



THE CENTER FOR
EFFECTIVE PHILANTHROPY

Working Well With Grantees

A Guide for Foundation Program Staff

**Build better
working relationships
with grantees**



About the Center for Effective Philanthropy

Mission

To provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

Vision

We seek a world in which pressing social needs are more effectively addressed. We believe improved performance of philanthropic funders can have a profoundly positive impact on nonprofit organizations and the people and communities they serve.

CEP seeks to contribute to the achievement of this vision through the data—primarily comparative data—we develop and draw on in our research, assessment tools, and programming and communications. This data helps funders understand how they can improve their performance and provides insight on key elements of foundation effectiveness.

We recognize that many other institutions and organizations dedicated to improved funder effectiveness must also play a role for the vision we seek to become a reality—and we seek partnerships with these organizations when they will help us to better achieve our shared goals.

Although our work is about measuring results, providing useful data, and improving performance, our ultimate goal is improving lives. We believe this can only be achieved through a powerful combination of dispassionate analysis and passionate commitment to creating a better society.

For more information on CEP, please visit www.effectivephilanthropy.org.

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Introduction

The Crucial Role of Program Officers



Foundations and grantees are often working on the toughest, most heart-wrenching social problems. The stress and strain of that effort makes working productively together especially challenging. This difficulty is only heightened by the power dynamics that exist in a relationship in which one party possesses resources the other needs. This context makes it all the more important that foundations understand how to work well with grantees.

Grantees' perceptions of foundations are powerfully affected by their relationships with foundation staff. They perceive foundations as making more of an impact on their organizations, communities, and fields when they feel these relationships are strong.

Those who work as program officers at foundations are integral to the experiences that grantees have with foundations. Indeed, to the grantee, the program officer often is the foundation.¹ No matter the issue areas in which a program officer is working or the policies of the foundation for which a program officer works, a program officer has the ability to profoundly influence grantee experiences.

In fact, our research shows that, in some respects, the program officer matters more to the experience that grantees have with foundations than does the foundation itself.² That is particularly true of the following:

- Grantees' level of comfort with approaching the foundation when a problem arises
- Grantees' perceptions of the foundation's level of responsiveness
- How fairly grantees feel they have been treated by the foundation
- Grantees' sense of the strength of their relationship with the foundation
- Which party tends to initiate contact—foundations or grantees
- The extent to which grantees receive assistance beyond the grant

As we have noted in other publications, bad relationships extract a real cost.

“Disrespectful, incompetent, or just plain unavailable program officers affect the nonprofit sector on many levels. They not only frustrate grantees but also can reduce grantees' ability to achieve the very goals that foundations fund them to pursue. To make both grantees and foundations more effective, foundations must pay more attention to the hiring, training, and evaluation of their program officers.”³

1 Marcia Sharp, "Philanthropy's Current and New Stakeholders: Building a Common Vision for an Expanded Future," *Forum of Regional Association of Grantmakers* (1999). See also Joel J. Orosz, *The Insider's Guide to Grantmaking* (San Francisco: Jossey-Bass, 2000).

2 In 2007, CEP originally published information about the degree of variation in grantees' experiences that could be explained by factors that vary because of the program officer with which a grantee works and the degree of variation in grantees' experiences that could be explained by which foundation a grantee received a grant from. See Kevin Bolduc, Phil Buchanan, and Ellie Buteau, "Luck of the Draw," *Stanford Social Innovation Review* (Spring 2007). Those analyses were updated in 2011, and the updated data is shared above.

3 Ibid.

Interviewees

Amy Berman

Title: Senior Program Officer
Tenure: 8 years
Foundation: The John A. Hartford Foundation
Location: New York, NY
Asset Size: \$514MM



Cathy Cha

Title: Senior Program Officer
Tenure: 9 years
Foundation: Evelyn and Walter Haas, Jr. Fund
Location: San Francisco, CA
Asset Size: \$463MM



Chris Kabel

Title: Senior Program Officer
Tenure: 8 years
Foundation: Northwest Health Foundation
Location: Portland, OR
Asset Size: \$68MM



Eric Kelly

Title: President
Tenure: 3 years (president since June 2013)
Foundation: Quantum Foundation
Location: West Palm Beach, FL
Asset Size: \$142MM





Working well with grantees requires effort, but it's worth it. It is through its grantees that a foundation pursues its goals. As Jeff Raikes, CEO of the Bill & Melinda Gates Foundation, put it, "Those partnerships are our lifeblood."⁴

In short, program officers are crucial to effective philanthropy. Although most funders understand the importance of program officers' relationships with grantees, few resources exist to help them understand and strengthen those relationships. Scarcer still are resources that are based on large datasets of information collected from grantees about what they value—rather than conjecture, opinion, and anecdote. So whether you are a new program officer or a seasoned veteran, we hope you'll find in this guide information that can help you strengthen the way you work with your grantees.

We've worked with more than 285 foundations, large and small, community-focused and global. The findings we share in this guide are based on data from tens of thousands of surveys of nonprofits conducted by the Center for Effective Philanthropy during the past decade. In this guide, we have updated, summarized, or expanded upon findings from six of our publications that focus on how foundations and grantees can best work together to provide you with practical ideas for working with your grantees. (All of these publications and other related resources are available on www.effectivephilanthropy.org.) We also share some new analyses, not previously included in our publications. Finally, we were able to segment and analyze our data to identify program staff whose grantees rated their experiences highly—and we've asked them to provide tips and examples of how they approach some of the most difficult aspects of nurturing and maintaining productive relationships with their grantees.

This guide is organized into five topic areas. Each features findings from our research, insights from highly rated program officers or foundations, and a blend of ideas to consider from our research findings and the high-performers we have identified and interviewed through our research.

Context is everything. For example, while offering assistance beyond the grant may make sense for some foundations, it may not for others. Does providing assistance beyond the grant fit into your foundation's strategy? Are you sure your grantees want it? Does your foundation really know how to provide it? Are you prepared to monitor the effectiveness of such assistance? Only after careful consideration of questions like these will it be clear what is best for your foundation. So we offer this guide to prompt reflection and raise questions but not with a promise of easy answers.

We hope this guide helps you to work well with your grantees to achieve the results you seek.

Ellie Buteau

Phil Buchanan

4 See Jeff Raikes' letter on the foundation's website. Jeff Raikes, "Grantee Perception Report Summary 2010," *The Bill & Melinda Gates Foundation* (June 2010), <http://www.gatesfoundation.org/How-We-Work/Resources/Grantee-Perception-Report-Summary-2013/Grantee-Perception-Report-Summary-2010>.

