

Writing Great Grants – Innovation – An M.J. Murdock Charitable Trust Podcast

Colby Reade: Welcome to the M.J. Murdock Charitable Trust Podcast on Writing Great Grants. We're a private nonprofit foundation serving the Pacific Northwest, where for more than 44 years we have awarded more than \$1 billion in cumulative grants to organizations that serve and support our local communities.

On this podcast, we want to share insights and information that help nonprofits flourish and thrive in order to serve the common [00:00:30] good. On today's episode, our host Steve Moore, the executive director of the Murdock Trust, sits down with Dr. Moses Lee to discuss the importance of innovation.

Moses is our senior program director for scientific research and enrichment programs where he oversees much of our grantmaking and educational programming in the field of scientific research. He comes from a very robust scientific background, as a former chemistry professor at Furman University, and he served as the Dean of Natural and Applied Sciences at Hope [00:01:00] College. Enjoy the conversation.

Steve Moore: Moses, it's great to have you here today. It's going to be fun to have a little conversation about the topic that we've got today.

Moses Lee: Thank you Dr. Moore. Glad to be here.

Steve Moore: Moses, one of the things we wanted to talk about is this idea of innovation. As you well know, when we encounter nonprofits, we often hear groups talk [00:01:30] about the idea of innovation. They want to provide innovation in the way they serve their communities, or the way they do their work.

And so it's fitting that someone who's been a part of innovation in the scientific field, but you've also served the trust in areas of public health and working with nonprofits as small community hospitals. You know about innovation from a [00:02:00] rural perspective, from an urban perspective, from a higher education perspective, a small nonprofit perspective.

So we want to talk about some of the critical elements and some of the drivers of innovation in those different fields. As we think and talk about that, what are just a couple of things that come to your mind that are important factors as you think about innovation in [00:02:30] the nonprofit sector?

Moses Lee: Thanks Steve. As I think about innovation and the nonprofit sector, it is really the magic sauce, I think, in all of the work of nonprofit organizations. It is a way for organizations to remain current, to remain relevant, and to be able to serve the needs of the communities.

And most importantly really, is to keep their [00:03:00] promises, the promises they make to the communities and the constituents that they serve. Organizations have to be innovative. If they're not innovative, the downside of it

is, they over time become irrelevant. They lose touch with the community they serve.

And sadly in organizations that I have seen and worked with and read about, organizations [00:03:30] that do not innovate eventually fade away or they fail. This is really the magic sauce for which non-profit organizations, and rightfully so, actually for for-profit organizations too. It's a very important ingredient for success.

Steve Moore: Yeah, that's a great point. That things that apply to the nonprofit sector are often true in education, and in business, and in government.

Moses Lee: Yeah.

Steve Moore: And one of the things that we often hear is we'll hear a nonprofit [00:04:00] leader say, "This is an innovative idea." And they may even say something like, "No one has thought of this yet." What are some things that we have learned that are key principles that we could say, "This person is beginning to think about innovation in a good way"? What are just two or three things that you would observe?

Moses Lee: Well, here are a couple of things I'd like to reflect on. First of all is [00:04:30] organizations that innovate, they tend to pay close attention to the communities they serve. Things that are growing, things that are changing, advancements that are being made in the area that it serves.

And it continues to make improvements all the while to better serve their communities. And it really is a market-driven kind of thing. To expound on what you were just saying a little bit earlier, Steve, is whether it's a for-profit or nonprofit, at the end of the day, there is a business [00:05:00] model, a financial model, and this all plays into that too.

Now back to your specific questions about innovations, the nature of innovations. Not all innovations should be or have to be the same. They are unique. There are different types of innovations. And the key thing is to reflect on the kind of innovation that fits the specific needs, and the circumstances, the resources available, the vision, the strategy of a specific [00:05:30] organization at a particular time.

