



is grantmaking **getting smarter?**

A national study of philanthropic practice • 2014

BY J MCCRAY



Smarter grantmaking. Stronger nonprofits. Better results.

is grantmaking getting smarter?



Grantmakers for Effective Organizations is a diverse community of more than 500 grantmakers working to reshape the way philanthropy operates. We are committed to advancing smarter grantmaking practices that enable nonprofits to grow stronger and achieve better results.

The GEO community provides grantmakers with the resources and connections to build knowledge and improve practice in areas that are most critical to nonprofit success. We help grantmakers strengthen relationships with grantees, support nonprofit resilience, use learning for improvement and collaborate for greater impact. For more information and resources for grantmakers, visit www.geofunders.org.

NONPROFIT TASK FORCE

We are grateful for the assistance of a group of nonprofit leaders who not only helped to inform the design of our 2014 survey but also worked with us to interpret the results. Many thanks to the following individuals:

- Francis Afram-Gyening, President and CEO, Care Alliance Health Center and Alliance for a Better Future, Inc.
- Karen Avery, Senior Director, Institutional Giving, PBS Foundation
- Greg Cantori, President and CEO, Maryland Nonprofits
- Jennifer Chandler, Vice President and Director of Network Support and Knowledge Sharing, National Council of Nonprofits
- Dave Coplan, Executive Director, Human Services Center, and Director, Mon Valley Providers Council
- Don Crocker, Executive Director and CEO, Support Center for Nonprofit Management
- Elizabeth Cushing, President and COO, Playworks
- Anthony DiFabio, President and CEO, Robins' Nest, Inc.
- Hellen Hong, Executive Director, Southern California Region, First Place for Youth
- Veronica Nolan, *formerly* Executive Director, Urban Alliance
- Gustavo Torres, Executive Director, CASA de Maryland
- Eric Weinheimer, President and CEO, Donors Forum

ADVISORS

We would like to thank the following individuals who provided technical advice to us as we were developing our survey:

- Fatima Angeles, Vice President of Programs, The California Wellness Foundation
- Ted Chen, Director of Evaluation, Margaret A. Cargill Philanthropies
- Mary Christian, *formerly* Program Officer, The Ralph M. Parsons Foundation
- Michele Rone Cooper, Executive Director, McAuley Ministries
- September Jarrett, Program Director, Mimi and Peter Haas Fund
- Chantell Johnson, Director of Evaluation, John D. and Catherine T. MacArthur Foundation
- Jackie Williams Kaye, Director of Research and Evaluation, Wellspring Advisors, LLC
- Barbara Kibbe, Director of Organizational Effectiveness, S.D. Bechtel, Jr. Foundation
- Peter Manzo, President and CEO, United Ways of California
- Lawrence T. McGill, Vice President for Research, Foundation Center
- Lynne O'Hara, Executive Director, The Special Hope Foundation
- Kevin Rafter, Manager, Impact Assessment and Learning, The James Irvine Foundation
- Ehren Reed, Research and Evaluation Officer, Skoll Foundation
- Lillian Roselin, Executive Director, John Muir/Mt. Diablo Community Health Fund
- Diana Scarce, Director of Evaluation and Learning, The David and Lucile Packard Foundation
- Amber Slichta, Vice President, Health Foundation for Western and Central New York
- Susan G. Zepeda, President and CEO, Foundation for a Healthy Kentucky Inc.

executive summary

Nonprofits take on deep-rooted, systemic issues, often working in an environment that changes rapidly. Grantmakers understand the value of supporting effective, well-led organizations — strong organizations create meaningful changes in the world.

GEO regularly conducts field research to try to understand if grantmaking is getting smarter. In 2011, as the sector was just beginning to recover from the recent recession, our research revealed that:

- funders saw the struggles nonprofits were facing and used the opportunity to reduce turnaround time on grants;
- unrestricted and capacity-building dollars held steady even though, overall, total grant dollars dropped dramatically; and
- multiyear support became nearly impossible for nonprofits to find.

How does funder practice now compare with that of three years ago? There's some good news.

In 2014, we saw marked improvements in:

- the frequency of multiyear support,
- the proportion of grants going to general operating support and
- the number of funders seeking feedback from grantees.

In the lead-up to this research, GEO conducted listening sessions and interviews with nonprofit and foundation leaders. To inform this study, we also convened a task force of nonprofit leaders. As we've talked with nonprofit and foundation leaders, it is clear that *we're still not where we need to be*. Though the philanthropic field is making important headway, there is still so much more we can be doing to help support strong, adaptable and resilient nonprofit organizations. Nonprofits still don't have the resources they need to respond to new opportunities, leadership transitions or changes in their environment. Furthermore, they aren't so sure their funders are open to talking with them about what kinds of investments will make their organizations more effective. Interestingly, we found that funders with more of an "ear to the ground" were far more likely to give capacity-building support as well as longer-term, multiyear grants.

It's increasingly clear that we'll only solve the world's most pressing problems by working together. Many funders are interested in how they can better support collaboration. As a case in point, GEO has held three sold-out conferences on topics related to collaboration — including supporting network effectiveness, supporting movements and co-funding — in the past three years. Grantmakers report the primary reason for collaborating with other funders is to achieve more impact. Funders often expect nonprofits to work together, yet we are not consistently covering the costs of collaboration. We're also still struggling with how to share what we're learning with others. Grantmakers seem to be missing an opportunity to learn together with nonprofits. While funders tend to conduct evaluation for primarily internal purposes, fewer than half of funders share what they're learning with grantees.

It is important to view the results of our research through the lens of the nonprofit leaders who seek grants from us. We asked four nonprofit leaders to share their stories with us and to tell us how funder practices have helped to improve their ability to attain the important results they are setting out to achieve.

Thank you to everyone who participated in our research. We are making good progress. We are giving more of the types of support that equip nonprofits to take on complex, deep-rooted problems. The question now is how to accelerate the pace of progress so that all nonprofit leaders get the kind of support they truly need.



J McCray
Chief Operating Officer
mccray@geofunders.org



introduction

As grantmakers, we hope that nonprofit leaders will dream big. We look for leaders who will take big risks, who will fight to stem injustice, who will not be satisfied with leaving the world in the state in which they found it. Supporting these leaders is why we got into this work to begin with.

We all know that the past five or six years have not been easy for nonprofits. Still, we might start to feel some relief at the fact that foundation funding, when adjusted for inflation, is returning to the same levels as before the recent recession.¹ GEO's recent survey of staffed grantmaking foundations in the United States revealed that the majority of respondents (61 percent) increased their funding at least slightly over the past two years. This is good news, right? The short answer is yes, of course, it's welcome news for any grantseeker. The longer answer is more complicated. Many nonprofit leaders don't feel that their job has gotten much easier. Why not?

