



GEO PUBLICATION SUMMARY

Listen, Learn, Lead

Grantmaker Practices That Support Nonprofit Results: A Report on Phase 1 of GEO's Change Agent Project

GEO's Change Agent Project has affirmed that grantmakers can go a long way toward maximizing their support of nonprofits by spending more time and attention listening to and learning from the organizations they support.

INTRODUCTION

Grantmakers are in the business of creating social change. At the same time, there is an increasing recognition that change also needs to happen a little closer to home: grantmakers need to do a better job supporting nonprofit success.

GEO's focus groups with nonprofit leaders for the Change Agent Project revealed frustrations with the ever-shifting priorities of many funders, their aversion to multiyear grants and operating support, and a lack of transparency and accountability among grantmakers. Focus group participants also cited "the enormous cost of the competition" for resources from foundations and "the waste inherent in the process."

The Change Agent Project began by gathering input from grantmakers and nonprofits. Through nine focus groups across the country and 30 interviews with nonprofit leaders and grantmakers, we asked two questions: Where can changed practice make the greatest difference? And who in philanthropy is leading change? From these conversations, we have identified the most promising opportunities for grantmakers to make changes that will contribute to nonprofit results.

"Foundations have not done much fundamental thinking about how they might really change the way they do and think about their business."

WILLIAM A. SCHAMBRA, BRADLEY CENTER FOR PHILANTHROPY AND CIVIC RENEWAL, HUDSON INSTITUTE

Discovering a New Way

GEO's work has revealed that, across philanthropy, pioneering grantmaking organizations have found new ways to break down the barriers standing in the way of nonprofit success. They are reshaping grantmaking practices, redefining relationships between grantmakers and nonprofits, and finding new ways to support nonprofit results.

For example, the Curtis and Edith Munson Foundation released restrictions on all grants after the 2005 hurricanes so grantees in the Gulf Coast region would have the flexibility to do whatever was needed most. The San Francisco-based venture fund REDF includes feedback from grantee organizations in staff performance appraisals.

Bringing these isolated successes into mainstream practice cannot be done in the traditional, top-down way. Rather, nonprofits and funders must come together to identify common problems, discover root causes, and strengthen the grantmaker-grantee partnership by solving a common challenge together.

“Foundations should be making long-term, substantial investments that allow grantees to make long-term, substantial change in their communities.”

GEO NONPROFIT FOCUS GROUP PARTICIPANT

From Inclusiveness to Effectiveness

Many of the change agents in philanthropy today understand that exclusiveness in grantmaking is a problem — and they are taking action to address it. For example, the Jessie Smith Noyes Foundation in New York launched a wide-ranging effort in the 1980s to rebuild its professional staff and board to better represent the communities it serves.

The power imbalance between grantmakers and grantees is not about money issues alone. It is also about issues of culture and class — and there are real doubts among many nonprofits about whether grantmakers are sufficiently committed to building the “fair and just society” that is the focus of so many foundation mission statements.

By making a real commitment to diversifying their staffs and boards, and by making the “community voice” an important influence in their work, change agents in philanthropy are spurring real gains in nonprofit and foundation performance.

PROFILES IN ACTION

Gladys Washington, Mary Reynolds Babcock Foundation

The Mary Reynolds Babcock Foundation's commitment to a two-way dialogue with its grantees shines through in its annual Organizational Development Gathering. Every year, 200 or more current and former grantees from across the South get together on the foundation's dime for three days of peer-designed and peer-led sessions on issues affecting nonprofit success. "It's an opportunity for us to learn from grantees and for them to learn from each other," says Gladys Washington, senior program officer with the Winston-Salem, N.C. grantmaker.

Organizational development has been a cornerstone of the Babcock Foundation's grantmaking since 1994. Program staff discuss organizational development with applicants and encourage organizations with specific capacity-building needs to incorporate activities to meet those needs into their proposals. Washington added that a foundation-funded consultant works with some Babcock grantees to identify vendors to help them address critical organizational development issues. This "resource broker" also connects new grantees to independent consultants who can help conduct organizational capacity assessments, based on an assessment tool developed by the foundation.

It's the Relationship, Stupid

Recent surveys of nonprofit leaders, together with GEO's interviews and focus groups with grantmakers and grantees, all point to the same conclusion: an open, honest grantmaker-grantee relationship goes hand-in-hand with more appropriate support from grantmakers, and both contribute greatly to nonprofits' ability to achieve results.

In the 2004 Urban Institute study, *Attitudes and Practices Concerning Effective Philanthropy*, author Francie Ostrower found that only 18 percent of staffed foundations reported soliciting anonymous feedback from their grantees in the past two years.

The lack of mechanisms for feedback from grantees to foundations is symptomatic of a larger problem. The common refrain: foundations don't do enough to bridge the "power differential" between grantmakers and their nonprofit grantees. The power differential, in turn, gets in the way of an effective partnership because it keeps a lid on honesty, openness and trust.

Of course, there are many grantmakers who actively solicit grantee feedback. More than 100 foundations to date have participated in comparative grantee perception surveys conducted by the Center for Effective Philanthropy, and 97 percent of these foundations report making changes on the basis of what they learned.

Other foundations are tapping the collective pulse of their grantees in different ways. The Mary Reynolds Babcock Foundation actively seeks the views of nonprofit grantees when setting funding priorities. The Endowment for Health in New Hampshire stages a once-a-year series of listening sessions throughout the state where nonprofit leaders and others can provide input on key health challenges in their communities — and how the foundation can help.