And there are just different types of innovations that I'd like to just mention quickly. One is a general type of innovation. When you think about an organization that is doing something good and it gets to a certain point— If you think about a growth curve, it grows to a certain point and it reaches a point of, if you will, a plateau as it grows to a certain point. What is the next thing that needs to happen [00:06:00] in order to transform or to change the point of inflection into a positive slope again?

Those kind of specific changes may not be groundbreaking, may not be transformative, but is very crucial for the organization to continue to flourish, continue to serve, and continue to grow. Those are the kind of what we call general innovation.

Steve Moore: So Moses, what you're saying is that innovation is the ongoing work of an organization, that it's not something [00:06:30] that happens every five or 10 or 15 years.

Moses Lee: That's right.

Steve Moore: It's something that just is continual because an organization is paying attention to the communities and the constituencies that they're seeking to serve?

Moses Lee: Absolutely. Successful organizations are always talking, listening to their communities, having their finger on the pulse of the community, what are the needs? What are the opportunities? Innovation is an ongoing thing. And [00:07:00] the types of innovation would apply at an appropriate time.

Let me give you an example of what a general innovation would look like. Recently, the Trust had an opportunity to partner with an organization called Literary Arts Incorporated in Portland, Oregon. It's an amazing story because in recent years it has seen a transformation in growth of the number of members, listeners and writers all alike.

Now, the organization is then faced [00:07:30] with a reality, and that is: how are they going to engage the growing community? What they were doing has worked so far, but it has reached a plateau. And the way to do it would be to bring in something new that addresses a very specific need of the organization, and this instance would be to utilize what others in the community have done, which is to introduce new technology.

And the new technology [00:08:00] would be involved in developing a robust website, to have online newsletters, that sort of thing. And more important, like what we're doing, creating a whole set of podcasts.

Steve Moore: Yeah. It's a great example. We're trying to innovate as well and serve our constituency.

Moses Lee: Exactly right.

Steve Moore: And do those kinds of things.

Moses Lee: If you think about it, it's not transformative in a way, or groundbreaking—we'll talk a little bit more about that—but it is crucial. This kind of innovation is crucial for ongoing growth [00:08:30] of an organization to meet a very specific need.

Writing Great Grants – Innovation – An M.J. Murdock Charitable Trust Podcast

Steve Moore: That's a great example out of the arts and culture sector. Let me just push you a little bit on this idea of keeping the promise that you mentioned.

Moses Lee: Yeah.

Steve Moore: What's the difference in a promise that a nonprofit might keep, and that a for-profit organization might keep? Is there something that comes to your mind that's a big difference in the two?

Moses Lee: Not particularly, I'll be honest with you. Because you think about promises. [00:09:00] The key is, a for-profit organization has a product, has a mission, has a business model that it is trying to accomplish. A non-profit organization would have the same kind of thing, has a mission of course—

Steve Moore: They've got to have a good business model.

Moses Lee: They have a good business model, and they have to serve their community. And whatever that bottom line, whether it is a product, a product that can be thought of, if it's a for-profit as a device, a piece of equipment or a piece of something you sell. But [00:09:30] for profit, it could be a service that you provide. But the deliverables are the same.

Again, it's the idea of delivering something to your community that has a need for it, that you have that relationship, and they will go to you as an organization. Whether is for profit or nonprofit for that particular service. And at the end of the day, you still have to have a viable business model whereby checks have to be paid, bills have to be paid, and that sort of thing.

You [00:10:00] have to think about leadership, you have to think about how to raise resources, you've got to think about how to assess the services or products you're trying to provide to the community and so forth. In many ways they are very, very similar. Of course, fundamentally, one thing that's different is at the end of the day for for-profit, they have a bottom line of making money. A nonprofit is a different goal.

Steve Moore: And we often talk about the goal of nonprofits is to change [00:10:30] lives.

Moses Lee: Yep.

Steve Moore: And it's not just enough to have the inspiration or the motivation to change lives. You have to have that undergirding of a business model that helps you get there.

