

Principles for Peak Grantmaking

Action Planner

Strategies for Narrowing the Power Gap in Philanthropy

To transform the practice of philanthropy into the practice of principled grantmaking, we worked with our members to develop five Principles for Peak Grantmaking—Tie Practices

to Values; Narrow the Power Gap; Drive Equity; Learn, Share, Evolve; and Steward Responsively. *Learn more at peakgrantmaking.org/principles.*

Narrow the Power Gap

Use practices and policies to help narrow the power gap between grantmakers and grantseekers, and value equally the resources each brings to the partnership.

Effective grantmaking organizations deliberately act to redefine the power balance with their grantees, recognizing that grantmakers and grantees are equal partners in the quest for impact.



Grantmaking achieves its broadest impact through partnerships based on trust and respect, ascribing equal value to the experiences, resources, and needs of each partner.

Grantmakers that respect the grantee experience employ excellent customer services and two-way feedback. They "rightsized" the grantmaking process for each grantee's type, size, and experience, deploying flexible practices that account for their unique resource profile.

Grants management professionals can implement practices and policies that build trust and redefine the power balance.

Board members and senior leaders should commit to building power and capacity within your nonprofit partners and make space for solutions that come from grantseekers and grantees.

PEAK Grantmaking calls on grantmakers to adopt policies and practices that cede power, generating more balanced partnerships.

"We have to be conscious about power dynamics and work to disrupt negative structures that can emerge in that grantmaking relationship. Our role is not to be the movement or drive it or center ourselves but to listen to our partners and help them be successful. We're really talking to grassroots community organizations about what they need and working collaboratively with grantees to think about the different grants we can make to amplify this work. I focus my grantmaking on grants to organizations that build power and voice on the issues that they care about."

***-Alexandra Desautels,
The California Endowment***

Recommendation #1: Build strong and trusting relationships with your grantees.

Redefining the power balance with your grantees starts with building stronger and more trusting relationships and expanding your circles of trust to include perspectives different from your own. Relationships in which both parties feel like equal partners with opinions, ideas and needs that are heard and considered whenever decisions are made.

Building these strong relationships begins with simple efforts to improve the way grantseekers interact with you and your organization. Effective grantmakers design practices around communication and online systems that consider the needs of their grantee partners. They also solicit feedback from their grantees actively and often.

Where strong and trusting relationships exist, grantmakers can use their convening power to engage diverse perspectives and positions in meaningful conversations about issues and how to address them more effectively. Many grantmakers are even beginning to include community voices to inform their granting decisions.

Key questions: *How can your grantmaking practices build respectful and trusting relationships with your grantees?*

How can you use feedback from your community and grantees to improve your grantmaking process?

Respectful and trusting grantmaker-grantee relationships are based on:

- Clarity, responsiveness, and transparency.
- Online application and reporting systems that are accessible and user-friendly.
- Two-way feedback loops in which grantmakers actively solicit direct, confidential feedback and then act transparently to improve.
- Engaging diverse perspectives and community voices to spark meaningful, collaborative conversation and action.



Ready to build stronger relationships but need help getting started? Check out our How-To Guides (exclusive to Organization Members):

- HOW-TO Be Transparent, Clear, and Responsive with Your Grantees
- HOW-TO Design Accessible and User-Friendly Online Systems
- HOW-TO Collect and Act on Community Feedback

"We try to ensure all our interactions with grantees reflect [the Foundation's] values. There may always be a power imbalance, but we can strive to mitigate it as much as possible... Modesty and humility come from seeing what grantees are doing in the community, and that our role is a helping role: the impact that our grantees are making is what's most important."

-Kerri Hurley, Barr Foundation

Recommendation #2: Rightsize the grantmaking process and implement flexible practices to reduce the time and financial burdens on your grantees.

Time is money. In the nonprofit sector, time is also capacity. When you reduce the amount of time your grantseekers and grantees spend applying for and reporting on grants, you build their capacity to do what they exist to do—make an impact. When you design practices that reflect your respect for grantseeker and grantee time you also build trust.