Justin Laing

Title: Program Officer
Tenure: 7 years
Foundation: The Heinz Endowments
Location: Pittsburgh, PA
Asset Size: \$1.4B



Dana Miller

Title: Senior Program Director
Tenure: 5 years
Foundation: M. J. Murdock Charitable Trust
Location: Vancouver, WA
Asset Size: \$852MM



Tara Seeley

Title: Senior Grants Officer
Tenure: 9 years
Foundation: Central Indiana Community Foundation
Location: Indianapolis, IN
Asset Size: \$622MM



Ken Thompson

Title: Program Officer
Tenure: 15 years
Foundation: The Bill & Melinda Gates Foundation
Location: Seattle, WA
Asset Size: \$34.6B



1

Forming Strong Relationships with Grantees

You have likely learned from experience just how important it is to form good relationships with the nonprofit organizations you support. Our data indicate that without good relationships between funders and grantees, grantees are less likely to perceive that foundations are having as much impact on their organizations, communities, and fields. Building those relationships, particularly with the unequal power dynamics that exist between funders and grantees, is not always easy, though.

Our analysis of thousands of grantee survey responses suggests that a good funder–grantee relationship is one in which grantees feel positively about their interactions with foundation staff and about the foundation’s communications.

Our research and analysis show that forming a strong relationship can be greatly aided by foundation program staff members who:

- understand grantee organizations’ goals and strategies;
- provide a selection process that is helpful and does not put undue pressure on grantees to change their priorities to receive funding;
- understand the fields or communities in which they are funding; and
- have the right balance and frequency of interactions with grantees.



Working well with grantees requires effort, but it’s worth it.

CONSEQUENCES OF POOR FUNDER-GRANTEE RELATIONSHIPS



Poor relationships can have negative consequences for foundations and grantees. Grantees who do not perceive their relationships as being positive share frustrations and concerns like the following (as with all of the quotations in this guide, these are real comments from grantees about specific foundations):

“Our relationship with the foundation has changed in recent years. We used to feel like we were equal partners, attempting to solve social issues together. We felt like we could be wholly honest about whatever bumps in the road came up and could rely on the foundation to trust us to proceed as best we could to solve them. However, in the past three years, we feel that this relationship has changed. Site visits feel more like interrogations. The grant-review process feels like the foundation is attempting to find the flaws in what we are proposing, rather than to have a peer-to-peer discussion about what works, what doesn't, and how we might consider working together. We sense a lack of trust in grantees, an approach that causes us to be far less forthcoming.” – Grantee

“The irresponsibility, rude and inappropriate behavior, and disregard for field-based expertise of the program officer in charge of [our program area] is severely hampering the ability of the foundation to continue to do its good work. There is consensus throughout the [issue area] community that he is damaging the ability of the folks on the ground to do great work.” – Grantee

“Positive communication is sorely lacking. The negativity coming out of that office has caused our organization to look for a new source of funding.” – Grantee

“Over involvement: Despite the best of intentions by our program officer, her and the foundation's insistence on frequent communication with confusing, contradicting, and generally unhelpful advice has strangled this project.” – Grantee

“It all depends on who you get as a program officer... Mostly, I have had amazing program officers, but at least once I got a really bad one... complete waste of my time... didn't get us and didn't want to... A big service improvement might be to be able to switch PO's if you feel that it isn't working out....” – Grantee

“The foundation needs to have more respect for and accountability to its grantees. It seems to be largely pursuing its own goals and interests, and manipulating grantees to meet its own needs. The foundation needs to be more timely about requesting and responding to proposals, more transparent about the funding consideration process, and more open to working with the interests and needs of grantees. There is also a trend of verbally assuring funding that may or may not actually materialize. This is frustrating and embarrassing to all concerned.” – Grantee

“The foundation, its staff, priorities, and processes are constantly changing. The first program officer with whom we worked was impossible to reach. She rarely returned phone calls and was unable to clearly articulate the grant proposal and funding process.” – Grantee

“They are simply impossible to work and coordinate with. The staff, in general, is snippy, bossy, and unpleasant, top to bottom.” – Grantee

“When hiring staff members, think carefully about how good they are at interacting with different kinds of people in a respectful way. I have seen some staff be really condescending to people who they didn't think mattered. When that happens, people in the community talk, and it gives the foundation a bad reputation.” – Grantee

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Forming Strong Relationships:

A) Understanding grantees' goals and strategies

First and foremost, a strong relationship is based on understanding what your grantee is trying to accomplish: its goals and strategies. Foundation and grantee goals and strategies may not always fully align, but it is crucial to grantees that their program officers understand their organizations' work.

While it may seem obvious that an understanding of grantee goals and strategies is essential if program officers are to forge strong relationships with those they fund, some program officers with whom we have worked reject this idea. **They argue that their interest is their foundation's goals and strategies—that grantees are simply a "means to an end."**

But program officers who were highly rated by their grantees said that taking the time to understand grantees' goals and strategies is a crucial part of their work.

Tara Seeley, a highly rated program officer from the Central Indiana Community Foundation explained, "My approach is to have lots and lots of open-ended questions and to assume that I don't know anything. In an hour's conversation, what I continually find is you can come out knowing so much more than you thought you would come out knowing. When answering open-ended questions, the organization's leadership really does tell you a lot about what you need to know."

Chris Kabel, a highly rated program officer from Northwest Health Foundation in Portland, Oregon, said he takes the time whenever possible to travel to see the work of the nonprofits the foundation

supports. "Being able to meet grantees and see what they're doing demonstrates that you care about what they're doing. You understand where they're coming from," he said. "You're not just sitting back in your office and reading a report once every six months. It's enough of a priority to carve out a couple hours from your afternoon or morning and actually see them in action."

This perspective also improves their grantmaking, highly rated program officers said. It helps program staff develop the understanding they need to make better decisions.

Grantees, meanwhile, speak of their frustration when program officers and foundations do not work to understand them. "I would really like [the program officer] to take the time to understand our strategy," said one grantee. "Once in a while, encourage an application based on our programs and goals—instead of insisting that we simply follow theirs or be denied funding."





Ideas to Consider

Ask questions to understand grantees' goals and strategies.

- Does your understanding of what grantees are working to achieve, and how, match how they would describe their work? How do you know?
- Do you know what your grantees' strengths are? Their areas in need of improvement?

Talk with grantees about where they are in the life cycle of their organization.

- Are they growing? Shrinking? Are they at a more stable point? How does this relate to their goals and strategies?

When possible, get out of the office and interact with grantees in person.

- Meet the grantee organizations' staff members during site visits and see their work in action
- Attend events or meetings held by your grantees
- Attend presentations made by your grantees



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Forming Strong Relationships: B) The grant selection process

The selection process is a crucially important time for grantees in shaping their relationship with their funders. It can help grantees feel supported—or feel pressured to modify their priorities to receive funding. Although some elements of the selection process are constant for all program staff within a foundation, you can be more or less helpful within that process. For grantees, first impressions count—and the selection process is often where those impressions are formed.