Moses Lee: Absolutely.

Steve Moore: And I think that's what you're talking about.

Moses Lee: That's exactly right. Because at the end of the day, you can have the greatest ideas, and as we have talked about and written about, keeping the promise. Great ideas can only come to life if you have a mechanism to come to life. And that is true for for-profit [00:11:00]. An entrepreneurial organization that comes up with a great idea—it could be the miracle drug that is going to cure cancer or cure some disease—if it doesn't have a structure, doesn't have a process, it's not going to lead anywhere. In many ways, I see parallel between the two organizations.

Steve Moore: Yeah. We live in a time where there's a lot of things that are rapidly changing around us. What's the difference, do you think, between [00:11:30] a ongoing innovation that has to occur and what you might call transformative innovation or groundbreaking innovation?

Sometimes nonprofit leaders feel like they have to come in with a revolutionary innovative idea, but in reality that's not always the case, but sometimes it might be.

Moses Lee: That's exactly right. And again, as I alluded to earlier, it connects to the point of [00:12:00] understanding, having a pulse of the community that you serve, what the needs are, and what the opportunities are available at that particular time as you think about the kinds of innovative ideas that one would introduce.

Let me give you a general definition and an example of what a transformative innovation is and what a groundbreaking innovation is. A transformational innovation is also introducing something new. This is all about introducing something new. And a transformational innovation [00:12:30] introduces something new to an organization that will have a profound and structural impact on the organization, and also impacting the operation as well.

But here's a unique thing. Trying to draw a difference between transformational and groundbreaking is that this innovation that transforms an organization can be emulated from another [00:13:00] organization, and basically what other people have done this well. But it is more profound and lasting and it has structural impact.

For example, recently the Trust also had an opportunity to partner with an organization in Palmer, Alaska called the Musk Ox Development Corporation, or I will just call MODC. This is an amazing organization that provides conservation and learning [00:13:30] that connects to the musk ox, which are amazing animals that lived during the time where the woolly mammoths were roaming the Arctic Circle. It's pretty amazing. They have been around for a long time.

One of the other unique things about this organization, this project, is that they use the musk ox conservation as a way to provide economic mobility for native Alaskans. And how does that come about? Because these musk ox, one

[00:14:00] of the unique things about their under fur, is it's one of the softest furs, apparently, in the world, and it's very pricey.

There is an opportunity to cultivate these animals, harvest their fur as a way to provide economic mobility. There's a lot of the cultural impact of this organization, as well as the conservation and learning ecology of these unique animals.

[00:14:30] Here's one thing they found recently, or they learned recently — again, understanding and listening to the community. They are missing out. They were missing out on two fundamental big areas. One is they were not able to serve the community's needs. What do I mean by that?

Well think about it. This is Alaska, Palmer. It gets very cold in the winter, long nights, or dark days, if you will, cold. They receive [00:15:00] a large number of requests from schools. Because of the unique work that they do, the schools want to send students as field trips to MODC, but they can't.

They can only do some of them. The reason is because in the winter, there's no place to host this children, the students. They just can't do it. Because again of the unique work of MODC, the community wants to have a way [00:15:30] to continue to build and learn from the opportunity to have workshops. They want to have workshops to learn about musk ox and learn about this incredible fur cultivation and all that kind of stuff.

No space. No space to do that. And they also learned that because of the unique work that they do and the location that they're at, people from around the country want to go up there to spend some time in residence as they reflect and do their work. Whether it is in art, [00:16:00] whether it is in writing. There's a whole lot of things. They can't do any of that because they don't have the space.

And the space that they have is not heated. You just can't do it. And that translates to the other point that they're missing out in revenue sources. These are potential revenues. They're looking at something that is in their mission to do, they are unable to do, there's a huge need for it, and then they are missing an opportunity.

