



LISTEN, LEARN, LEAD

Grantmaker Practices that Support Nonprofit Results

A REPORT ON PHASE 1 OF GEO'S CHANGE AGENT PROJECT





GRANTMAKERS
for EFFECTIVE
ORGANIZATIONS

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Grantmakers for Effective Organizations is a coalition of about 300 grantmaking organizations committed to building strong and effective nonprofit organizations. GEO's mission is to maximize philanthropy's impact by advancing the effectiveness of grantmakers and their grantees. The organization does this by

- › Building a community of practices that expands the resources available on nonprofit effectiveness
- › Commissioning and contributing to research, and
- › Delivering programs and products.

More information on GEO and a host of resources and links for grantmakers are available at www.geofunders.org.

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About the Change Agent Project

Recognizing that grantmakers are only as effective as their grantees, the goal of GEO's Change Agent Project is to catalyze significant, measurable change in the field of philanthropy by informing, motivating and equipping philanthropy's change agents.

GEO uses the term *change agent* to describe two distinct groups:

- › Grantmakers who have found success using uncommon approaches to common problems
- › Grantmakers who recognize that philanthropy can be more effective and are willing to lead change to make it happen

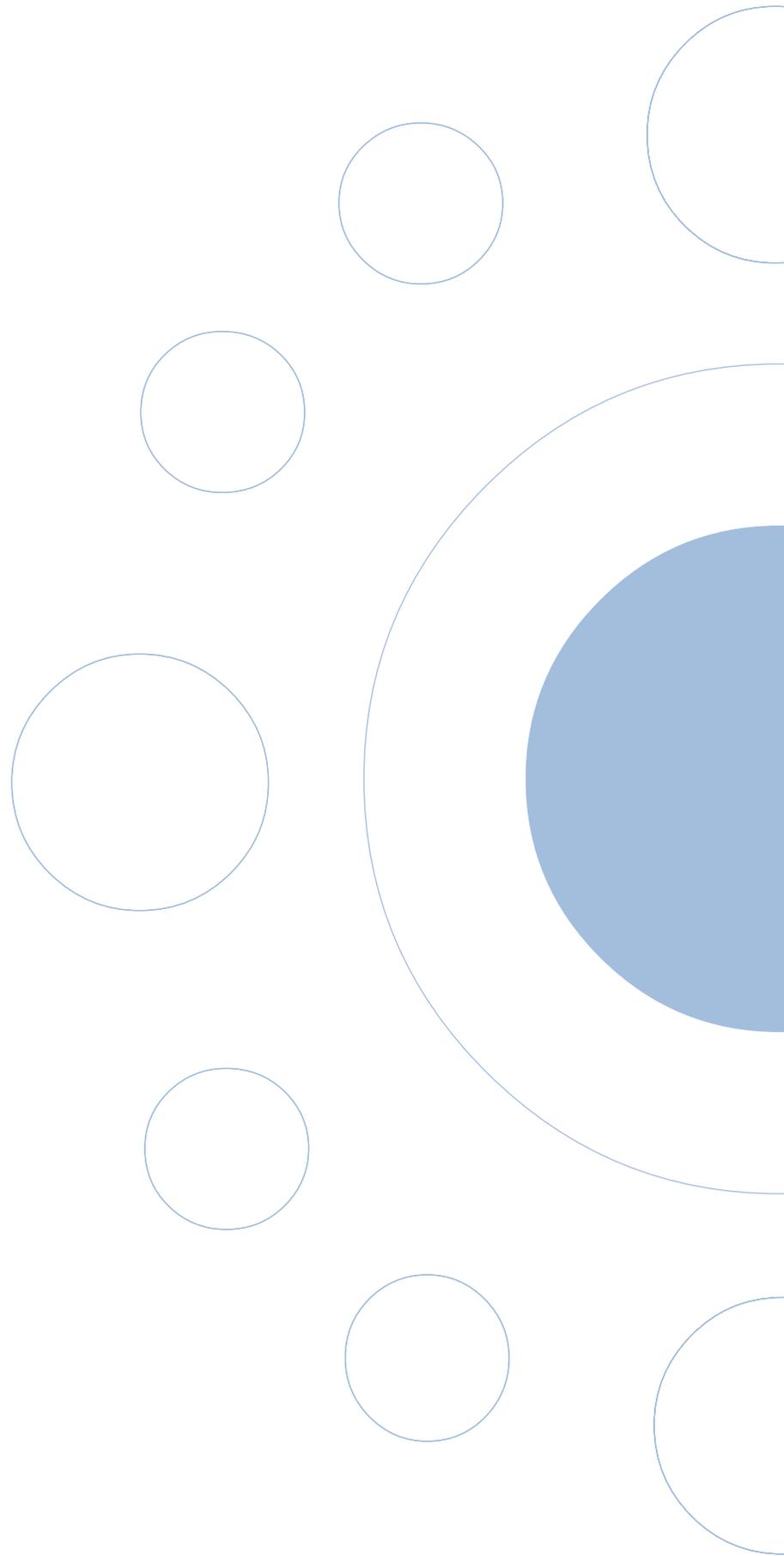
The Change Agent Project began by gathering input from grantmakers and nonprofits. Through nine focus groups across the country and 30 interviews with nonprofit leaders and grantmakers we asked two questions: Where can changed practice make the greatest difference? And who in philanthropy is leading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

WHAT'S NEXT?

Moving forward, GEO will work to catalyze collaboration among grantmakers and grantees so together they can create change. The community must define the problem and identify the solution for effective change to take hold. We are therefore engaging grantmakers and grantees to co-design a process for change that will result in more effective grantmaker support of nonprofit results.

We hope that the grantmakers who participate in this project will recognize the potential applications in their programmatic work. We are starting intensively in a couple of local communities. At the same time, we will work to expand isolated successes in grantmaking into mainstream practices nationally.

For updates on the Change Agent Project or to learn how to get involved, visit www.geofunders.org.



Grantmakers only succeed when their grantees achieve meaningful results.

Few grantmakers would take exception to this statement, yet it does not appear to be front-and-center in foundations' strategies and practices. Some common grantmaking practices actually get in the way of nonprofits' ability to achieve results. These barriers are not new to many in the field — they include things like avoiding operating support or providing only short-term grants for long-term work — yet these practices continue to be standard.

