

THE TANOTO FOUNDATION

FAMILY PHILANTHROPY: SCALING IMPACT & BUILDING BRAND

This case was written by Clare Woodcraft, Executive Director, Dr Shonali Banerjee, Research Associate, and Zhiwan Rong, Research Assistant of the Centre for Strategic Philanthropy at the University of Cambridge Judge Business School. Primary material presented here is based on a series of elite interviews with senior members of the Tanoto Foundation Board, the Tanoto Family, and executives at the Tanoto Foundation.



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“The Tanoto Foundation’s pursuit of raising education standards is galvanised through our work with governments, development organisations, schools, and universities. We will continue embracing an evidence-based approach to philanthropy, in collaboration with like-minded partners and communities. We believe that at the heart of meaningful change in society is the sustained growth and success of each and every individual.” – Dr J. Satrijo Tanudjojo, Chief Executive Officer, the Tanoto Foundation

“You cannot execute ideas without having the right people on board. We brought in a lot of good talent, not just from the social development sector. Private sector talent and tools have helped the Foundation achieve higher efficiency and impact. Investing time to learn from others and sharing results are also crucial. Data is a public good. Our good models are shared with the government for further implementation and replication. In emerging markets like Indonesia, achieving impact means addressing the wider philanthropic ecosystem and building partner capacity to ensure their work is sustainable in the long run.”— Belinda Tanoto, Board of Trustees, the Tanoto Foundation

Introduction

Sitting in his Singapore office in summer 2020, Dr J. Satrijo Tanudjojo was re-reading the final draft of the Tanoto Foundation’s five-year Strategy Plan, shortly due to be presented to the Board. Since the Foundation’s strategy transformation in 2017, this draft entailed a five-year roadmap for the Foundation’s development. The Board of Trustees had reminded the executive team to focus on both impact and strengthening the Foundation’s internal processes. As he poured himself another cup of Oolong, Dr Tanudjojo realised that, while robust, the strategy was missing something.

Dr Tanudjojo was hired by the Tanoto family in 2017 as their Foundation’s Chief Executive Officer (CEO) in order to lead the implementation of the Foundation’s transformation strategy from a traditional direct-implementing entity into a collaborative, evidence-based, data-savvy philanthropic thought-leader in Indonesia’s education sector. He brought well-honed skills in staff development, business management, and strategy from his private sector experience. Prior to joining the Tanoto Foundation (TF), Dr Tanudjojo was a senior executive of multinational companies based in France, China, and Japan. He was now mandated to help the Foundation maintain its business-like approach as it sought to scale up its operations.

The Tanoto family’s conscious decision to embark on this transformation journey was sensible and necessary for growth, given their desire for greater impact by expanding their philanthropy nationwide while also deepening collaboration with a wider range of stakeholders. While the Foundation has since 1981 been implementing effective and well-received programmes that improved lives, the number of beneficiaries has largely been limited to certain locales. The strategy review facilitated by Bridgespan in 2017 would allow the Foundation to touch the lives of a bigger group of beneficiaries through collaboration and scaling up.

With guidance from the Tanoto family, Dr Tanudjojo initially focused on planning a smooth transition towards an increasingly strategic business model. This included introducing grant-making portfolios and partnerships, complementing the Foundation’s traditional mode of giving, which was direct and self-implementing. The new strategy calls for a robust organisational structure, a high-performance culture, an effective programme portfolio, and an openness for partnerships.

While developing the execution strategy for the new business model, the Tanoto family and the Foundation’s leadership spent considerable time with the team ensuring that the new mind-set was firmly rooted in a finely-honed Theory of Change (ToC). This tool allowed the Foundation to clearly articulate and understand underlying social challenges, associated external circumstances, and the tools required to deliver relevant solutions. The ToC also helped ensure that the Foundation’s work remained closely aligned with the United Nations (UN) Sustainable Development Goals (SDGs) – increasingly being used by philanthropists to calibrate their own work in line with broader national and global development

agendas. To support the implementation of the new strategy, a significant organisational restructuring was carried out. This included ensuring new responsibility and accountability areas arising from the strategic shift were communicated to the affected divisions, applying organisational 'span-breakers' to allow for effective professional development, and matrix reporting lines that encourage cross-departmental learning.

The Board stressed the importance of strengthening impact measurement for the Foundation. Developing measurable and sustainable impact also required a robust monitoring system that informed the Foundation about the efficacy of its approach, allowing the executive team to make necessary adjustments to programmes and facilitate institutional learning. The Foundation wanted to play a central role in the sharing of data and good practices in the Indonesian social development space – a critical step to catalysing change in the wider development ecosystem. Thus, the reorientation of the monitoring, learning, and evaluation (MLE) division, coupled with the drive for impact and communication, led to the creation of the Foundation's Impact Lab.

Ultimately, the changes – internal or external – were needed to help further professionalise and institutionalise the Foundation. The younger generation of the Tanoto family had already begun to take up more substantial roles in the Foundation. With its ambition and energy, the Tanoto Foundation is well-positioned to establish strong thought leadership in the area of education philanthropy both nationally and internationally. Scaling activities also meant that the Foundation needed a more institutionalised organisational culture, which could promote cross-divisional synergies and learning, and an enhanced ability to attract and retain top talent. The CEO was happy with the progress but acknowledged that there was still more work to be done, and that these points should be explicitly addressed in the strategy. How could the Foundation ensure that consolidating its brand, institutionalising its culture, and proactively managing its talent would help the Foundation successfully establish a thought leadership platform and scale up?

The Tanoto Foundation Background

History

The Tanoto Foundation was founded by Mr Sukanto Tanoto and his wife Mrs Tinah Bingei Tanoto in 1981. Mr Sukanto Tanoto launched the family business RGE (Royal Golden Eagle) in 1973 which has since grown into an international sustainable resource-based manufacturing group with assets exceeding USD 25 billion. With more than 60,000 employees, RGE Group now has operations in Indonesia, China, Brazil, Spain, and Canada. The Tanoto family's philanthropic work began with the initial goal of providing quality education to children of employees and nearby communities.

In the period 1981-2001, the Tanoto family's philanthropy initially centred on giving out scholarships. This education-focused approach was executed in parallel with RGE business group's corporate social responsibility initiatives, which focus on community development and economic empowerment.

In 2001, the Tanoto Foundation began actively exploring areas of giving that extend beyond scholarship disbursements. The Foundation also embarked on a journey of institutionalisation, which included the hiring of staff with the necessary managerial and subject-matter expertise.

The Foundation developed the 3Es framework of Education, Empowerment and Enhancement under which it implemented interventions and programmes for a broad spectrum of stakeholders in early childhood development, basic education and tertiary education. It required communities and locales to pilot its 3Es programmes and did so in the three Sumatran provinces of Riau, Jambi and North Sumatra where RGE operates. This approach allowed the Foundation to leverage resources and social networks of RGE, maintaining cost efficiency through the consolidation of resources and securing effective support of community leaders.

The Foundation later expanded its educational interventions with the seven-year programme called Pelita Pendidikan, which focused on long-term improvements in the areas of teacher training, reading culture, and school environment. In Singapore, the Foundation began partnering with public universities to disburse scholarships and research institutions such as Duke-NUS to fund medical research and professorships. The Foundation launched its Indonesian National Champion Scholarship in 2006, which provided financial support for talented university students throughout Indonesia. This scholarship programme would later become one of the most sought-after in Indonesia. In 2013, the Foundation launched the Tanoto Foundation Initiative at The Wharton School for research on ASEAN countries. It then launched its Early Childhood Education programme and in 2016 supported China's One Belt One Road Initiative. The Foundation's major work is summarised in Exhibit 2.

