Title: What We See Depends on Where We Start
What We See Depends on Where We Start: Organization-First, Issue-First, and Issue-Governed Decision Preparation in Philanthropy

Summary:
Core Thesis
Philanthropic decision-making often relies on **organization-level review** to answer **issue-level questions**. This is a level-of-analysis mismatch. Organization-level processes are essential for assessing eligibility, capacity, compliance, governance, stewardship, and implementation readiness. But they cannot, on their own, reliably diagnose what a social issue requires.

The paper argues that:
1. **Organization-level review is necessary but insufficient** when the problem is issue-level.
2. **Issue-first preparation** improves visibility of the issue landscape but, if controlled solely by funders, can still reproduce top-down authority.
3. **Issue-governed decision preparation** is needed: a pre-allocation process that matches the level of evidence to the level of the problem and shares authority over how the issue is defined, interpreted, validated, and used.

What philanthropy sees — and what it treats as actionable — depends on where it starts.

The Level-and-Unit-of-Analysis Problem
A sound decision process should begin at the same level as the problem it aims to understand. In practice, philanthropy often observes **applicant organizations** (unit of observation) while trying to draw conclusions about the **issue landscape** (unit of analysis).

Scholarly concepts from organizational and multilevel research frame this as:
- **Cross-level inference problems** and the **fallacy of the wrong level**: making inferences about one level (issues, systems, populations) using data from another (organizations) without an explicit bridge.
- **Type III error** in planning and policy: solving the wrong problem well or answering the wrong question accurately.

In philanthropy, this can look like:
- Treating a strong, well-documented proposal as evidence that the most important gap has been identified.
- Interpreting a clean audit as proof that capital is flowing where it should.
- Using applicant narratives about need as if they were a complete issue diagnosis.

The paper does not claim that organization-level evidence is useless for issue-level understanding. It argues that such evidence must be supplemented and interpreted within an intentional, issue-level diagnostic frame — or funders risk answering narrower questions than they intend.

The Current Pattern: Organization-First Decision-Making

Most philanthropic processes, even when framed around an “issue area,” are structurally **organization-first**:

- Funders set priorities.
- Eligibility and access rules are defined.
- Applications are invited or accepted.
- Proposals are reviewed and compared.
- Due diligence is conducted.
- Grants are awarded and monitored.

This architecture is understandable and important for stewardship. It supports:

- **Organizational identity and mission** visibility.
- **Program design** comparison (activities, timelines, staffing, outcomes).
- **Financial stewardship** and compliance review (budgets, audits, statements).
- **Capacity and readiness** assessment.
- **Past performance** evaluation.

The problem is not that organization-first processes see nothing; it is that they see organizations most clearly. The applicant pool becomes the practical lens for understanding the issue, even though that pool is already shaped by earlier design choices: priorities, eligibility rules, invitation-only practices, relationship-based access, and administrative requirements.

The **applicant pool is not the issue landscape**, but it is often treated as if it were.

What Organization-First Processes Miss

Because organization-first processes are organized around applicants, they can leave the issue itself only partially visible. Key risks include:

- **Confusing the visible field with the full field.**
  Smaller, informal, culturally specific, tribal, public, or mutual-aid responders — and community-rooted efforts without formal nonprofit status — may be excluded by access rules and capacity requirements.
- **Mistaking organizational narratives of need for issue diagnosis.**
  Each organization describes the problem from its own vantage point. Those perspectives can be accurate yet partial, omitting who is outside reach, what the largest barriers are, or which gaps are most urgent.
- **Fragmented view of the response ecosystem.**
  Applications foreground what the applicant and its partners do, not a map of all responders, roles, overlaps, and missing functions.

- **Limited visibility into capital flows.**
  Individual budgets show what one organization requests, not where money is already concentrated or absent, how flexible it is, or how it moves over time.
- **Mediated community signals.**
  Community voice often arrives filtered through the applicant's framing, becoming supporting evidence for a grant request rather than an independent source of authority about the issue.
- **Premature judgments of organizational "fit."**
  A capable, visible organization may not be the right actor for the most critical missing role in the landscape.

The result is that philanthropy can answer organization-level questions well — and still miss the larger issue-level diagnosis.

Issue-First Preparation: Progress with Limits

Issue-first preparation reorders the process to begin with the issue rather than with applicants. It asks:

- Who is affected and where need is concentrated.
- Who is already responding and which roles they play.
- How capital is flowing across the issue.
- What communities are signaling about barriers, assets, trust, and access.
- What contextual factors shape whether any response can work (policy, geography, infrastructure, historical harm, etc.).
- Which roles or functions are missing.

This shift:

- Helps avoid mistaking the applicant pool for the landscape.
- Reduces the risk of Type III error by aligning the level of the question with the level of the evidence.
- Surfaces need, response, capital, community signals, and context before organizations are compared.

However, **issue-first is not sufficient** if the process remains controlled entirely by funders. A funder can still:

- Define the issue.
- Choose the data and methods.
- Commission and own the landscape scan.
- Interpret community input on its own terms.
- Decide which gaps and roles count.

In that case, the process is "issue-first" in sequence but still **funder-governed in authority**.