[00:16:30] The board then decided, and the leadership decided that well, maybe this is what they need to do, is transform the organization, create the space, have a structural lasting change in the organization that can then enable them to do all of these things. And they have an opportunity because when the farm was formed, they have this iconic colonial barn that's across Alaska, when the homesteaders moved in. Beautiful red roof, classic [00:17:00] colonial barn.

Now the little part of it is renovated as a gift store but it's unheated. It's unheated, totally unheated. If you walk in there in a winter, you'll be bundled up

because it's just, and it's just not going to ... But their goal is to transform that barn into something that is a gift shop, that is a classroom, that has workshops and a museum.

And also—this is something they get really excited about Steve—and that is heated bathrooms, because they don't have any heated bathrooms. [00:17:30] Think about the holistic aspect of this and what this would bring, this structural transformation that could change the operation, right?

And also brings new revenues and changes their business strategy. And this is what we would think of as a transformational information, because it truly will transform the organization.

Steve Moore: So you've given us a great example that touches on several things. It touches on a board that [00:18:00] is really thinking about its mission and the delivery of the mission. We hear an organization that's really paying attention to the community that it's in and the way that it serves.

And then it's also thinking about its business model and the ways, not only to raise money through donations, but some other revenue streams that might help them better fulfill their mission. That's a great example of that. I'm also mindful that we've seen a few bad examples, [00:18:30] Moses.

I think of one transformational idea that came from a group that was going to serve homeless people meals. And it mainly was just getting more meals out the door instead of asking that transformational question, "How might we help people get off the streets?" And to work with people in other kind of ways and even connect with other organizations that are seeking to serve the same people. [00:19:00] Knowing what others are doing can be an important aspect of innovation.

Moses Lee: Very, very true. And one of the things too, in addition to the board, which you reflected on, Steve, also the leadership, the administrative leadership who has the ... One of the things as we think about anyone doing innovative work that you got to have to address—and we'll get to these questions later—and that is, do you have the skills and experience to carry this out? Do you have [00:19:30] the foresight and the vision to see it through?

And I will have to say too, this organization MODC has seen some challenging days. Has had its challenging days and has undergone a transformation with board and with leadership. And that is now seeing it through even further. With the right people, with the right leader, things can happen. And the key is, like you said, listening to the community, understanding what is needed at this particular [00:20:00] time and what resources they have to be able to execute it.

Steve Moore: Yeah. That's great. Because in that part of Alaska, there's not a lot of resources, so they're able to think creatively. Well, as you think about one other thing that

you would hope that every organization would think about when it comes to innovation, what would that be? What would be something you'd say, "Be sure and remember this if you're thinking and working on an idea that you think may be innovative?"

Moses Lee: That's a great question Steve. Can I put that question [00:20:30] on hold and then maybe give you another example?

Steve Moore: Okay, good. That's good.

Moses Lee: Give you an example on what groundbreaking innovation is.

Steve Moore: Okay, good.

Moses Lee: Because I think it gives a broader continuum of how one should think about innovation. And then we'll come back to that question. Now, in groundbreaking innovation, this takes what is being introduced to, as a scientist would say, a totally higher quantum level. It's something that's totally new [00:21:00] and something perhaps few, if anyone, is out there doing.

This is truly groundbreaking. And not surprisingly, we do see them in all different sectors, but in the scientific research sector, just the nature of supporting science are people with only organizations, whether it is government, public, or private foundations, will support research that are breaking ground, that are new. They're not going to support [00:21:30] a project to repeat and experiment, for example. There is a natural tendency to look for something groundbreaking.

This is really the most rare of all types of innovations. Let me give you an example also. We do quite a bit and the Trust supports a significant number of major scientific research projects, as you know. University of Washington, recently, we were able to partner with them [00:22:00] with a grant to build a state-of-the-art microscope.

This is a unique microscope that allows researchers to see individual neurons in a functioning brain of a living and active animal. That's pretty cool.