The 3Es framework ran its course till 2017, when the Foundation underwent a major transformation. Scaling successful programmes while sharpening focus formed the heart of this major strategic shift. The Foundation had gained confidence following many years of trials and pilots, and was ready for larger-scale implementation, but this time with a greater focus on Education. The Foundation recognised the many challenges and opportunities presented at various nodes of the education lifecycle, which include early childhood education and development, institutes of higher learning and research, and also professional development. A sharpened focus would also allow the Foundation to forge longer-term partnerships and deliver meaningful impact.

Building on its past endeavours, the family and Foundation leaders embarked on an intensive field trip in June 2017 to visit leading philanthropic organisations in the United States to benchmark the Foundation's work and learn about sectoral best practices. The family then participated in the 'Education Giving Guide' study¹ with the Asia Philanthropy Circle and McKinsey, which helped them identify market gaps in Indonesia's education sector.

They later commissioned Bridgespan to help them marry the family's collective interests with existing market gaps in education. With support from the Bridgespan Group, the Foundation identified the key enabling factors for scaling up: forging partnerships with other like-minded organizations, dedicating all resources to improve education, and leveraging the power of data to discover best practices. This would be the Foundation's strategy refresh.

Shortly after commissioning Bridgespan, Mr and Mrs Tanoto set up a sizeable endowment fund for the Foundation to spur a transformation process that included a heavier emphasis on impact measurement, an increased openness and desire for collaboration, deepening and broadening its institutionalisation journey, and the broadening of the scope and modes of its operations to include partnerships and grants. This scaling-up process still retained the same business-like principles that demand meticulous scrutiny of its programmes, interventions and partnerships through the lens of cost of delivery, outcomes and impact.

Pritha Venkatachalam, the Bridgespan consultant who supported the Foundation's transition, recalled that success was largely due to three factors: 1) the phased and meticulous approach to implementation; 2) the combination of decisive leadership with a learning mindset; and 3) an openness to feedback. Bridgespan's recommendations were implemented through detailed action plans that tracked delivery dates and progress. Backward induction was used in programme design whereby the Foundation conceptualised short-term and long-term impact metrics and then worked backwards to establish specific programme goals. Exhibits 4 and 5 show examples of the Foundation's transition timeline, strategy map, and Gantt charts.

Pritha noted that the Foundation is unique in its organisational ethos. While the younger leaders might have different views from their parents, Pritha has witnessed rich transparent discussions to arrive at a collective decision. The Foundation also has a good balance of strategy and execution that marries the

“heart” and the “head”. Pritha was impressed when she reconvened with the family and found that all of Bridgespan’s recommendations had been carefully implemented: *“Many Foundations talk about vision and strategy but often forget that execution is an equally important part of the equation.”*

The Tanoto Family

“Study hard, work hard, never give up.” – Mr Sukanto Tanoto and Mrs Tinah Bingei Tanoto

Mr Sukanto Tanoto never finished high school, having left at age 17 to work to support his family. As the business grew and expanded into rural areas, Mr Tanoto and his wife Tinah Bingei Tanoto were determined to ensure that children of employees have access to high-quality education. Taken aback by the inadequate infrastructure in the area, both of them built the first kindergarten and primary school in rural Besitang, North Sumatra. The inauguration of both schools in 1981 marked the birth of two streams through which the Tanoto Family would give back to society – philanthropy and corporate social responsibility.

Mr and Mrs Tanoto do not only view the Foundation as a platform for the family to come together and give back, but also as a vehicle to promote their family values of gratitude, diligence, frugality, harmony, and filial piety. The imprints of these values are evident in the Foundation’s programmes, which seek to empower individuals and communities to develop the knowledge, mindset and resilience to realise their potential and also be better positioned to give back and amplify the impact to other communities.

Exposed to the Foundation’s work from a young age, the younger generation of Tanoto play an increasingly substantial role in the Foundation and are fully committed to furthering their parents’ legacy. They take on various responsibilities that include governance, programme development and philanthropic strategy development across various countries.

Theory of Change and Institutional Structure

Since 2018, the Tanoto Foundation focuses its work on three main pillars that are closely aligned with specific SDG targets: 1) learning environments, 2) leadership development, and 3) medical research and sciences. Under learning environments, the Foundation invests in human capital development by contributing to stunting prevention – a serious problem in Indonesia – and improving parenting skills to nurture school readiness of young students. It also seeks to improve pedagogical practices and build a supportive environment conducive to learning. The Foundation embarked on various early childhood education and development initiatives across Indonesia, Singapore and China (as the family business expanded into these latter countries). Under leadership development, the Foundation works to empower younger generations with the essential skills to become impactful future leaders and supports the government to improve institutional efficacy. The medical research and science pillar see the Foundation invest in medical professorships and research to promote healthy lives and well-being. Exhibit 1 shows a detailed illustration of the Foundation’s ToC.

The Foundation’s organisation structure evolved to comprise two major parts: the programmes portfolio and support functions. The programme portfolio is divided into four departments, which oversee the Foundation’s key programmatic areas:

1. Early Childhood Education and Development (Indonesia, Singapore, and China)
2. Basic Education (Indonesia)
3. Leadership Development and Scholarship (Indonesia, Singapore and China)
4. Medical Research and Health Advocacy (Singapore)

The support functions aim to provide corporate services to implement programme delivery and ensure effective and strategic coordination of all activities at the Foundation. The components below were pre-existing functions, except for the Strategic Planning and Partnership (SPP) and Government Relations teams which were introduced in 2018 to enable better implementation of the new business model.

- Strategic Planning and Partnership (SPP), including Impact Lab
- Monitoring, Learning and Evaluation (MLE)
- Communications
- Government Relations
- Human Resources; and
- Finance, Accounting, Tax, Legal and Compliance

Early Childhood Education and Development

In 2018, Indonesia had a pre-school (three to six year-old children) enrolment rate of 32.11 percent. In spite of increased governmental efforts to encourage higher pre-school enrolment, enrolment remained unequal, as was the quality of early childhood education². In a follow-up to its earlier work in supporting stunting mitigation efforts across a few provinces, the Foundation's early childhood education and development division launched SIGAP in 2018 as a platform to providing holistic and integrated early childhood development programmes for children aged zero to six. Such programmes are designed to be easily adopted and scaled up by communities and governments. SIGAP educates parents and ECED service providers as they are considered key conduits to change. The Foundation supports the Indonesian government's priority of stunting reduction by working at the national, sub-national and community level. As of 2020, SIGAP has impacted over 6,400 children and 700 parents in Indonesia and 1,900 children in China. In China, the Foundation delivered 25,000 one-on-one courses and 31 of their 100 planned centres designed for ECED³.

UNICEF identifies stunting as a reflection of chronic undernutrition, and has severe long-term consequences such as stunted growth, cognitive and mental underdevelopment, increase in susceptibility to disease, and eventually lower economic productivity and poorer reproductive outcomes⁴. To tackle stunting, the government of Indonesia set an ambitious target to reduce the country's stunting prevalence rate from 30.8% in 2018 to 14% by 2024. This whole-of-government approach comprises a multi-ministry team of over 20 ministers and heads of institutions, led by the Vice President⁵.