Nonprofits operate in an environment where the odds are often stacked against them. Take for example some of the recent research on the sector, which shows that nonprofit leaders are dealing with a number of significant challenges:

- Nonprofits continue to struggle to achieve sustainable business models as well as build up reserves to protect themselves during uncertain times.²
- Nonprofit organizations have difficulty embedding a culture of fundraising across their institutions.³
- Nonprofits that rely extensively on government grants deal with delays, cuts in government funding and, in some cases, a dropping indirect cost coverage rate.⁴
- Nearly half of nonprofits rely on loans — the top two reasons: gaps in revenue and waiting for grants to come in.⁵
- Grantmakers rarely cover the full cost of funded work, including planning, evaluating, reporting and adequate coverage of indirect costs.⁶

Additionally, funders increasingly expect nonprofits to measure and show impact.⁷ While it is important that we understand the impact of the work so we can focus on solutions that work, many nonprofit leaders are faced with measuring impact using already stretched resources. With this dizzying array of challenges, is it any wonder that financial issues keep so many nonprofit leaders up at night? How can we, as funders, make smarter decisions so nonprofits can dream big and also act on those dreams?

1. "Preview of Key Facts on U.S. Foundations: 2014 Edition," Foundation Center, 2014.

2. "2014 State of the Nonprofit Sector Survey: National Results," Nonprofit Finance Fund, 2014.

3. Jeanne Bell and Marla Cornelius, "UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising," CompassPoint Nonprofit Services and the Evelyn and Walter Haas, Jr. Fund, 2013.

4. "2014 Survey," Nonprofit Finance Fund.

5. Ibid.

6. Ibid.

7. Ibid.

what do we mean by smarter grantmaking?

Over the past 16 years, our research has shown that grantmakers can bolster nonprofit results in the following ways:



SUPPORT NONPROFIT RESILIENCE

Grantmakers enable high-performing nonprofits to focus on long-term mission fulfillment by providing support that is flexible, reliable and enables grantees to build critical skills. This includes general operating support, sometimes known as unrestricted or core support, which allows an organization to carry out its mission by strengthening organizational capacity and sustainability. Grantmakers can also support resilience by offering multiyear support, provided in the form of grants of two years or more without the need to reapply. Capacity-building investments, including those for leadership development, financial capacity or an organization's ability to evaluate its work, make it possible for an organization to adapt to changing circumstances, learn what's working and be ready to take advantage of new opportunities as they arise.



STRENGTHEN RELATIONSHIPS WITH GRANTEES

Grantmakers help shape more effective solutions by building relationships with grantees based on trust and tapping the knowledge and perspective of grantees and community members. Grantmakers may, for example, seek feedback from grantees, invite nonprofit leaders to join advisory committees or prioritize people with nonprofit experience for positions on their staff or board.



COLLABORATE

Grantmakers achieve far greater impact by partnering with other organizations in pursuit of common goals and providing grantees with support for collaborative efforts. For grantmakers, working collaboratively means deepening relationships with partners and putting a common vision ahead of individual organizations or agendas. Grantmakers can also effectively support grantee collaboration by funding infrastructure that enables these efforts to thrive, connecting people and groups working in common areas and emphasizing long-term learning and impact over short-term gains.



LEARN FOR IMPROVEMENT

Grantmakers use evaluation to continuously learn and improve by partnering with grantees to collect and share greater insights about what is or is not working, and why. This means engaging staff, grantees and community members in shaping evaluation efforts, such as developing evaluation goals and metrics that will inform key decisions. It also requires sharing learning with others to improve collective knowledge and embracing risk and failure as opportunities for learning.

To help us understand whether we are making progress in supporting nonprofits in ways that allow them to be successful, GEO conducts field research to track trends in grantmaker practice. In short, we want to know: **is grantmaking getting smarter?**

PERSPECTIVES FROM

nonprofit leaders

The four nonprofit leaders we feature in this report each represent an organization with an established track record of doing critical work in its community. For each of the organizations, grants from foundations and other private institutions are important, but are by no means the sole source of funding.



Years as CEO: 7
Staff size: 70
Annual budget
\$6.25M
Year organization
formed: 1985
www.carealliance.org

FRANCIS AFRAM-GYENING

President and CEO, Care Alliance Health Center and Alliance for a Bright Future, Inc.

Most of the clients Francis Afram-Gyening and the team at Care Alliance Health Center serve are uninsured. Many are homeless. Care Alliance provides a range of vital health services to people living in extreme poverty in Cleveland, Ohio, including primary medical care, dental care, behavioral health, care coordination and more. To meet the growing needs in the community, Care Alliance is in the process of a \$15 million combined capital and operating campaign to build a new 30,000-square-foot modern facility. In an effort to provide a more seamless integration of behavioral and physical health care to its clients, Care Alliance has also engaged in a number of collaborations with other organizations in Cleveland such as Cleveland Clinic for laboratory services, University Hospitals for its family medicine residency program, Center for Families and Children, Frontline Service and Beech Brook. Afram-Gyening serves on numerous national and local boards including that of the Saint Luke's Foundation, a Cleveland-based healthcare conversion foundation, which is also one of Care Alliance's funders.

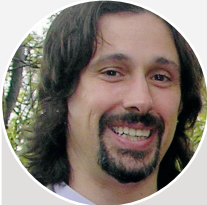


Years as CEO: 8
Staff size: 273
Annual budget:
\$12.8M
Year organization
formed: 1968
www.robinsnestinc.org

ANTHONY DIFABIO

President and CEO, Robins' Nest, Inc.

Spend just a few minutes with Dr. Anthony DiFabio and you'll discover that he is deeply committed to providing evidence-based services to Robins' Nest's clients. Research-backed practices give clients and their families the confidence to know that the treatments they are receiving have worked effectively for other children who have been through similar situations. For the past seven years, DiFabio has been the president and CEO of Robins' Nest, which works with children and families to overcome significant life obstacles such as trauma, abuse, neglect or homelessness, and helps them rebuild their lives through services such as group homes and counseling. DiFabio's team manages more than 40 programs at 15 properties across New Jersey's southern seven counties. The vast majority of funding that Robins' Nest receives is highly restricted public contract funding.



