How can Foundations Co-Develop Strategies with Grantees?

Douglas Easterling, Ph.D.
Wake Forest University School of Medicine

August 8, 2026

Introduction

Many of the initial proponents of "strategic philanthropy" have come to recognize that foundations are not necessarily well-equipped to formulate strategies that can actually achieve the outcomes their boards have committed to (Harvey, 2016; Kramer & Phillips, 2024). Instead, foundations are now recognizing that they can be more effective if they co-develop strategies with organizations that have on-the-ground experience (Brest & Harvey, 2018; Fulton, 2018; Nelson & Twersky, 2024).

While there are numerous calls for foundations to partner more fully with nonprofits in developing and implementing strategies, little guidance has been offered on how to do this.

- Trust-Based Philanthropy offers recommendations for how foundations can form trusting partnerships with nonprofits (Trust-Based Philanthropy Project, n.d.; Salehi & Infante, 2024), but this model does not address the question of how foundations can introduce their own strategic interests into conversations with grantees.
- A second line of literature offers recommendations for how foundations can collaborate with other foundations (e.g., Hamilton, 2002; Gibson & Mackinnon, 2009; Parker, 2010; GEO, 2012; Millesen, 2015; Porter et al., 2017; Fabyanske, Cook & Levin, 2025). However, co-developing a strategy with a potential grantee poses challenges quite distinct from those that arise when partnering with foundation colleagues.
- Similarly, the broader body of literature on collaboration (e.g., Mattessich & Monsey, 1992; White & Wehlage, 1995; Lasker, Weiss & Miller, 2001; Kania & Kramer, 2011; Wolff et al., 2017) fails to account for the complications that arise when one partner is funding another.

The current paper addresses the limitations of the existing literature by focusing specifically on the question of how a funder can co-develop a strategy with an organization it funds. More specifically, what sort of collaboration generates a strategy that not only meets both parties' interests but also goes well beyond what either party could have come up with on their own?

This question is explored using a case study involving Anchorum Health Foundation and Homewise, both based in Santa Fe, New Mexico. The case study describes how the CEOs of these two organizations collectively developed a strategy that led to the development of a large housing development that addressed both organizations' desire to offer more affordable housing to local residents.

Case Study

Anchorum Health Foundation is a health conversion foundation which serves 13 counties in northern New Mexico, along with all 23 of the Tribal Nations and Pueblos that exist within the state's borders. Its mission is to "improve the conditions that have the greatest influence on the health of communities in our region." The foundation was established in 2022 by Anchorum St. Vincent (ASV), a Santa Fe based nonprofit that co-owned a local hospital, CHRISTUS St. Vincent Regional Medical Center. ASV sold its 50% stake to the co-owner, CHRISTUS Health System, with the understanding that Anchorum Health Foundation would receive approximately $500 million over 10 years.

Homewise is well-established nonprofit organization that provides a range of services to promote home ownership, including financing, homebuyer education and the development of affordable housing projects. Since its founding in 1986, it has assisted thousands of New Mexicans in purchasing and staying in their homes.

Prior to the formation of Anchorum Health Foundation, Homewise partnered with the predecessor organization, ASV, on programming designed to strengthen the hospital. This included the **Homewise Workforce Assistance** program which provided hospital employees with down-payment assistance, mortgage financing and homebuyer education. ASV invested $4 million in that program, which helped 155 nurses, medical technicians and hospital staff achieve home ownership. In 2022, ASV launched a second major partnership with Homewise -- the **Community Catalyst Fund** – which raised over $20 million to fund affordable housing and mixed-use development in northern New Mexico.[1]

These two initiatives led to a close working relationship between Anchorum's CEO, Jerry Jones,[2] and Homewise's CEO, Mike Loftin. Both CEOs were concerned with the affordable housing crisis in Santa Fe. In one of their conversations, Loftin brought up the opportunity afforded by a long-stalled mixed-use community development project in southwest Santa Fe, Tierra Contenta. Plans had been drawn up years earlier, specifying 1500 housing units for families at varying income levels. The city held the 216-acre tract but had not taken steps to develop the property because of political and financial barriers. Loftin was interested in having Homewise lead the development process, but the organization did not have the capital required to purchase the land or build out the infrastructure. Jones saw that Tierra Contenta could significantly increase the availability of housing for families with modest incomes.