The Tanoto Foundation's SIGAP stunting eradication programme represented a new area of investment following its 2018 strategy refresh, building from the previous work in improving the quality of day-care centres in Sumatra. Data reveal that limited support was available to this sector despite the tremendous benefit of investing in young children. Feeling that the Foundation should fill this crucial gap, Mr Sukanto Tanoto committed long term support to stunting eradication in Indonesia. One of the first initiatives to realise this commitment was a grant of USD 2 million in 2019 to World Bank-managed fund to reduce stunting prevalence in Indonesia.

Basic Education

The 2018 OECD PISA learning assessment survey found that approximately 70 percent of 15-year-old children performed below the minimum proficiency levels in reading and mathematics. This figure highlighted the urgent need to raise the standards of education and learning in Indonesia. There were many initiatives rolled out to holistically address this challenge. They include a special fund allocated to improving education infrastructure, targeted at areas with lower school enrolment rates. In 2013 Indonesia introduced a new student-centred national curriculum. However, OECD research still attributed the poor education quality and outcomes in Indonesia to several factors: weak teaching skills, high rates of teacher absenteeism, inadequate government managerial capacity, limited supervision by school principals and administrators⁶.

The Foundation's basic education programme PINTAR aims to improve student learning outcomes in primary and secondary schools. Building on the Tanoto Foundation's teacher training program that dates back to 2005, PINTAR enhances the quality of education through capacity building and sharing of good practices in teaching, learning, and school management. It also supports government efforts in scaling these practices across districts and provides empirically driven information to strengthen the national education policy. The PINTAR strategy reflects the Foundation's ToC: using evidence-based programmes to drive national policy change, partnerships with local and central governments, and addressing the wider philanthropic ecosystem. It also works with 13 partner Teacher Training Institutes to build and update educator capabilities. As of 2020, PINTAR has impacted over 636,000 students in Indonesia and helped train 20,000 partner educators⁷.

Leadership Development and Scholarship⁸

TELADAN aims to develop future leaders. Building on the Tanoto Foundation's scholarship programs offered since 2005, TELADAN offers structured leadership development training, internship opportunities, community development programmes and networking activities for students at ten partner universities. Tanoto Scholars are expected to develop the values and competencies required to become global leaders. TELADAN also works with industry partners, global universities, and programme alumni to create diverse career and personal development experiences for scholars. As of 2020, the Tanoto Foundation has 612 active scholars and had given a total of 7,825 scholarships from 2008. Its beneficiaries study a broad range of courses, including social sciences, engineering, agricultural sciences, natural sciences, medicine and healthcare, forestry and environment studies, computer science and more. Graduates have embarked on careers in MNCs, NGOs, CSOs, law firms, the media, academia, the public service and entrepreneurship.

The Foundation, through its support of the Indonesia Ministry of Administrative and Bureaucratic Reform, also provides leadership development training to civil servants in recognition that effective governance is a central and fundamental enabling feature for long-term development. In 2019, through a partnership with UNDP, the Indonesian government and National Development Agency (BAPPENAS), the Foundation established the SDG Academy Indonesia to elevate the SDG advocacy and raise the quality of SDG implementation in Indonesia by improving the capacities of Indonesian civil servants, academics, and business leaders.

Establishing Thought Leadership: Identity Building and the Foundation's Relationship with RGE

In 2001-2017, the Tanoto Foundation mostly focused on piloting and testing ideas, as well as collecting data to see which models and interventions were impactful and scalable. While the Tanoto Foundation seeks to scale up and develop new partnerships with local and international organisations, it remains acutely aware of the possibility of its activities being perceived to be CSR – especially so given its programmes had mostly been pilot-tested in provinces where RGE operates. During this period, the concept of philanthropy in Indonesia was relatively nascent and still evolving. For many, there was no clear distinction between CSR, corporate philanthropy and family philanthropy.

Mr Haviez Gautama, the Foundation's Head of Communications impressed that when communicating the Tanoto brand to internal and external stakeholders, the Foundation always emphasises that they are an independent philanthropic organisation. In the past, because of the close collaboration between the Foundation and RGE companies, there was some confusion over the affiliation. Notwithstanding that, such years-spanning collaboration has allowed the Foundation to accumulate experience and understanding of partnering with private companies.

The Foundation also faced a dilemma between emphasizing control, impact and scale. Working alone maximised control over scale and potential impact, while working with partners achieves scales but requires a different set of skills. Additionally, the Foundation needs to learn how to leverage its increasingly prominent reputation to build trust and credibility, establishing itself as a thought leader with proven experience while mitigating potential risks of short-lived collaboration programmes.

Promoting Thought Leadership: External Collaboration and Building Partnerships

Indonesia is the world's fourth most populated country and is home to the world's largest Muslim population. The country's philanthropic sector is closely linked with its social, cultural, and political journey⁹. For centuries the 700 ethnic and subethnic groups that inhabit Indonesia's archipelago of more than 17,000 islands have practised giving in various ways¹⁰. In the 2020 Doing Good Index report by Centre for Asian Philanthropy and Society, religious donations account for the majority of local philanthropic giving and are seen to possess potential for further growth. Zakat, the Islamic form of almsgiving, represents the single largest type of giving in Indonesia. Estimates from the Ministry of Religious Affairs show that Zakat has the potential to reach IDR 217 trillion (US\$13.8 billion), up from the seemingly small IDR 8 trillion (US\$507.7 million) collected by registered SDOs. This latter figure remained understated due to lack of information and collation, as well as underreporting for a form of giving that is commonly seen as personal. In 2011 however, the government started to institutionalize Zakat, allowing income tax deduction of 2.5% for those who channel their Zakat through registered SDOs. Indonesia also requires corporations in the oil, gas and mining sectors to invest 2% of their profits in CSR programmes. In the absence of adequate enforcement mechanisms, these laws are effectively voluntary¹¹.

In the education sector, Indonesian student performance in international standardised PISA assessment by OECD consistently ranked in the lowest 10% of all participating countries in numeracy, literacy, and science¹². Like other emerging markets of similar size, improving Indonesia's education requires enormous effort in funding, human resources, incentive structures, and management. Major policy reforms of various success rates were introduced from one administration to another to address the most immediate issues. The country's unique and complex geo-political and social context creates issues for programmatic scaling: policies take time to be fully implemented nationwide and properly evaluated. Diversity means no one-size-fits-all; while an initiative may work in one state, it may fail in others. Decentralisation was enacted into law in Indonesia in 2001 to promote more autonomy for provincial and district leaders to design policies that are more suitable to local needs¹³.

When the central government sets a national education policy, local governments must either follow or adapt this guidance. With 514 districts and municipalities in 34 provinces authorised to decide their local education policy¹⁴, (Exhibit 6 displays a map of Indonesia's provinces), it is no surprise to find great diversity across provinces and districts. This means unlike more centralised countries like China or Singapore, where collaborating with the central government is a guaranteed pass to working with local governments, the Indonesian third sector organisations must approach each local government to seek partnership. Buy-in from the central government does not guarantee that the policy or programme will be rolled out locally. On the positive side, localised political structures mean that third sector organisations have 514 potential partners to work with and can always strategically choose their entry point.