When grantees experience a selection process that is not helpful, it can have negative repercussions on the relationship, especially when the process involves what they see as wasted time. *“Don’t ask an organization to spend months on proposals for something which [the foundation] has no intention of funding,”* said one grantee.

The highly rated program officers we interviewed put a concerted effort into making the selection process helpful for grantees and the foundation.

Justin Laing, a highly rated program officer from the Heinz Endowments in Pennsylvania, has a keen awareness of the power dynamic that exists between his foundation and grantees. During his time as a program officer, he learned that he “can’t totally put the power dynamics away. Having been a grantee, when I first got here, I really wanted to believe that I could just forget it—I could make it nonexistent. But you can’t because there really is a big power difference. The main thing for me is being more conscious about the power pieces.”

Seeley also consciously works to remember the power dynamics that exist in her interactions with grantees. “I don’t think I ever say, ‘I’m aware there’s a power dynamic here in the room and let’s just put that on the table,’ but I try to be a really respectful listener,” Seeley said. “I also try to be extremely straightforward.”



The highly rated program officers we interviewed say they try hard to establish a respectful process that involves give and take in crafting a proposal that meets the needs of the grantee organization and the foundation.

“We host a grantee forum where we invite anybody who is interested in applying for a particular program to learn about what the program is trying to achieve and what we’re hoping to see in competitive proposals,” said Kabel. “We also answer questions they have that are relevant to their particular programs or initiatives. I’d say almost all of our grantees probably already know how they fit into our program’s goals and strategies by the time they get a grant from us.”





Ideas to Consider

Consider how the selection process can be helpful to grantees.

- Gather organizations—either in person, on the phone, or virtually—to:
 - Share what the foundation is trying to achieve
 - Discuss what the foundation is looking for in proposals

Answer grantees' questions.

- Ensure you are available to respond to questions as grantees go through your selection process
- Seek to be prompt, clear, and consistent in your replies

Help grantees understand how they do, or do not, fit into the foundation's goals and strategies.

- Some foundations create letter-of-inquiry processes to help grantees get a quick read on their potential fit

Be conscious of the power dynamics.

- Stay conscious of the power dynamics when communicating with applicants or grantees
- Listen attentively and well
- Be mindful of whether grantees are compromising their priorities to receive your funding—and what that might mean in terms of the quality of the relationship and the likelihood of successful execution

1

Forming Strong Relationships:

C) Understanding fields and/or communities

Your relationships with your grantees are stronger when they believe you have real expertise and are applying it in your work for their benefit. **When grantees sense that foundation staff do not have knowledge relevant to the communities in which they work, they frequently worry that opportunities for impact are being squandered. When ratings of a foundation's understanding of the field are low, grantees raise concerns regarding the relevance of the foundation's goals and whether the foundation's strategies are sufficiently informed by the facts on the ground.**



It is, therefore, crucial that you bring your relevant expertise to your relationships with your grantees. Grantees understand that program officers are in a unique position to access, develop, and communicate information about the communities and fields in which they work. But not all program officers take advantage of that distinctive vantage point. As one grantee said, "It feels as though the foundation is only listening to a limited group who is not in touch with the struggles of everyday people."



"One of the things that we try to do is synthesize information from two different directions," said Kabel. "One would be the nationally published and researched data about what sorts of interventions or initiatives are most effective. The other direction is in the community, so it's community readiness to engage on a particular issue. When you have that sort of sweet spot between the community readiness to mobilize on an issue and validation from the research base that such an initiative is actually likely to have the intended impact, then that's where we can play a role as funder."

Funders frequently overlook one of the most relevant sources of information of all: the people they, and their grantees, are trying to help. Our research has shown that among funders, the minority that routinely collect data on beneficiary perceptions

through surveys, focus groups, or convenings have a better understanding of progress—and the impact they are having on the fields and communities in which they work.⁵

At the Evelyn and Walter Haas, Jr. Fund in San Francisco, a highly rated foundation that focuses on immigrant rights and integration, senior program officer **Cathy Cha** understands the issues firsthand: She is the child of immigrants. But she knows that her experience alone is not enough to understand the diversity of the foundation's beneficiaries. "About once every quarter I get an opportunity to meet with someone whose loved one has been deported or an immigrant housecleaner who is concerned about her kids," Cha said. "And I get a sense of what life is like for them. As foundation folks, it's important to have that grounding and to keep it real."



Laing agreed that the development of expertise contributes to stronger relationships with his grantees: "In the arts, the more that you understand someone's art form, the more they will open up to you. Because that's what really inspires them."

For highly rated program officers and foundations, developing and maintaining their expertise is challenging—requiring significant time, effort, and resources. They say, however, that it is time well spent.



⁵ Ellie Buteau and Phil Buchanan, "The State of Foundation Performance Assessment: A Survey of Foundation CEOs," *Center for Effective Philanthropy* (2011).



Ideas to Consider

Learn from grantees' experiences.

- Attend grantee conferences and events
- Through reporting and evaluation processes, take the time to talk with grantees about what they have learned

Stay abreast of research in the field.

- Seek out or commission research about the community or field in which you are working
- Develop ties to experts and others to call on for consultation and feedback
- Read the relevant publications in your field and stay up-to-date on changes and innovations
- Attend relevant conferences
- Talk to other funders who are working in similar areas

Understand those you seek to help.

- Meet with people who are part of the target group that the foundation seeks to serve
- Find or create opportunities to hear from beneficiaries in a rigorous, representative way through surveys or focus groups

Collaborate with other funders in affinity groups to share information and co-develop strategies.

- Speak regularly with your fellow program officers at other foundations working toward similar goals
- Find ways to exchange knowledge and insights with these other funders

Take advantage of professional development opportunities to develop expertise.

- Spearhead or actively participate in meetings at your foundation that tackle issues of importance, such as approaches to diversity and inclusion, exit strategies, social media, and capacity building
- Enroll in classes to develop expertise, such as lobbying and restrictions for nonprofits or leadership skills

1

Forming Strong Relationships:

D) Initiation and frequency of contact

How often foundations and grantees are in contact, and who initiates that contact, matters for how strong grantees perceive their relationships with foundations to be. Our data indicate that quality of communication trumps the quantity, but quantity still does matter.



Grantees do not perceive their relationships with foundations to be as strong when they are the ones initiating most of the contact. Yet, about a third of grantees say they are the ones most frequently reaching out for contact.



Program officers who initiate contact with grantees as frequently as grantees initiate contact with them, or reach out to grantees more than grantees reach out to them, tend to have stronger relationships.

It is also important that contact with grantees happens more than once a year. In our dataset, almost a quarter of grantees report having contact with their funder only once a year or less. Grantees who report yearly or less frequent contact with their program officers rate their relationships less positively.

“Additional dialogue during the funding cycle would be helpful,” said one grantee. “Perhaps two to three conversations during the year or one visit to the foundation office.”