Grantmakers tend to underestimate the amount of time it takes their grantees to apply for and report on grants and overestimate the amount of information they need from grantseekers to make informed grant decisions. Effective grantmakers take an intentional look at their practices and ask critical questions about how to reduce the burden on their grantees. They "rightsized" their process based on their past relationship with a grantee, the size and purpose of the grant, and what information they truly use to make decisions.

Other creative and effective methods for reducing the burden on grantees include accepting financial and program information in a variety of formats and finding ways to filter grantseekers based on basic qualifications before they submit a full proposal.

Key question: *What could it look like in your organization to rightsize the grantmaking process or implement more flexible policies and practices?*

27.45

The number of hours a grantee spends on the average application/proposal process.

20.48

The number of hours a grantee spends on the average reporting process.

Source: *Center for Effective Philanthropy*



You can reduce the burden on your grantseekers and grantees by:

- Knowing the Net Grant (the difference between the grant amount you award and the time and resources expended to seek and implement it) and keeping it high.
- Rightsizing your application and reporting processes and requirements.
- Being flexible with how you are willing to receive financial and program information.

Ready to get practical? Check out these resources:

- Read our HOW-TO GUIDE | How to Rightsize the Grantmaking Process and Implement Flexible Practices (exclusive to Organization Members)
- Use the Net Grant Calculator at netgrant.org

Recommendation #3: Structure grant awards to be more responsive to grantseeker needs.

In many grantmaker-grantee relationships, there is a disconnect between what grantmakers are willing to fund and what grantees truly need most to make an impact. Because of the traditional power imbalance, grantees are rarely willing or able to tell their funders what they actually need.

Across the country, research suggests that the types of grants that make the most positive and sustainable impact on grantees are operating support and capacity-building grants, but these are the very grants that grantmakers are least likely to award. Effective grantmakers make a concerted effort to understand what their grantees need and structure their grant awards accordingly.

In addition to operating and capacity-building grants, grantmakers can award multi-year grants with built-in flexibility like less stringent reporting requirements and outcome adaptability. They can award full-cost funding to cover any grantee resources expended in the implementation of the grant including staff time, evaluation, reporting and more.

In this era of systems change work, many grantmakers are even funding advocacy and lobbying when grantees identify those as integral pieces of their work.

Key question: *How does the structure of your grant awards help—or hinder—your grantees?*

You can give your grantees greater support if you:

- Rethink planning and contingency procedures to provide your nonprofit partners with the flexibility to adapt as their environment changes.
- Consider if and when full-cost funding or operating support grants might support better outcomes for your grantees.
- Develop a nuanced understanding of and approach to supporting systems change work through funding advocacy and lobbying.

"Nonprofit CEOs report that general operating support grants have the most impact on strengthening their organization, followed by capacity-building/organizational effectiveness grants."

***—Strengthening Grantees,
Center for Effective Philanthropy***



Ready to get practical? Check out this resource:

- Read our [HOW-TO GUIDE | How to Structure Grant Awards to be More Responsive](#) (exclusive to Organization Members)

Additional Resources

- PEAK Grantmaking's members are leading the way forward in their organizations. We're highlighting two Case Stories here that developed out of our conversations with members, which offer a practical look at how these grantmakers are working to redefine the power balance philanthropy—including what got them started, what they've learned so far, and how their efforts will evolve in the future.
 - CASE STORY | Narrowing the Power Gap: Humility, modesty and curiosity at the Barr Foundation (exclusive to Individual and Organization Members)
 - CASE STORY | Engaging and Empowering Healthy Communities at The California Endowment (exclusive to Individual and Organization Members)
- We invite Organization Members to join our Principles Community of Practice where, together, we'll build a vibrant online and offline collaboration between grants management professionals to elevate practice and learn from each other. Contact us at principles@peakgrantmaking.org to sign on.



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Practice meets purpose at PEAK Grantmaking, a member-led national association of more than 4,000 professionals who specialize in grants management for funding organizations. Our members come together to form a vibrant community of grantmaking practice that advances shared leadership and learning across the sector. By cultivating resources, learning opportunities, and collaborations across the philanthropic spectrum, we champion grantmaking practices designed to help funders of every size and type maximize their mission-driven work through living their values.

Learn more at peakgrantmaking.org, contact us at info@peakgrantmaking.org, and follow [@PEAKgrantmaking](https://twitter.com/PEAKgrantmaking) on Twitter.