and respond proactively to change • Aligns organizational culture and practices to make space for innovation, including research & development, testing, failing, and iterating • Pursues opportunities to enhance capacity through partnerships and / or mergers and acquisitions	The Transformational Charity... • Addresses power dynamics of access to resources and authority • Centers people by considering community members' expectations and experiences in all decisions across all departments. • Builds partnerships and networks to fulfill the mission, cultivating a transparent exchange of insights and ideas with like-minded organizations • Showcases its work (including reporting on success and shortfalls) transparently to stakeholders • Meets or exceeds community norms and expectations for environmental sustainability, social impact, and good governance (ESG)	The Transformational Charity... • Addresses systemic issues that underpin societal challenges while maintaining ability to address acute issues • Mobilizes knowledge to support and influence action across the system • Navigates socio-political environments to avoid/resolve conflict and mobilize support

FOUNDATIONAL THROUGHLINES

The Transformational Charity **centres stakeholders**, interpreting and applying JEDI, Reconciliation, and decolonization efforts appropriately for its particular community, across all aspects of its strategy, programming, operations, culture, and brand.

The Transformational Charity **embraces digital**, developing a mindset that drives them to choose digital solutions first, when cost-effective and mission supportive, using technology to evolve its operating model, support and deliver services in community, and amplify revenue development efforts.

Dedication & Acknowledgments

Share Your Feedback!

This is a Discussion Paper—so please do discuss it with your colleagues and peers. If you have any questions or feedback (supportive or critical), please reach out via email to: charityframework@junxion.com.

Pending input from you and others across Canada and internationally, we may refine and extend this paper, or publish separate and complementary guides.

Thanks for your support.

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BC's North, Interior, Lower Mainland,
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