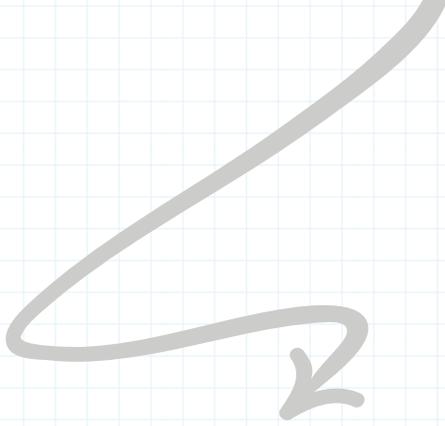
Grantees are also sometimes unsure about how much interaction a foundation is willing to have. “We nonprofits walk the line of pushing too much for interaction but sometimes not asking for it often enough,” said one grantee. It helps, she continues, when foundations are clear on “when and how often they’re able to interact with us.”

The value of initiating contact and doing so with appropriate frequency is clear to the highly rated program officers we interviewed. Seeley believes it is in the best interest of her foundation and

her grantees if she stays in communication with grantees. She said she tells grantees, “If you experience a problem, let me know and we’ll figure out what to do next.”

Some 75 percent of Kabel’s grantees said that he contacts them as much as they contact him. He said that the contact improves his understanding of what is going on with his grantees. “We moved beyond the point where every organization feels like they need to present the rosiest possible scenario and the most polished description of what they’re doing and can actually talk to me honestly about some challenges that they are facing, as well as how they might overcome those challenges and become stronger as organizations,” he said.





Ideas to Consider

Reach out to grantees.

- Try to initiate contact with them as frequently as they do with you, or more often

Talk with grantees about your level of availability.

- Set expectations early in the relationship so grantees know what to expect

Ensure that you check in with all grantees more than once a year.

- Tailor the amount of contact to what makes sense for the grant size provided, centrality of a grantee to the foundation's mission, and the length of time the grantee has worked with the foundation
- Consider which grantees might benefit from more frequent contact, and at what points in the relationship more contact would be helpful to the foundation or the grantee

2

Providing Assistance Beyond the Grant to Grantees



“It can often mean the difference between making a grant and making an impact.”

The majority of CEOs and program staff we have surveyed about providing assistance beyond the grant indicate that it is important—both for the achievement of foundations’ goals and for the achievement of grantees’ goals. As one program officer said, “It can often mean the difference between making a grant and making an impact.” The enthusiasm for helping grantees in ways that go beyond the grant seems only to have grown over the past decade, with an increasing number of reports and resources aimed at “technical assistance,” “capacity building,” or “high-engagement grantmaking.”⁶

But, providing assistance beyond the grant is not always the right call—and it’s certainly not a one-size-fits-all solution. First, providing assistance beyond the grant requires a commitment of time, money, or expertise. It is important to consider whether your foundation is able to effectively offer the sort of help we outline below.

Second, you need to know whether the nonprofits you work with even want, or feel they need, such help. Our research shows that only three percent of program staff always conduct a formal needs assessment to determine what types of assistance to provide to grantees. In addition, few consider what assistance grantees are receiving from other funders: This is, in fact, one of the least-considered factors when program staff are making decisions about what assistance to provide.

In our research, we asked grantees which of 14 forms of assistance their organization receives from a particular foundation funder (See Figure 1).

About half of grantees report receiving any assistance beyond the grant.

Most grantees that receive assistance beyond the grant receive just one or two forms. However, grantees appear to derive minimal benefit from such little assistance. Our analysis suggests that it is most helpful when grantees receive a comprehensive set of assistance efforts that span an organization’s needs, or a number of field-focused forms of assistance (five was the average number in our research) that help grantees be knowledgeable about—and connected with—the fields in which they work.



A grantee receiving **comprehensive assistance** from a foundation would experience, on average, eight or nine of the forms of assistance listed in Figure 1, including the following:

1. Some focus on the management of the grantee organization, such as general management advice, strategic planning advice, or help developing performance measures
2. Activities related to the field in which the grantee works, such as information about research or best practices, introductions to leaders in the grantee’s field, or the opportunity to attend seminars/forums/convenings
3. More technical forms of assistance, such as information technology assistance or help with marketing and communications

A grantee receiving **field-focused assistance** from

⁶ See Peter York, “The Sustainability Formula: How Nonprofit Organizations Can Thrive in the Emerging Economy,” *TCC Group* (2009). T.E. Backer, J.E. Bleeg, and K. Groves, “Evaluating foundation-supported capacity building: Lessons learned,” *Human Interaction Research Institute* (2010). Kirsten Grønberg and et al., “Nonprofit Capacity Assessment: Indiana’s Arts and Culture Organizations, 2010,” *The School of Public and Environmental Affairs at Indiana University* (2010). Grantmakers for Effective Organizations, “Expanding the Impact of Grantees: How Do We Build the Capacity of Nonprofits to Evaluate, Learn and Improve?” (2011).

a foundation might experience most, if not all, of the following forms of assistance, which are focused on grantees' knowledge of, and relationships in, the field:

1. The opportunity to attend seminars/forums/convenings
2. Information about research or best practices
3. Encouragement by the foundation to collaborate, or the foundation facilitating a collaboration
4. Insight or advice about the grantee's field provided by foundation staff
5. The foundation staff making introductions to leaders in the grantee's field

Grantees receiving comprehensive assistance report that their foundation funders had a substantially greater impact on their organization than grantees that received no assistance.

Grantees receiving either comprehensive or field-focused assistance perceive the foundation to have done more to improve their organizations' abilities to sustain the work funded by the grant in the future. As one grantee receiving comprehensive assistance commented, "The foundation's support financially as well as technically had a great impact on the organization. This has helped carry forward the mission and commitment of the organization and also established a solid ground for the future."

Providing comprehensive or field-focused assistance is not easy—it requires a real commitment from a foundation and its staff. As a result, foundations



FIGURE 1



that provide assistance in these ways tend to make fewer grants and larger grants and tend to have a smaller number of active grants per program officer than other foundations.

In 2008, when we first published research on assistance beyond the grant, our dataset indicated that when compared to other foundations, The Wallace Foundation, located in New York City, was providing comprehensive assistance or field-focused assistance to a greater percentage of its grantees than was typical. In 2012, The Wallace Foundation remained among the foundations providing these patterns of assistance to a greater percentage of its grantees than most foundations—21 percent of Wallace’s grantees were receiving a comprehensive pattern of assistance, and 33 percent were receiving a field-focused pattern.

At Wallace, which makes large, long-term grants, program officers take the time to interact with

grantees on a monthly, and sometimes weekly, basis. They place a high priority on strengthening grantee organizations’ work, and these interactions help them identify the most beneficial assistance for a particular grantee. A grantee of The Wallace Foundation explained that he uses his program officer to “help me access other providers in the field, or to learn from other states [about] their successes and their challenges. He often points me to recent research that’s been released and is a liaison to lots of other Wallace contacts.”

