

How Can We Evaluate the Impact of Our General Operating Support Grants?

Grantmakers increasingly are turning to general operating support to ensure that nonprofits have the resources they need to achieve their goals. However, many grantmakers still have reservations about shifting more of support for grantees into the unrestricted column. Even though we may recognize how flexible dollars can boost effectiveness and impact for nonprofits, we still struggle with measuring the impact of these types of grants. While there are many schools of thought on this topic, this piece offers a set of common themes about assessing the impact of general operating support both pre-grant, during and after the grant is made.

Assessing the Impact

Through GEO's research in the field, both nonprofit leaders and grantmakers alike identified increased levels of general operating support as one of the key changes grantmakers can make to improve nonprofit results. Other surveys and reports have reached the same conclusion.¹ General operating support is clearly linked to helping organizations become more effective.

Grantmakers considering how to assess the impact of general operating support can reap added benefits by using assessments to promote learning and continuous improvement among grantees and to strengthen the grantmaker-grantee relationship. At the same time, we should be careful that assessments don't become an added burden for grantees. This approach ensures that our assessments do not stand in the way of the broader goal of improving the capacity of nonprofits to deliver meaningful results.

For more on this topic, see [Assessing the Impact: General Operating Support Volume 2](#) (Washington, D.C.: GEO, 2008).

¹ For example: Rick Cohen, "[A Call to Action to Increase the Impact and Effectiveness of Foundation Grantmaking](#)" National Committee for Responsive Philanthropy, 2007.

Thinking Differently About Grants

Compared with grants for specific programs or projects, general operating support requires grantmakers to give up some control over where the money goes. Changing the focus from program-level outcomes to the social impact of the organization as a whole leads funders to use guiding questions such as the following:

- How is the organization delivering on its mission?
- How does the organization set goals to track its progress?
- To what extent is general operating support contributing to its success?

This does not mean, however, that grantmakers have to give up on the expectation that our investments will yield demonstrable results. Rather, grantmakers need to approach assessments in a different way.

1. Taking a humble approach

Grantmakers should keep in mind that the impact of any individual grant — for program or operations — ultimately depends on the size of the grant in relation to the nonprofit's overall or program budgets. For example, one \$5,000 grant accounts for a relatively small portion of a nonprofit budget of \$1,000,000. Grantmakers should keep in mind that our support may not have an immediately traceable impact on the nonprofit's work.

2. Buying into grantee goals

Grantmakers also should keep in mind that the primary purpose of providing general operating support is to give grantees flexibility to pursue their goals as they see fit. Imposing conditions on precisely how these funds are spent — or on precise outcomes that grantees will achieve with this support — is antithetical to the true intent of general operating support.

“It is great when they meet their objectives, but it is equally valuable when they learn something in the process that will improve their work going forward.” – Denise San Antonio Zeman, Saint Luke’s Foundation of Cleveland, Ohio

Vetting Grantees and Clarifying Expectations

With general operating support, the goal is to support the broader mission of the organization. This can change how a grantmaker does due diligence and up-front assessment. For grantmakers in the GEO community, the shift in focus to organizational strengths as opposed to program outcomes has prompted many grantmakers to take a more comprehensive up-front look at the operations and mission of prospective grantees. In order to properly setup unrestricted support grantmakers can consider the following.

1. Performing Critical Due Diligence

Some grantmakers who provide general operating support opt to conduct rigorous up-front assessments with potential grantees — such as due diligence, life cycle assessments and site visits — and then step out of the way once the grant is made, keeping post-grant reporting requirements to a minimum. To learn more about designing an effective due diligence, download GEO's [Due Diligence Guide](#).

2. Setting Goals to Clarify Expectations

In practice, grantmakers approach goals and expectation setting in various ways. Many funders are content with affirming that general operating support grantees share similar goals and have the capacity to achieve them. Alternatively, other grantmakers ask grantees to identify some of the specific goals and objectives that the funding will help them achieve, as well as the metrics that are used to assess progress towards these goals. It is important to note that these specific goals and objectives may be broader programmatic or organization wide goals and, as a result, may not align to a grantmakers specific program or grant.