So what prevents grantmakers from making the changes they have the power to make to help nonprofits achieve more?

Grantmakers for Effective Organizations' Change Agent Project seeks to answer this question. In the first phase of this project we listened to hundreds of grantmakers and nonprofit leaders from across the country to learn how some grantmakers are overcoming self-imposed barriers to grantee impact. The pages of this report highlight many of the conversations we've had and the discoveries we've made about innovations within our community.

We've discovered that grantmakers 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**. Some of the examples in this report are, at first, counterintuitive. For instance, some grantmakers that provide general operating support are discovering they can achieve more when they control the use of their grants less.

Any grantmaker, no matter his or her specific context or constraints, will benefit from putting listening and learning first and foremost. In the following pages you will see examples of ways large and small that grantmakers are improving their own strategy and practice by incorporating grantees' experience and perspective.

Looking ahead, GEO's own work is moving from listening and learning to action. We are committed to speeding the pace of innovation in philanthropy in ways that broaden grantmaker support for nonprofit results.

Based on our work so far, we are more convinced than ever that this community has the answers to the question of how grantmakers can most productively help nonprofits succeed. As our learning continues and our collective thinking evolves, we welcome your insights and feedback. As you read this report, consider the ways you can and are listening, learning and leading in your own work. Please help us speed the pace of innovation by sharing your experiences with us.



Kathleen P. Enright
EXECUTIVE DIRECTOR
GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**“Everyone thinks of changing the world,
but no one thinks of changing himself.”**

LEO
TOLSTOY

Grantmakers are in the business of creating change. Over the years, foundations have played an instrumental role in advancing far-reaching changes in education, health care and civil rights. Throughout the United States and around the world, nonprofit organizations have used grantmaker dollars to change what children do after school, how people organize to protect their rights, how communities interact with the natural environment, and more.

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.

Yes, nonprofit organizations are doing great work, often against seemingly insurmountable odds. But they are not as effective as they could be — and the practices and attitudes of some of the grantmakers supporting them are an important reason why.

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.

“Daring to Lead 2006,” a national survey of nearly 2,000 nonprofit executive directors conducted by CompassPoint Nonprofit Services and The Meyer Foundation, found a “deep dissatisfaction” with institutional funders; many respondents said the practices of grantmakers contribute to executive burnout. Two-thirds said funders have a weak understanding of the executive director’s role.¹

These are not new problems, but they are getting new attention because of increased demands for accountability and transparency, growth in the number and diversity of foundations, and government

actions that leave the nonprofit sector increasingly responsible for addressing complex social issues. Faced with these and other challenges, the consensus among grantmakers and grantees alike is that it’s time once and for all to address the root causes — and to push for concrete changes in how grantmakers do their work.

“Foundations have not done much fundamental thinking about how they might really change the way they do and think about their business,” said William A. Schambra, a leading conservative thinker who directs the Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal.

Changing grantmaking practices, in Schambra’s view, goes beyond focusing on one or two barriers to nonprofit success, or on a select group of grantmaking “bad habits.” That won’t be enough. Rather, he suggested, grantmakers should work toward a “self-conscious recognition” of the interconnections between the barriers and the bad habits out there. Schambra is not alone. Observers from inside and outside philanthropy are calling for a closer look at what philanthropy can do — what it must do — to help nonprofit organizations achieve meaningful results.

Jan Masaoka, former executive director of CompassPoint Nonprofit Services, talked about the “huge transaction costs” of her organization’s interactions with foundations. Rick Aubry, executive director of Rubicon Programs, Inc., a San Francisco Bay Area social service agency, said his staff worked for three to four months on a proposal at the specific request of a foundation, only to be told later that the grantmaker was changing strategy and would not be able to fund the project.

Participants in GEO’s focus groups shared similar stories, citing “the enormous cost of the competition” for resources from foundations and “the waste inherent in the process.”

**CHANGE ALSO NEEDS TO HAPPEN A LITTLE CLOSER
TO HOME: GRANTMAKERS NEED TO DO A BETTER JOB
SUPPORTING NONPROFIT SUCCESS.**

Discovering a New Way

Despite a shared understanding of the need for change among grantmakers and grantees alike, reform seems to be moving at a snail's pace. Breakthroughs will come about, in the view of many observers, with more action and less talk. Given the enormous diversity of the grantmaking community, waiting for change on a system level may be like "Waiting for Godot." (Vladimir: "Well, shall we go?" Estragon: "Yes, let's go." They do not move.)

Instead, change will start within individual grantmaking organizations. 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.

The California Wellness Foundation, the Public Welfare Foundation and the Sobrato Foundation, among others, now give most of their grants as general operating support. TCWF describes its commitment to providing unrestricted funding on the foundation's Web site: "Since our founding in 1992, we have been known for our project-driven initiatives. But in recent years we have come to realize that the valuable work accomplished by nonprofit organizations is rooted in the ability to meet basic organizational needs."

Other grantmakers that are leading change include the Deaconess Foundation, which provides substantial multi-year grants to a limited number of child-serving organizations in the St. Louis region, "to help them become stronger, serve more people and increase their opportunities for long-term sustainability."² 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. And The UPS

ACROSS PHILANTHROPY, PIONEERING GRANTMAKING ORGANIZATIONS HAVE FOUND NEW WAYS TO BREAK DOWN THE BARRIERS STANDING IN THE WAY OF NONPROFIT SUCCESS.

Foundation recently changed its whole grantmaking approach to emphasize capacity building for nonprofits.

These and other grantmakers have taken Tolstoy's dictum a step further. They are showing that changing the world begins with changing oneself. Duke University professor Joel L. Fleishman, the former Atlantic Philanthropies (U.S.) president and author of *The Foundation: A Great American Secret* (2007), said grantmakers seeking to boost nonprofit effectiveness should pay attention to their own effectiveness first.

"What is sauce for the goose is sauce for the gander," Fleishman said. "If foundations were to become models of effectiveness, they would find it far easier to persuade grantees to adopt the tenets of the effectiveness gospel."

It is a chorus that was heard again and again in GEO's focus groups with nonprofit leaders: foundations may have great intentions, but they sure don't make it easy for us to do the work we need to do.

The challenge, therefore, is to learn from philanthropy's pioneers about what they are doing to help nonprofits achieve broader results. But 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

² Quoted from www.deaconess.org.