Another grantee described her experience receiving assistance beyond the grant from Wallace as “over the top in terms of quality.” She cited the relationship her organization has with its program officer and the variety of ways in which he shares his knowledge and access to information.



Ideas to Consider

Consider how, if at all, the provision of assistance beyond the grant contributes to the achievement of your programmatic goals and fits with your strategies.

- Are your grantees in need of assistance beyond the grant—and would strengthening them through this kind of assistance help you achieve your goals?
- Are you aware of what assistance they are receiving from other funders?

Evaluate whether you are well positioned to offer this assistance.

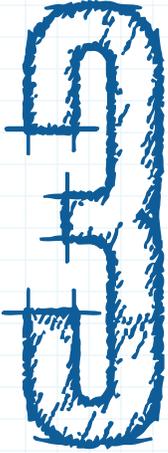
- Do you have the right skills to offer assistance?
- Does your staffing model allow staff sufficient time to do this work?
- Do you have skilled third-party consultants you can turn to who can provide this assistance?

If you are going to provide this assistance, use your foundation’s limited resources wisely.

- Rather than provide a little bit of assistance to many grantees, concentrate efforts and provide enough assistance to targeted grantees

Assess the impact of your assistance beyond the grant.

- Are you getting third-party, confidentially collected feedback from your grantees about the value of assistance you are providing?
- Is that feedback guiding your efforts to improve in your provision of assistance?



Providing Operating Support

If one of your goals is to have a positive impact, overall, on the organizations you fund, it is worth carefully considering what type of grant support to provide. Many foundations prefer to provide program-restricted support. Yet, a variety of foundation leaders as well as foundation watchers—and critics—have argued that providing operating support is crucial to nonprofits' ability to be successful.⁷

Our analysis suggests that when it comes to grantees' perceptions of the impact foundations have had on their organizations, simply providing operating support doesn't make much difference.⁸ To grantees, receiving operating support only really differs from the receipt of program support when the operating support provided is for multiple years and for larger sums than foundations typically provide.

Making a transition to providing operating support in ways that matter to grantees is not easy. Providing larger grants inevitably means fewer grants to be made—requiring more “nos.” But it makes sense to push for the provision of large, multiyear operating support when the mission of the grantee is well aligned with the goals and strategies of the foundation. In those cases, the strength of the nonprofit is central to the foundation's ability to achieve the results it desires. However, when there is less overlap, program support may make



more sense to ensure that the funding goes to the particular work that is aligned with the foundation's aims.

There has not been much change in foundations' provision of general operating support grants, despite all the focus during the past several years on how helpful general operating support can be to nonprofits.⁹ But there are funders that provide operating support in the ways that grantees find most helpful. The Sobrato Family Foundation and Omidyar Network are among the grantmakers in our dataset that provide a greater-than-typical percentage of their grantees with operating support. Their grants are larger and for longer periods of time than most.

7 For example, Douglas Bauer's statement that "The most important funding we can provide right now is general operating support." "The Grantmaking Formula for the New Normal," *Nonprofit Quarterly* (March 2013). See also: Paul Brest, "Smart Money," *Stanford Social Innovation Review* (Winter 2003). Niki Jagpal and Kevin Laskowski, "The Philanthropic Landscape: The State of General Operating Support 2011," *NCRP* (May 2013).

8 This finding was originally published in "In Search of Impact: Practices and Perceptions in Foundations' Provision of Program and Operating Grants to Nonprofits," *Center for Effective Philanthropy* (2006).

9 See Andrea Brock's blog post: "General Operating Support Remains the Exception," *The CEP Blog, Center for Effective Philanthropy*, December 6, 2010, <http://www.effectivephilanthropy.org/blog/2010/12/general-operating-support-remains-the-exception>. See also, Foundation Center's website which provides data about the distribution of grants by type of support: http://foundationcenter.org/findfunders/statistics/gs_support.html. Additionally, a report by Grantmakers for Effective Organizations shows that most grantmakers have maintained their levels of general operating support. J McCray, "Is Grantmaking Getting Smarter?" *GEO/TCC Group* (2011). Jagpal, "The Philanthropic Landscape: The State of General Operating Support 2011."

Here's why they do it.

- The Sobrato Family Foundation's website says, "Nonprofit agencies do not have enough unrestricted flexible capital to effectively sustain and support their community missions." The foundation's "philanthropic response" is "To invest in the nonprofit enterprise as a whole, providing unrestricted funds toward an organization's infrastructure and administrative expenses."¹⁰
- Omidyar Network views the operating support it provides to nonprofit organizations as giving "organizations great flexibility to change their tactics and reallocate their resources in response to new information or changing market conditions. It also enables them to invest in critical overhead functions, such as developing management talent and information technology, which may otherwise not get funded because these functions are not directly related to delivering specific programs."¹¹



Ideas to Consider

Talk to your organization's staff and board about the foundation's philosophy when it comes to providing general operating support.

- What has been the view of the foundation's board and leaders on operating support—and why?
- Is there openness to a discussion about when providing large, long-term general operating support grants makes sense?

Evaluate your portfolio of grantees and identify which ones have organizational missions and goals that best align with yours.

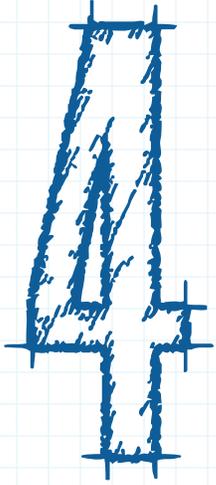
- How are you currently supporting those organizations? Through program support? Single year or multiyear grants?

For those nonprofits that best align with your goals, can you make the case for providing them with larger, longer-term operating support grants?

- Try to help foundation leaders understand why the success of these nonprofits is crucial—both for being able to achieve your foundation's goals and for the achievement of the nonprofit's goals

¹⁰ See The Sobrato Family Foundation's website: <http://www.sobrato.com/sobrato-philanthropies/sobrato-family-foundation/cash-grants/overview/>.

¹¹ Matt Bannick and Eric Hallstein, "Learning from Silicon Valley," *Stanford Social Innovation Review* (Summer 2012).



Making Your Reporting and Evaluation Process Helpful to Grantees

Your foundation likely has in place reporting and evaluation processes that are designed to help you ensure a grantee did as promised, or to help you learn about the efficacy of a particular approach. But funders vary in the degree to which they design these processes to be helpful to grantees.

Unfortunately, many grantees do not feel that the reporting and evaluation processes help strengthen their work. Those that do find foundations' reporting and evaluation processes helpful tend to have a strong relationship with their funder in place. But that's not the full story.

