Collaboration in Foundational Work   Interviewer: Paul Verschure (Convergent Science Network)
Jenna Bednar (University of Michigan)

Welcome to the Ernst Strüngmann Forum podcasts—a series of discussions designed to explore how people collaborate under real-life settings. Joining us in the series are high-profile experts from diverse areas in society, whose experiences will lend insight to what collaboration is, what it requires, and why it might break down. This series is produced in collaboration with the Convergent Science Network.

P. Verschure   We are speaking today with Larry Kramer and before we begin, it would be great if you would you give us an idea of your professional trajectory, Larry.

L. Kramer   Sure. For most of my life, I have been an academic, a law professor. I started at the University of Chicago, then was at the University of Michigan, after which I went to NYU where I became an associate dean. Thereafter, I served as the dean of Stanford Law School from 2004 to 2012 before joining the Hewlett Foundation in September 2012, where I have been ever since.

P. Verschure   Could you give us a very short sketch of the Hewlett Foundation?

L. Kramer   It's a large, general-purpose foundation that was started by Bill Hewlett. He and Dave Packard, as you may know, founded the Hewlett Packard Company, and then each of them took most of their personal fortunes and started independent foundations. We've been operating since 1966. They professionalized the foundation in 1977. At that point, they crystallized five core historical programs in environment, education, performing arts, the population (which has evolved into essentially women's rights) and global governance. We also have begun a program in philanthropy and in US democracy. So now we fund across a broad array of things: environment, doing climate and conservation; what we call gender equity and governance, which is women's family planning, reproductive health and women's economic empowerment; as well as various global governance issues related to greater inclusion. We fund the performing arts in the Bay Area and support a variety of things in the education space, cybersecurity, democracy, a new initiative called economy and society, and so on. So our interests are very broad based. We give away around 600 million dollars a year.

P. Verschure   So maybe as a start, let us ask what is collaboration and what is it good for?

L. Kramer   Sounds like a song: "Absolutely nothing," except the opposite is true. What I mean (and certainly in philanthropy), there's essentially nothing any of us wants to accomplish that we can accomplish alone except for really small things. If you have ambitions to achieve a goal that's really meaningful in philanthropy, you can't do it by yourself. You have to collaborate with other funders. Of course, the very nature of philanthropy is collaboration with your grantees. You're giving money to organizations to accomplish something and if you do it badly, you tell them what to do, or you just give it to them and pay no attention to what happens after. Really good philanthropy is effectively a partnership with all of the grantees with whom you're working.

P. Verschure   So could you unpack this a little bit, because now we're looking at two domains where the collaboration takes place: between philanthropic organizations as well as between a single philanthropic organization and its grantees.

L. Kramer   Also between the grantees. One of the things that we facilitate and encourage with our funding is for the grantees to get to know each other and work together.

P. Verschure   But let's look at things one at a time. For instance, if you look at your collaboration with your grantees, what are the key features of that makes this successful?

L. Kramer   I think the key feature is building trust and maintaining a balance so that you're not trying to exercise control in ways that are going to be counterproductive to what you're doing, but can still have input. In a sense, it means that both partners recognize what their

respective strengths are. The grantees work on their issues on a daily basis in the field, on the front line, so to speak. And that gives them a perspective on how best to accomplish the goals that we don't have. We understand a little bit because most of our people came from those organizations, but they haven't been there for a while and they're not involved day to day. On the other hand, we're working with dozens of organizations and funders across the whole field, which gives us a perspective that most of our grantees don't have. So it's really finding a way to maximize the respective advantages that each of each of us has, in a context where there's real respect. The challenge then being, of course, letting the fact that we are giving them money not become the main factor in shaping the relationship, because it's all about relationships.

J. Bednar   Why does trust matter if you've got money? The money is there making things happen. What does trust do to make a difference in the success or failure of one of these granting relationships?

L. Kramer   It does two things, although maybe it's the same thing from two angles. If they're having difficulties or not necessarily achieving everything they want to achieve, it enables them to be able to come to us and seek our assistance to figure out how to solve that problem. On the flip side, if we're doing things in ways that are counterproductive or unhelpful for them, it enables them to come to us and say, look, this isn't working. If you don't have that kind of trust, if they're worried, for instance, that we're some sort of thin-skinned prima donna who will pull the money if they insult us, then we're not going to be able to work as productively as if they can actually share their challenges and share ours, and vice versa. It goes both ways.

P. Verschure   Given that your organization has been in this domain for so long, I assume you have procedures or ways to shape or engineer trust. How does that work? If someone applies with whom you're completely unfamiliar, how do you now engineer trust in a new relationship?