Years as ED: 10
Staff size: 10 full time,
10 – 15 part time
Annual budget:
\$1.2M
Year organization
formed: 1982
www.hscc-mvpc.org

DAVE COPLAN

Executive Director, Human Services Center, and Director, Mon Valley Providers Council

Students in Professor Dave Coplan's course on fundraising at the University of Pittsburgh learn from a nonprofit leader with deep roots in the human services sector. Coplan started at the Human Services Center as a student intern in the early 1990s. He now leads the Center, which runs a facility that houses multiple agencies that provide direct human services to residents of the Mon Valley in western Pennsylvania. Among the organizations it houses are a senior center, childcare provider, alternative school and mental health agency. Currently, the Center serves approximately 750 people every day. In addition to leading the Center, Coplan directs the Mon Valley Providers Council, which helps human services providers to identify gaps in services, share information and resources, and organize collective action on issues of common concern.



Years as ED: 15
Staff size: 41 full
time, 2 part time
Annual budget:
\$2.97M
Year organization
formed: 1986
www.chirla.org

ANGELICA SALAS

Executive Director, Coalition for Humane Immigrant Rights of Los Angeles

Angelica Salas knows that to make significant progress on immigrant rights, you can't go it alone. CHIRLA is a collaborative of advocacy groups, social service providers, policymakers and legal service organizations working together to ensure the human and civil rights of immigrants and refugees in Los Angeles. Under her leadership, CHIRLA shifted from primarily supporting just the social service providers in the area to providing immigrants with a platform and the tools to advocate on their own behalf. Two of the issues that Salas helped to spearhead were winning in-state tuition for undocumented immigrant students and efforts to allow all California drivers to obtain a driver's license. CHIRLA has been very active on the national stage as well. Salas is the co-chair of the Fair Immigration Reform Movement, a collaborative of 33 organizations. CHIRLA also participates in the National Partnership for New Americans, a coalition of 12 of the largest regional and statewide immigrant advocacy organizations. CHIRLA and its partners across the country built the foundation for the recent growth in activism on immigrant rights issues.

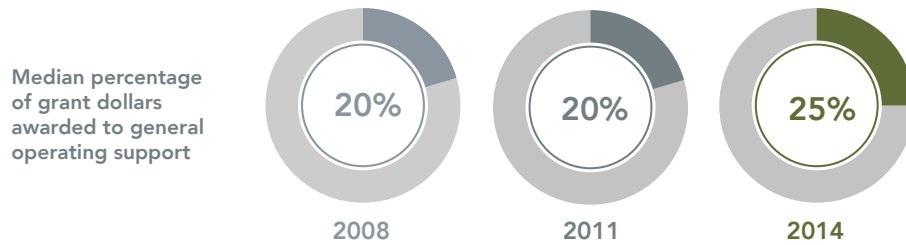
KEY FINDINGS

supporting resilient nonprofits

Grantmakers say it is very important to provide support that will strengthen grantee organizations so they can achieve greater impact

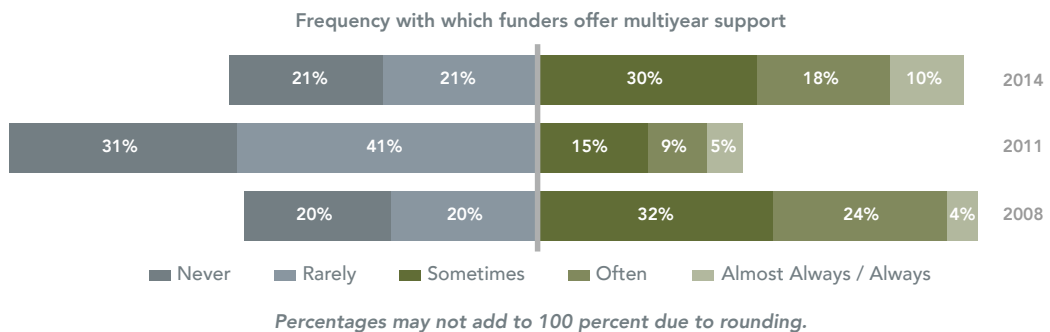
Nearly three-quarters (74 percent) of grantmakers in our survey said it is very important to provide support that will strengthen grantee organizations so they can achieve greater impact. While we still have a long way to go in providing the types of support that nonprofit leaders say they need most, our survey shows that grantmakers are making important progress in a few critical areas.

⊙ General operating support is on the rise after years of remaining static



It is promising that 81 percent of funders report giving some operating support grants. Of annual grants budgets, a median of 25 percent of grant dollars are in the form of unrestricted support. This increase in operating support, which had held stubbornly at around 20 percent of grantmaking budgets, is tremendously encouraging. Considering that annual foundation grantmaking was estimated at \$54.7 billion in 2013,⁸ an increase of 5 percent represents a significant rise in flexible funding entering the nonprofit sector.

⊙ Multiyear support is making a comeback: Most funders now give multiyear grants

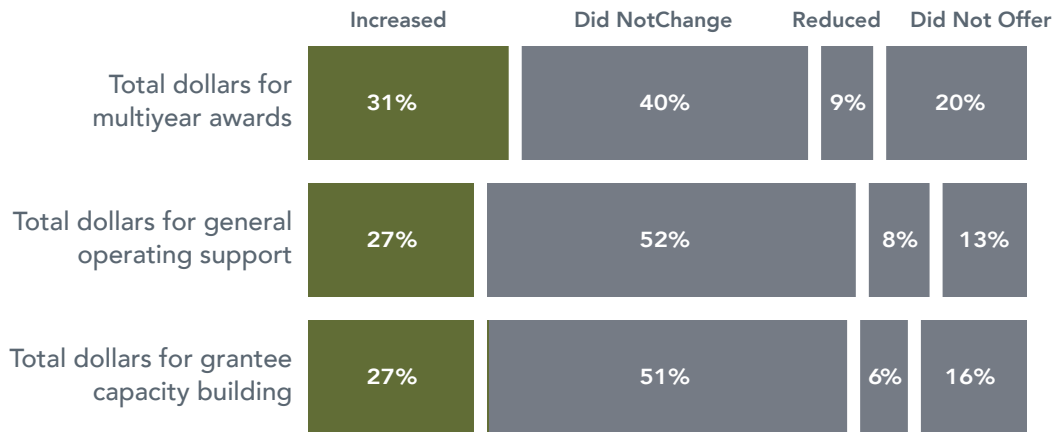


8. "Preview of Key Facts," Foundation Center.