The Authority Problem

The **authority problem** begins where the visibility problem ends. It asks:

- Who defines the issue and frames the question?
- Who decides what evidence counts?
- Who interprets that evidence and identifies what is missing?
- Who validates or challenges the resulting landscape?
- Who determines which roles are needed and which organizations are legitimate responders?
- Who learns from the decision afterward, and how?

Consultation is not the same as authority. Communities and local responders can be asked for input while funders retain full control over interpretation and allocation. In such cases, community knowledge becomes advisory or decorative rather than constitutive of the decision frame.

Issue-level diagnosis therefore requires not only issue-level evidence but also a more legitimate **governance structure** for interpreting that evidence.

Issue-Governed Decision Preparation

Issue-governed decision preparation is the proposed stronger model. It is a pre-allocation process that:

- Matches the level of evidence to the level of the problem.
- Distributes authority over issue definition, interpretation, validation, role identification, and learning.

Key elements:

1. **Issue signal and initiation.**
   The process can be triggered by community experience, public data, local responders, tribal or public entities, capital-flow gaps, or funder concern — not only by funder strategy.
2. **Identifying who has standing.**
   Affected communities, local and culturally specific responders, tribal entities, public agencies, informal networks, and funders all have partial, distinct knowledge and roles.
3. **Co-defining the issue question.**
   Framing the question is substantive: it shapes what evidence will be gathered, which actors matter, and what solutions appear plausible.
4. **Gathering landscape evidence.**
   Combining conditions of need, existing response, capital flows, community signals, contextual factors, and potential organizational roles — from multiple sources, not only applicants.
5. **Validating and challenging the map.**
   Communities and responders are invited to critique the landscape, not just ratify it. Their knowledge can identify what is missing, distorted, or misunderstood.
6. **Identifying needed roles before naming organizations.**
   The process clarifies missing or under-supported functions (e.g., direct service,

coordination, advocacy, trust-building, language access, flexible capital) before assessing which organizations fit.

7. **Documenting allocation rationale.**
   Decisions distinguish between evidence, interpretation, community validation, unresolved uncertainties, and funder judgment.

Organizational due diligence remains essential, but it is nested inside a governed issue view rather than acting as the only diagnostic frame.

What Issue-Governed Preparation Makes Visible

Under issue-governed preparation:

- **Conditions of need** are visible as shared, interpreted facts — not only as applicant narratives.
- **The response ecosystem** is mapped and validated by local actors, making invisible responders and relationships more legible.
- **Capital flows** are analyzed at the issue level, making concentration, gaps, misalignment, and terms of funding part of issue accountability.
- **Community signals** are treated as a distinct, interpretive knowledge source that can challenge funder views.
- **Context** (policy, infrastructure, history, culture) is recognized as structural, not background.
- **Organization role and fit** are assessed *after* needed roles are defined, so "fit" means alignment with the landscape rather than only alignment with funder priorities.

Limits, Safeguards, and Precedents

Issue-governed preparation is not a guarantee of better outcomes. It can fail if it is performative, extractive, or disconnected from allocation. Safeguards include:

- Clear scope (issue, geography, population, timeframe, decision purpose).
- Separation of evidence from interpretation.
- Transparent roles for community and stakeholder participation (informing, validating, challenging, co-defining, deciding, reviewing, learning).
- Attention to burden, consent, compensation, and cultural protocols.
- Protection of sensitive community knowledge.
- Preservation of rigorous organizational due diligence.

Precedents in **public health** (community health assessments), **public-sector planning** (needs and risk assessments before strategy), **collective impact**, **trust-based philanthropy**, **participatory grantmaking**, and **place-based philanthropy** all point toward aspects of this model, though none obviate the need for a distinct issue-governance layer in philanthropy.

Implications for Philanthropy

The paper does **not** argue that funders should stop evaluating organizations. It argues that:

- **Organization-first review is appropriate** for genuinely organization-level decisions (renewals, narrow projects, capacity support, compliance, basic stewardship).
- **Issue-governed preparation is critical** when decisions are issue-level, place-based, systems-oriented, collaborative, or public-interest in nature — especially in new or persistent issue areas, fragmented fields, invitation-only contexts, and where smaller or culturally specific responders may be under-visible.

Before comparing applicants, funders should ask:

- What is the true issue-level question?
- What is the correct unit of analysis, and what are the current units of observation?
- Who helped define the issue, and who may experience it differently?
- Who is already responding, where is capital flowing, what barriers and assets communities identify, and who has validated or challenged the landscape?
- What roles are missing — before asking which organizations should be funded?

The field already has relatively strong tools for organizational discovery, grant workflow, reporting, and some historic capital-flow visibility. What it lacks is a robust, governed **issue-level decision-preparation layer** that integrates current need, response, capital, community signals, context, and organizational roles **before** money moves.

Conclusion

Starting with organizations makes philanthropy very good at answering organization-level questions; it does not, by itself, answer what an issue requires. Issue-level questions demand issue-level evidence, and the way that evidence is governed — who defines, interprets, and validates it — is as important as the data itself.

"Seeing before selecting" is necessary: philanthropy must understand the issue landscape before choosing among organizations. But it is not sufficient. The deeper work is to **govern what is seen** with greater honesty, accountability, and legitimacy, recognizing that:

- The applicant pool is not the issue landscape.
- Funder interpretation is not the only valid interpretation.
- Community voice is not just supporting evidence.
- Organizational strength is not the same as issue fit.
- Better information is not the same as shared authority.