From Inclusiveness to Effectiveness

GEO’s focus groups with nonprofit leaders around the country uncovered an oft-repeated concern that grantmakers are not sufficiently committed to listening to and engaging with those doing the work on the ground. Among the typical comments: “Intelligent people in philanthropy are disconnected from what’s really going on in our communities, on the streets.”

Ricardo Millett, former president of the Woods Fund in Chicago, offered another take on the issue: “Most foundations are staffed by people who have been able to negotiate the political and economic social pathways to success. In general, they are comfortable with their economic and political status and roles within the foundation and are therefore less likely to be strongly motivated to action by the inequalities in society. This affects their ability to take more risks.”

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. Today the family foundation’s 16-member board includes 10 non-family members — including several representatives of the communities served by Noyes Foundation.

“Today we know that we are immeasurably better off for having extended the family, and have accomplished far more than we could have ever done,” wrote Noyes family members Edith Muma and Chad Raphael in a brochure describing the effort. “We need diversity not simply to reflect the movements we fund, but to understand them.” These comments reflect an understanding that diversity can deliver multiple benefits for a foundation; it is not just about presenting Benetton-like pictures of diverse board and staff members in your annual report. Rather, a true commitment to inclusiveness is essential to a foundation’s success in achieving its mission.

“Being inclusive is no longer a luxury. It is a core competency,” according to Kristin Lindsey of Intersector Consulting. Lindsey recently authored an article for Neighborhood Funders Group establishing a clear connection between inclusiveness and a grantmaker’s capacity to support nonprofit results. She cited the example of the Mary Reynolds Babcock Foundation, which has made inclusiveness a pillar of its “fusion model” of organizational development.

For the venture philanthropists affiliated with Social Venture Partners, encouraging inclusiveness among “investees” was not possible without first making sure they were modeling inclusive strategies themselves. SVP includes cultural competence measures in its Affiliate Capacity Tool, which is used to help affiliates measure their own organizational strengths and weaknesses. 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.

In their book *Effective Philanthropy: Organizational Effectiveness Through Deep Diversity and Gender Equality* (MIT Press), authors Mary Ellen Capek and Molly Mead make the case that a grantmaker’s commitment to equity has a direct effect on its ability to help nonprofits succeed. “If foundations ... do not have in their boardrooms or on senior staff people like those they are funding and lack the benefit of diverse perspectives engrained into their organizations, these ‘shallow diversity’ foundations do long-term thinking and goal-setting that are seldom strategic or effective. They lack the capacity to define the broadest range of problems they are attempting to solve,” the authors write.

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.

It's the Relationship, Stupid

“The relationship between funders and nonprofits is superficial.”

“There are no opportunities for funders and nonprofits to come together to talk about these issues.”

These are real comments from real nonprofit leaders in GEO’s focus groups — and they underscore the imperative for grantmakers who want to help nonprofits achieve better results: improving the relationship with their grantees.

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 (see diagram).



Foundations regularly talk about the value of grantmaker–grantee partnerships, but reality often falls short of the rhetoric. In the 2004 Urban Institute study *Attitudes and Practices Concerning Effective Philanthropy*, author Francie Ostrower noted that most of the 1,192 grantmaking foundations that took part in her research rated their relations with grantees as good or excellent.

However, even among foundations that claimed excellent relations with their grantees, only 29 percent had solicited grantee feedback — anonymous or otherwise — through interviews, surveys or focus groups during the previous two years. In all, 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

BY ADOPTING SOME OF THE SAME TRANSPARENCY AND ACCOUNTABILITY MECHANISMS THEY OFTEN DEMAND OF THEIR GRANTEES, GRANTMAKERS CAN STRIKE A POWERFUL BLOW AT THE POWER DIFFERENTIAL.

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. Joel Orosz, a former program director at the W.K. Kellogg Foundation and a professor at Grand Valley State University, said that “a culture of fear” exists in the grantseeking world, especially around giving negative feedback to grantmakers. Foundations, he added, are reluctant to solicit any kind of feedback and often attribute grantee complaints to money issues — that is, they aren’t getting as much money as they feel they need.

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.

What these grantmakers have in common is that they are turning the traditional top-down approach to grantmaking on its head. By adopting some of the same transparency and external accountability mechanisms they often demand of their grantees, grantmakers can strike a powerful blow at the power differential. More importantly, they are required operating procedures for grantmakers committed to continuous improvement.

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

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A Good Kind of Deviance

GEO's Change Agent Project is based in part on the work of Jerry Sternin, who with his wife, Monique, has developed an innovative approach to solving problems requiring social and behavioral change. Sternin calls it "positive deviance."

"The answers to complex problems often lie right before our eyes," Sternin explained. In every community, there are certain individuals whose practices, behaviors and strategies enable them to find better solutions to problems. Positive deviance allows the community to discover for itself how individual "change agents" in the community are solving common problems.

Sternin was in Vietnam in the 1990s with Save the Children. Charged with developing plans to improve childhood nutrition, he and his colleague asked women volunteers to visit with every household in four poor communities. The question at the heart of the volunteers' investigations: Are children in any of these households well nourished despite their poverty? When the answer came back "Yes," Sternin engineered a process where the community discovered some of the "positive deviant" practices of the parents of the well-nourished children. For example, they were adding tiny shrimp and crabs to their children's diet and feeding their children more often.

"With the same resources, those children fed four smaller meals a day rather than the conventional two times were getting twice the nutrition," Sternin said. "Everything that these positive deviants were doing was accessible to everyone else in the community."

Sternin said the same technique can be applied to any community — even grantmakers. As foundations seek to improve nonprofit effectiveness, he said, one solution is to look at those "positive deviants" in the community that are getting superior results working with the same constraints and resources. Sternin noted that the focus of this work should not be organizational cultures or individual personalities but "specific, replicable practices."

"How long does it take a program officer to return a phone call from a grantee?" Sternin asked. "What does the foundation do when it gets a proposal from a grantee that's not up to snuff? These are specific practices that can show the way to solutions."

An important tenet of the positive deviance approach is that the community has to discover for itself who the deviants are — and why. The mantra of positive deviance, according to Sternin, is, "Don't do anything about me, without me."

This takes the focus away from top-down approaches. The emphasis is on solutions that are discovered and articulated by the community.