3. Taking into Account Lifecycle Stages

According to Susan Kenny Stevens, author of [Nonprofit Lifecycles: Stage-based Wisdom for Nonprofit Capacity](#), nonprofits can be found at any one of seven lifecycle development stages. Peter York, formerly of the TCC Group, which provides evaluation and other consulting services to nonprofits and foundations, points out that organizations at different lifecycle phases might use general operating support in different ways. The key is to understand where grantees are developmentally, York explained, and not to apply a one-size-fits-all model to screening potential grantees and tracking their progress.

Impact Measures and Reporting

Most grantmakers that provide general operating support do not require grantees to prepare a detailed accounting of how grant dollars are spent. Instead, it might be more useful to accept materials such as annual reports and other organizational-level documentation as evidence that grant funds were put to good use. This type of approach focuses tracking and assessment efforts on how well the organization is achieving its goals, if capacity improves as a result of the grant and other measures of organizational capacity. To fully consider a full range of factors, some grantmakers are taking the following steps.

1. Encouraging Use of Organizational Capacity Assessment Tools

General operating support shifts the focus of measurement from specific program or project outcomes to the organization's achievements as a whole. Additionally, it focuses on the organization's capacity to continue to deliver results into the future. There are a number of tools that grantmakers can use to make the connection between general operating support grants and changes in grantee capacity — ranging from using TCC's [Core Capacity Assessment Tool](#) to assess the overall capacity of grantees to asking grantees if funds strengthened organizational capacity and, if so, how.

For a comprehensive guide to organizational assessment for grantmakers, access GEO and Fieldstone Alliance's publication, [A Funder's Guide to Organizational Assessment: Tools, Processes and Their Use in Building Capacity](#).

2. Encouraging Learning and Improvement

Traditional measures of organizational capacity and outputs (e.g., finances, board leadership, clients served) often do not paint a complete picture of the impact of general operating support. Another measure many grantmakers use can be stated as a question: "What is the organization learning?" One of the crucial ways to assess the impact of general operating support is to look at the extent to which organizations are using data and information from their ongoing work to improve outcomes over time. Funders want to understand if the organization is getting stronger and developing the capacity to do its work better and more effectively. Grantmakers also want to see that the organization is learning important lessons about what does or does not work to achieve progress in its given field, and that it can share that learning with others.

3. Avoiding Information Overload

While they are looking for useful information from grantees about the impact of general operating support, grantmakers should be concerned about not creating a significant amount of added work for grantees. A recent report from [Project Streamline](#) — a collaborative initiative of the [Grants Managers Network](#), GEO and others — documented 10 ways in which grantmakers' current application and reporting requirements create “significant burdens on the time, energy and ultimate effectiveness of nonprofit practitioners.”² Number six on the list is the fact that grantmakers often ask for information that isn't of any real use to us or our grantees as we strive to improve effectiveness.

4. Seeking Grantee Feedback

Assessing the impact of general operating support has to be a two-way street. As grantmakers ask questions of grantees, we also need to allow grantees to ask their own questions and offer candid feedback about the grantmaking process, what's working and what could improve. Grantmakers' reluctance to solicit grantee feedback can do real harm to our relationships with grantees — and to overall grantee effectiveness.

Conclusion

When a grantmaker provides a general operating grant, we are investing in the organization as whole and supporting the grantee's broader mission. Understanding the impact of general operating support is about more than identifying the right indicators and creating an efficient reporting and tracking system. It's about assessing and understanding improvements in organizational capacity. These grants open up the space for a more transparent, trusting relationship with grantees and allow grantmakers to get a better idea of the challenges grantee organizations face, how the unrestricted dollars are helping (or not) and what types of additional support grantees may need.

² Jessica Bearman, “Drowning in Paperwork, Distracted from Purpose: Challenges and Opportunities in Grant Application and Reporting,” Project Streamline, a collaborative initiative of the Grants Managers Network, 2008. Available at www.projectstreamline.org.