L. Kramer   I don't know that I would use the verb "engineering" to describe this. Trust must be built.

P. Verschure   I'm provoking you a bit. I'm sorry.

L. Kramer   It's not a process you can do from outside the relationship. At the end of the day, no matter how long you've been in the field, it's relationship building. People are changing all the time. We have term limits. Our staff are turning over. The grantees, similarly, have people coming and going. So it's all about relationships. Now having said this, there are various techniques that we use that run the gamut. For instance, we don't actually take unsolicited applications for grants. What we do is we articulate a strategy which begins with a clear articulation of the goal we're trying to achieve, of the causal story about how we think our role can help achieve that goal, and then some loose way in which we plan to keep track of whether we're achieving our larger goal. That enables us then to go look for grantees, or if grantees do approach us to be able to say yes or no for some objective reason, like this is a good thing you're doing, but it's not consistent with our strategy. And there's so many organizations out there that we can't even fund all the ones that are consistent with our strategy. That's a piece of it. Then when you are funding with someone, they understand why you're funding them, and you both understand what it is that you're looking for them to contribute to your shared goal. That's also an important piece of it. Then there is the way you give them the money. We tend to have a very strong emphasis on giving people general operating support for multiple years, whenever possible, as opposed to narrowly tied project grants in which we're supervising their budget and making sure like X percent goes to Y, and Z percent goes to B. You build trust by saying: "OK, we agree. Here's the money. Go do it. Let's talk. Let us know if you're having problems. We'll keep in touch with you. You keep in touch with us." This means that money (as the control) has been taken out of the equation as much as possible.

J. Bednar	How is trust different from a contracting relationship?
L. Kramer	Well, I guess in some sense, it's not. You can have arms-length contracting in which there is or isn't trust. So that is to say a grant—it's not a formal contract, of course—but it is a bilateral relationship in which there are expectations on each side. So in that sense, it resembles a contract. And then as with any contract, you know, if you have ever renovated a house, you have a contract with your contractor, but it goes a lot better if you and the contractor get along with each other, understand each other, and trust each other, right? So it's not different in the sense that any bilateral relationship with mutually shared goals works better if the parties know and trust each other. What's striking to me sometimes is, how unaware people seem to sometimes be of that fact. And they'll go into a contracting relationship in a way that we never go into any other relationship, like a friendship, or whatever, when they still share those same essential components.
P. Verschure	You mentioned earlier that one of the steps that helps you and your organization to maintain and build trust with the grantees is to very carefully select with whom you engage. But what about selection bias? You might start to work with a subset of possible grantees that adhere to your basic management principles, as an example. How do you ensure that you still achieve your mission in an even-handed way, despite this strong pre-selection of your grantees?
L. Kramer	That's a great question. I think we have at least three different mechanisms to try to assure that we achieve our mission. As I said, we'll have an articulated goal and a story about how we think the work we're going to do with grantees will achieve that goal. But we do require for ourselves some way of measuring whether we're actually making progress. Now we do not do that on a grant-by-grant basis. With each grantee, we'll say to them at the point where we're making the grant: How do you want to measure whether this grant is successful? And then we'll use that. But at the strategy level, we'll have measures that are independent of the individual grantees, but that let us know if we are making progress. I don't care about selection bias, if we're achieving our goal, that's the purpose. But if we're not, that's a signal. A second device involves independent evaluations conducted at least once every five years and often in between: we'll bring in an independent third party to evaluate and assess how we're doing. The third mechanism, and in some ways the most important, we have term limits. So the program staff are turning over and you've got fresh blood coming in all the time that are taking a new look at the strategy, at the sub-strategies that the grantees are choosing. They're developing new relationships with them. They bring in their own networks and ideas and thoughts, etc. When a new person come ins, it's not as though they wipe the slate clean and start over. No. They're supposed to pick it up and move on from here. We want to put fresh eyes on it and see if there are issues there. All of those kinds of devices overlap to help us avoid used to doing something a particular way.
P. Verschure	Can you give an example of a project that that really worked out marvelously well, beyond expectation following these rules?
L. Kramer	Well, so again, these approaches are pervasive across the foundation, so we use them in everything we do. And so, I think I could point to almost anything that we've managed to be successful at. I'll give you a really good example because oftentimes the changes need to be signaled as much by changes in the outside world as by what happens internally. So, for instance, we've been doing western conservation since 1966. Our goal is to preserve biodiversity. We identified essentially a long-term goal of trying to preserve half of the lands west of the Rockies—that's where our geographic focus is—for some kind of conservation. It doesn't have to be full, but some kind of conservation, depending on the particular ecosystem, what's most appropriate. During the Obama administration, we had these amazing opportunities to make gains because the administration was really eager to do all sorts of things. We made a ton of gains, national monuments, lots of conserved land.

Then Trump got elected and they just immediately undid everything. And for us, that was a realization that, well, it wasn't an instant realization. We did a lot of talking and thinking, talking to our grantees, the value, all the kind of stuff that I've talked about doing. And the lesson we learned, of course, was that you need to build local support, and the local support has to be across the political board. So you need not just conservationists, you need the support of the farmers, and the ranchers, and the native communities, and so we shifted our work up to begin much more local work, to focus less on federal public lands and as much on private and state lands as ways to achieve our goal, based on what we learned and we've made enormous progress that way. And the idea was that the progress we make will be more enduring that way. When things change in Washington, if the local forces are like, no, we want this, leave it where it is, you're much more likely to have it remain.

J. Bednar   This is fascinating. Did you then start recruiting some of these local groups to be your grantees?

L. Kramer   Exactly. Huge shift in the grantee population.

J. Bednar   What was that relationship like in the beginning, because I'm interested in trust, right? And as you were reaching out to them and you're interested in conservation, and they might not see that immediately as being in their interest. So you have some divergence, or perceived divergence, in interest and not yet an establishment of trust. So how do you build that relationship?