In framing and developing the Change Agent Project, GEO is following the premise of the positive deviance model by engaging grantmakers and grantees to co-create a process for change that will result in better grantmaker support for nonprofit results.

For more information: www.positivedeviance.org

Bringing More Voices to the Chorus

Seeking (and even publishing) grantee feedback is just one step to building trust. Another is avoiding the temptation to tell grantees how to do their work.

David Hunter, former director of evaluation and knowledge development with the Edna McConnell Clark Foundation and now an independent consultant, said the tendency among larger foundations in recent years has been to launch wide-ranging initiatives based on what he called the “academic model.” In other words, the funder hires people with expertise in a given field and encourages them to “dream up ways of changing the world.” Much better, he said, is the practice, now used by a few funders, including the Clark Foundation, of searching for, investing in and supporting the highest-functioning, most effective organizations working in a field.

For grantmakers that play a convening role and bring people together to shape solutions, Joel Orosz suggested including both experts and direct stakeholders. He also said funders should be sure to consult with the people and the organizations that will be directly affected by the work.

“The vast majority of foundations would rather bring in the experts with their suits and ties and easily understood explanations, as opposed to people from ACORN [Association of Community Organizations for Reform Now] who will harangue them about changes that need to be made in their neighborhood,” Orosz said.

Designing top-down solutions is easier, at least initially. But designing with stakeholder involvement will get better results.

It is not a new idea that solutions have a better chance of taking hold to the extent that they come from the community where changes need to occur. In fact, it is an idea at the heart of many common approaches to problem solving and social change, from collective leadership to positive deviance. It is also the approach that GEO has adopted for the Change Agent Project itself.

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

DESIGNING TOP-DOWN SOLUTIONS IS EASIER, AT LEAST INITIALLY. BUT DESIGNING WITH STAKEHOLDER INVOLVEMENT WILL GET BETTER RESULTS.

problems. The Ruth Mott Foundation of Flint, Mich. 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.

“What we heard repeatedly in those meetings was a plea for dignity and respect, for opportunity and for the chance to participate fully in the life of the community,” wrote former Boston Foundation CEO Anna Faith Jones in the book *Just Money — A Critique of Contemporary American Philanthropy*. As a result of the meetings, she added, the foundation made a number of substantive changes in strategy and funding — by redirecting resources toward organizations “more organically connected” with the communities they serve, including organizations with more community residents on their boards and staff.

But the commitment to community outreach and inclusiveness on the part of grantmakers like the Boston Foundation and the Ruth Mott Foundation 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.

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

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GOOD LISTENING SKILLS ARE ESSENTIAL. NONPROFIT ORGANIZATIONS AND THE PEOPLE AND COMMUNITIES THEY SERVE OFTEN SEE THE WORLD DIFFERENTLY THAN GRANTMAKERS.

Is it easy engaging multiple stakeholders to identify solutions? In a word, no. Grantmakers and grantees come to the table with different worldviews, different interests, different needs.

“In the grantmaker–grantee dynamic, the potential partners are saddled with a built-in, lopsided power dynamic that cannot be argued away. One side is in need of resources to pursue a social mission; the other is in the role of gatekeeper,” said Barbara Kibbe, a senior consultant with the Monitor Institute who previously held senior positions with the Skoll and Packard foundations.

Beth Bruner of the Bruner Foundation framed the issue more succinctly: “When you have all the money, it’s hard not to believe that you’re brilliant.”

Chuck Bean is executive director of the Nonprofit Roundtable of Greater Washington, which works to build the strength, influence and visibility of nonprofits in the national capital region. He said the power imbalance between grantmakers and grantees can stifle conversations about what is truly needed to achieve progress on the issues at the heart of the nonprofit sector’s work.

“Getting grantmakers and grantees on the same side of the table to confront an issue together is not a natural process,” Bean said. He called the relationship an “awkward dance.”

Bean added, “It’s an artificial conversation if the grantmakers are only talking among themselves about solving social problems.” He advises grantmakers to “get out there” and talk with grantees about “real issues,” while finding opportunities to work together as peers.

Good listening skills are essential. Nonprofit organizations and the people and communities they serve often see the world differently than grantmakers. They look at issues from a different

perspective — at the ground level — while grantmakers often are more interested in bigger-picture change. As a result, there is enormous value for all involved in sharing knowledge, experience and perspectives to help bridge gaps in worldviews.

Alex Carter of The Chasdrew Fund, an operating foundation focused on youth issues, said listening is the single most important thing grantmakers can do to mitigate the power imbalance with grantees. She suggested asking probing questions of grantees, such as, If you had more money, what would you do with it? How would you be doing things differently? What new services or capacities would you add?

“Too often, all we hear or think we hear from grantees is that they need more money,” Carter said. “But if you start to listen to answers to questions like these, you can have a real conversation about what’s going on.”

“There is a fine line between acting in an advisory capacity and bringing in best practices,” noted Rajiv Vinnakota, cofounder and managing director of SEED Foundation, Inc., an organization that runs the nation’s only public access, college preparatory boarding school for inner-city children.

Vinnakota said it can be difficult for nonprofit leaders to figure out if foundation program officers are providing advice or saying what the organization should do as a condition of receiving funding. The strongest way to build trust he added, is to demonstrate to your grantees that you can build a relationship that is independent of decisions about funding.

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?

Nonprofits also are subject to the inherent tensions in the program officer’s role — tensions that surfaced in a series of workshops organized by GrantCraft to explore the personal strategies behind effective

“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.”

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grantmaking. All too often, the inclination among program officers is to maintain an arms-length relationship with grantees to reduce the distress that comes with saying “No.”

“Positioned between their boards or bosses and their grantees, grantmakers can feel torn by the pull from two sometimes conflicting ‘ends’ of their work system,” William Ryan and Jan Jaffe state in the GrantCraft report *Personal Strategy: Mobilizing Yourself for Effective Grantmaking*.

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.

The burdens grantmaking organizations place on their staffs have a profound influence on their ability to help nonprofits succeed. “Spending money well takes time,” said Benjamin Jealous of the Rosenberg Foundation. When a program officer can spend more time with a grantee, he added, that can have a greater impact than scattering money over a larger number of organizations. “People need to be able to get to know the players,” Jealous said.

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.