Steve Moore: That would be groundbreaking.

Moses Lee: You will see the whole brain. You'll see individual neurons. But what's even more profound and groundbreaking is that they [00:22:30] have technology using the microscope and additional technologies where they can perturb, excite a specific neuron area of the brain and watch how that neuron is connected to other neurons and connected to further neurons as in an electric neural circuit.

And that's how the brain works. In the current times, people look at activity of one individual neuron, maybe how it connects with the other neuron, but not in the circuitry. [00:23:00] But think about the impact that will have in understanding how the brain works, how the brain develops and how that translates to normal development of the brain or challenges in development of the brain, such as mental health and a whole variety of things.

Why are certain people or animals or organisms more prone to addiction to substance and others don't? Trying to understand that. It's more [00:23:30] than just one or two neurons, but it's really the circuitry. The neural network of the entire brain. University of Washington is one amongst a very few in the entire world that would have this capability. And the work that they do, no question, is going to break new ground. This is an example of groundbreaking.

Steve Moore: So Moses, that's a great example. And in a sense, what they're doing is they're really identifying a very complex problem. And [00:24:00] they're saying, "We've got to come at this problem from a whole new perspective."

Moses Lee: That's right.

Steve Moore: We've got to look at the circuitry and the whole stream of things that relate to that. I think that's a really good principle to think about as we think about groundbreaking research or groundbreaking innovation as opposed to other kinds of innovation.

Moses Lee: Yeah. So shall we go back to your question?

Steve Moore: Let's go back to the question about, what would be the one [00:24:30] thing? You've visited a lot of nonprofit organizations, both in the scientific world, educational world, and others. What would be one thing you'd say, "Be sure and think about this, be sure and realize this if you're thinking about innovation?"

Moses Lee: Steve, that's a great question. And I've alluded to ... I don't think there is one thing, Steve. I think innovation by itself is such a complex thing. There are multifaceted angles that one has to look at [00:25:00] to see and understand if this is the right moment to execute that specific innovation.

And foremost, of course, as I alluded to is understanding what the needs are from the community that the organization serves. And what some of the latest advancements could be. It could be technology, could be ideas and things that are available at that particular time, and recognizing where the organization is in terms of its capabilities to take on [00:25:30] these innovations. Those are very, very important points.

But a couple of other things that every organization should think about as they embark in any innovation ideas. Does the idea, the project if you will, fit with

their mission? Does it enable them to keep their promises? Is this going to be taking them off attention? Now that wouldn't be good to do.

It has to be focused [00:26:00] on its mission and its promises. As I alluded earlier, does the executive team have the expertise to carry this out? And one of the things that's really important is, do you have the resources, or sources to find these resources, to carry out this function and also to sustain it? Do you have a business model that would sustain it?

And another thing that's really important too, is any innovation ideas, anytime anybody brings something new [00:26:30], they should not be wearing rosy glasses. Because there will be challenges. It's just the way innovation is. Do you have the stomach to carry it and see it through? Do you have leadership support, board champions? Who is going to support you and see this thing through?

Because there will be challenges. That's just the way innovation works. If it is just too simple, everybody can do it. That won't be an innovation. It would be just another thing. [00:27:00] A couple more things. Do you have a strategy to assess the project? You got to know if this thing is working. What does that mean? Because everything sounds great and it looks great, but is it really enabling you to keep this promises?

Is it going to enable you to affect the impact that you want? Are there situations where ... [00:27:30] Because resources are never unlimited, does that mean that to do this innovation you'll have to give up something? So this balancing. There's a lot of that kind of thing that every organization will have to think about.

But I do want to make one more other point, Steve. And that is not all innovations, I made that earlier, not all innovations should be the same. And not all changes [00:28:00] have to be innovative. In other words, organizations we have seen many times. Maybe it is innovative, but I don't quite see it that way.

