

How Do We Know if a Grantee is a Good Candidate for General Operating Support?

The primary purpose of providing general operating support is to give grantees flexibility to pursue their goals as they see fit. So, how can grantmakers assess whether a grantee is a good candidate for general operating support? Grantmakers usually opt for general operating support when our goals are substantially aligned with those of the grantee, and when our due diligence affirms that the grantee has the capacity to achieve its goals. However, the lack of restrictedness on general operating support can make grantmakers nervous. Grantmakers want to know that the organizations we are investing in will make good, smart decisions about where to spend their funds and that they have systems in place for ensuring accountability, transparency and efficient use of resources. Of course, we want to know the same things about the organizations we support with restricted funds, but there are other considerations for general operating support grants that require a greater emphasis on upfront assessment.

Vetting grantees and clarifying expectations

When grantmakers makes a grant in support of a specific program or project, we can usually track the results, such as the number of clients served, units of affordable housing built or similar measures. With general operating support, the goal is to support the broader mission of the organization. Therefore, imposing conditions on precisely how these funds will be spent — or on precise outcomes that grantees will achieve with this support — is antithetical to the true intent of general operating support.

For more on general operating support, see [General Operating Support: Action Guide](#) (Washington, D.C.: GEO, 2007) and [General Operating Support Volume Two: Assessing the Impact](#) (Washington, D.C.: GEO, 2008).

This can change how we do due diligence and up-front assessment. The focus on strengthening organizational effectiveness, 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. By frontloading the due diligence process, we can then take a step back once the grant is made and keep post-grant reporting requirements to a minimum.

While many grantmakers are content with affirming that general operating support grantees share our goals and have the capacity to achieve them, others have grantees spell out some of the specific organizational goals and objectives that the support will help them achieve, as well as the metrics they will use to assess their impact. This is called the “negotiated general operating support” model.

Key Factors in Grantmaker Decisions

While some grantmakers have chosen to provide 100 percent of grants as general operating support, most will make that decision on a case-by-case basis. Here are some key factors to consider as we weigh whether a particular grantee is a good candidate for general operating support. For additional guidance, see GEO’s guide to [Due Diligence Done Well](#) and [Due Diligence Online Toolkit](#).

Goal and Strategy Alignment

Consider general operating support when the nonprofit’s work aligns with foundation goals or strategies in a specific program area or field of work.

Questions to consider:

- In what ways is the grantee unique in its focus on one or more priority areas for our organization?
- How is the grantee engaged in advocacy work and other field-building activities that dovetail with our foundation’s broader mission and goals (e.g., convening, networking or leadership support)?
- What are the nonprofit’s goals and how do they align with our foundation’s agenda?
- How well does the nonprofit articulate a theory of change or strategy for meeting its mission and goals?
- If the organization executes its strategy, how likely will it be to meet the impact it seeks?

Grantee Track Record

Consider general operating support when the nonprofit has a track record of success and impact on its constituency or target population.

Questions to consider:

- What is the nonprofit's track record? How well does the nonprofit articulate its track record?
- What is our foundation's tolerance for risk? What is our willingness to provide the working capital needed by a new or emerging nonprofit whose goals and strategies align with ours?
- How can we work with the grantee to link general operating support to the achievement of specific milestones or benchmarks (e.g., growth in number of clients served)?

Leadership and Readiness

Consider general operating support when we have confidence in the nonprofit's staff and board leaders and its systems for ensuring smart planning and accountability.

Questions to consider:

- What is the board's role in strategic planning? In fundraising? In financial oversight?
- How well does the nonprofit's board and the executive director work together? How are decisions made?
- How solid are the nonprofit's financial systems to track income and expenses, as well as the results and outcomes of its work?
- What types of capacity-building support would help the nonprofit develop the needed capabilities in leadership and financial management?
- How well positioned is the nonprofit among partners and the broader context and how could that affect its ability to deliver the desired impact?

Grantmaker-Grantee Relationship

Consider general operating support when a grantmaker and grantee have a solid, trusting relationship based on strong staff or board rapport and previous support.

Questions to consider:

- How well does our foundation's current due diligence process provide sufficient information to allow us to get to know potential new grantees and gain confidence in their people and systems?
- What is our willingness to provide start-up grants and capacity-building support for newer nonprofits, with the promise of increased general operating support down the line as we develop a stronger relationship?

Conclusion

While a comprehensive due diligence process can help us assess which of our grantees are ideal candidates for general operating support, it is also important to not let perfect be the enemy of good. While we seek alignment of specific goals and strategies with our grantees, determining what is sufficient for our foundation will save us and our grantees from wasting time, resources and straining our relationships from a drawn out assessment process.

Given the level of investment it takes to assess alignment, making larger, longer-term grants can have a real impact in strengthening organizational infrastructure and effectiveness for grantmakers who are committed to making general operating support part of our grantmaking strategy. The work doesn't end with the grant, though. In order to support a grantees' ability to deliver on its mission, buttressing general operating support with capacity-building support can play a critical role in sustaining the impact of a grant.