Shifts in Focus

The disconnect 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

PROGRAM OFFICERS OFTEN DON’T HAVE ENOUGH TIME TO DEVELOP AND SUSTAIN AN HONEST, OPEN AND PRODUCTIVE RELATIONSHIP WITH THEIR GRANTEEES.

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. As an example of what can be achieved when a foundation adopts a focused, long-term strategy, Fleishman cited the role of the Rockefeller Foundation in the Green Revolution, which is credited with saving one billion lives by improving agricultural yields in developing nations. The Rockefeller Foundation kicked off the Green Revolution by funding a research effort in Mexico in the 1940s, and its work on the initiative continues to this day in partnership with the Ford Foundation, the Gates Foundation and others.

Trusting Nonprofits

One of the key conclusions from GEO’s Change Agent Project thus far is that funders can go a long way toward improving the grantmaker–grantee relationship by making an effort to see things from the grantee’s point of view. At The Meyer Foundation in Washington, D.C., most program officers have served as nonprofit executive directors.

“That changes the culture here because we’ve all been on the other side and we know how it is,” said the foundation’s Rick Moyers.

“It’s too academic. Intelligent people in philanthropy are disconnected from what’s really going on in our communities, on the streets. They rely too heavily on academic knowledge and not on experimental knowledge and learning.”

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Many Voices, One Vision

Creating a Shared Agenda for Southwestern Pennsylvania's Nonprofit Sector

In March 2006, about 1,150 grantmakers and nonprofit leaders — representing southwestern Pennsylvania's diverse nonprofit sector — gathered at their sixth annual conference to answer a single question: “What are the next big steps the region's nonprofit sector can take?”

Grantmakers of Western Pennsylvania hosted the 2006 Nonprofit Summit — a facilitated decision-making process — in hopes of creating a collective voice and a shared vision for the region's nonprofit sector. The summit used the technology-driven 21st Century Town Meeting process introduced by AmericaSpeaks to move from small group discussions to a shared plan for action.

“People were inspired to move to action,” said Judie Donaldson, executive director of Grantmakers of Western Pennsylvania. “We're now moving forward to encourage nonprofit leaders to think about how they can work together more effectively to take a leadership role in the region's next renaissance.”

Summit participants then determined three priority strategies for southwestern Pennsylvania's nonprofit sector:

1. Support the collaboration between or merging of governments to develop more regional coordination.
2. Join together to advocate a legislative agenda that will articulate and express the impact of policy decisions.
3. Excite, inspire and fund citizen participation that explores the vital issues in the region and the incentives for public involvement.

According to Paul Light, a New York University researcher who has written extensively on nonprofit management, this type of collaboration is rare in the sector. “Everywhere I go, I look for evidence that funders and nonprofits are pulling together,” he said. “They're doing it in Pittsburgh. It's the only major city I've been to where everyone seems to be cooperating and addressing questions systematically. The sector here understands the issues it faces.”

Since the summit, attendees have moved from talk to action. In one example of action at the organizational level, a group of six organizations have consolidated some of their fundraising efforts by developing a single planned giving campaign. At the sector level, a new association of nonprofits — the Greater Pittsburgh Nonprofit Partnership — has begun to implement a strategic plan focusing on advocacy and citizen education. The partnership has more than 250 members representing grantmakers and nonprofits from across southwestern Pennsylvania.

“The partnership will provide an opportunity to advocate collectively on big issues facing us all, like state budgets and charity regulation,” said Gregg Behr, executive director of The Grable Foundation and former president of The Forbes Funds.

Behr says he is encouraged to see such collaboration happening.

“No longer can we look to such larger-than-life characters as [Mayor David] Lawrence or [Richard K.] Mellon to lead us forward,” he said. “The status quo has yielded blah, blah and more blah. Instead, we must look next door, across the pew and down the hallway.”

Instead of imposing solutions from on high, Moyers and others argue that grantmakers should trust nonprofit leaders to devise their own solutions to the problems they see in their communities every day.

Carolyn Watson, program officer with the Rockwell Fund in Houston, said foundations should consider shifting from a focus on program grants toward “funding organizations that have proven social impact.”

“The strategy should be to invest in organizations that are successful and to trust them to do the social engineering,” she said.

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.”

Spillett also said grantmakers can do a lot more to help nonprofits find and retain good people by investing in competitive compensation. “Well-meaning boards with limited resources are looking to hire the best, but without competitive compensation they often cannot. Here is where foundations can make a difference,” she said. Spillett also pointed to leadership support such as training, coaching, mentoring and succession planning for second-tier leaders as ways to take the pressure off nonprofit executive directors so they stay in their jobs.

For Dee Hiatt, a program officer with the Gill Foundation’s Gay and Lesbian Fund, it all comes down to making sure that 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.

Trusting nonprofits to do their work and equipping them with the support they need to get the job done.

FUNDERS CAN GO A LONG WAY TOWARD IMPROVING THE GRANTMAKER-GRANTEE RELATIONSHIP BY LISTENING MORE — MAKING AN EFFORT TO SEE THINGS FROM THE GRANTEE’S POINT OF VIEW.

It does not sound revolutionary, but this is exactly what many of today’s change agents in philanthropy are doing.

In the view of the Hudson Institute’s William A. Schambra, more effective grantmaking starts with adopting a more external focus. Citing research by the National Committee for Responsive Philanthropy, Schambra noted a “distinct contrast” between conservative and more progressive grantmakers. Conservatives, he said, are more outward-looking.

“They allow institutions greater flexibility in defining their agendas, they give long-term support, they do not impose onerous reporting requirements,” he said.

Schambra attributed the relative lack of flexibility that characterizes many progressive foundations to a “distrust of democracy” and an “inability to let go of control.” Schambra said. “We need to encourage a radical decentralization of the way we do grantmaking.”

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.

Responding to What Nonprofits Need

Dick Matgen, Peninsula Community Foundation

A few years ago, the Peninsula Community Foundation received a request for funds from a pastor in a rural area of San Mateo County, Ca. The pastor was seeking funds to support her church’s work with poor agricultural workers — providing blankets, rice and other necessary items. However, she had never written a proposal or put together a program budget — and it showed.