We supported a lot of campgrounds to support youth programs. And we laugh at it, we joke about it sometimes, that we are one of the few organizations that would upgrade sewer systems. Now, you put in a new sewer system [00:28:30] where the old one was not functioning—that's not really that innovative. You just have to put it in. You just have to.

But that is still very important to do, right? You got to always do new things to keep relevant and to continue to serve. But not all changes, not all things that are new have to be innovative. It can be just a simple thing. Another example would be, the camp needs a new stove and we've done those. They have to cook food for the children. You just got to buy [00:29:00] the stove. I think you got to always look at all of these in balance.

Steve Moore: Those are great examples, Moses. And I think that your point in answering my question, “Is there one more thing?”, is that the one more thing is that you have to keep lots of things in mind, that there is no silver bullet. There is no one thing that is going to turn something into innovation. [00:29:30] And the second thing is simply we care about capacity building, just like we care about innovation. And that building the capacity of an organization to fulfill its mission can be as important as innovation in fulfilling that mission.

Moses Lee: Yes, absolutely.

Steve Moore: Moses, thank you so much.

Moses Lee: I got one more thing.

Steve Moore: You got one more idea?

Moses Lee: One more idea. [00:29:55].

Steve Moore: Moses, you've always got one more idea.

Moses Lee: One of the things that I was thinking about too [00:30:00] is, Steve, a question that could be asked, is should all organizations ... we mentioned earlier that not all things new has to be innovative.

Steve Moore: Yeah.

Moses Lee: But should all organizations do innovative things? I think that's a very interesting way to think about it. And I do appreciate the potential difference in thoughts. But in my mind, it shouldn't be the case. I think every organization should always think about innovative things, innovative [00:30:30] ideas. Whether what they want to do is innovative is a different thing.

They should always be thinking about innovation. And the reason is, I'm a strong believer, and I look at all the organizations we work with and others that I know about and read about. All the organizations start with a germ of an incredible idea.

And to bring that idea to life, as we talk about serving the common good, requires incredible innovation [00:31:00] and risk-taking of the founders to bring that idea to life. All organizations in my mind start with a germ of innovation. That is always there. And the goal would be for every organization to continue that fire in the belly, if you will.

You don't always have to innovate for the sake of innovation but you're always going to have that in your mind, in your DNA, if you will, that can enable you to continue to evolve and [00:31:30] grow and meet the needs and ultimately keeping the promises that you've set up to do.

Writing Great Grants – Innovation – An M.J. Murdock Charitable Trust Podcast

Steve Moore: Moses, I knew that at some point that you as a scientist of infectious diseases, would figure out how to work germs into this discussion. So thanks for the—

Moses Lee: And DNA.

Steve Moore: And DNA. That's exactly right. And the great thing that you've done is you've also reminded us of some of the other key components that we're going to talk about in this series.

Moses Lee: Yeah.

Steve Moore: Things like [00:32:00] assessment and the business model and boards and leadership. The ability to plan and execute. Many nonprofits, we find, simply have an inspirational idea, and they just want someone to fund that idea.

Moses Lee: That's exactly right.

Steve Moore: And it takes a lot more to really run an effective and flourishing nonprofit, don't you think?

Moses Lee: Absolutely agree. Thanks Steve.

Steve Moore: Thanks Moses.

Colby Reade: [00:32:30] And that wraps up this episode of the M.J. Murdock Charitable Trust Podcast. For more information on writing great grants as well as resources on fundraising, board development, leadership, team management, and a variety of other topics in the nonprofit space, please visit our website, murdocktrust.org. This episode of the M.J. Murdock Charitable Trust Podcast was recorded at the Luis Palau Association Studios in Beaverton, Oregon. Episode produced by Colby Reade with [00:33:00] sound engineering by Doug Steward and special thanks to Kaedyn House. Music by Lobo Loco via the Free Music Archive. Copyright M.J. Murdock Charitable Trust, 2020. All rights reserved.