L. Kramer   So as I say, it's so much the personal. First is the way in which you give the funding and the behaviors that you demonstrate in doing so. What are we asking for by way of what we need to decide whether to fund you? Are we putting you through the ringer for no particularly good reason, or are we asking for things that you can understand why we want them? How are we talking to you? What are we looking to you to tell us, as opposed to us to tell you? We have a kind of implicit rule that you should be listening at least as much as you're talking in any conversation with the grantee. That's actually a formal principle. We have this thing we call seven habits of excellent work with grantees. That's one of them: listening half the time. And then, of course, how do you build the ongoing relationship? What kind of contact you remain? When do you listen? When do you tell? When you tell, how do you tell? It's again, like developing trust in any relationship? It was one of the interesting things, though, that we discovered as we made this move from overwhelmingly supporting these large national organizations, to working much more locally. The local groups had all been starved of funding of course, they had not been getting much attention from funders like us. And they didn't trust each other, because they had all been in competition with each other for the most part, and so as big a part of that process for us, maybe bigger, has been helping build trust among the grantees. We're now trying to get to agree on what kind of conservation they want within their communities. And again, that can be really challenging and has been a big part of the work.

P. Verschure   So if you build trust with these local communities, you follow a specific procedure? Are there certain things that you feel are absolutely necessary to deploy in a certain order or communicate?

L. Kramer   No, it's not that scientific. As I said, there's some general principles; listening, trying to give general operating support, trying to make it multiyear, letting them tell us how to think about measuring the success of the grant. But it's not like a checklist. It's really a way of approaching and working.

P. Verschure   So Larry, if we talk about this relation with the grantees, do you have an example of a complete failure?

L. Kramer   I'm sure there are, but I'm trying to think of a complete failure of a relationship with grantees as opposed to, we've had many grants that didn't work out. I can think of what would be regarded as a failure. This is collaboration among funders, for example.

P. Verschure   But I want to go to the funder-funder relationship after this one. First, however, I want to understand this use case of the relationship of the grantees and why would the collaboration break down? What are the reasons of that breakdown?

L. Kramer   I guess here's what I'd say. And in saying that I can't come up with on off the top of my head, it's not because I don't think there is one. I'm sure there are many, but they don't show up. As I've been told, the way they will show up will be, you've developed a relationship where the grantee feels they can't be honest with you. And so they're not telling you. And then at some point you stop working with them and then they think badly of you. But they don't say that. It's really hard to ferret that out, I think. You know, we get criticized, but very seldom even by our former grantees. And that takes you back to the thing that potentially makes the dynamic so unhealthy, which is their potential desire for funding in the future. I've got, you know, 40, 50 program staff, and I'm sure they don't all follow all of this and work perfectly well with all of their grantees all the time. It's just not possible. And there, as I said, these are mostly interpersonal relationships and, people don't always get along with each other. So there's all sorts of things that I'm sure are showing up that way. But they don't show up in any way that's really obvious, so it's hard for me to identify. But in no way am I suggesting that it doesn't happen, or if it does, it's not making its way up to my office.

P. Verschure   But do you feel that the dependence between the organization and the grantees, the financial dependence builds a layer of opaqueness in that relationship, that then later pops out actually as a relationship that is not functional, but hidden?

L. Kramer   What I'd say is that potential layer or that dynamic is the thing you're working to overcome, always. That is the problem. And then it can be exacerbated if there are interpersonal differences, it can be alleviated if you manage it as a partnership well. And then as I say, when you haven't overcome it, it doesn't necessarily show up in an obvious way other than the grantee relationship doesn't work out and the partnership ends, but usually not with somebody sort of sending in a complaint or, telling me that, so-and-so program officer acted really badly. So it's hard for me to identify a grantee relationship that failed that way. That's why I went to funders, not the case with fellow funders, where there's equality built into the nature of the relationship.

P. Verschure   So, let's move to the relationship with other funders. So how does that work? How do you maintain trust there?

L. Kramer   The building and maintenance of trust is very similar, I mean, again, it's still just a matter of interpersonal relationships. The dynamic or the problem is different because, so when you think about grantees, the dynamic you're trying to overcome is the one where you and they assume that you have power and they don't. Now I often say, and I actually believe this, it's not really true. We need our grantees as much as they need us, because we can't do anything but give away money and if we have goals to accomplish, if I'm choosing to give it to the organizations that make the most sense for what we're trying to accomplish and if I blow that relationship, I have to go to another grantee who presumably I don't think is as good, right? But nevertheless, the dynamic is really constructive so that that can be overcome. When it comes to fellow funders, of course, that's not the dynamic. Instead, the dynamic is: I don't need you at all. I can just do my own thing. And so what you're really trying to build is some sense of, yeah, but we will accomplish more if we do it together, even if it requires both of us to bend a little, what we might do if we could do it by ourselves. When I got into philanthropy my first year, I wrote an article about collaboration because I was surprised at how difficult it was to collaborate with fellow funders for this reason. And now there's additional complications in the case of funders, which we can go

into. But, the article was essentially that we needed to think more about using…in the international relations theory world, there's this notion of specific reciprocity and diffuse reciprocity, and the only collaboration that I saw and still see for the most part in philanthropy was specific collaboration. And it was: we could use a lot more diffuse collaboration, just one hand watching the others doing things for other foundations that don't necessarily line up with my strategy, but I know it'll help them, and I know we'll get something back later on, and then we build the muscle. There is still very, very little of that. And so that's what you're trying to overcome is that sense that I don't need you. I'm happy to work with you if it lines up exactly with what I want to do, but otherwise you do your thing, I'll do mine.