This is exactly what the Tanoto Foundation has done in recent years. The Foundation previously depended mostly on its own resources to create and deliver programmes to targeted beneficiaries, with limited partnership with the government. The strategy refresh called for greater collaboration to ensure scaling and achieve long term change. Consequently, the Foundation adopted a more strategic approach by working with 25 local governments that were considered most willing to change and innovate, showcasing their success stories and electing them as centres of excellence. Later, these pioneer district heads shared the success stories with other counterparts, resulting in more local governments wanting to work with the Foundation and thereby generating a broader programmatic impact.

Mr Eddy Henry, Head of ECED, reflected that if the Foundation wanted to scale up its programmes at the national and international level, working with the government was the only path to success. Before the Foundation started its ECED programme on stunting prevention, the Foundation met with more than 20 related ministries and governmental agencies to understand their needs. This helped the Foundation scope its support and programmes. It also leveraged existing networks to bring in external expertise. For example, the Foundation cooperated with the World Bank, UNICEF, the Bill and Melinda Gates Foundation, and health care professionals to support the nation's stunting prevention agenda. These partnerships helped deepen trust with government agencies and build the Foundation's credibility. According to Mr Ari Gudadi, the Foundation's Head of Government Relations, constant presence and communication are key to building a good relationship and alignment with governments. The Foundation supports the local and central governments' development agenda, and when new regulations are introduced, the Foundation offers assistance to help partner districts translate and align them to local priorities.

According to Dr Iwan Syahril, Director General for Teachers and Education Personnel of the Ministry of Education and Culture in Indonesia, collaborating with philanthropic entities like the Tanoto Foundation is extremely helpful for communicating SDG priorities to key stakeholders in the local government and schools. Unlike the central government, the Tanoto Foundation has more institutional freedom to provide technical recommendations to key stakeholders at the local level, since the local government is less likely to perceive the Foundation as a challenge to its authority given its political neutrality. However, despite the encouraging attitude from the Ministry, education in Indonesia is still influenced by ever-changing local political dynamics and hampered by bureaucracy. Long-term planning is often difficult as district leaders' visions must be realised – the window for partnerships at the provincial level can be short as the governance term typically lasts five to ten years.

Recognising the heterogeneity of local conditions, the Foundation set up pilot programmes that could be adapted to other regions. Since education and health budgets are controlled by local governments, it took time to understand the intricacies of local resource allocation processes and the budget used to tailor-make regional programmes. Challenges remained as newly elected public officials might have different development priorities from the Foundation that affect programme continuity and sustainability. To achieve meaningful impact, the Foundation needed real agility and a long-term planning horizon to navigate the uncertainty. This also required strong engagement and information flows to aid the Foundation in staying updated on local political dynamics.

The Importance of Building a Learning Culture to Support Scale

Promoting Cross-Divisional Learning

One TF Campaign and Change Management – Creating Harmony

The One TF Campaign was a top priority internal program that was rolled out to support the Foundation's growth and adoption of ambitious targets. The Foundation expanded from 52 employees in 2016 to approximately 173 staff in 2020. This influx of new employees was accompanied by changes in leadership within the Foundation, which brought new energy and working styles. It also created tensions and internal divisions, which the management had to address during the early stages of the transition to avoid damaging morale. The initiative involved a combination of communication and training. Regular leadership update meetings (Exhibit 7) were introduced, communications collateral such as vision postcards and leaflets distributed, and town-hall sessions held by the Board of Trustees, CEO, and Head of Divisions to ensure all staff were updated about the Foundation's activities. Another important dimension of change management was standardisation. The Foundation defined common terminologies and created standard operating procedures (SOPs) to ensure that work within the organisation was formalised thus reducing red tape and bottlenecks that might hinder efficiency.

The results achieved by the One & Diverse Workshop held in 2019 clearly demonstrated the effectiveness of this campaign. The workshop aimed to share the Foundation's balanced scorecard and key performance indicators (KPIs) in 2019 and to enhance the understanding of the Foundation's programmes. By utilising knowledge sharing, simulation, and group discussion, 93% of participants gained a better understanding of the Foundation's targets, KPIs, and work processes.

Cross-divisional Learning – Creating Synergy

The new institutional goal for the Foundation of continuous learning and improvement requires the organisation to institutionalise mechanisms that help cultivate information-sharing culture across departments. Previously, when the Foundation was running a smaller operation, cross-programme transfer of knowledge was made possible through learning-by-doing activities in which staff could be assigned to support other divisions on a project basis and coordination could be achieved with a few words across the hallway. As the Foundation grew in size, information flows and cross-divisional teamwork became more complex.

For the Tanoto Foundation, communication is facilitated by weekly and monthly meetings. Weekly meetings are one-hour sessions held with front-line employees to collect feedback and deploy new tasks while monthly meetings are attended by senior management and division heads to make collective decisions, report progress, discuss strategies, and coordinate end goals. When the goals of two divisions conflict, creating synergy between divisions is harder and usually requires carefully managing the healthy internal tensions between divisions. While the MLE, Strategic Planning and Partnership (SPP), and Communications divisions seek to consolidate, feedback, and align the Foundation's activities, the Programme division is focused on operations, scaling up, and ensuring impact goals are reached. This creates a healthy internal tension that requires common ground, frank dialogue, and multiparty collaboration. The Tanoto Foundation addressed this issue by deploying a dotted line dual reporting system. For example, Programme teams engage the Communications staff throughout the programme lifespan and have a say in relevant communications even if these are ultimately approved by the Communications division. The Programmes and Communications teams thus work together to amplify brand strength.

Strengthening MLE capacity is critical to ensuring that the Tanoto Foundation interventions are based on robust data and evidence. A strong MLE division allows for quality feedback and critical evaluation, while robust data capture can also support the work of the Government Relations and Partnerships teams in fostering external collaborations and policy change advocacy. A highly functional MLE enables strategy development rooted in scientific data to indicate key strengths and weaknesses, enabling continuous improvement. Creating this synergy required breaking divisional silos and cultivating a learning culture based on sharing best practices, deep collaboration, and assessing lessons learned.

To achieve this potential, the current capacity of MLE and the cross-divisional linkage between the MLE, SPP, and Programmes teams still needs strengthening. The executive team held meetings with each division head to coordinate their activities and achieve greater synergy. Excerpts of their feedback are included below.

Mr Lukman Hakim Moeslich, Head of Monitoring, Learning and Evaluation:

"The MLE division is responsible for conducting regular monitoring, impact measurement, and internal learning processes that will help improve the performance of programmes. This includes the routine monitoring of projects and analysis of the information to guide ongoing project implementation. The evaluation includes periodic assessment and analysis of ongoing or completed projects/programmes and recommendations implemented by those concerned. And learning refers to the process where the information generated from monitoring and evaluation (M&E) is reflected upon and utilised to

continuously improve the Foundation's ability to achieve results. Data is collected directly by programmes from schools, government, teachers, students, parents, and all stakeholders. We evaluate the programmes by referring to KPIs developed based on national statistics provided by the government. The Head of Programmes is responsible for ensuring the quality of programmes. Instead of seeing MLE as an administrative burden, we would like the Programmes division to see M&E as a way to showcase their efforts and achievements."