According to Dick Matgen, a former Roman Catholic priest who was managing the foundation’s faith-based grantmaking at the time, it would have been easy to turn down the pastor’s request because the proposal wasn’t up to snuff. But Matgen and his colleagues decided to fund her work — and they didn’t stop there. They also provided her with hands-on technical assistance in everything from budgeting and maintaining a database to writing a winning proposal.

Today the pastor runs a full-service nonprofit agency with a staff of five serving 500 agricultural workers each year. “And she can write a mean proposal,” Matgen added.

Matgen said his decision to support the pastor is a reflection of the Peninsula Community Foundation’s community-centric approach to its work. “We see our job as supporting the community, and we want to partner with nonprofits to address previously unmet or continuing needs” he explained.

In discussions during the GEO focus groups for the Change Agent Project, Peninsula Community Foundation grantees praised the grantmaker for its fast turnaround on grants, the quality of interactions with foundation staff, and its support for capacity-building activities. The foundation’s Grantee Perception Report, compiled by the Center for Effective Philanthropy based on survey responses from more than 100 grantees, offers evidence that its community-centric approach has contributed to grantee results.

“The foundation has partnered with us to make our program a success — even with risk and long-term commitment involved,” commented one grantee. “They have passionately provided resources, referrals and support for our organization.”

Another grantee touched on the foundation’s 10 years of support: “The funding is flexible. It has sustained our work over periods of uncertainty with other funders.”

Variations on the word flexible come up again and again in the grantee comments. Another oft-mentioned word: responsive.

The foundation’s responsiveness is evident in a number of practices. According to Matgen, for example, it is the foundation’s policy to respond to grantee proposals — or at least to provide some idea about where things stand — within one to two months. Usually, he says, discretionary grants of \$10,000 or less are awarded within that same time frame, with larger grants taking somewhat longer.

The foundation’s approach to grantee reporting provides additional evidence of a unique kind of responsiveness to the realities of running a nonprofit. Although the foundation is insistent on receiving reports from grantees, it routinely offers extensions with the stipulation that any subsequent grants will be delayed. And it does not

insist on rigorous evaluation of grantee projects, encouraging nonprofits to use statistics and data that they are already collecting to show results. “Evaluation is expensive and can become a real challenge for many of these organizations,” said Matgen.

But what if the grantee does not achieve outcomes laid out in its grant agreement? The knee-jerk response among many grantmaking organizations might be to stop funding the grantee or to punish it in some way. Not so at the Peninsula Community Foundation.

“Our approach is to get together with the grantee so we can learn from them why things didn’t happen the way they planned,” Matgen said. “And we can then launch a process to see if they need technical assistance to get better results.”

A Team Approach

The foundation’s ability to support nonprofit success is enhanced, Matgen believes, by its team approach to grantmaking. Rather than placing responsibility for the foundation’s eight portfolios in the hands of eight individual program officers, the staff is divided into teams, with each program officer typically serving on two or three.

“No one is making grant decisions in isolation; it is always a group of people,” Matgen said. The team approach, he added, leads to a lack of competition among program officers — “a lack of turf wars,” as Matgen put it.

Providing and supporting technical assistance for nonprofits has become a hallmark of the Peninsula Community Foundation’s work. In addition to serving on two other teams, Matgen heads the foundation’s Strengthening Nonprofits Portfolio team, which provides grants to nonprofit “infrastructure” organizations — that is, nonprofits that work to build the capacity of other nonprofits.

Matgen’s four-member team also is responsible for the operations of the Peninsula Nonprofit Center, which provides technical assistance, educational programs, training and other resources for nonprofits on issues from grantwriting to strategic planning and board development. According to Matgen, the center organized 58 educational workshops and other events in one year, together with CompassPoint Nonprofit Services and other partners.

When asked what personal qualities he brings to his work at the Peninsula Community Foundation that might make him a change agent in philanthropy, Matgen notes an enthusiasm for “helping people reach their potential.”

“When someone comes to talk to me, I want to know what their interest is and how I can help them pursue that rather than telling them what I think they should be doing,” he said. Being a change agent, he added, means appreciating that the people who are working at the community level are the experts, and providing them with the resources they need (financial and otherwise) to do their jobs.

Peninsula Community Foundation and Community Foundation Silicon Valley have merged to become Silicon Valley Community Foundation. For more information: www.siliconvalleycf.org

“I Don’t Speak Foundation-Speak.”

Gladys Washington, Mary Reynolds Babcock Foundation

Gladys Washington talks a lot about tearing things down. But she’s not in the demolition business. She is the senior program officer with the Mary Reynolds Babcock Foundation, a Winston-Salem, N.C. grantmaker committed to “building just and caring communities” in the southeastern United States.

What Washington talks about tearing down are the barriers that too often stand between grantmakers and their grantees. “People here (at the Babcock Foundation) are committed to developing an honest, two-way relationship with our grantees,” she explains.

Bernie Mazyck is president and CEO of the South Carolina Association of Community Development Corporations, which has been a Babcock Foundation grantee since 1998. He referred to the foundation as an “intentional, hands-on funder” that has encouraged his organization to think more strategically about how to achieve its goals for reducing poverty and building wealth in low-income communities.

“It’s not just about the money,” Mazyck said of the foundation’s support. He cited the Babcock Foundation’s efforts to connect his association with other organizations working on similar issues in the region as an important contribution to its success. He also noted the foundation’s openness to providing reactions and guidance during the grantwriting process as an “invaluable contribution.”

“They let us bounce things off of them so we can figure out if we’re answering the right questions and are on the right track,” he said.

The Babcock Foundation’s commitment to a two-way dialogue with its grantees also 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,” Washington says.

Organizational development has been a cornerstone of the Babcock Foundation’s grantmaking since 1994. The foundation explained its commitment to this work in a recent report: “The tough problems associated with poverty and racism will not be solved in a year or two, so communities and our region need effective and sustainable organizations that can stand the test of time.”¹

According to Washington, the “OD perspective” is infused into all of the foundation’s grantmaking. 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.

“For a lot of these small, grassroots organizations, they have no idea what kind of organizational development help they need,” Washington explains. “The assessment, and the availability of an impartial person to help them do it, gives them a chance to tease through the issues and say here’s where we could use some help.”

The results of the assessment, in turn, are used to develop a “learning and evaluation plan” that is submitted to the foundation as a guide for technical assistance and other organizational development support.