P. Verschure   But Larry, there is a bit that I'm missing, because in some sense, what you didn't articulate, at least from my understanding, is why would you even talk to each other? Because you immediately stepped in by saying there might be this almost instinctual response; well, I don't need you. But why then talk to each other at all? So what is the driver or the force that still brings funders together to say, no, we have to collaborate. Is it because of optimizing, let's say, resources or is it because of optimizing impact?

L. Kramer   It's optimizing impact. So as I say, I think all of us have goals that are bigger than what we can actually accomplish by ourselves. But the question is, and there's maybe a little bit of schizophrenia there. The question is, how do I hold that while at the same time saying, but this is how I think it's to be accomplished? And if you're willing to do it that way, I am willing to work with you, but if you want to do it somewhat differently than you do your thing and I'll do mine. And those two things tend to coexist in the funder world. The driver is we can get more done if we do it together, but I think I have the right way to do it. And I'm not willing to bend that to do it your way.

P. Verschure   But is the risk there the sense of identity and visibility that you don't want to diffuse that? Is that the risk that you try to mitigate?

L. Kramer   Yes. So this is where you get into some of the additional complexities. When I wrote the article in my second year, I said, this is not about ego, I don't think. OK, I will say, having now been in the field for 10 years, actually, that is definitely a component at the institutional level. We want credits, we believe we have the right way to do things. So there is some of that. But the bigger issue, quite honestly, is within any foundation decision making responsibility is diffused. Typically you've got a program officer, you've got a program director, you've got a CEO, and you've got a board. And all of them have to line up on this in order for it to go forward. But they may have slightly different incentives and understandings about what they want to do. The program officer is like, no, I really want to do it this way. I don't want to give up some of my limited budget in order to do it the way this other foundation wants to do it. So I'm kind of opposed to this even if my CEO and board are in favor. Program director, you know, has a slightly different set of incentives, one keeping the program officer happy, two, keeping the overall program resources lined up, and so on. So you can have slightly different understandings and incentives that all you need is one veto to make it very difficult.

P. Verschure   So what has been the biggest success of working between funders in your experience?

L. Kramer   So, I have again my own divided feelings, but on the one hand, it's so difficult and so frustrating, and sometimes it feels so hard and I have projects that I think are so good and I can't get anybody to go along, even when I'm willing to bend some. That's frustrating. On the other hand, if I look across our programs, I realize we're actually collaborating in every single thing that we do. So again, I could give lots of examples, but the easiest and best one, because I think it's the biggest and in some sense, the most important one has been around climate, and we've been at it a long time. It's such an important problem. The collaboration is huge now, but there's a I don't know if you want to hear the story, but it was a long process of learning to collaborate.

J. Bednar	Can I ask you, because climate is going to be a big…it's probably exactly where to take this. But in choice of partners for collaborating with other institutions, do you find that you tend to work with other granting agencies that share your same goals more closely, or ones where it's easier to build the relationship of trust?
L. Kramer	Either–or. Because it's so hard to do, for me, the general principle is, let's collaborate wherever we can. So if we share strategies, that's a good potential. If we share tactics, even though we have different strategies, we can cooperate on the tactical level. And so I'll take it where it goes. In general, it's easy when you share both and it's difficult when you don't. But I don't think I can say it's more difficult because at that point, then a lot of other factors enter in on a case-by-case basis, including who the particular funders are. Every funder has a different sort of taste for collaboration or not, and so it gets really hard to say generally. If you really want to do it, though, you can and as I say, the more you share in common at the strategy level, at the tactical level, at the personal level, the easier it gets. That much is the continuum. But it would look, rather than a continuum, it would be more like a sphere where you could be at different places within it.
J. Bednar	Yeah, I'm just I'm still trying to get a sense of what's necessary, what's sufficient. Is the shared goal really a shared mission? What makes it much easier to form a relationship? Or do you find that when there's just someone who kind of sparks the imagination, because they also have a lot of enthusiasm for just making the world better, that you then find places where you can collaborate?
L. Kramer	Yeah. So I think the correction I give to the way you're presenting it; is collaboration isn't an on-off switch, it's a continuum. So that's why it's hard, you know…it's not...it depends on the thing. There's so many different ways to collaborate that depending on how all those kinds of factors play out, you may collaborate in different ways, rather than not collaborate or collaborate. And so as I say, I think it's very messy. That's why I think about a field at which…there's multiple dimensions and you may share different pieces of different ones that take you to different forms of collaboration. Let me tell the climate story, because it's a good example because we've gone through all of the different stages. So in some ways, the most powerful collaboration is when you can pool funding. Everybody deposits the money in a shared pool and then somebody just executes a strategy with that funding. And that was the original idea for climate. So in 2007, Hewlett and Packard and McKnight pooled, it was a billion dollars over five years, and created an organization called Climate Works. It was then going to execute a global strategy for literally solving the climate problem. And if you go back and look, it was kind of brilliant strategy. At the time, it looked great. Five years later, we had to switch it up. Why? So first, the world had changed. What had looked like a problem that governments were ready to act on climate but just needed assistance on how to do it in different sectors had become deeply politicized. So now you needed to do a whole lot of advocacy and you needed to understand the different politics in different countries, and the organization wasn't necessarily built for that. But more importantly, the idea was other funders would join in, and not a single other funder was willing to pool their funding. They all wanted to do their own thing, so they started making grants to the organizations that this pool funding had set up. But now they were all being pulled in multiple different directions, with different funders doing project funding and so on. So it's like, OK, let's step back. If no one's willing to pool, what's another way in which we can build the kind of collaboration and cooperation that we need, that will at least move us more forward? And we came up with the idea of a funder table. So the idea with the funder table was rather than pooling the money in Climate Works, the various funders would all meet on a regular basis, share their strategies and find ways to collaborate. The original idea was we'll still develop a single global strategy. Then we'll ask funders, What do you want to fund here? And we'll look at the way it played out. And it's like, well, look, we have twice as much funding here as we need and only half as much over here, so who's willing to shift? Well, that didn't quite work