Both Jones and Loftin have extensive experience and expertise in the financing of real estate projects, so entered into detailed discussions about how to move forward with the development of Tierra Contenta. Those conversations culminated in Anchorum providing a $10 million loan to Homewise, $3 million of which would be used to purchase the land. Moreover, Anchorum offered highly favorable terms which take into account the many years it will take for the project to actually get to completed homes. This was precisely what Loftin was looking for:

> *[With development projects like this] you need cheap debt because you don't know when you're going to start dollars back in. Having patient capital is super helpful.*

Knowing that Loftin appreciated a good challenge, Jones structured the loan with benchmarks that would incentivize Homewise to quicky form the partnerships that would be needed to complete the project. Loftin responded positively:

> *I love that kind of deal because that it puts our seat to the fire. I like accountability. Those are healthy relationships. It's like, 'oh, you're challenging us.' There's an upside to this. I can rally my troops more effectively. 'Look what's on the line here.' And it means we really have to hustle and get other relationships lined up, including banks.*

Taking full advantage of that loan, Homewise purchased the property in December 2024 for $3.2 million and began pulling in partners directly afterward. In the spring of 2025, the New Mexico state legislature allocated approximately $9 million in capital outlay funds. While that was a huge endorsement of the project, political challenges arose in actually releasing those dollars. As a result, Anchorum stepped back in to find another investor. Through his close relationship with the leadership of CHRISTUS St. Vincent Health, Jones learned that they would be willing to invest $10

---

[1] This partnership also included Enterprise Bank & Trust.

[2] Jones held 3 positions prior to becoming AHF's CEO which provided opportunities to partner with Loftin: Interim CEO of the Santa Fe Community Foundation, Vice President for Finance of ASV, and CEO of ASV.

million as one means of increasing the availability of affordable housing for hospital employees, something that has been a major barrier to hiring nurses and other staff.

Tierra Contenta is now finally moving forward. Infrastructure development began in summer 2025. When the project is complete, 40% of the 1500 housing units will meet the city's affordable housing guidelines.

Lessons
This case study illustrates how a foundation can have impact by collaborating with a well-positioned nonprofit -- rather than by unilaterally developing and implementing its own solution. The CEOs of Anchorum and Homewise co-developed a financing plan that neither party had in mind when they began talking. That financing plan unlocked the potential in a long-stalled development, providing at least 1,000 residents with new access to affording housing options.

The case also points to a set of lessons as to how foundations should co-strategize with nonprofit partners. The six lessons below overlap somewhat with those emerging from studies of foundations collaborating with one another (e.g., Hamilton, 2002; Gibson & Mackinnon, 2009; Parker, 2010; Seldon, Tierney & Fernando, 2013; Millesen, 2015; Porter et al., 2017). However, partnering with grantees raises distinct challenges that require more tailored recommendations.

Partner with a well-positioned organization. Homewise brought unique assets to the partnership that complement what Anchorum could offer. In particular, Homewise had a long track record of developing successful housing projects and had built credibility with a wide variety of government agencies, financial institutions, community-based organizations, etc. Homewise's CEO, Mike Loftin, is widely regarded as an effective leader within the housing world. Over his 30 plus years at Homewise, Loftin has recruited a team of professionals and built an organization that is recognized for its ability to deliver.

This combination of assets meant that Loftin had deep knowledge about the issue of affordable housing across northern New Mexico and opportunities that could be pursued. He was also quite capable of thinking strategically about how to make progress on the housing issue, and then operationally about what it would take to put potential solutions in place.

Collaboration needs to involve organizational leaders. The strategy for jumpstarting Tierra Contenta required major investments and commitments from both Anchorum and Homewise. This meant that the leaders of both organizations needed to be fully bought in. The easiest way for that buy-in to occur was for the CEOs to be the ones who actually negotiate the deal. More generally, foundations interested in co-developing strategies with nonprofits need to ensure that whoever is representing the foundation has the authority enter into arrangements that could have major implications on the organization's expenditures and reputation.

This recommendation is consistent with what other researchers have recommended when it comes to foundations collaborating with other foundations. Seldon, Tierney and Fernando (2013) noted that effective funder collaboratives are often initiated at the CEO level. Over time, those CEOs may step aside and authorize other senior-level foundation staff to delve into the details of the strategy-development process. However, in almost all cases the CEO will continue to monitor the group's process and will need to endorse whatever collective strategy the group develops (Parker, 2010).

Collaborate at the strategic level. It is important to point out that Jones and Loftin focused on how to address a major issue facing the community rather than negotiating grant support for Homewise. The conversations were strategic rather than transactional. Jones and Loftin were each focused on how to take advantage of a unique opportunity to significantly increase the supply of affordable housing. While Loftin was certainly interested in advancing his organization's influence and financial standing, his conversations with Jones focused on what it would take to succeed at a development project that mattered to both Homewise and Anchorum.