In the midst of the recent recession, faced with uncertainty about the performance of their endowments, many funders responded by drastically cutting back on long-term support. If you were a grantseeker back then, you would have been hard pressed to find a funder willing to guarantee any level of support beyond the next 12 months. In hindsight, this was a missed opportunity for funders. Multiyear support shouldn't be a fair weather practice. In tough times, nonprofits need this stability more than ever. Long-term support allows nonprofits to plan with confidence and reduces the amount of time they have to spend applying for and reporting on grants. Unlike most nonprofits, many grantmakers have the financial resources to weather tough economic times. In our 2014 survey, we saw important increases in the frequency of multiyear support — the field is now back at prerecession levels. More than half of funders (58 percent) now give multiyear support at least sometimes.

⊙ **More than a quarter of funders increased the types of support most commonly associated with nonprofit success**



As endowments and foundation giving rebounded, more than a quarter of funders said they increased dollars for the three types of support that help build resilient nonprofits – general operating, multiyear and capacity-building support.



ANGELICA SALAS

Coalition for Humane Immigrant Rights
of Los Angeles

“More and more of our funders have moved to general support. They are really invested in our mission. With a changing political environment, this allows us to be flexible in our engagement. These political opportunities are a moment for us to gain real momentum. Several of these grants are also multiyear. Long-term funding allows us to leverage additional dollars because it increases our credibility, which means we can parlay that into additional support moving forward.”



DAVE COPLAN

Human Services Center and Mon Valley
Providers Council

“Time is our most precious commodity. There are only so many workable hours in a week. Multiyear support gives a small agency like ours the ability to focus on our programs and what happens for people. Longer-term grants also communicate that you’re stable and worth investing in. If you go to a potential funding partner and you say you’ve only got a one-year grant, what they hear is that you might not be here in a year. When you have a three-year grant, a potential funder knows the core part of the program is stable and they’re more likely to support you. People want to play with a winner. A one-off grant doesn’t communicate winner. That’s what those longer-term commitments help to do.”



BELEN VARGAS

Vice President of Programs, Weingart Foundation

“Our point of view is that everything we do as a grantmaker should be aimed at one thing: strengthening the capacity and sustainability of grantees.”

Belen Vargas started her career in nonprofit legal services, advocating on policy matters such as women’s issues and school inclusion issues for children with disabilities. In 2000, she joined the Weingart Foundation as the foundation’s first Program Associate, focused on managing the foundation’s small grants program. She is now the foundation’s Vice President of Programs. The Weingart Foundation supports organizations across six Southern California counties, with a focus on health, human services and education. In January 2009, Vargas and her colleagues concluded a process that led to amending the foundation’s grant guidelines to move from mostly funding grantee programs to offering unrestricted general operating support (which they call “core support”). This decision followed a significant amount of study, discussions with nonprofit representatives and conversations among the foundation’s board and staff about the role that unrestricted funding can play in building nonprofit capacity and sustainability. Initially, the Weingart Foundation planned to phase in its core support for grantees over a number of years. According to Vargas, with the start of the Great Recession in 2008 the foundation saw grantees facing serious challenges as they struggled to maintain and sustain core programs. As a result, the foundation decided to make core support the focal point of its grantmaking immediately. “We decided right then and there that providing core support was the best way we could help build our grantees’ capacity and sustainability,” Vargas said. During site visits and post-grant conversations, grantees shared with Weingart staff that they are grateful to have flexible, unrestricted dollars that they can use to invest in their organization, since most grants from other funders are restricted to programs.



KEY FINDINGS

strengthening relationships with grantees

The relationship is changing

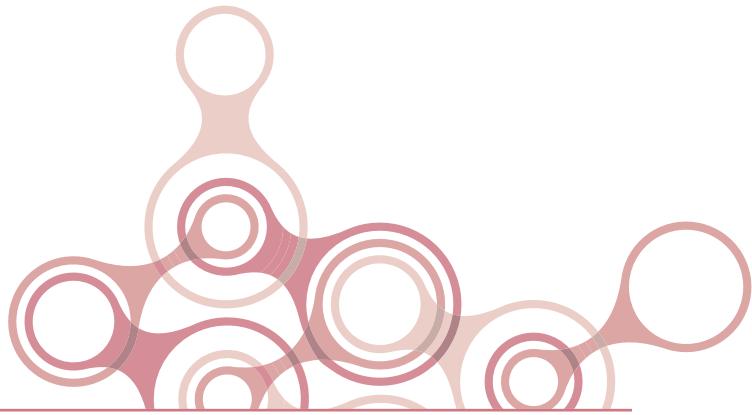
The traditional relationship between funders and grantees has come into question in recent years, challenging funders and nonprofits to rethink how they have historically communicated with each other. For a number of years, the Center for Effective Philanthropy has promoted the use of grantee feedback through its Grantee Perception Report. Recently created Yelp-like sites such as Inside Philanthropy and the National Committee for Responsive Philanthropy's Philamplify project provide an opportunity for grantees and community members to comment on their experience working with certain funders. At the same time, there are calls from within philanthropy by some foundation leaders for funders to be more transparent and to more clearly communicate their goals and objectives to grantees.

Transparency is important, but it isn't enough. According to the Center for Effective Philanthropy, only half of nonprofits believe that grantmakers are aware of their challenges.⁹ Some of the challenges they named were the increased demand for programs and services, technology and leadership development. To make sure we understand these challenges, funders need to think about how to strengthen relationships with grantees. It's about the following:

- **Building trust** — How funders set the stage is critical. If something we fund works fabulously, there's no question we'll hear about it. However, if something goes awry and we haven't taken steps to lay a foundation of trust, chances are we'll never learn that something didn't go as planned.
- **Finding solutions that work** — When we engage nonprofit leaders and other community members in decision-making, we are much more likely to find solutions that will work in the communities we seek to serve.
- **Discovering what nonprofits need** — By asking for feedback and listening hard, we will hear about the kinds of support nonprofits need from us to be able to make progress on the issues we all care about.

Results from our survey suggest that funders are increasingly seeking feedback from grantees as well as creating other opportunities for grantees to inform grantmaker strategy and practice.

9. Ellie Buteau, et al., "Nonprofit Challenges: What Foundations Can Do," The Center for Effective Philanthropy, 2013.

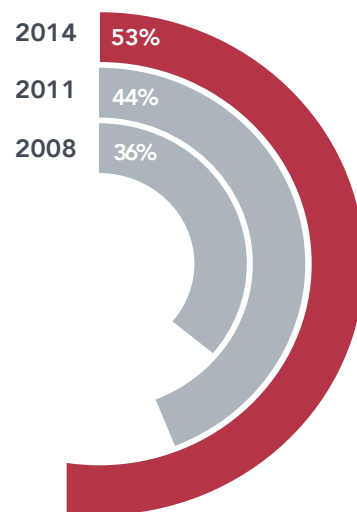


◎ Most funders ask grantees for feedback

Asking for feedback from grantees is a critical way for grantmakers to gather insights on what is or is not working. It is encouraging that the majority of grantmakers (53 percent) now regularly solicit feedback from grantees. Both anonymous and non-anonymous (attributed) feedback levels are on the rise. About a third (34 percent) of grantmakers solicit data anonymously and 38 percent solicit it in a way that can be attributed. Both approaches have roughly doubled in frequency since we started tracking them more than a decade ago. In 2003, 18 percent sought anonymous feedback and 21 percent sought non-anonymous feedback.

