



How the Vladimir Potanin Foundation is Building a Legacy of Leadership

Prepared through collaboration among pfc social impact advisors, the Vladimir Potanin Foundation, and Said Business School, University of Oxford

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"For me philanthropy is about legacy, so leaving a legacy means that I would like to make sure that our support to a certain area produces change for the better. We work with leaders because they are the ones who create this legacy."

- Vladimir Potanin, *Alliance Magazine*, March 2007

Introduction

The Vladimir Potanin Foundation case is part of a teaching series that examines how global leaders tackle the world's most complex and "wickedly" difficult problems. According to the World Economic Forum's annual *Global Risks Insight Report*, these are threats that keep world leaders across sectors awake at night: poverty and the systemic and devastating consequences of income disparity; climate change and the volatility of energy supplies; food and water scarcity; and cyberattacks.

In Russia—where the Vladimir Potanin Foundation is based and conducts much of its work—energy security has been a core problem for leaders due to current fluctuations in the oil market orchestrated by OPEC members. Additionally, according to the World Economic Forum's *Scenarios for the Russian Federation*, Russia must contend with weak institutions considered to be inefficient largely as a result of corruption. A connected challenge is the public sentiment of mistrust in social structures and a perceived inability to fully pursue professional aspirations, which leads talented individuals to seek professional lives outside of Russia.

How can decision-makers and change agents understand and address such interlinked and wide-spread problems? To help leaders be more successful in their efforts to tackle seemingly intractable challenges, a Wicked Problems framework was developed almost four decades ago. Since then, much has been learned about what it takes for leaders to "find the win in wicked." Because each complex problem is unique, leaders must make choices about how to approach them.

This case study (and others in the series) shows Deliberate Leaders in action to help guide 21st-century change agents as they tackle the biggest challenges of our time. Each case offers a unique approach intended to stimulate thinking and discussion among leaders facing similar challenges. The "Building a Legacy of Leadership" case study examines how the Vladimir Potanin Foundation (the Foundation) is

building human capital by developing leaders in the fields of education, arts and culture, and philanthropy to create long-term systemic change in Russia.

The methodology included a review of background materials provided by the Foundation and found through desk research, as well as 39 interviews. Interviews were conducted with Foundation staff, partners and experts working with the Foundation's program areas, peer funders, and diverse grantees and scholarship recipients from all program areas. The Foundation identified interviewees, and pfc staff conducted interviews in person and via online communication tools.

Insights and Impact

How does a foundation help build a new generation of leaders who are critical thinkers, self-reflective, willing to challenge themselves, and committed to helping others? How does it expand knowledge and bring professionalism to the fields of arts and culture and education? How does it build a philanthropic community across a nation with nine time zones and an estimated 185 ethnic groups, where charitable institutions have not been part of the culture for decades?

These are the questions the Vladimir Potanin Foundation and its founder, Vladimir Potanin, have been tackling since the Foundation's inception in 1999. Both have been trailblazers: Potanin thinks big, and the Foundation acts boldly.

In its first 15 years, the Foundation has created an impressive legacy of impact:

- In higher education, 18,000 students have had their academic and career potential enhanced through scholarships. Another 180,000 students have been positively impacted through the multi-stage scholarship application process. An estimated 159 communities throughout Russia have benefited from the collaborative social change projects designed and led by the scholarship recipients and academic institutions backed by the Potanin Foundation.
- In arts and culture, through the program *A Changing Museum in a Changing World*, an estimated 206 museum projects have made art accessible to audiences in Russia and abroad. Arts and culture investments have had a multiplier effect, stimulating the growth of local economies and the creation of at least five new social enterprises.
- The Foundation's leadership in philanthropy has helped a growing Russian third sector assume greater responsibility for supporting charitable and social endeavors in the aftermath of the dissolution of the Soviet Union. The Vladimir Potanin Foundation gives away an average of US\$10 million annually and its work to improve the legal framework for giving has inspired other high-net-worth business people to become more philanthropic.

Impressive as these numbers are, they tell only part of the story. Behind the numbers is the nuance of impact and change—powerful individual stories of transformation achieved with Foundation investments. This case study explores the strategies and outcomes of the Foundation's work, as well as how its partners have experienced the Foundation's impact in building human capital, supporting young leaders, and inspiring self-discovery, creativity, and hope.



"I am an ordinary student, but if I am creative, I can change the world."
-Alina Verbenchuk, former scholarship recipient

The Deliberate Leadership Frame

Having shared the evolution of the Foundation and how it has impacted real lives, the case study turns to examine the Foundation's approach to growth and recalibration through the lens of Wicked Problems, using the Deliberate Leadership (DL) framework.

Deliberate Leadership is a response to the challenges posed by Wicked Problems. It is a framework for leaders to use in tackling problems with no easy or consensus solutions. Each characteristic of DL is based on proven business and social sector theory and practice. They are recognized leadership strategies used in creating lasting positive change within companies and organizations and in the lives of people most affected by the consequences of Wicked Problems.

The Vladimir Potanin Foundation exemplifies the DL frame in both process and practice. In terms of the Deliberate Leadership process:

1. It engaged in **partnership** development and **planning** from inception, using lessons learned from Vladimir Potanin and Foundation President Larisa Zelkova's business background. The program development process established for the Foundation (see Figure 1) illustrates the path the Foundation still follows to ensure its outcomes are achieved and that it has procedures for making changes when needed.

Figure 1. Foundation Program Development Process



2. **As new projects were implemented, the Foundation made sure to create both formal and informal mechanisms to assess if it was on the right track.**
3. The Foundation valued **reflection** and **refinement**, continuously seeking feedback from grantees and scholarship recipients. It also enlisted guidance from partners and experts to review progress and help update programs.

In practice, the Foundation leadership and staff exhibited the seven characteristics of Deliberate Leadership in a variety of ways:

- **Courage:** Fostered leaders who are critical thinkers
- **Collaboration:** Lean organization with multiple partners
- **Community:** Strong willingness to listen to communities
- **Candor:** Valued honesty, transparency, and accountability
- **Creativity:** Embraced "best thinkers" to create meaningful change
- **Compassion:** Put long-term goals ahead of short-term need to show outcomes
- **Capital:** Offered more than money to create change by investing in human capital

After more than 15 years of pioneering work, the Vladimir Potanin Foundation has achieved much and evolved in important ways. Potanin and the Foundation have national and global reach, a strong reputation

for excellence and transparency (a critical aspect in emerging economies), and a network of peers and partners that is admirable. Yet there is more to be done and a need for others to join the Foundation in its efforts. As the Foundation's General Director Oksana Oracheva commented recently, "We need to be part of a community, sharing practices, learning from each other, and that is a two-way street and always about interaction and achieving better results."

As new challenges emerge in Russia (as elsewhere), the Foundation and its leadership will have to think back to the innovative strategies and hope that prevailed in their early years in order to plot a course forward.



FOR MORE INFORMATION

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