Making the Relationship Work

Breaking down barriers between grantmakers and grantees is not just about formal programs and technical assistance, Washington adds. It also gets to the personal relationships between foundation personnel and nonprofit leaders and staff.

The key to making the relationship work, in Washington’s view, is flexibility. She said that if an organization is having a tough time with board or staffing issues, for example, she will encourage the executive director to send in a revised budget so it can address those issues now. She also regularly tries to connect nonprofits to consultants and other resources who can help them overcome present-day hurdles and succeed.

Washington also is not shy about rolling up her sleeves and working side-by-side with grantees on critical issues facing their communities. Currently, she is working with Mazyck and others in South Carolina to launch a new statewide collaborative to advance an asset development agenda.

“She has been a very important part of that effort and brings her expertise from a regional perspective on what other groups are doing,” Mazyck said.

Participating in the collaborative effort also provides Washington with a firsthand understanding of the issues facing the foundation’s grantees.

Washington’s efforts to build trust with Babcock’s grantees are helped, she adds, by working for a grantmaker that is committed to the values of inclusiveness, transparency and humility.

“I have a boss and a board who believe you have to be real with folks,” she says. “Working here, you eat, breathe and sleep the value of interacting with grantees in a true partnership.”

For more information: www.mrbf.org

¹ Mary Reynolds Babcock Foundation, “Reflections on a Decade of Building Just and Caring Communities,” 2005.

Minimizing the Power Differential

Rick Moyers, Eugene and Agnes E. Meyer Foundation

As a program officer with the Meyer Foundation in Washington, D.C., Rick Moyers works to take the mystery out of grantmaking.

The tendency among foundation program officers, Moyers noted, can be to make a foundation appear like “a black box.” The reason: keeping things mysterious protects the program officer and conveys the impression that others are making grantmaking decisions. But, in Moyers’s view, the lack of transparency only exacerbates the power imbalance between grantmakers and their grantees.

“I try to be as candid as I can in letting people know how the foundation works,” Moyers said.

Moyers joined The Meyer Foundation in 2003. As head of the grantmaker’s Nonprofit Sector Fund, he is responsible for a portfolio of programs aimed at strengthening the management and leadership of nonprofits.

A former executive director of a statewide coalition of nonprofits in Ohio, Moyers said he was attracted to The Meyer Foundation because of a sense that the grantmaker understood the true needs of nonprofit organizations.

“I saw that Meyer was passionately committed to the well-being of community-based nonprofits in this region and the long-term health of these organizations,” he said. “The question (at the foundation) isn’t whether a specific program is going to be successful this year but whether an organization has the capacity to keep making a difference in the community for years to come.”

Supporting Long-Term Effectiveness

Moyers 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 — by introducing them to other funders, for example, and by supporting The Catalogue for Philanthropy: Greater Washington, an online and printed resource introducing donors to small, community-based organizations in the area that are making a difference (see www.catalogueforphilanthropy.org/ and www.touchdc.org).

In addition, under the umbrella of the Nonprofit Sector Fund, The Meyer Foundation awards grants for consultants to help organizations with management and leadership issues and manages a short-term cash flow loan program. 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.

“We are sympathetic to how tough it is for these organizations to raise the funds they need for basic operations,” Moyers said.

If The Meyer Foundation has a unique understanding and appreciation of the challenges facing nonprofits, Moyers believes he knows an important reason why: all 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 points to the foundation’s approach to evaluation as an example. He said The Meyer Foundation does not have a “particular fixation” on evaluation, primarily because many of the nonprofits it funds do not have the capacity or the infrastructure to track outcomes in a systematic way.

“Our approach is to say we will support you right now because you are doing good work,” Moyers said, noting that the foundation is rigorous in its site visits and other due diligence prior to awarding grants. “We tell grantees that you will want to think about evaluation, but we are willing to make a bet that your work will make a difference. And over the long term we’ll help them build their capacity for evaluation.”

For Moyers, being a change agent comes down to one thing: respect for grantees. “We don’t tell organizations what to do,” he said.

At the same time, however, it is clear from grantee evaluations that Moyers and his colleagues have helped nonprofit leaders think through important issues and revise their strategies accordingly.

“[Rick] is very open, his organizational guidance has been good, and he has been very patient during our efforts to focus our priorities and develop reasonable implementation strategies,” one grantee wrote. Commented another: “Rick helped us think about our project as a means by which to change the culture of our organization.”

It is the culture of The Meyer Foundation itself that allows Moyers to be a change agent, he said. “I am lucky enough to work for an institution whose culture encourages leadership for change, and I think my program officer colleagues all function as change agents in their respective fields.”

For more information: www.meyerfoundation.org

An “Unfoundation-like” Approach

Diana Sieger, Grand Rapids Community Foundation

“Grand Rapids Community Foundation leads the community in making positive, sustainable change.”

This statement — the first sentence on the Michigan grantmaker’s Web home page — makes clear its aspiration to act as a change agent. It is an aspiration that has become a reality over decades of grantmaking in support of causes from education and health to neighborhood revitalization.

However, the Grand Rapids Community Foundation’s commitment to challenge (and overturn) the status quo truly stands out in one area: protecting children. With Grand Rapids reeling from the state’s highest levels of abuse and neglect, the grantmaker launched a community-wide effort in the early 1990s to identify and implement solutions. Called Perspective 21, the initiative kicked off in 1992 with the convening of a 34-member community task force to gather data and reach consensus on recommendations for action.

Ron Apol, a longtime leader in the local child welfare system whose adoption agency is a Grand Rapids Community Foundation grantee, testified to the grantmaker’s role in shaking things up. Among the grantmaking practices he cited as especially supportive of nonprofit results is the foundation’s commitment of ongoing, multiyear funding to a core group of organizations that are working to implement the Perspective 21 recommendations.

Diana Sieger, who has served as president of the Grand Rapids Community Foundation for 19 years, said the grantmaker’s sustained commitment to a select group of grantees is part of its strategy for change.

“We don’t just blindly finance these projects, but we have identified the key agencies providing these services, and we want to make sure they have what they need to make a difference,” she said.

The Grantmaker’s “Advocacy Role”

Sieger added that the foundation has not been shy about playing an advocacy role on behalf of public and nonprofit child welfare agencies and the families they serve — a trait she characterized as “unfoundation-like.”