Additionally, we are seeing an increase in other forms of input into grantmaker strategy, practice and decision-making.

Percentage of funders who solicit feedback from grantees

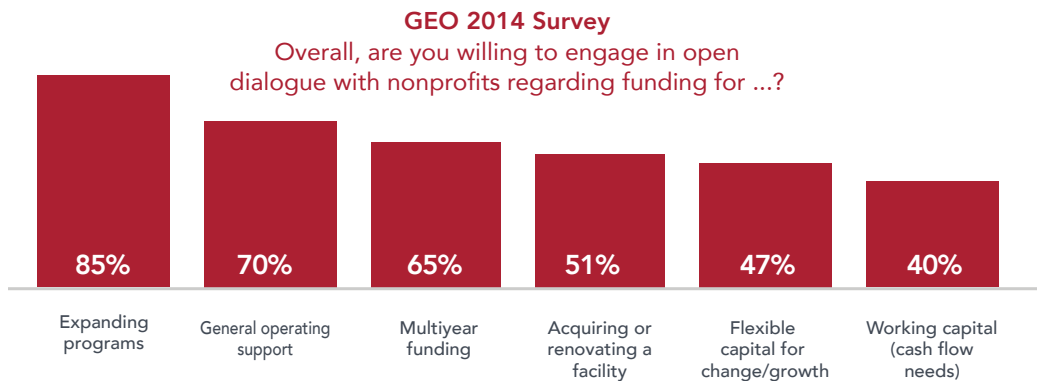
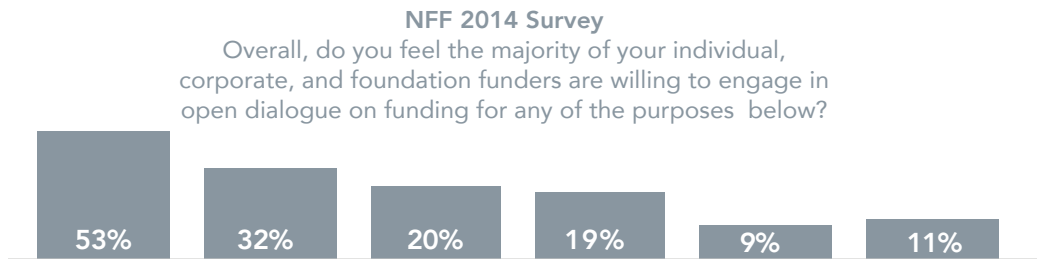


◎ The majority of funders seek grantee input to help shape policies, practices, program areas and strategy



⊙ However, nonprofits don't feel that funders are willing to talk with them about key financial issues

**Are foundations open to dialogue about key financial issues?
Nonprofit and foundation leaders disagree**



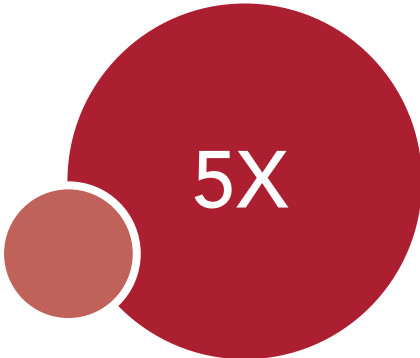
According to research conducted by Nonprofit Finance Fund, more than half of nonprofits report having only three months or less of cash on hand, and more than a quarter (28 percent) ended last year with a deficit.¹⁰ Lest we be tempted to chalk this up to bad financial management, the reality is that many nonprofits operate in an environment where restrictions on private and government funding make it nearly impossible to cover the full cost of doing business, let alone build up the reserves necessary to provide a cushion. It is extremely difficult for nonprofits to start these conversations with funders because of the fear of making a misstep and causing the funder to lose confidence in the strength of the organization. In our survey, GEO asked funders if they were open to dialogue on key financial issues. Nonprofit Finance Fund, in its recent survey, asked nonprofits if the majority of their funders were open to dialogue on the same issues.¹¹ The results are stark. By and large, nonprofit leaders don't believe their funders genuinely want to talk with them about these issues. It raises the question: Are funders overly confident about whether nonprofits feel comfortable discussing their financial needs with them? We won't get anywhere if we don't start having these conversations. Because there is such a power differential in the relationship, it is our responsibility as funders to raise these questions with grantees.

10. "2014 Survey," Nonprofit Finance Fund.

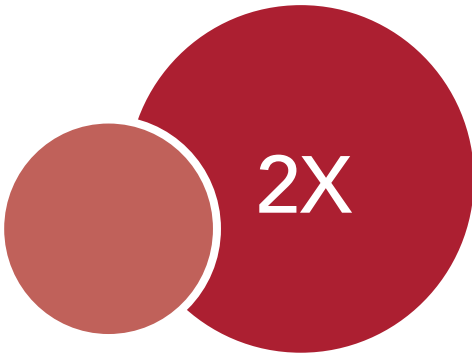
11. The Nonprofit Finance Fund and GEO studies employed somewhat different data collection methodologies and had different target audiences.

Funders with an “ear to the ground” are more likely to give the types of grants that help nonprofits succeed

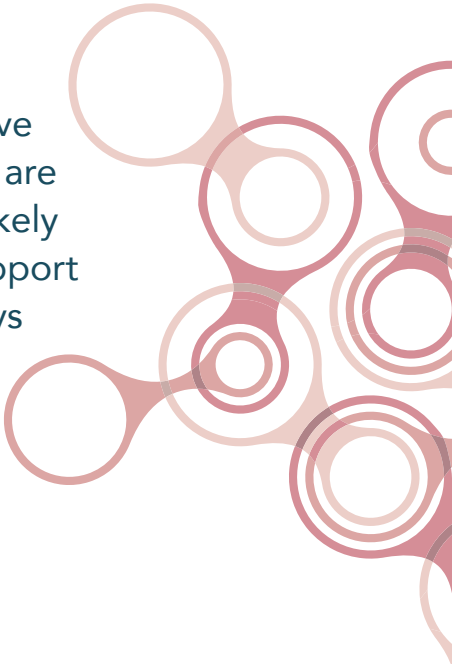
In our research, we noticed that some funders are more attuned to the needs of their nonprofit partners than others. These funders are more likely to have certain practices in place, including staff and board members with experience leading nonprofits, regular feedback mechanisms and a tendency to proactively find opportunities to learn together with nonprofit grantees. Perhaps not surprisingly, those with more of an “ear to the ground” were far more likely to invest in capacity building, including supporting leadership development, than those who are less in tune with their grantees’ needs, even when controlling for asset size. Nearly half of respondents who reported having a high number of these behaviors supported capacity building often or almost always, compared with just eight percent who had few to none of these practices in place. Funders with more of an ear to the ground were also much more likely to provide multiyear support. More than 40 percent of funders who were very attuned to grantee feedback provided multiyear support often or almost always, compared with just 17 percent of funders who had few mechanisms for listening to nonprofit needs.