Ms Aryanti Savitri, Ad-Interim Leader of Strategic Planning and Partnership and Head of Leadership Development and Scholarship:

"The Tanoto Foundation operates at two levels: at the programmes level and Foundation's level. During the transition, as Head of Department at the programme level, I worked with my teams to educate them about the Foundation's newest rationale and strategy. The Foundation's content comes from the bottom (where programme teams have their discretion) but the commitments come from the very top – leadership decides the overall vision, goals, and rationale. Despite building that culture of continuous learning and ownership across all levels within the Foundation, we still continue to seek fresh perspectives coming from outside the programme to keep us on track according to relevant benchmarks and international standards, and to ask us tough, challenging questions."

Ms Margaretha Ari Widowati, Head of Basic Education:

"We have to walk the talk when we're working on systemically elevating the quality of basic education. Our strategy to train and upskill educators and administrators is also reflected in our organisation's temperament of continuously improving, innovating and learning. This is because we recognise ourselves as a part of the education value chain and the education system. Our efforts in maintaining oversight and collaboration in relation to basic education are also similarly reflected in our cross-departmental efforts – these are crucial in building synergy, agility and dynamism in the Foundation, and in the process more meaningfully creating knowledge that can steer us to improving our programmes."

Ultimately, the Board knew that scaling-up required the Foundation to approach things differently. In the private sector, an overly risk-averse organisation may fail to invest in new opportunities and be unable to respond to ever-changing market needs and developments. The Foundation's executive team similarly believes that scaling up would be difficult if the Foundation was not agile and failed to respond to shifts in the sector or identify new opportunities. Management hence needed to reinvigorate the Foundation's spirit of continuous improvement. But this required an innovative mind-set of prudent risk-taking through all levels of the organisation. It also required an internal culture where employees felt able to experiment with new ideas. Scaling-up thus required not only organisational harmony on a macro-level but also empowered employees at a micro-level – in other words, learning that allowed for the delegation of decision-making to the front-line and higher investment in human capital.

Encouraging Learning at an Individual Level and Attracting Talent

Recruiting and retaining curious, innovative, and agile talent is also crucial to building a learning culture. An organisation's talent is about eight times more productive when effectively engaged. Attracting top talent to the Tanoto Foundation meant recruiting the right people and retaining them. Dr Tanudjojo knew this and wrote to Mr Allis Brawijaya, Head of Human Resources (HR) to learn about the Foundation's talent strategy.

Mr Brawijaya was already leading an HR programme that managed administrations and payroll, as well as performing the critical strategic function of acting as a service centre by participating in organisational design and deploying learning and development initiatives. However, the aim for HR was to help realise the Foundation's long-term goals by differentiating and segmenting talent, conducting strategic succession planning, and globalising the workforce to fulfil the Foundation's ambition of becoming a

renowned philanthropic entity. Mr Brawijaya agreed that attracting top talent was vital to realising the Foundation's ambition to scale.

To develop and train employees, the Foundation provided an individual development plan that was tailor-made for every employee, which included individual strengths and weaknesses, and the vision for the next 5-to-10 years. The training was then provided based on the development plan, according to a 70-20-10 system, where the Foundation provided 70% on-the-job training, 20% informal training was received from coaching and mentoring, and 10% from formal training through in-depth sessions, workshops and webinars. This created a clear roadmap for the employees to visualise their trajectory within the Foundation for the next 10 years. Employees signed onto the Individual Development Plan were required to mentor others in their areas of expertise, in addition to being mentored by others. Mentoring was incentivised and made a part of the employees' KPIs.

The Foundation had also been developing and reviewing a formal succession plan. To identify the leaders of tomorrow, the Foundation divided its employees into high-potential and mid-potential segments. Once it recognised that an employee could be entrusted with general, senior or director-level management tasks, their development plan and career path were adjusted to fast-track their path to leadership. The Foundation had two distinct career paths for generalists and specialists with general managers engaged in mentoring and coaching. Specialists were empowered to further develop their technical skills and promoted accordingly.

Mr Brawijaya and his team discovered that the common features considered attractive to employees were competitive compensation, professional and personal growth, purpose, commitment to health and wellbeing, and respect¹⁵. These values are centred on engagement, empowerment, and belonging, so Mr Brawijaya and his team considered how to develop a realistic employee value proposition (EVP) that captured the Foundation's culture and included all employee benefits. Furthermore, research had found that specialist candidates most valued technical learning, specific projects and a relaxed environment free from administrative tasks¹⁶. Attracting an international workforce meant that the new EVP needed to be competitive on a global scale.

Challenges:

In late summer 2020, Dr Tanudjojo was planning to present the 5-year execution strategy to the Board and he felt that the issue of establishing thought leadership and scale had not yet been translated into clear action plans for future growth. With gaps and opportunities identified, the executive team needed to quickly develop a new scaling-up strategy that was centred around talent management, building an agile learning culture, creating synergy between divisions, maintaining a good working relationship with the government, and communicating the programme teams' achievements. As he put aside the draft strategic plan and took another sip of his now-cold Oolong tea, he started to compile a feedback report for his team on specific challenges that lay ahead:

1. The Foundation's scaling up ambition is dependent on solid working relationships with the government without which most philanthropic organisations struggle to create system change. Indonesia's decentralised government and heterogeneous local contexts require the Foundation to cleverly navigate the complex nation-wide diversity and build agile working relationships with local and national governments.

How can the Foundation create a model that is adaptable to local variations, in the spirit of fostering effective partnerships at every juncture, while remaining true to the theory of change? How does the Foundation establish scalable sustainable impact to underpin its thought leadership?

2. The Foundation must leverage the new private-sector talent that recently joined their team to build a learning culture that is data-driven and impact-focused. How does the Foundation create a feedback system centred on communication and collaboration to create synergies between divisions? How can senior management attract, retain and manage talent effectively to harness the power of a learning culture to scale up?

3. RGE has created an outreach platform for social investment and strong social capital in the countries where it operates. How can the Foundation effectively leverage RGE's networks and social capital while retaining its own independent status and brand? How can it collaborate well with other philanthropic actors and scale up?

Exhibits:

Exhibit 1. The Tanoto Foundation’s Theory of Change (From Strategy Plan 2020–2025)