Grantees also want the opportunity to have a discussion with their funder about the report they submit or the evaluation that is conducted. Grantees who have discussed their report or evaluation with their funder perceive the reporting or evaluation process to be more helpful. Yet only about half of grantees report having that kind of conversation.

It takes time for grantees to create reports and go through evaluations—almost half spend more than 15 hours on the foundation-required monitoring, reporting, and evaluation processes for a single grant. Our data suggest that grantees do not object to spending time submitting reports and participating in evaluations. But they want the opportunity to discuss that work with their funders or the evaluators with whom they worked. **One grantee reflected that its foundation funder should have “provided opportunities for discussions about what was achieved and learned in this grant-funded effort. It was disappointing to spend a significant amount of time to prepare a final report and to receive no feedback or have any opportunities for “learning conversations.”**

Grantees spend time fulfilling reporting and evaluation requirements, and they are looking to learn and benefit from them.

Those program officers whom grantees rate highly for these processes believe in the importance of reporting and evaluating and the potential for these processes to strengthen grantees' work.



Ken Thompson, program officer at the Bill & Melinda Gates Foundation, based in Seattle, and **Amy Berman**, senior program officer at the John A. Hartford Foundation in New York, are two of the most highly rated program officers for the helpfulness of their reporting and evaluation processes.

Berman seeks to establish a sense of openness and trust with her grantees—crafting a reporting and evaluation process that is helpful. “[My grantees] have to trust that I understand that the kind of work they do is messy,” Berman said. “They need to know that while they’re going to try to accomplish a certain set of goals, changes in everything from the economy, to policy, to staffing, to their environment, to leadership are all going to occur over the course of a grant, and that it’s the leadership that’s going to make or break their success. And they have to understand that I can help them.”





Thompson, meanwhile, said, “The single most helpful thing you can do to make the reporting process useful to everybody is to be clear up front about what the project intends to accomplish. The other thing that is particularly helpful for grantees is to identify a set of reasonable goals to measure. It’s not helpful, for example, to ask an organization in its second year of operation that is still working out the kinks in its program design to do some incredibly complex and specific psychometric measurement.”

Grantees spend time fulfilling reporting and evaluation requirements, and they are looking to learn and benefit from them. Taking the time to focus on making these processes helpful to your grantees will pay off, as grantees learn and improve their work toward your shared goals.



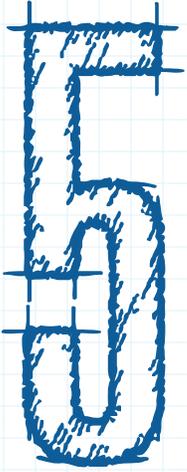
Ideas to Consider

Be clear with grantees up front, during the selection process, about what the project intends to accomplish and how progress will be assessed.

- Ask grantees for their input—and their sense of what information would be most helpful to them
- Make sure that you and grantees share an understanding of goals from the start of a project
- Follow up with your grantees after you have received a report or an evaluation from them

Focus on developing a strong and trusting relationship with your grantees.

- Take the time to build relationships with your grantees—so that difficult conversations, when necessary, are easier
- Recognize that the work can be messy, and that economic, policy, and staffing changes and other changes beyond grantees’ control can play a part in grantees’ success



33 percent of the grantees say they have previously been declined from the foundation that is now funding them.

Preserving Relationships While Declining Funding to Nonprofits

The realization that the declined applicant of today may well be your grantee of tomorrow often comes as a surprise to new program officers. In fact, 33 percent of the grantees we surveyed say they have previously been declined from the foundation that is now funding them. Almost 90 percent of declined applicants say they would consider applying again for funding from foundations that declined their proposal.

It is important, then, to better understand the experiences of these declined applicants. Their perspectives matter because they influence a foundation's reputation and because you may well want to work closely with them in the future.

Why did these declined applicants apply in the first place? Though they list a variety of reasons, 65 percent say they applied because of the foundation's funding guidelines and a belief that their proposal fit what the foundation was looking for, which did not turn out to be the case. **Frustrated declined applicants** say things like:

"There was one set of guidelines on the website—but it turns out they had completely changed the guidelines without updating the website. The staff didn't communicate this with me. It was a huge waste of time."
— *Declined Applicant*

"The foundation's website is not organized in a way that makes it easy to determine what types of projects align with the guidelines. We had a lot of trouble putting our LOI [Letter of Intent] materials together as instructions are in several different places throughout the website. It was challenging to ensure that our LOI was complete."
— *Declined Applicant*

Twenty percent of declined applicants say they were encouraged to apply for the funding by foundation staff. As one declined applicant put it, "The foundation could be more helpful at the outset regarding guidelines for being funded. The foundation should not encourage applications when there is little chance of funding. Our time is dear and our resources are very limited, and expending 25 hours on a grant process is essentially time and money lost for us."

Not all declined applicants express frustration with the foundation that declined them. Some applicants who were declined do report **positive experiences** when they occur.

"Foundation representatives were very helpful as we sought advice to develop our letter of inquiry. I was also impressed with the specificity of the response which informed us that we would not be invited to submit a full proposal." — *Declined Applicant*

"I felt [foundation staff] were very clear when explaining what was required to be considered for receiving a grant and also offered insight into what we needed as an organization moving forward." — *Declined Applicant*

"I found the interaction and communications clear, honest, and helpful. Even though we didn't get the grant I totally understood why—I probably would have done the same. At some time in the future, we will apply again." — *Declined Applicant*

After being declined, about 40 percent of applicants request feedback from the foundation about why they were declined. And foundations that do not



provide feedback pay a price. While 73 percent of these applicants do receive feedback, the 27 percent who request but do not receive feedback rate their foundation funder lower on a variety of measures, including how honest, accessible, responsive, and fair the foundation is.

Quantum Foundation and the M. J. Murdock Charitable Trust are two foundations that receive high ratings from their declined applicants. Both foundations put a strong emphasis on developing close relationships with applicants from the beginning, providing clear, honest feedback on proposals and calling people on the phone right away to let them know their proposal has been declined.

“A successful declination process at Quantum is one that actually begins the moment that the LOI comes into the foundation,” said **Eric Kelly**, president of Quantum Foundation in West Palm Beach, Florida. “We have a very open process. We invite nonprofits to call us before they submit anything, simply to talk about our strategies. We will actually tell a nonprofit if it fits within our strategic areas or if it doesn’t. We are very candid. Nonprofits will apply either knowing that their project is a great fit but there are no guarantees, or clearly aware that it’s a bit of a stretch. I believe that a sense of an approval or declination can begin very early in the process.”

Kelly said that he instructs his staff to be very honest with applicants and tell them if they don’t believe a proposal will be funded. On the flip side, when Quantum staff are positive about an application’s prospects, they also reiterate several times throughout the process that a proposal is not guaranteed to be funded.