Grantmakers who have an ear to the ground are more than five times as likely to offer capacity-building support often or almost always



Grantmakers who have an ear to the ground are more than twice as likely to offer multiyear support often or almost always



strengthening relationships with grantees



FRANCIS AFRAM-GYENING

Care Alliance Health Center

“I am not only a grantee of the Saint Luke’s Foundation, but I’m also on its board. In fact, a number of foundations in Cleveland have made it a priority to invite nonprofit leaders into board leadership. The advantage of my being on the Saint Luke’s Foundation board is that when something comes up about healthcare for special populations or serving the working poor, I can add my voice to the discussion. Also, when we conduct site visits, one of the questions we ask is ‘How could we support you and make running your organization much easier?’ As opposed to before, when grantee leadership may have heard questions like ‘You didn’t meet this outcome — Why?’ For example, you might learn that they are struggling to fill key leadership positions to assist them to move to the next phase of their organizational growth. The bottom line is, what can you do to help the leadership team feel at ease? Reducing that fear is what makes them feel a bit more open than before.”



ANTHONY DIFABIO

Robins’ Nest, Inc.

“We really appreciate our relationship with the Wells Fargo Foundation. Its model relies heavily on regional advisory committees, which brings in the community voice. Our region’s advisory committee identified Robins’ Nest as an organization doing great work that is in keeping with what the Wells Fargo Foundation is looking to achieve in the community. The foundation staff tries to get to know the people they’re funding. They did a walk-through tour of Robins’ Nest, which really personalized the relationship. They are very involved in the local landscape and participate in a lot of the nonprofit forums. For example, they’ve presented at several local business roundtables on how to receive funding, including for capacity-building grants. They’re committed to having the dialogue and using what they learn to inform their funding decisions. They really try to understand what would help us the most.”



SHEENA SOLOMON

Director of Neighborhood Initiatives,
The Gifford Foundation

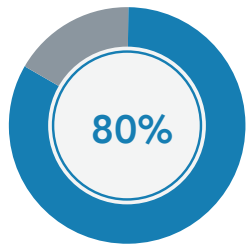
“Community engagement and involvement is a part of our organizational culture — in every aspect of our grantmaking.”

Before joining the Gifford Foundation, Sheena Solomon spent nine years working at local nonprofit organizations serving people in the community in Syracuse, New York. Solomon now serves as the foundation’s representative in its community engagement work. She helped create Gifford’s citywide initiative, the “What If ...” Mini Grants, which help community residents build the skills they need to make positive changes in their neighborhoods. The Gifford Foundation has invested approximately \$42 million in a three-county area in upstate New York. Between the 1950s and the 1990s, the foundation’s grants provided critical support for educational and cultural institutions in the community. However, starting in the early 2000s, the board and staff decided to explore new approaches to community impact. As part of these efforts, the foundation began an intensive neighborhood engagement effort that eventually led to the creation of the mini grants program. To ensure that the program is anchored in community engagement, Gifford established a Resident Review Committee to review applications and recommend grants to the foundation’s board. The committee meets 11 times a year, and the foundation holds a monthly meeting for people and organizations interested in applying for the grants. These include arts projects, community engagement initiatives, recreation and sports, summer camps and other youth projects, and health and wellness programs. Between 2011 and the end of 2013, the Gifford Foundation made 60 mini grants averaging about \$3,000 per grant. The mini grants comprise about 20 – 25 percent of the foundation’s grantmaking. Soon after embracing neighborhood engagement, the foundation also identified capacity building as a significant need and shifted the majority of its grantmaking to capacity-building support for community nonprofits.

KEY FINDINGS

collaborating for greater impact

① Funders believe it is important to collaborate



Funders report it is important to coordinate resources

Funders overwhelmingly said it is important to coordinate resources with other funders working on the same issues. Eighty percent said it was moderately or very important. Not only do we think it's important, but we're doing it. The majority of grantmakers (69 percent) said they have developed strategic relationships with other funders. The primary reason funders cite for partnering with other funders is to achieve more impact. To a lesser extent, we hope to tap into expertise, inform strategy or gain a better sense of community needs.

② But grantee collaboration is an unfunded mandate

How often funders offer support for grantee collaboration



Percentages may not add to 100 percent due to rounding.

Nonprofits have long found ways to collaborate with each other to achieve common goals. In recent years, there have been an increasing number of conversations in the field of philanthropy about how to support grantees that are making faster progress by working in collaborative ways. Conversations about collective impact, network effectiveness and supporting movements all begin with the premise that by working together we can achieve transformational change. It takes work. It takes *a lot* of work. While we are willing to devote resources to collaborating with other funders, we are not yet in the habit of providing support so that our grantees can collaborate with each other. Funders can help by connecting organizations working toward common goals as well as by emphasizing long-term learning and impact over short-term gains. Collaborations typically involve many meetings, and sometimes significant travel, as players work to come to agreement on priorities, strategy and roles. Here's the problem: With only 13 percent of grantmakers often or always supporting grantee collaboration, it's nearly impossible for nonprofit leaders to find funders willing to support the true costs of collaboration, including staff costs, group facilitation, travel and technology. This is a critical role that funders could play but often don't.

**ANGELICA SALAS**

Coalition for Humane Immigrant Rights
of Los Angeles

“Funders have been supportive of our role in the National Partnership for New Americans. In terms of leveraging resources, it takes a while. You have to be frank that you’re investing in the collaboration and that the investment will eventually pay off, but not necessarily soon. Recently, we examined our coalition work in a number of different categories — local, state and national. When we looked at the time commitment, it was large. Usually a strong collaboration is one in which you commit to each other to do a certain amount of work. If you start multiplying all the hours that you’re committing to do work, and the time it takes to participate in meetings, to travel up and down the state, it’s an expensive proposition. Bringing people together creates an incredible spirit of ‘let’s get something done.’ But getting something done requires resources. In addition to getting people to the table, we need to know that the product of the work will also be supported.”