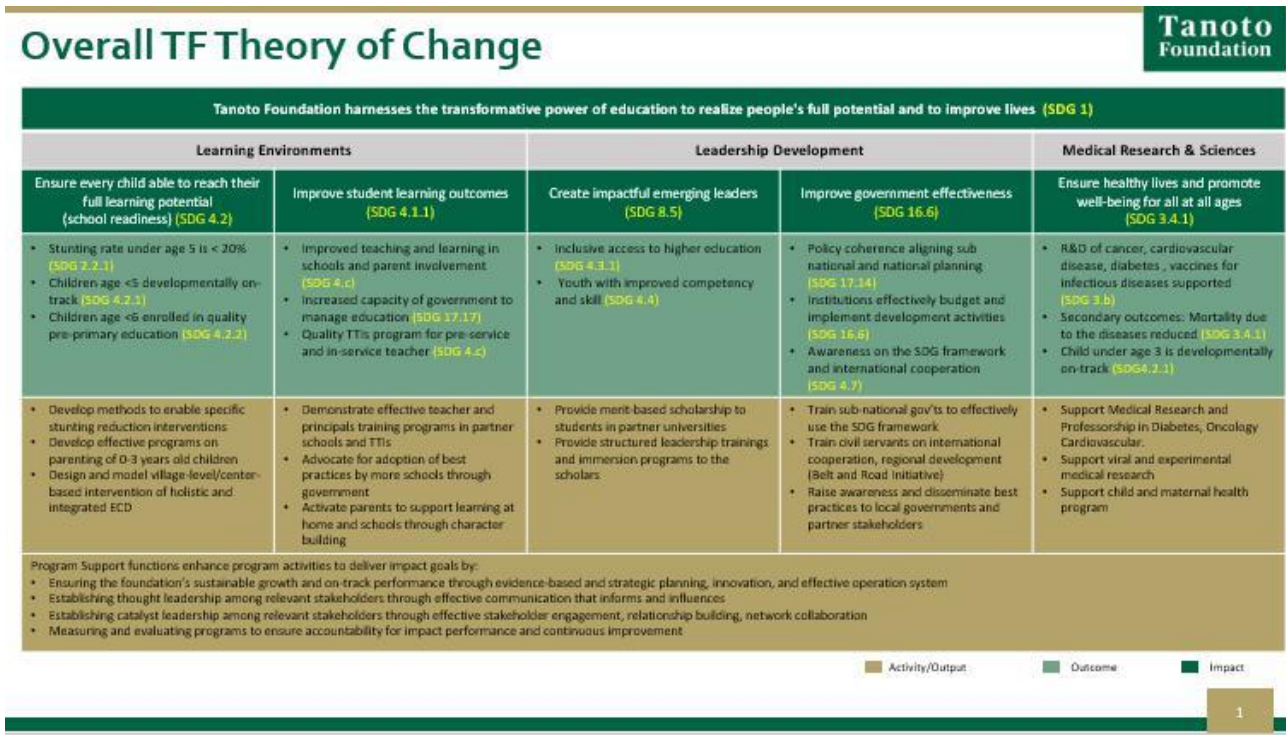


Exhibit 2. The Tanoto Foundation’s work before 2018

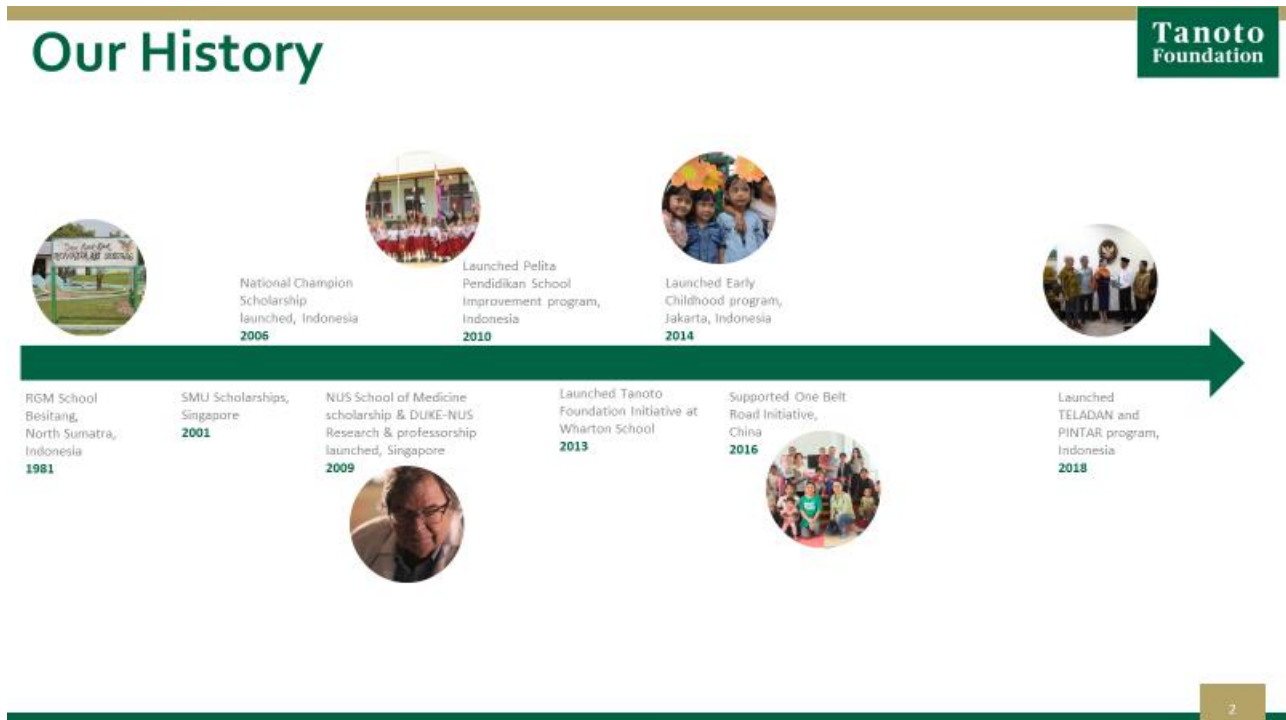
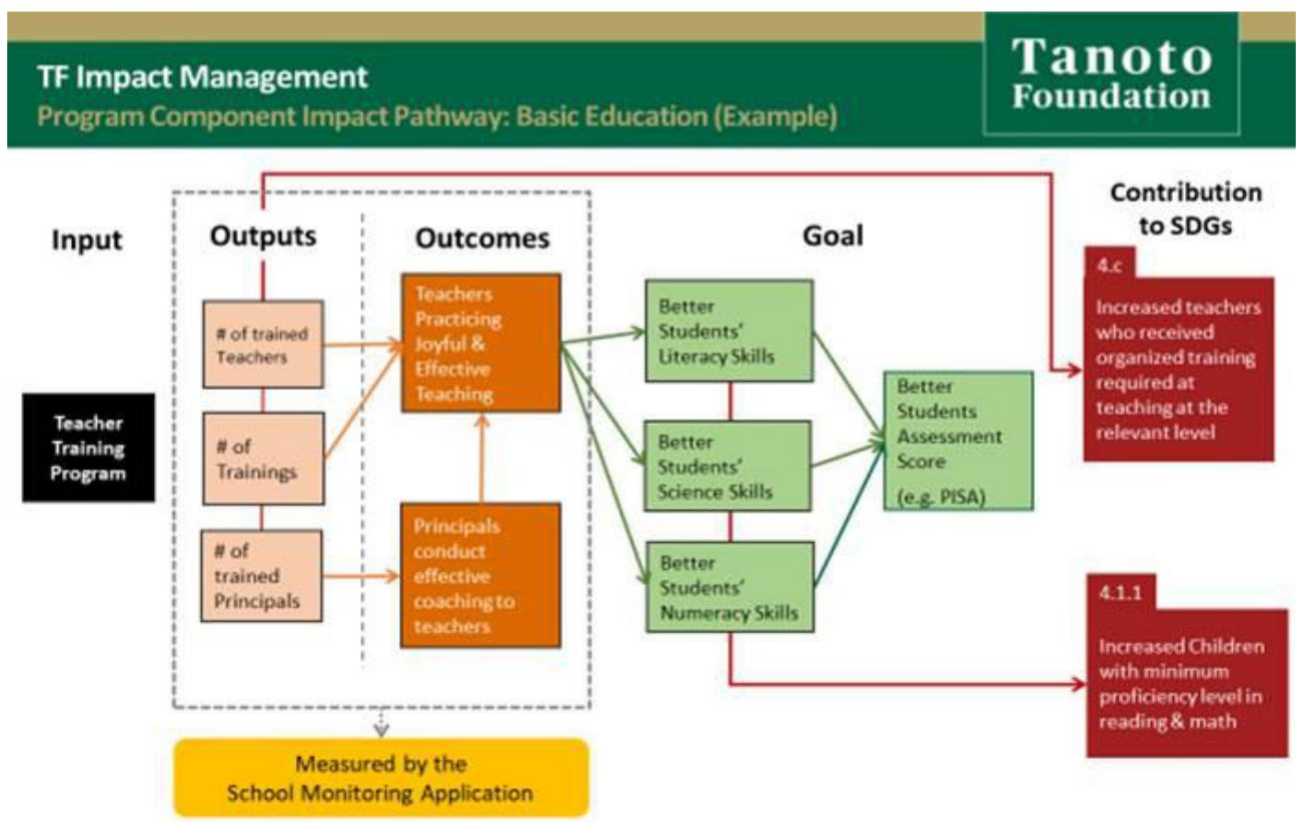
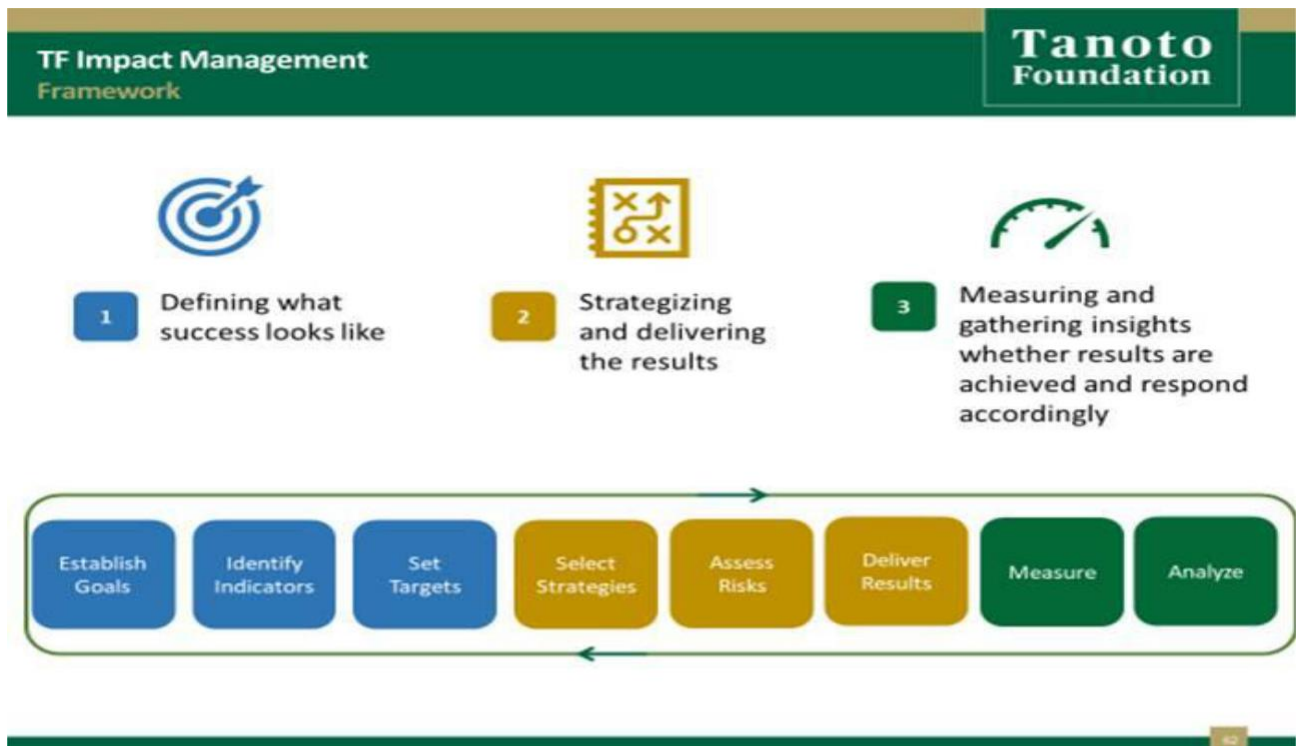


