

GEO Member Story



Read how Open Road Alliance’s work highlights how open and honest conversations can help to anticipate and mitigate risk — ensuring unforeseen circumstances don’t prevent positive impact.

The world is unpredictable. No amount of planning can prevent unscripted events from causing disruption. When faced with unforeseeable obstacles, many projects stall or stop completely — and too many grantmakers react by forgoing projects and forfeiting their social return.

Founded in 2012, Open Road Alliance works to address this fundamental challenge in social change initiatives. First, the organization provides funding to nonprofits for projects in mid-implementation facing an unexpected roadblock. In this work, Open Road operates globally and is issue agnostic — it makes grants across all sectors and geographies. Additionally, Open Road conducts advocacy and research to develop tools and best practices for addressing risk mitigation and contingency funding.

In both its grantmaking work and in its research, Open Road Alliance has found that many grantmakers and nonprofits continue to struggle with the unexpected. In fact, it’s found that one in five projects encounter roadblocks that require additional funding in order to achieve full impact. But instead of addressing these challenges head on, Open Road has uncovered that many grantmakers prefer to try and avoid the issue. It has found that seventy-six percent of funders do not ask, at any point in the proposal process, what could potentially go wrong during a project that would need additional funds. According to Maya Winkelstein, executive director of Open Road Alliance,

“Foundations don’t ask because they want a sure thing. In seeking impact for their dollars, they want to view their grant as a purchase rather than an investment, but the truth is our grants are not a transaction. It is an investment, and just like investments in the private sector, you hope to achieve a maximum return —but you realize there’s always a risk and a million things that could happen.”

Open Road was born from a desire to avoid situations where otherwise strong and impactful organizations are forced to abandon their work due to circumstances outside of their control. It seeks to address this challenge by being a resource for nonprofits who encounter unexpected roadblocks, with both financial and strategic support. It also sees its role in addressing the risk in grantmaking as extending beyond the organizations it works with and the grants it offers. Its research and advocacy work is aimed squarely at creating change in how philanthropy operates — so that all grantmakers and nonprofits work to mitigate and address risk throughout the grantmaking process. This is a problem that is largely endemic of the relationship between grantmakers and their nonprofits.

Open Road Alliance conducted a robust survey in 2015 of grantmakers and nonprofits about their practices around risk and contingency funding. The research revealed striking evidence of a perception gap between nonprofits and their grantmakers:

- Only 60 percent of nonprofits say they're comfortable talking to their funders during the RFP process about problems and risk. That number drops eight percentage points after the grant is made.
- Nearly 50 percent of nonprofits believe that the mere act of asking for contingency funds will affect future decisions, while 90 percent of funders say that it will not affect their decisions.

In order to get the greatest social impact out of philanthropic dollars, nonprofits and funders need to address this gap by having open conversations about the risks involved in each grant. When these conversations don't happen, risks turn into roadblocks and impact is in jeopardy. The challenges organizations face don't always speak to the value or impact of a project. Most often, stories of lost impact occur because of a failure to plan and mitigate risk. They are stories of global initiatives being impacted by unexpected changes in local laws. They are stories of implementation partners backing out mid-project. Sometimes these challenges cannot be avoided, but grantmakers can take initiative and change how they approach risk. Winkelstein said, "We see risk and the specific plan of contingency funding as something that is missing from philanthropy, and it's hurting all of us."

Open Road recommends a simple starting place: adding a risk question in the RFP. After a survey of requests for proposals and final reports, Open Road Alliance found that it's only common in final reports to ask, "Did you encounter any challenges and if so how did you overcome them?" Asking these questions *in advance* of grant awards instead of after enables both funders and nonprofits to assess potential pitfalls. Every grantmaker will need to decide its own risk tolerance, but these conversations are only most effective and practicable at the beginning of the grant process.

To help both grantmakers and nonprofits better identify, assess, mitigate and plan for risk in their portfolios, Open Road Alliance offers a framework for evaluating risk. [This brief framework](#) is designed to provide grantmakers and grantees with tools to conceptualize and describe risk and its implications within the scope of their philanthropic work.

By definition, an investment is a balance between risk and reward. If a grant is an investment, we cannot have the reward if we don't acknowledge the risks. Open and honest conversations between grantmakers and grantees will allow grantmakers to mitigate risks upfront, create contingency plans and set aside money for the unforeseen and the unpredictable. Maya Winkelstein, executive director of Open Road Alliance reminds us that "you must be having the conversation about risk, or you won't be at your maximum effectiveness regardless of what your actual investment strategy is."

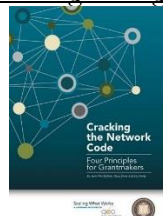
To find out more information on Open Road Alliance, please visit <http://openroadalliance.org/>.

GEO resources that relate to the topics covered in this member spotlight

Do Nothing About Me Without Me



Is Grantmaking Getting Smarter?



The Smarter Grantmaking Playbook: Strengthen Relationships with Grantees