**FRANCIS AFRAM-GYENING**

Care Alliance Health Center

“The local foundations in Cleveland such as The Cleveland Foundation, Saint Luke’s Foundation, Mount Sinai Foundation and others encourage local nonprofit boards and leadership to think about strategic collaborations. For example, they encouraged us to work with Ohio College of Podiatric Medicine (now Kent State University College of Podiatric Medicine). Then President and CEO of Saint Luke’s Foundation Denise Zeman and former Care Alliance board member Dr. Jannifer Harper played a facilitation role. Since 2008, a podiatrist faculty member has come to Care Alliance with two or three students to provide podiatry services. It’s a win-win situation for both organizations: the students learn certain pathologies that they would otherwise not learn in certain settings because of the patient population that we serve, and Care Alliance does not have to recruit and retain a podiatrist, allowing us to use our limited resources in other areas.”

**LUZ A. VEGA-MARQUIS**

President and CEO, Marguerite Casey Foundation

“Our philosophy is that organizations on the ground can accomplish so much more when they connect across issues, geography, race and egos.”

Luz Vega-Marquis, president and CEO of the Marguerite Casey Foundation, has found that the best way to support a national movement of low-income families is by providing grantees with long-term general-support grants. These are organizations engaged in activism, advocacy and issue education in the 13 states with the highest concentration of family poverty in the United States. As one of its core movement-building strategies, the foundation has also created networks in all of its grantmaking regions to build collective capacity to mobilize and engage low-income families. In 2008, the foundation and its grantees engaged approximately 30,000 people across the country in the Equal Voice for America’s Families campaign to create a national platform to identify and advance the issues and policies needed to improve the economic well-being of all families. The campaign resulted in the development of 13 Equal Voice networks, a national online newspaper (www.equalvoiceforfamilies.org), and subsequent convenings, including an online convention in 2012 during which families updated the national family platform. The foundation recognized early on that the networks needed a superconnector, someone who could support and build the networks and cultivate an environment in which multiple organizations can advance issues as one. As a result, the foundation provides financial support to each network to hire and manage network weavers. Grantees have achieved policy victories on issues from wage theft and raising the minimum wage to ending employment discrimination against the formerly incarcerated. Vega-Marquis said the Marguerite Casey Foundation’s approach to movement building requires an understanding among trustees and staff that the work will take time to bear fruit. She added, “Equal Voice requires that we Ask, Listen, Act and allow people to find their own path forward and accept that their choices may be different from ours.”

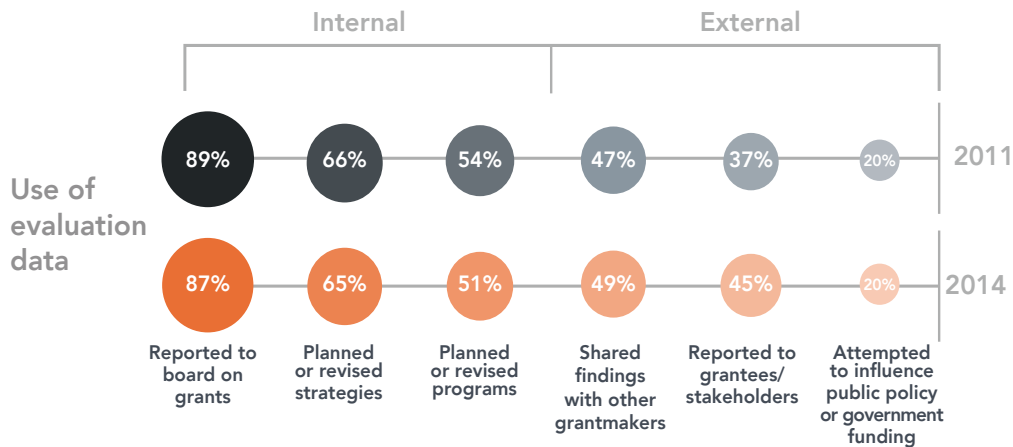
KEY FINDINGS

learning for improvement

Grantmakers view evaluation as an important tool but remain focused on internal uses

Three-quarters of grantmakers in our survey said they evaluate their work. This is slightly higher than three years ago, when 70 percent of respondents said they evaluate. Funders may get data through multiple sources, including but not limited to reports from grantees, commissioned evaluations on grant portfolios and studies of field trends. How are funders using all of this information?

Grantmakers are investing in evaluation but not getting all they could out of it



Grantmakers use evaluation to help make decisions and to gather insights on what is or is not working. It's clear that funders are focused on using data for internal purposes, such as informing strategy and communicating with the board. However, less than half are sharing what we're learning with others, such as grantees, community members or policymakers. Funders are in a unique position. We have a high-level view of what's working and what's not. There is more we can be doing to share what we're learning with grantees and other grantmakers to contribute to a common understanding of what works and what doesn't.

Evaluation capacity building is an important tool in the tool belt

Supporting the capacity of nonprofits to evaluate and learn for improvement is an important tool in a grantmaker's tool belt. While it's not as common as leadership or governance capacity building, we found that many funders are providing evaluation capacity-building support. Among funders who provide capacity-building support, 77 percent supported evaluation capacity building, compared with the 91 percent who supported governance or leadership capacity building and 81 percent who supported financial capacity building.



ANTHONY DIFABIO

Robins' Nest, Inc.