Exhibit 3. The Tanoto Foundation Impact Management Framework



TF Strategy should be translated to articulate impact pathways by each program to ensure delivery the right impact (effectiveness) , with the right way (efficiency).

Exhibit 4. The Tanoto Foundation Transformation Journey

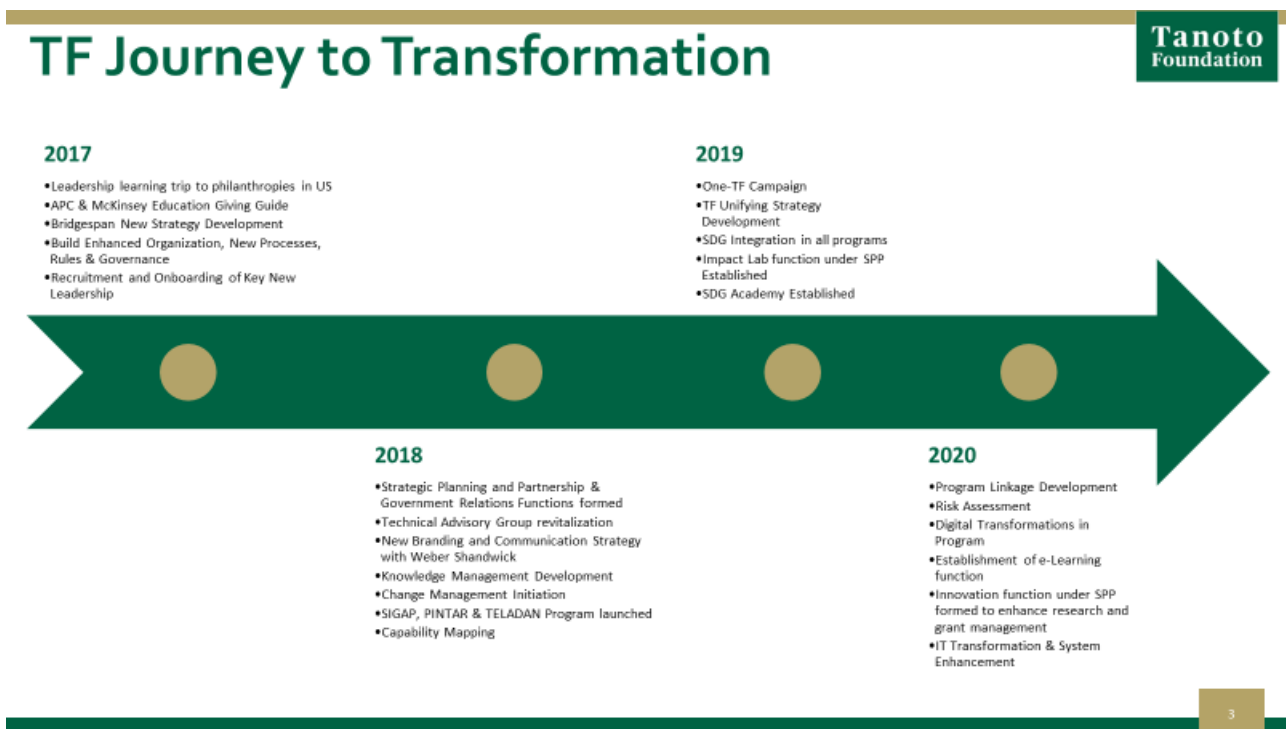


Exhibit 5. The Tanoto Foundation strategy mapping and transformation Gantt chart



Strategy Mapping

For each program area, TF arrived at a strategy that can create the most impact and aligns with our capabilities