either, because again, it was too hard to come up with a single strategy that everybody agreed on that complex a problem. It was too hard to get people who wanted to fund X to say that nevertheless they would fund Y. So we moved to the next stage, which was just building the relationships among all of the funders and then finding places where you could get two or three or four funders to work together on a particular thing. Then we started expanding it again, bringing other funders into this process. We're now, what, 10 years into this new form of collaboration and the funder table is, now there's a kind of core group, but there's multiple side groups and many different projects that have different groups collaborating together in different ways, and the larger field has now become much more fluid in that way. So that's what I mean. It was a process of adapting and adopting new practices based on where funders were willing to go, to get as much cooperation as we could to move forward.

P. Verschure   That's a very complex process. Could you sketch the main obstacles you identified? It sounds like you're moving around all sorts of obstacles. What are these main obstacles?

L. Kramer   The first and biggest obstacle was the fact that funders wanted to make their own grants and keep control over the particular grants. They didn't want to surrender the money to some central pool where other people would be making the grant-by-grant decisions. That was one. Then the second was, as we've talked about, they had different views about what were the best or most important things to do to achieve the shared goal. There was a shared goal, the shared goal was Paris. Or before Paris, it was like, let's keep global warming below two degrees, you know, a rise of two degrees. But at that level of generality, there were so many different paths to take and so much disagreement about what were the best ways to do it. So that was the second. And then the third was, I think different funders had not just different tastes about what to do, but different competencies. Actually, let me step back. On the different ideas about what to do, there were also lots of funders that had—this is where you get into the complex, dispersed decision making within—had limitations on what they could do, put on by their board or by their structures. So you had some funders who were like we are only going to fund in Europe. You know, you'd say to them, well, you know, funding in China is funding in Europe when it comes to climate because the consequences are going to be felt in Europe because of the emissions in China. But it was like, no, we fund in Europe, or we fund wherever, or others were like, we want to do technology. That's all we're going to do is technology. So we had lots of those kinds of limitations that you also had to surmount while trying to bring them into the fold, which then required other funders to be OK, you do technology that means we don't have to and will do this thing over here. But I can't do that unless I know what you're doing and why you're doing it. You know what I mean? So those kinds of limitations played out. And then, of course, then you get to the interpersonal level and just the extent to which people really trust others, believe what they're saying, which, by the way, led to huge benefits in the sense of, climate is a super complex problem. It's really helpful if I am working with another funder who I trust when I'll rely on their data and information about the nature of the problem, or the optimal opportunities that exist to advance it, where I don't have to do that myself every single time because we can all rely on each other. So you get a lot of economies of scale built in that you wouldn't have, even when everybody's still doing their own grants for their own thing.

P. Verschure   But Larry, the way you describe this challenge. So at times, I guess you might have felt that maybe some of the funders you were also talking with might face some sort of discrepancy between the overall goal to contribute to preventing the dramatic impact of climate change and the identity and objectives of their own organization. And it appears that there's a possible conflict here. Like you cannot say, we only fund in Europe if we face a global problem. Right?

L. Kramer   You can with a problem like climate because we know we're not going to say we're here because we know none of us, we're not going to solve the whole problem ourselves. So

what's the chunk where we can help? Well, our chunk is going to be limited to Europe. That's where we're going.

P. Verschure
I try to see what your view is on this possible discrepancy between the overall commons, the overall goal. Often these philanthropic organizations have very ambitious, altruistic goals, but then the internal needs, if you want, and the internal constraints of the organization itself: it sounds like there's a tension there.