In addition to advocating for additional state and county funds for child welfare, the grantmaker was instrumental in securing funds from the W.K. Kellogg Foundation for reform of local foster care and adoption systems. In all, Sieger estimates that the foundation has leveraged its \$1 million in annual support for child welfare initiatives to secure more than \$20 million from other sources. “They [the Grand Rapids Community Foundation] have been the moving force behind this community really stepping up to this issue and creating the impetus for changes in the system,” acknowledged Apol.

Apol noted that the foundation’s encouragement of “true collaboration” among all players in the system has been a key factor in the community’s progress.

Apol participated in the Perspective 21 process during his time as a supervisor with the county’s family court system. Whenever the grantmaker convened a community team of grantees and others, participants would spend a full day or more developing a collaborative process for their work. The goal, he said, was to determine how the team leaders would work together, make decisions, and resolve issues and problems.

Apol added that the grantmaker never set out to “point fingers” — that is, to criticize the public or nonprofit sectors for failures but to bring people together to forge solutions.

Today, as a result of Perspective 21, Kent County’s nationally recognized Early Impact program offers a wide range of high-quality prevention services to families at risk of abuse or neglect. The program is a tribute to one grantmaker’s aspiration to serve as a change agent for the community, emphasizing sustainability as a cornerstone of nonprofit success.

For more information: www.grfoundation.org

Trusting the “Real Experts”

Larry Kressley, Public Welfare Foundation

Dennis deLeon, president of the Latino Commission on AIDS, is used to waiting for promised funds from public and private sources. A recent grant from municipal government in New York to launch a faith-based AIDS prevention initiative targeting Latino women was delayed for an entire year. Another government grant to address the crystal methamphetamine problem did not come in until six to seven months after the project was supposed to start.

“We go out and hire personnel for these projects, and then we have to sit around and wait,” deLeon said.

But the waiting is made significantly easier because of the general operating support that the commission receives from the Washington, D.C.–based Public Welfare Foundation and other private grantmakers. The Public Welfare Foundation has provided annual operating grants to deLeon’s group since 1995, with no strings attached. According to deLeon, the funds play a crucial role in allowing the commission to stay afloat despite the ebb and flow of project funds from other sources.

“No one else is around to help pick up the slack,” deLeon said, citing the general operating support of the Public Welfare Foundation and New York’s van Ameringen Foundation. He added that the foundations’ flexible support also allows the commission to do things that other funders shy away from, including advocacy and health education.

Larry Kressley, who resigned as executive director of the Public Welfare Foundation in 2006, said that 75 percent of its grantmaking is in the form of general operating support. The foundation’s commitment to providing nonprofits with flexible funds, he said, dates back to its founders, Charles Edward Marsh, a newspaper publisher, and his wife, Claudia.

“The Marshes once said that the people who know best how to solve problems in the community are those who live with those problems every day,” he said. “From the start, they had a strong belief that people know what needs to be done. They simply lack the resources to do it.”

With \$500 million in assets and grantmaking of \$20 million annually, the foundation pursues a strategy of “service, advocacy and empowerment” for meeting basic human needs and promoting democratic participation for people around the globe. Most of the foundation’s grants go to U.S. organizations working on issues from criminal justice and health to human rights, although funds also go to international projects, such as efforts in Africa to address the problem of female genital mutilation.

Kressley said the need among nonprofit organizations for general operating support is “the most important issue in American philanthropy today.” He dismissed claims that operating grants pose a challenge for foundations in terms of evaluation and measurement. Operating grants are “the most accountable kind of funding there is,” he said, adding, “If reporting is important to you, this lets you claim the work of the whole organization.”

Networking and Advocacy Support

Beyond providing the bulk of its grants in operating support, the Public Welfare Foundation pursues a number of other strategies to help nonprofits succeed. One priority: support for networking among grantees that are working on similar issues. A foundation-initiated effort to convene groups working on welfare reform issues, for example, grew into the National Welfare Engine Committee. Today, with funds from the Public Welfare Foundation and others, the committee is an independent effort that allows grassroots groups around the country to collaborate, share and work together to fight for positive changes for families living in poverty.

Advocacy has been an important element of the Public Welfare Foundation's support from the start. Recently, the grantmaker organized a funders' tour of "mountaintop removal" mining sites in Kentucky, Virginia and Tennessee. The goal was to draw attention to the work of local environmental groups that are lobbying against the practice.

"We want to help these organizations share their stories," Kressley explained, citing the tour and similar efforts as a way for the foundation to "leverage our own investments."

Getting to know grantees and believing in their work are two of the most important attributes of a change agent in philanthropy, Kressley said. As president of the foundation, he said he always made time to get out of the office to visit with grantees and the people they serve. His goal: spending one week every month on the road.

Shortly before leaving the foundation, Kressley spent a day at the Louisiana State Penitentiary in Angola, visiting with prisoners whose cases had been taken up by the Innocence Project in New Orleans, a Public Welfare Foundation grantee. To get to the penitentiary, Kressley spent three hours driving from Jackson, Miss., with an Innocence Project counselor who was representing some of the prisoners. "Those are real bonding experiences that remind you who's doing the real work," Kressley said.

Kressley's appreciation for "who's doing the real work" is what makes him a change agent in philanthropy. And it drives his strong support for general operating funds — and for foundations to stick with grantees over the long haul.

His parting advice to other grantmakers: "Don't be fickle and move on; stay with these groups so they can have a real chance to succeed."

For more information: www.publicwelfare.org

LISTEN, LEARN, LEAD

The following members of GEO's Change Agent Advisory Group provide leadership on the project's goals and design:

- › Gregg Behr, The Grable Foundation
- › Beth Bruner, Bruner Foundation
- › Stephanie Clohesy, Clohesy Consulting
- › Courtland Gould, Sustainable Pittsburgh
- › Marianne Hughes, Interaction Institute for Social Change
- › David Hunter, GEO board of directors
- › Jane Kendall, North Carolina Center for Nonprofits
- › Ricardo Millett, GEO board of directors
- › Mary Mountcastle, Mary Reynolds Babcock Foundation and Z. Smith Reynolds Foundation
- › Curtis Ogden, Interaction Institute for Social Change
- › Mark Sedway, Williams Group
- › Roxanne Spillett, Boys and Girls Clubs of America
- › Jerry Stermin, Positive Deviance Initiative
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