 <p>Basic Education</p>	<ul style="list-style-type: none"> • Demonstrate excellence in student achievement, teaching quality, and school leadership in primary and junior secondary schools in Indonesia <ul style="list-style-type: none"> - Scale at national level by working with government and influencing other stakeholders
 <p>ECED</p>	<ul style="list-style-type: none"> • Partner with and fund 2-3 organizations to provide holistic ECED services in Indonesia <ul style="list-style-type: none"> - Leverage partner expertise, learn and use own networks and resources for impact
 <p>Scholarships & Leadership Development</p>	<ul style="list-style-type: none"> • Strengthen the Indonesia National Championship Scholarship to develop the next generation of leaders
 <p>CSLD</p>	<ul style="list-style-type: none"> • Launch a learning-by-doing leadership development program to equip civil service officials in Indonesia and China <ul style="list-style-type: none"> - In partnership with a global university and local organizations - Later assess the merit of setting up an evergreen center for CSLD

Strategy Mapping: Basic Education

In Basic Education, TF plan to demonstrate excellence in schools and scale by working with government



*SDG 4.2: By 2030, ensure that all girls and boys complete, free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
 **SDG 4.c: By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states

Strategy Mapping: ECED

In ECED, TF plan to develop strategic partnerships to achieve the impact goals on holistic ECED and stunting reduction



Strategy Mapping: Scholarship & Leadership Development

In ECED, TF plan to strengthen the existing Scholarship program to help scholars attain good careers and become leaders



Exhibit 6. A Provincial Map of Indonesia¹⁷.

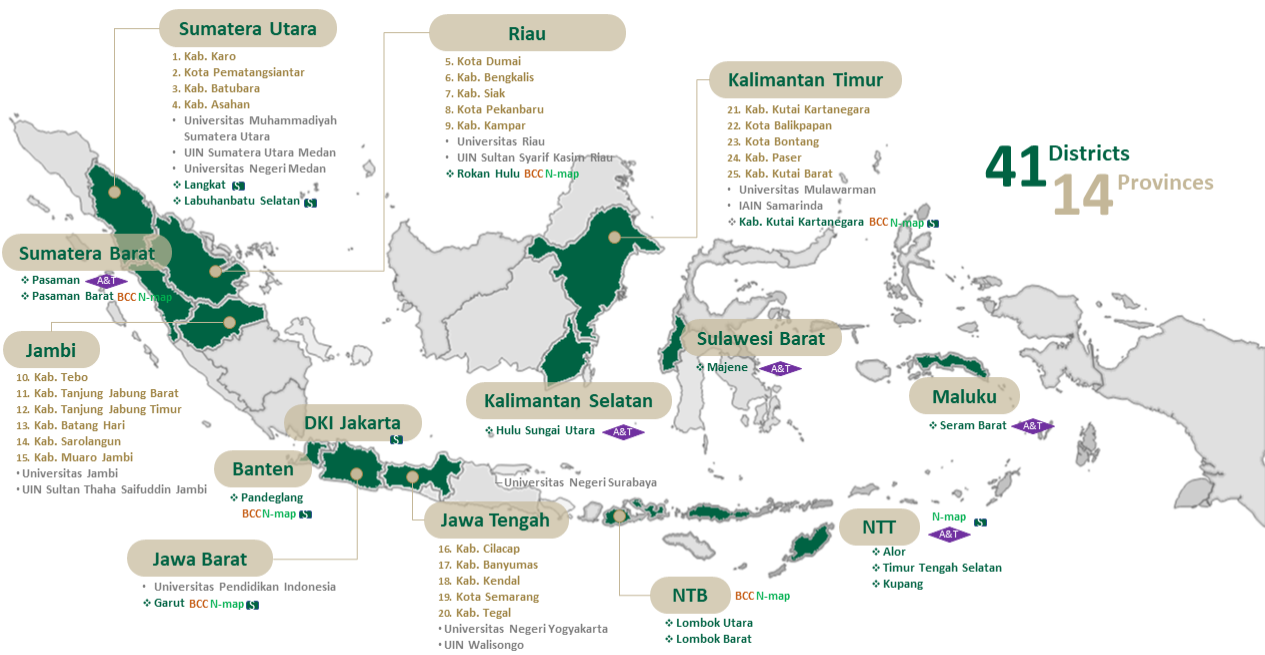
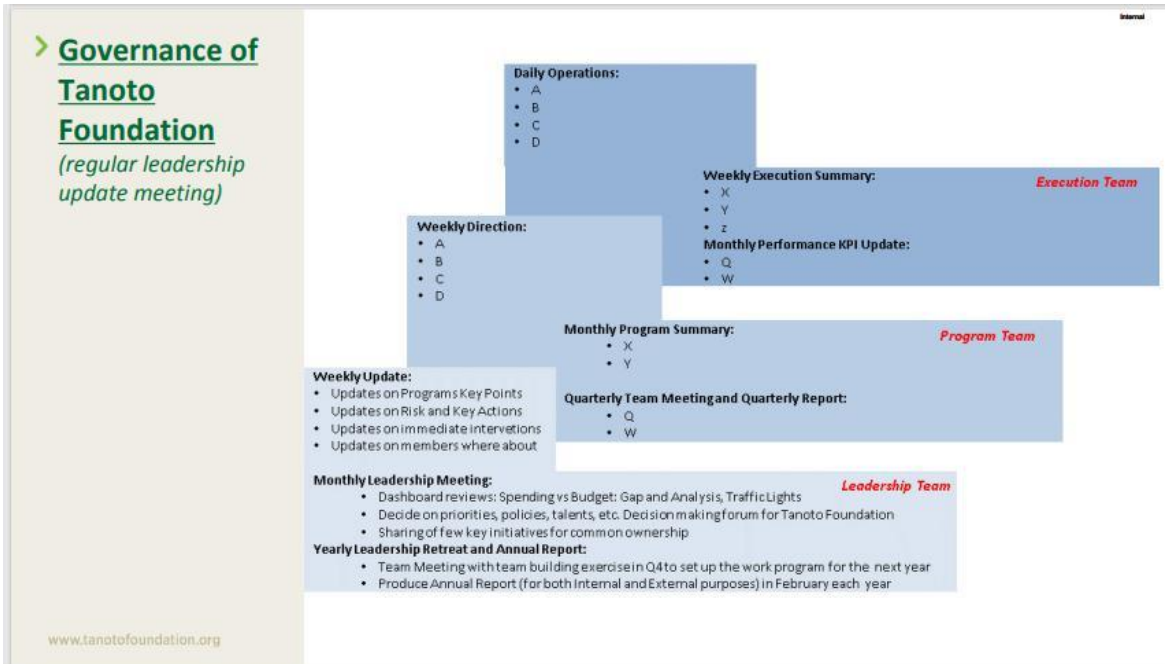


Exhibit 7. Regular Leadership Update Meeting



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