Ensure that co-developed strategies align with the grantee's interests. The funding package that Jones and Loftin negotiated was one that worked to the advantage of both organizations. Jones did not attempt to push Loftin into a "solution" that would be contrary to Homewise's own strategic interests. Just as importantly, Loftin was forthcoming in expressing those interests and holding firmly to them.

This observation points to the need for funders to ensure that whatever strategy they co-develop with grantees be viewed by those organizations as good for their own bottom line. For this to happen, all parties need to be clear on their own interests and speak up for those interests, while also seeking to accommodate the other parties. As Trust-Based Philanthropy points out, funders have a special responsibility to take steps to equalize the power imbalance to the extent possible so that potential grantees are able to freely advocate for themselves (Salehi & Infante, 2024).

Engage fully and respectfully with one another. One of the major takeaways from this case is that co-strategizing process requires open-ended, give-and-take conversations. The funder and the nonprofit each need to bring their ideas, interests and expertise into the process of designing a shared strategy. Both parties need to feel free to share their ideas. At the same time, they need to respect the insights that the other has to offer. In particular, foundations need to recognize the limits of what they know and show a genuine interest in learning from nonprofit partners.

Loftin reported that Jones brought this open-minded orientation: *"Jerry is interested in what you think. He sees it as a partnership."* Loftin also indicated that this contrasts with what occurs when he engages with some other foundations:

> *He doesn't say that the foundation has the smartest people and you guys need to go through stuff that we think is important. … With Jerry we have an iterative back and forth where you learn from each other and challenge each other.*

Begin with general rather than specific goals. In partnering with Homewise, Jones was pursuing Anchorum's longstanding interest in doing something that would increase the availability of affordable housing. However, he did not bring pre-specified expectations as to where that housing would be built or how Anchorum would contribute. The idea of providing Homewise with a financial package to purchase and develop Teirra Contenta emerged through formative conversations with Loftin.

The larger lesson here is that funders should bring general strategic interests rather than specific outcome expectations when they enter into a partnership with a nonprofit. This lesson is at odds with the original formulation of strategic philanthropy foundations, where foundations were encouraged to name their intended impacts before reaching out to potential partners. Being overly specific on the front end proved problematic when the foundation's expectations failed to align with what the nonprofit partner was motivated to accomplish or when the nonprofit knew from experience that the foundation was being unrealistically optimistic.

On the other hand, this does not imply that foundations should be completely agnostic about their interests and expectations when entering into a partnership. That would imply a lack of strategic direction. A foundation's starting goals should have enough specificity to provide directional guidance to the staff (e.g., which issues should be addressed, which populations should benefit), but should leave open exactly what the impact will look like.

Finding the right level of specificity is a delicate balancing act. If there is too much specificity on the front end, the foundation won't be open to the learning that can occur through conversations with partner organizations. On the other hand, if the aspirations are too general, the foundation won't be able to narrow its search for partners or to bring a clear perspective when developing the strategy.

Conclusion

Because of their experience carrying out work that directly affects the health and well-being of people and communities, nonprofit organizations have expertise that foundations typically lack when they determine their strategies. By co-developing their strategies with nonprofit partners, foundations can advance their interests in ways that aren't possible within internally developed strategies. Likewise, nonprofits can gain new opportunities to accomplish their own goals when they are brought inside a foundation's strategizing. This synergy was illustrated by Anchorum and Homewise when they co-developed a plan to jumpstart the Tierra Contenta housing development.

While funder-grantee partnerships offer the potential for synergistic strategies, there are a variety of challenges that often limit their success. First and foremost, the power dynamics that arise when a grant maker and a grant recipient engage with one another make it difficult to have the open give-and-take conversations that are necessary to achieve deep learning and to identify unforeseen opportunities. To overcome this challenge, the funder needs to be genuinely curious and open-minded as to what the conversation might lead to. Whoever is representing the nonprofit also needs to be open to trying new work consistent with their strategic interests. And both parties need to feel confident enough to lean in with their ideas and perspective.

One of the key findings from the Tierra Contenta case is that these open, give-and-take conversations are more likely to occur if the individuals involved have a history of working together. For Jones and Loftin, the relationship dates back to 2012. In addition to co-designing housing-support programs for hospital employees, they met regularly for informal conversations. Just as important, Jones and Loftin are CEOs who have the power to decide what work their respective organizations will pursue.