Quantum has no standardized application for a full proposal. Once an LOI is accepted, program staff work with applicants to design a series of questions specific to the project. As Kelly said, “It’s all about relationships, throughout the process.”

At the M. J. Murdock Charitable Trust in Vancouver, Washington, a helpful process for applicants often starts with its website, on which the foundation provides applicants with a number of tools to help determine whether to submit a proposal—and then

how to best craft one. For example, the website has a page that states “an excellent way to determine if your proposed project fits within the general scope of the trust’s interest areas is to research previously awarded grants.” Applicants can search past grants awarded by the trust through the trust’s website. The website also has a toolbox with sample budgets and tips and other help in preparing a proposal.

Dana Miller, senior program director at Murdock, noted that a central goal of the foundation is to help nonprofits become stronger. Murdock staff believes that if they design their process well—and build in clear, honest communication about a nonprofit’s proposal—then they will help strengthen those nonprofits regardless of whether the foundation ends up funding them.

After an organization has submitted an application, Murdock staff go on a site visit to learn more about the proposal. During these site visits, which must include an organization’s board member, Murdock staff ask detailed questions aimed at helping an organization’s staff think carefully through the implications of their proposal, which is a particularly important issue for the capital projects Murdock supports.

“Sometimes they fail to actually count the cost of what it’s going to take to sustain that building,” Miller said. “Whether it’s additional utility costs, maintenance costs, upkeep costs, so on and so forth. If they haven’t thought well about the cost of this particular project, then it can actually be very, very harmful to the nonprofit.”

Program staff from both foundations make personal calls to all applicants—including those they have declined—either the day of the board decision or the next day. They also explain why the proposal was declined.

“You’ve just got to deliver the news and we’ve all got to move on, obviously,” Kelly said. “Often, eager grantees know the exact date and even the time when decisions will be made and they are waiting, so we think it’s respectful to call them immediately with an answer. Having a relationship with the program officer is key because, again, we want potential grantees to understand why

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we declined their projects and also what it is that they may need to do if they want to become more attractive to another funder or to us in the future. Whenever possible, we want them to know our doors are always open to consider other projects from them that are a better fit for us.”

The open and trusting relationship that foundation staff build with applicants also helps staff do a better job, Kelly said.

“We want to attract the right kind of partners,” he said. “If we don’t have a process that’s fair, responsive, and helpful to applicants we lose out on opportunities to leverage our funding with those nonprofits as well as the other investors and funders who might be working with them.”



Ideas to Consider

Work to create an open and trusting relationship with applicants from the beginning.

- If you ultimately need to decline a proposal, provide information that will help an applicant understand why—be responsive to requests for information
- Let applicants know as early in the process as you can that they are not likely to receive funding

Make sure that your foundation’s website and written materials provide clear and specific information about your foundation’s funding priorities and process for application.

- Offer prospective applicants specific examples of what you fund—and what you turn down
- Offer consistent information across all communication modes, and across staff members

Conclusion

Working well with grantees is a process that requires concerted effort and commitment.

While we've examined facets of working productively with grantees through the lens of five topics, the lessons discussed in each section of this guide are connected. For example, getting to know a potential grantee through a good application process sets the stage for a working relationship in which you and your grantees interact frequently, allowing you to share your expertise and allowing them to help you understand their work. This, in turn, should set the stage for a useful and informative reporting or evaluation process.

Applying these guidelines requires a good deal of honest reflection on your part, both about your foundation and the way you, yourself, work. While assistance beyond the grant may be useful, can your foundation truly provide it in the way that our data show is most likely to benefit grantees? How often do you really pick up the phone to initiate contact with grantees? How well do you listen, as well as offer advice?



At the heart of your relationship with your grantees is your ability to communicate—to listen well, to clearly convey important information, to address opportunities and challenges, and to show that you are truly committed to the nonprofit organization with which you are working. Such work is difficult, and it takes time. But our data show that the effort pays off.



Online Resources

We drew upon several existing CEP research publications to create this guide.

This list of resources provides additional information about each topic covered in the guide. These resources include past CEP research publications, CEP profiles of highly rated program officers and staff at highly rated foundations, toolkits, and blog posts to help you improve the way you work with your grantees.

Forming Strong Relationships with Grantees

- To learn more about how highly rated program officers approach building and maintaining strong relationships with grantees, see [Working with Grantees: The Keys to Success and Five Program Officers Who Exemplify Them](#) (CEP, 2010).
- Use these [questions](#) from the report to examine your own relationships with your grantees.
- To learn more about how listening to their grantees has helped the Wilburforce Foundation develop its strategies, see CEP's [profile of Paul Beaudet](#), associate director of the Wilburforce Foundation.
- To benchmark your grantmaking processes against those of other funders, visit the free [Grantmaker Assessment Tool](#) developed by CEP and Grants Managers Network.
- The Grantmaker Assessment Tool will also help you compare your grantmaking processes to the principles described in [Drowning in Paperwork, Distracted from Purpose](#) (Project Streamline, 2008).
- The Evelyn and Walter Haas, Jr. Fund is one of the most highly rated foundations by grantees for its understanding of the field. To read about what this means to the foundation and how its staff develop such an understanding, see this case study excerpted from [Lessons From the Field: From Understanding to Impact](#) (CEP, 2010).

Providing Assistance Beyond the Grant to Grantees

- See [More than Money: Making a Difference with Assistance Beyond the Grant](#) (CEP, 2008) to learn more about the attitudes and behaviors of foundation CEOs and program staff in providing assistance beyond the grant, the types of nonmonetary assistance grantees receive, how grantees view this assistance, and under what conditions they report that their organizations have been strengthened by the provision of assistance beyond the grant.
- To learn about the Wallace Foundation's approach to providing assistance beyond the grant, see [Providing Assistance Beyond the Grant: The Wallace Foundation](#).
- Paul Beaudet's blog post "[Putting Grantees in the Center of your Map](#)" about how placing grantees at the focus of their outcome maps allowed the Wilburforce Foundation to strengthen grantee relationships and invest in capacity-building to empower grantees.
- Linda Wood's blog "[More Truth-Telling and Candor?](#)" about what the Evelyn and Walter Haas, Jr. Fund learned from investing in leadership development of the executive directors of its grantee organizations.

Providing Operating Support

- To learn more about how foundation CEOs describe the decision-making processes and trade-offs for providing operating support, and to learn more about the grantee perspective, see [In Search of Impact: Practices and Perceptions in Foundations' Provision of Program and Operating Grants to Nonprofits](#) (CEP, 2007).