L. Kramer
So I don't think we experience it that way with climate funders. That is to say what limitations they have are limitations on the piece that they're going to contribute to. Where we do experience some of that is with non-climate funders who nevertheless want to help. So you get I'm a health funder, right? And so but I think climate is really important. So where we can do something that advances our health goals, that also helps with climate, we'll think about it and maybe we'll do that. We'll work on having all hospitals built in ways that are green or, whatever it is. There's all sorts of…when you think about the co-benefits and potential co-benefits that come with other things that may actually contribute to climate. So there, and it's sometimes a little frustrating because you want to go, oh, that's such a marginal contribution, if you really care about climate, you could do so much more if you just fund climate directly, but that's not what they want to do.

P. Verschure
So that's what I try to understand, the psychology. Because let's look at the counterfactual, I might have a philanthropic organization. I might want to contribute to, let's say, climate, but also see that another philanthropic organization is way more efficient in translating money into impact than I will ever be. So if I'm serious about my overall goals, I should just close down, hand over the money to this other organization and let them do it because I'm much better at it. But this never happens.

L. Kramer
It never happens. The only example, I can think of is Warren Buffett gave his money to Bill Gates, basically because he though Gates did philanthropy really well. And that's because, again, most people, want to have impact. They want to participate. They want to be involved in doing this themselves. And that's overwhelmingly true. I am aware of one other foundation, which I can't name because they're not a public fund yet, that is now thinking about giving a 150 dollars to the foundation that seems to be having the most impact with that. And that's an interesting scenario.

P. Verschure
Are there some internal dynamics, possible also psychological aspects, economic aspects, that prevent that from happening, even though it would be completely rational?

L. Kramer
I'm sure if we sat down and looked at the world and asked who would be the best people to do some work on collaboration, we might find others. But that question doesn't get asked. None of us does, because we're doing the thing we want to do as best as we can do it, and philanthropists are no different than anybody else in that respect. I'm not just giving my money to somebody else to give away because I want to do philanthropy. I want to do it well, but doing it well, to me, isn't not doing it by just giving it to somebody else to do.

P. Verschure
But there's the interesting difference here because, in our case, as academics, you would say we try to understand something with all our limitations. We try to understand it and we invite the best people we know about to help us. But the philanthropic organization is tying itself to some large, challenging commons that is critical to the human condition.

L. Kramer
I don't see the difference. You guys aren't just doing this to understand it better yourselves. You're doing it to produce something that will help other people in the world understand it better. And you don't even ask the question whether you're the best people in the world to do that, nor should you, by the way. All I'm saying is it's not particularly different when it comes to philanthropy. The people who do philanthropy want to do something to make the world a better place, but they want to do it.

J. Bednar
Thank you, Larry, for sticking up for us academics against Paul, trying to say what we're doing is just, you know, dancing on the heads of pins or whatever. So there's a word that

hasn't come up, except that it's been implied in so much of what you've been saying over the last 10 or 15 minutes. And that's diversity. And so it came up when you're talking about diverse interests in the funding organization's particular goals. Also, I think a bit in diverse perspectives in the sense of shaping, having to compromise and changing a little bit the goal. I was also wondering about the role that diversity played when you were talking about how diffused decision making is within the organization. So can you talk a little bit about how important diversity is in your sphere for effective collaboration?

L. Kramer   So let me ask what you mean by diversity? Because there would be, you know, like if you use that word now in most settings, what people hear is you're talking about race, or race and gender. You know, or do you mean it more broadly?

J. Bednar   No. Thank you for the clarification. Actually, in this sense, in this setting, I'm less interested in identity diversity than I am in cognitive diversity. So diversity of perspectives or…but it could show up in interest experiences or when you were talking earlier about the local grantees, there was probably some identity diversity that showed up.

L. Kramer   So in other words, identity diversity is a subset of the larger question of diversity, which point I think it's critical, and critical as it would be for anything, at least in getting things going. So there comes a point when you have to make decisions about what to do and then you move forward. But in the first instance when you're trying to figure out what to do, so I think that pluralism is maybe a better way to do it. You need to really speak to a pluralism of different views, ideas, thoughts, approaches, techniques and that can cut along all sorts of dimensions. Identity, one's race, ethnicity, ideological ones, experiential ones, location, geographical, there's tons. You can't do them all because but trying to figure out what are the most appropriate forms that we need to make sure we hear from, that's one. Then in the implementation, you certainly want to have people…again, you want, as you implement, you want to have a diversity of views. Nevertheless, generally aligned about where you're trying to go because you don't want to spend the whole time fighting the original fight over and over again. At a point you make a decision about how to go, but implementation itself poses challenges all the way along. So they are both in terms of your staffing, the grantees you work with, and most importantly, the people you're talking to and hearing from. I think it's really important. I published an essay a few years ago called "I'm listening to people who think we're wrong," and then have tried to build into the foundation a process so that we are on an ongoing basis, always nevertheless, listening to, hearing from, talking to the people who think we're not doing this right, just in case we're missing a trick or two and since all the arguments are constantly evolving. So that's what the outside evaluations are for, you need always to be challenging yourself.

J. Bednar   So how do you build a culture that sees diversity as a benefit within the organization and then in the broader grantmaking sphere? Rather than seeing it as some constraint that you have to get over?