“There is a need for a safe space for a dynamic relationship so that grantees are not punished for giving feedback to a funder.”

GEO NONPROFIT FOCUS GROUP PARTICIPANT

Bringing More Voices to the Chorus

Many grantmakers already are quite intentional about engaging grantees and those they serve in the search for answers to community problems.

The Ruth Mott Foundation of Flint, Michigan, for example, is committed to engaging Flint residents in the design and implementation of foundation-funded projects in the community. And, when the Boston Foundation was seeking to retool its antipoverty work, it convened a series of community hearings in which several hundred Boston residents — primarily poor and low-income adults and youth — could share their experiences and their suggestions.

But the commitment to community outreach and inclusiveness on the part of grantmakers like these appears to be the exception and not the rule in philanthropy. Adopting a more inclusive approach to philanthropy requires grantmakers to seek out the grantee perspective when setting their own agendas and determining grantmaking practices.

Engaging the appropriate voices in your foundation’s work can include changes as significant as expanding the foundation board and staff to better reflect the community served or as simple as seeking grantee feedback on a new foundation policy before it is adopted by the board. Designing top-down solutions is easier, at least initially. But designing with stakeholder involvement will get better results.

“The assumption (among grantmakers) is that practitioners are not experts in the work they do — that instead the expertise lies in the academic and philanthropic worlds.”

GEO NONPROFIT FOCUS GROUP PARTICIPANT

The Program Officer’s Role

Usually, the relationship between a grantmaker and a grantee hinges on the personal rapport between the foundation program officer and the nonprofit leader. This can be a problem for grantees because it means they are subject to the internal issues facing the program officer — that is, where does he or she stand in the organization?

In addition, program officers often don’t have enough time to develop and sustain an honest, open and productive relationship with their grantees. The reason: a time-crunched, overworked program officer will not do

as good a job being a partner, advocate and/or advisor as will someone who has the freedom and the flexibility to spend extra time getting to know the grantee and its issues and work.

Enabling a program officer to spend more time with a grantee can have a greater impact than scattering money over a larger number of organizations. At the same time, foundations don't always have to have a high-touch relationship with their grantees. Sometimes it's all right to cut the check and get out of the way.

“It's a challenge to engage funders in a real dialogue — to talk when you aren't asking for money but you want to share ideas.”

GEO NONPROFIT FOCUS GROUP PARTICIPANT

Shifts in Focus

The disconnect between grantmakers and grantees becomes abundantly clear when a foundation as a whole decides to move on to other issues and other strategies, often leaving grantees baffled. This frenetic approach to grantmaking runs counter to the stick-to-itiveness that Joel Fleishman's work has shown leads to better results for grantmakers and their grantees alike.

“Foundations that focus and stick with things end up with greater impact than those that move in and out of a field,” Fleishman said. He attributed the success of the sure-and-steady approach to the “value of accumulated learning” as foundations become more familiar with the issues and their grantees over time.

This doesn't mean that a foundation should do only one thing, Fleishman added, but it should maintain an appropriate focus — for instance, on a defined set of issues or a specific community.

PROFILES IN ACTION

Rick Moyers, Eugene and Agnes E. Meyer Foundation

If The Meyer Foundation has a unique understanding and appreciation of the challenges facing nonprofits, Rick Moyers believes he knows an important reason why: all of the foundation's program officers came out of the nonprofit sector.

“Most of us have been executive directors,” he said. “I think that helps us stay grounded in the realities our grantees face every day.”

Moyers, who heads up the grantmaker's Nonprofit Sector Fund, offered several examples of how the foundation works to support the long-term effectiveness and viability of grantees. The grantmaker, he said, regularly helps grantees find other sources of revenue. And, in 2006, The Meyer Foundation announced a new initiative, Rewarding Leadership, aimed at increasing the quality and availability of training, networking and professional development opportunities for nonprofit executive directors in the region. The program includes a new Exponent Award for up to five organizations and their leaders each year; awardees will receive a two-year grant of \$100,000 for leadership development.

Then there is the foundation's commitment to providing nonprofits with general operating support. Moyers estimates that about half of The Meyer Foundation's \$8 million in annual grants are in the form of general operating support.

A Fresh Look at Leadership

If grantmakers are truly concerned about the capacity of nonprofits to do the work they set out to do, they ought to be providing more capacity-building and leadership support.

Roxanne Spillett, president of Boys and Girls Clubs of America, emphasized the importance of grantmaker support for leadership development. "Leadership and talent are a key issue for nonprofits," she said. "Organizations need resources for mentors, coaching, training and professional development."

For Dee Hiatt, a program officer with the Gill Foundation's Gay and Lesbian Fund, it all comes down to making sure nonprofits have the capacity to do the things foundations are asking them to do. Funders, she said, ask grantees to submit a lot of information to show they have succession plans, theories of change and more.

"But it's not enough to just ask for this information," she said. Rather, grantmakers need to invest in the capacity of nonprofits to do these things. This is what the change agents in philanthropy are already doing — by opening up new conversations with their grantees, embracing new transparency and accountability, and giving nonprofits the support they need to succeed. The ultimate goal: making the work of these change agents a spark for better, smarter philanthropy that leads to improved nonprofit results.