Bottom line, foundations and nonprofits can successfully co-strategize, but only if some specific conditions are in place. Most importantly, a high level of trust needs to exist between the two organizations. Trust-Based Philanthropy provides useful guidance for building trust between a foundation and a nonprofit, especially the recommendation that foundation staff take the time to understand and appreciate the nonprofit's mission, history, programming and accomplishments. However, foundations will need to look beyond the Trust-Based model to learn how to move from supporting nonprofits to co-strategizing with nonprofits. The case study presented here provides insights into this more challenging task.

REFERENCES

Brest, P., & Harvey, H. (2018). *Money well spent: A strategic plan for smart philanthropy*. Stanford University Press.

Fabyanske, J., Cook, S. & Levin, M. (2025). Collectively Owned Strategies**,** *Stanford Social Innovation Review.*, 23(1), 27-37. https://ssir.org/articles/entry/collectively-owned-strategies

Fulton, K. (2018). Strategic Philanthropy Reconsidered. *Stanford Social Innovation Review*, *16*(4), 70–71. https://doi.org/10.48558/EN6S-GD32

Gibson, C. & Mackinnon, A. (2009). *Funder Collaboratives: Why and How Funders Work Together*. GrantCraft**,** https://learningforfunders.candid.org/wp-content/uploads/sites/2/2018/12/funder_collaboratives_secure.pdf

Grantmakers for Effective Organizations (GEO) and REDF (2012). *Strategic Co-Funding: An Approach for Expanded Impact.* https://www.geofunders.org/resource/strategic-co-funding-an-approach-for-expanded-impact/

Hamilton, R. (2002). *Moving Ideas and Money: Issues and Opportunities in Funder Funding Collaboration,* Chapin Hall. https://search.issuelab-dev.org/resources/10332/10332.pdf

Harvey, H. (2016). Why I regret pushing strategic philanthropy. *The Chronicle of Philanthropy,* April 4. https://www.philanthropy.com/article/why-i-regret-pushing-strategic-philanthropy/

Kania, J. & Kramer, M. (2011). Collective impact. *Stanford Social Innovation Review*, 9(1), 36-41.

Kramer, M. & Phillips, S. (2024). Where strategic philanthropy went wrong. *Stanford Social Innovation Review, 22*(3), 28-37.

Lasker, R. D., Weiss, E. S., & Miller, R. (2001). Partnership synergy: A practical framework for studying and strengthening the collaborative advantage. *Milbank Quarterly,* 79, 79-206.

Millesen J. (2015). Understanding Collective Impact in a Rural Funding Collaborative: Collective Grantmaking in Appalachian Ohio. *The Foundation Review*, 7(4). https://scholarworks.gvsu.edu/tfr/vol7/iss4/12/

Nelson, J., & Twersky, F. (2024). Strategic Philanthropy Is Alive and Well. *Stanford Social Innovation Review*. Online: https://doi.org/10.48558/N29H-YR12

Parker, S. (2010). *Lessons from a Ten-Year Funding Collaborative: A Case Study of the Partnership for Higher Education in Africa.* MacArthur Foundation. https://www.macfound.org/media/article_pdfs/phea_case_study_1.pdf

Porter, W., James, K, Medina, R. & Chow, B. (2017). Funder Collaborations – Flourish or Flounder. *Foundation Review,* 9(4). https://scholarworks.gvsu.edu/tfr/vol9/iss4/10/

Salehi, S., & Infante, P. (2024). Forest for the trees: Collective accountability and trust as groundwork for systems change. *The Foundation Review*, *16*(2), 6.

Seldon, W., Tierney, T.J. & Fernando, G. (2013). High-Stakes Donor Collaborations**.** *Stanford Social Innovation Review,* 11(2), 46-48. https://ssir.org/articles/entry/high_stakes_donor_collaborations

Trust-Based Philanthropy Project. (n.d.). *A trust-based approach*. Retrieved at: https://www.trustbasedphilanthropy.org/overview

White, J. A., & Wehlage, G. (1995). Community collaboration: If it is such a good idea, why is it so hard to do? *Educational Evaluation and Policy Analysis,17*(1), 23-38.

Wolff, T., Minkler, M., Wolfe, S. M., Berkowitz, B., Bowen, L., Butterfoss, F. D., & Lee, K. S. (2017). Collaborating for equity and justice: Moving beyond collective impact. *Nonprofit quarterly*, *9*(2017), 42-53.