L. Kramer   Yeah. So how do you build a culture generally, right? A big part of the answer would be, however you build a culture generally, you do that with this question as well. Which means as the leader of an organization, what am I signaling people? What am I demonstrating in my own conduct and behavior? What am I asking my senior team to demonstrate in their own conduct and behavior? What do we talk about? What do we say are our values and do we live up to them? So that's obviously the biggest piece as it is for any kind of cultural question in any kind of organization. Here, as I say, we've tried to build in some formal practices to ensure that we do it. We were really working on the listening to people who think we're wrong when COVID hit, which really did a number on the ability to do that because it's not done well over Zoom. If you want to bring in people who really think that you're just wrong, you want to have them in a context where there's going to be more conversation, not just the formal session. You're going have lunch together, you're going to talk, you're going to get to interact with people, otherwise it's really hard for people to

listen that way. So we try to have various practices when we do that. The Hewlett Foundation prides itself in all of its work, particularly along ideological and what we call identity forms of diversity and really paying attention to that. If you look at our guiding principles, they signal that here's something that's really important to the foundation, and so on. So it's an ongoing process that is done as much between the lines. When I think about our guiding principles, what I try and do is just refer to them, not all of them all the time, but whenever it's a way of just, they're important. You know, each time you talk about one of them, it's signals that they broadly are important and so on. So it's all those kinds of processes that basically, you articulate a value and you live the value is the best way to do it.

J. Bednar   I just want to say I'm fascinated by these guiding principles and you haven't said very much…it came up a little bit earlier, as in the context of telling us that there's term limits for your employees. But yet Hewlett maintains its mission despite turnover of personnel, maintains collaboration within the organization and across other grant makers and with its grantees. And I have this sense that those guiding principles are crucial.

L. Kramer   Well, I think so. Some of it was the way we developed them and try and keep them going. So most foundations, I think, have something like our guiding principles. They may not call them guiding principles, core principles, or whatever it is. We had them. They were articulated by the board back at the beginning and then they just sat there and nobody knew anything about them. As we approached our 50th anniversary, I used it as an opportunity: actually, we spent a year engaging the staff, the whole staff in developing and reviewing, reassessing, rearticulating the guiding principles. It was a multiple rounds thing. We did it in various different ways and we did more than just produce a guiding principle. We produced an underlying text that explained the principle and a set of examples in our behavior. And then we review those. As I say, I try to talk about them in between, but we also have a process where every team, once a year is supposed to just read them over and make editorial suggestions. Like that example is a bad one. Here's a new one. This text doesn't quite make sense. Whatever it is… And so it's a way of keeping them alive in people's minds. Different departments have written papers on how the guiding principles apply in their work. And so they are great reference points. Can you get away without them? I think you can. The foundation, as I say, sort of had them but didn't rely on them for its first 50 years in effect, but still ran pretty well. But they're helpful. They're really helpful, I think, in establishing some lodestars.

J. Bednar   Leave the law professor to introduce the Constitution.

P. Verschure   But Larry, there's actually another channel of collaboration which is critical to your organization, which is the interaction with financial institutions, because you have to also maintain, in some sense, the endowment on which your foundation runs. So do you see that as indeed a separate domain of collaboration with its own principles?

L. Kramer   Well, I'm not sure I understand the question. We have a team that manages our endowment. Do you mean, do we collaborate with them? Does the program side collaborate with the investment side or does the investment side collaborate with…?

P. Verschure   Well, as an organization, you must be deeply involved in all sorts of financial transactions with also external partners, to maintain your endowment. Yeah, of course, it's run by your own team, but this is a complex, collaborative process.

L. Kramer   It is. And of course, it's much more complex in the last few years because prior to the last few years, nobody paid attention. You ran your endowment. You start to maximize your returns. That was what you did. There had been historically, but now there's, no, you should invest your endowment consistent with mission and you should invest your endowment in ways that itself achieves impact and all sorts of questions like that. And different foundations approach this differently. I would say one of the really remarkable facts about philanthropy at this moment is we (foundations) differ enormously on what we

think we should do. I work on climate. Somebody else doesn't. They work on poverty. In the fields we work, we have different views about how best to achieve our goals. We're going to work through advocacy at the national level. We're going to work through movement building at the local level. Nobody inside philanthropy regards those as questions where unless you're doing it my way, there's something deeply wrong with who you are. You're immoral, you're acting badly. And for some reason, as these investment questions have emerged, even though they themselves are also just tactical questions, people tend to layer on a level of moral judgment that they don't apply to any of the other differences between how we work, which is a big puzzle to me. So the question, for instance, whether to divest from fossil fuels, to me is a question of we are trying to keep global warming below two degrees, OK? I can divest. Now unless I'm going to indulge in this, which for us is not true, notion that I can divest and that has no effect on my returns, is just not true. It might be true for some organizations, depending on how they invest, but not for us. Then it is a grant question. Will divesting have more impact than the impact I can have by earning and spending, because that's what matters. And I don't judge anybody else who chooses to divest because they think that's the right thing to do. So that's all a long way of saying that our approach to our endowment is itself tied to our assessment of impact. What do we think will produce, will enable the Hewlett Foundation to have the most impact for the things it's trying to do. So we have very few screens. We screened out tobacco like everybody did a few years ago, but that was a costless screen, to be honest, because there were like three stocks and it was easy for everybody to do. Most of the claims that people are making today require much more significant changes in the way an endowment functions in order to do that. Most of the people claimed that you should do it don't know anything about how endowments work. And so just sort of assume it's like we're picking stocks and we could just pick different stocks and we would earn the same amount of money. That's not remotely the way it works. The questions are complex, and the issue of how to utilize your endowment is a tactical one around impact. It's not a question of collaboration or not. It's just a question of, like the question on which programs to go into, which strategies to pursue and how to pursue them.