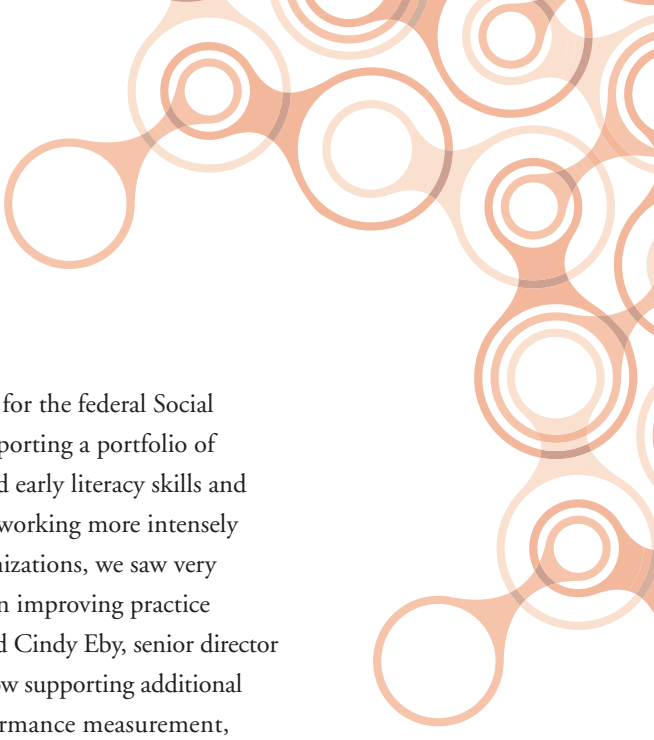
“We are deeply committed to evidence-based practice, which means we need to continually improve our understanding of what’s working. It’s a defined approach and it is proven to address specific needs. It’s also more expensive to do because of the required training and technology, and the expense of providing the care. The reality is, even if you look at an advanced, sophisticated agency such as ours that in many instances is using technology and cutting-edge practices, I can assure you that its executive has a list as long as his arm identifying how and where the agency could better achieve its goals or expand its capacity. We’re no exception. We are relentless in our pursuit of new opportunities and greater capacities. For example, one of the things we realized is that we needed to enhance our data collection and reporting capacity. So in this next round of funding that we’re going after, we’re saying we’d like to dedicate some of that money to being able to build a more sophisticated dashboard within the agency where we could have more robust data to help inform our work. As our programs get even more sophisticated, we at the organization need to be able to say, ‘okay, we need to get help to get more refined or more sophisticated in what we’re doing.’”



CINDY EBY

Senior Director, Evaluation, Mile High United Way

“Measurement is becoming a prominent driver in the social sector, as funders want to know exactly how their money is being used and communities want to know where and how to prioritize their efforts. Organizations and communities that prioritize measurement are finding that they are able to better adapt their programs to changing circumstances.”



As part of a decision to become an intermediary for the federal Social Innovation Fund, Mile High United Way is supporting a portfolio of Colorado organizations that are working to build early literacy skills and improve reading among children. “As we began working more intensely with this group of stellar, high-performing organizations, we saw very quickly that they still needed help and support in improving practice around impact measurement and evaluation,” said Cindy Eby, senior director of evaluation. With this in mind, Mile High is now supporting additional grantees with intensive capacity building in performance measurement, evaluation and the role of data in supporting organizational decision-making via the Performance Collaborative. Another initiative reflecting Mile High United Way’s intensified focus on evaluation is Mobilize Mile High. To measure progress on Mile High United Way’s broader goals of communitywide change, the grantmaker recognized a need to invest in the community’s capacity for evaluation. Mobilize Mile High is a collective effort to identify shared goals and measures to improve education, economic well-being and health throughout the Denver metro area. In 2014, Mile High United Way issued a set of community indicators that are the result of a two-year process of engagement involving outreach to nonprofit and foundation partners, the mayor’s office and the general public. The indicators will enable Mile High United Way and its community partners to identify and track population-level changes in areas from school readiness to student reading. Mobilize Mile High is a newer initiative, but Mile High United Way is already seeing how the availability of community-level data on key indicators can lead to change. For example, in the course of collecting initial data on school readiness, Mile High United Way and its partners found that nearly 60 percent of Colorado’s children do not have access to formal childcare centers. This has prompted action on how to improve the quality of care among informal childcare providers. Eby said Mile High United Way has designed many of its evaluation programs to create opportunities for nonprofits to get early wins in using data to improve performance. “We really focus on helping these organizations walk through the practical application of evaluation in their everyday work so they can see immediately how this will help them do a better job.”

conclusion

Are grantmakers doing better at supporting nonprofits than we were three years ago? We have certainly made important progress. We have increased the level of dollars devoted to general operating, multiyear and capacity-building grants, and most funders now give these types of support. We are also increasingly finding ways to strengthen relationships with nonprofits, including asking for feedback and inviting input on grantmaker strategy, policies and practices. However, when it comes to hearing what nonprofits really need, we may be overly confident that the lines of communication are truly open. Funders need to ask direct questions about how we can best support nonprofit leaders and then be prepared to get them what they need to succeed. There also still appears to be a gap between our desire for nonprofits to work collaboratively with others and our willingness to fund the costs of doing so. Additionally, as funders think about the next frontier in our evaluation and learning work, the most important step we can take is to figure out how to better learn and share with nonprofit leaders as well as other funders.

By continuing to push ourselves to be smarter grantmakers, we will help the nonprofits we fund to be strong and well led, to pool knowledge and resources, to know if they're making a difference, to take risks and to dream big. Nonprofit organizations that are able to do those things well will be the ones with the greatest chance of solving the most deep-rooted problems facing our communities today.

ABOUT THE STUDY



GEO conducted our 2014 national survey of staffed grantmaking foundations to gather data on key grantmaking practices both nonprofits and grantmakers agree are critical to supporting nonprofit results. We conduct the survey every three years to track progress in the field. Overall, 629 of the 4,175 eligible U.S.-based, staffed organizations GEO contacted directly (15 percent) responded to the survey. An additional eight organizations participated after learning of the survey through partner organizations, which brought the total number of respondents to 637. We sent the survey to the CEO or Executive Director of each organization. The respondents in the 2014 study are similar in makeup to the 2011 respondents when compared by foundation type, size and GEO membership status. Our partner, Harder+Company Community Research, conducted the survey and performed the analysis of the results. We have made the full report available on the GEO website at www.geofunders.org.

DATA VISUALIZATION

We thank Innovation Network for providing guidance on data visualization techniques to help emphasize some of the key findings from our research.

FUNDER STORIES

GEO originally produced the funder examples contained in this report as part of the Smarter Grantmaking Playbook. The full member stories are available at www.geofunders.org/smarter-grantmaking.

GEO'S UNRESTRICTED FUNDERS

Unrestricted support from the following funders gives GEO the flexibility to conduct important programming such as this research study.

Bill & Melinda Gates Foundation
Blue Shield of California Foundation
Charles Stewart Mott Foundation
The David and Lucile Packard Foundation
The Duke Endowment
The Eugene and Agnes E. Meyer Foundation
Evelyn & Walter Haas, Jr. Fund
The F.B. Heron Foundation

Lumina Foundation
Robert Wood Johnson Foundation
Saint Luke's Foundation of Cleveland, Ohio
S.D. Bechtel, Jr. Foundation
Surdna Foundation
Weingart Foundation
The William and Flora Hewlett Foundation
W.K. Kellogg Foundation



Smarter grantmaking. Stronger nonprofits. Better results.



1725 DeSales St. NW, Suite 404 / Washington, DC 20036
tel: 202.898.1840 fax: 202.898.0318 web: www.geofunders.org