P. Verschure   What I could have imagined is for the collaboration between funders, there would be some sort of discussion around a code of conduct or guidelines of investment.

L. Kramer   The conversations that exist between funders are on a more specific level. We don't talk about whether we should all make grants or I don't know, do some other kind of… and it's no different on the investment side. There are conversations on the specifics like, you should be investing in clean energy, or not. And there you might want to talk with other funders about how to do it. For us, the one place that comes up is impact investing. So impact investing; clearly, there are for-profit entities that can produce social impact. That's obvious. The question is, does it make sense for us to invest in them? That gets into a much harder set of questions about what our competency is, what we would need to do internally to do that legally, how frequently it would line up with our other goals and so on. So my board decided a few years ago, given the way in which we work, the kind of strategies in which we pursue. We don't see the likelihood of lots of impact investing being worth the amount of internal change we'd have to make. But they said at that time, if you see an opportunity, go get a partner, find somebody who does that kind of work. And I have sometimes done trades. Like if you'll invest in this, I'll do a grant for something that you want to do where we're also in alignment. And so that kind of collaboration takes place. We've done that in lots of different contexts where I can do it that way. You can do it this way. So you do that for us and we'll do this for you. And it actually is both of us achieving our shared goals.

P. Verschure   So do you see this as one of the critical questions on your radar moving forward.

L. Kramer   Which question?

P. Verschure	Impact investing, how you maintain your endowment, the financial commitments you make and how this might compromise credibility relative to your overall mission? Is this a critical question or just one of the many things you have to deal with?
L. Kramer	I guess I'd say both. It's one of the many things I have to deal with. It's a critical question right now because having paid no attention to it for so many years, there's so much attention at the moment that is coming largely from critics who I think don't really, they haven't taken the time to really understand the complexities. And so you're managing the criticisms that it's not that they have nothing to them, but it's really hard to engage in the conversation because most people aren't willing to take the time to understand the issues well enough to appreciate that, you know what, there are actually different answers to this question, and here's ours, and here's why. So it's critical in that sense, and it's always critical because this is the pool of resources that we have. That's why you have to think this is our source of impact, so we have to be smart and careful about how we use it in both directions. Now last point. That's just one of many critiques of philanthropy that have emerged in the last 10 years, so they're all, both critical and one of the many things you have to manage. And they all share this notion of, they are often presented as this is the way to do philanthropy and for an organization like ours, which has so many different kinds of goals and we're doing so many different things. None of them is *the* way to do philanthropy, but they all have something from which we can learn and places in which we should use them. And we just have to figure out how and when it makes sense.
P. Verschure	So, Larry, two questions to finish up. Do you believe in the face of these big challenges you described (e.g., climate) that humanity will be able to deploy sustainable collaboration to really respond in a significant way to these challenges?
L. Kramer	Depends on which day of the week you asked me that question. I mean, there are definitely days when it's like, we're just sunk. I feel so badly for my daughter. And then there are days when I think, you know what, I think we can get there. To me, the three largest challenges globally that we face in these terms, climate and biodiversity more broadly, because there are sources of diminishing biodiversity, which are not climate related, is one. The future potential and survival of democracy or not, is another. And the general way in which we think about the relationship between government, markets, and society is a third. Almost all the other problems tie into those. And what I think is the question is, not an on-off switch. The question is, will we be able to adapt and adjust the way we have been approaching those three problems well enough? Or how well will we be able to stave off how much disaster, climate being the obvious one. I think we're doing well enough that extinction is not in the offing. But anybody who thinks that we're not still at risk of seeing the collapse of all our government and social structures is deluding themselves, but that doesn't have to happen. But at the very least, the impacts are going to be enormous and impose serious costs on everybody in the future. The question is how far along that continuum are we going to slip, and I would say that for all three.
P. Verschure	If you could change one thing in humans to improve our ability to collaborate, what would it be?
L. Kramer	What I think is that the biologically built-in tendency to frame the world in us vs. them terms gets in the way. We have problems now that require global governance, but almost nobody can embrace the idea of global governance. We are so ground into a "we" (whether it's national, local, religious groups) versus "them." From the sociobiological, archaeological, and anthropological people I've talked to, that is kind of ground into our genetic structure. If we didn't have that, we would certainly find it a lot easier to collectively solve what are collective problems.
P. Verschure	Larry Kramer, thank you very much for this conversation.
L. Kramer	Thank you. It was really great. Appreciate the time.