- See these [questions](#) from CEP's report to reflect on the choices your foundation makes about the size, duration, and type of support you provide to grantees.
- Paul Shoemaker's essay "[Four Flaws with Funders' Perspectives on Operating Support](#)" that he wrote in response to CEP's report.
- Andrea Brock's blog post "[General Operating Support Remains the Exception](#)" reflecting on CEP's findings on general operating support from its report.
- Ron Ragin's blog post "[Thoughts on General Operating Support in Uncertain Times](#)" for a view of general operating support from the perspective of a program officer in the arts program area at the Hewlett Foundation.
- Linda Wood's blog post "[It Takes Dedicated Funding to Do Leadership Development Right](#)" to learn about the experience of the Evelyn and Walter Haas, Jr. Fund in providing general operating support to its grantee organizations.

Making Your Reporting and Evaluation Process Helpful to Grantees

- See [Grantees Report Back: Helpful Reporting and Evaluation Processes](#) (CEP, 2011) to learn more about how grantees experience foundation-required reporting and evaluation processes and how those processes can be more helpful to them. In particular, read [interviews](#) with highly rated program officers Amy Berman and Ken Thompson to learn how they try to make reporting and evaluation processes helpful to both them and their grantees.
- Another CEP research report shows that nonprofits do not find foundations all that helpful in nonprofits' efforts to measure and manage their performance. See [Room for Improvement: Foundations' Support of Nonprofit Performance Assessment](#) (CEP, 2012) to learn what nonprofits think about assessing their performance and how foundations can better support them in doing so.
- Fay Twersky's blog post "[Time for a Gold Standard of Use](#)" on the importance of, and common misconceptions about, evaluation.

Appendix

The following tables contain information about the foundations in the datasets on which the analyses in this document are based.

Statistics About the Foundations in CEP's Dataset of Grantees' Perceptions

Demographics	Minimum	25th Percentile	Median	75th Percentile	Maximum
Assets	\$314K	\$113.1MM	\$234.7MM	\$551.7MM	\$34.6B
Giving	\$221K	\$7.2MM	\$14.6MM	\$31.6MM	\$1.9B
Median Grant Size	\$2K	\$32K	\$60K	\$132K	\$2.1MM
Proportion of Single-Year Grants	0%	35%	54%	69%	95%

Statistics About the Foundations in CEP's Dataset of Declined Applicants' Perceptions

Demographics	Minimum	25th Percentile	Median	75th Percentile	Maximum
Assets	\$33.3MM	\$128.4MM	\$246.1MM	\$727.8MM	\$8.6B
Giving	\$2.8MM	\$5.8MM	\$25.9MM	\$53.5MM	\$355.8MM
Median Grant Size	\$8K	\$26K	\$50K	\$75K	\$350K

Types of Foundations Included in CEP's Dataset of Grantees' Perceptions

Type	Proportion of Foundations
Private	56%
Community	13%
Health Conversion	11%
Corporate	7%
Public Charity	6%
Other	7%

Types of Foundations Included in CEP's Dataset of Declined Applicants' Perceptions

Type	Proportion of Foundations
Private	44%
Health Conversion	29%
Community	15%
Public Charity	6%
Corporate	3%
Other	3%

CEP Funders

CEP's foundation funders are crucial to our success, supporting research initiatives and the development of new assessment tools. Foundation funders (listed by level of annual support) and individual contributors include the following:

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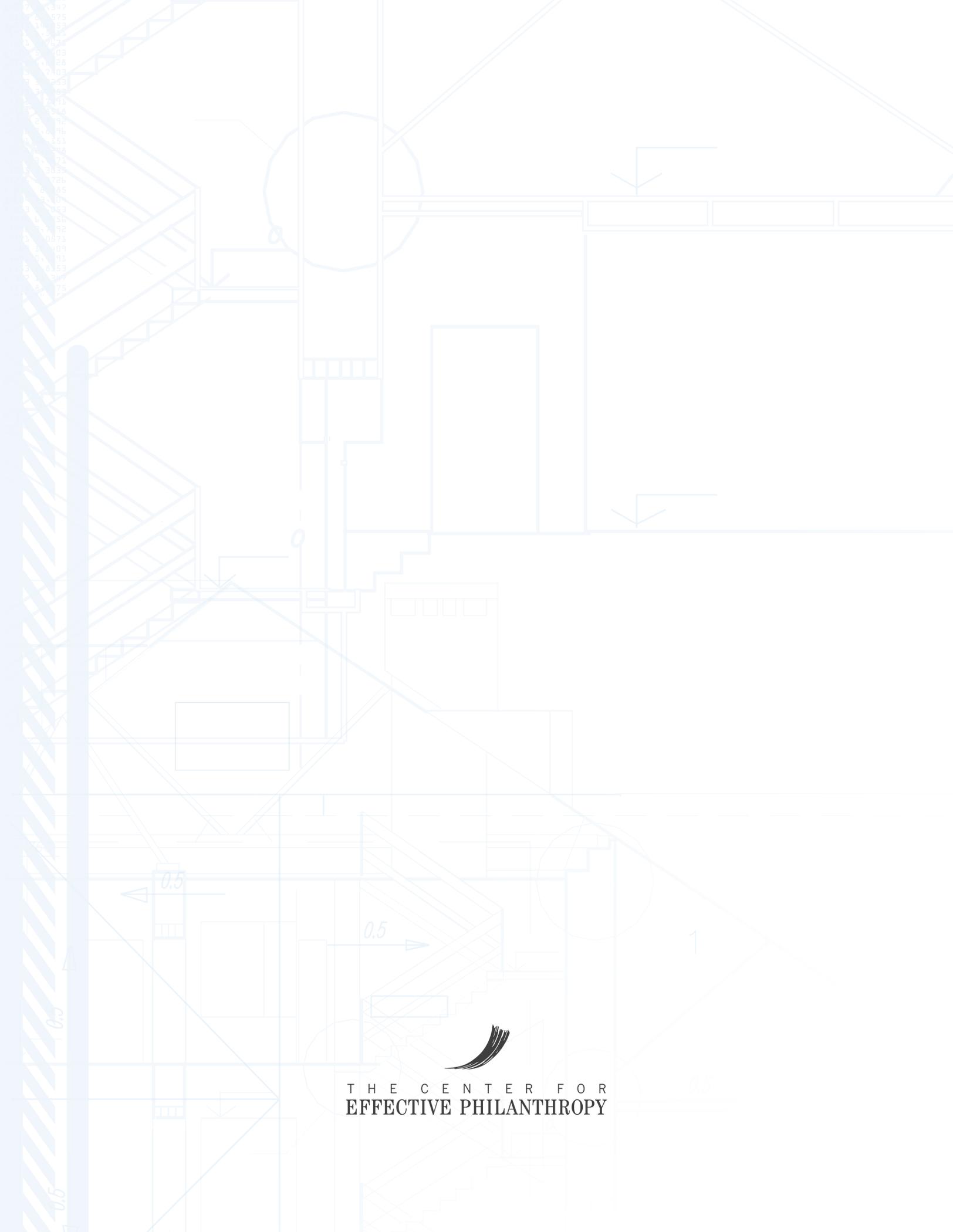
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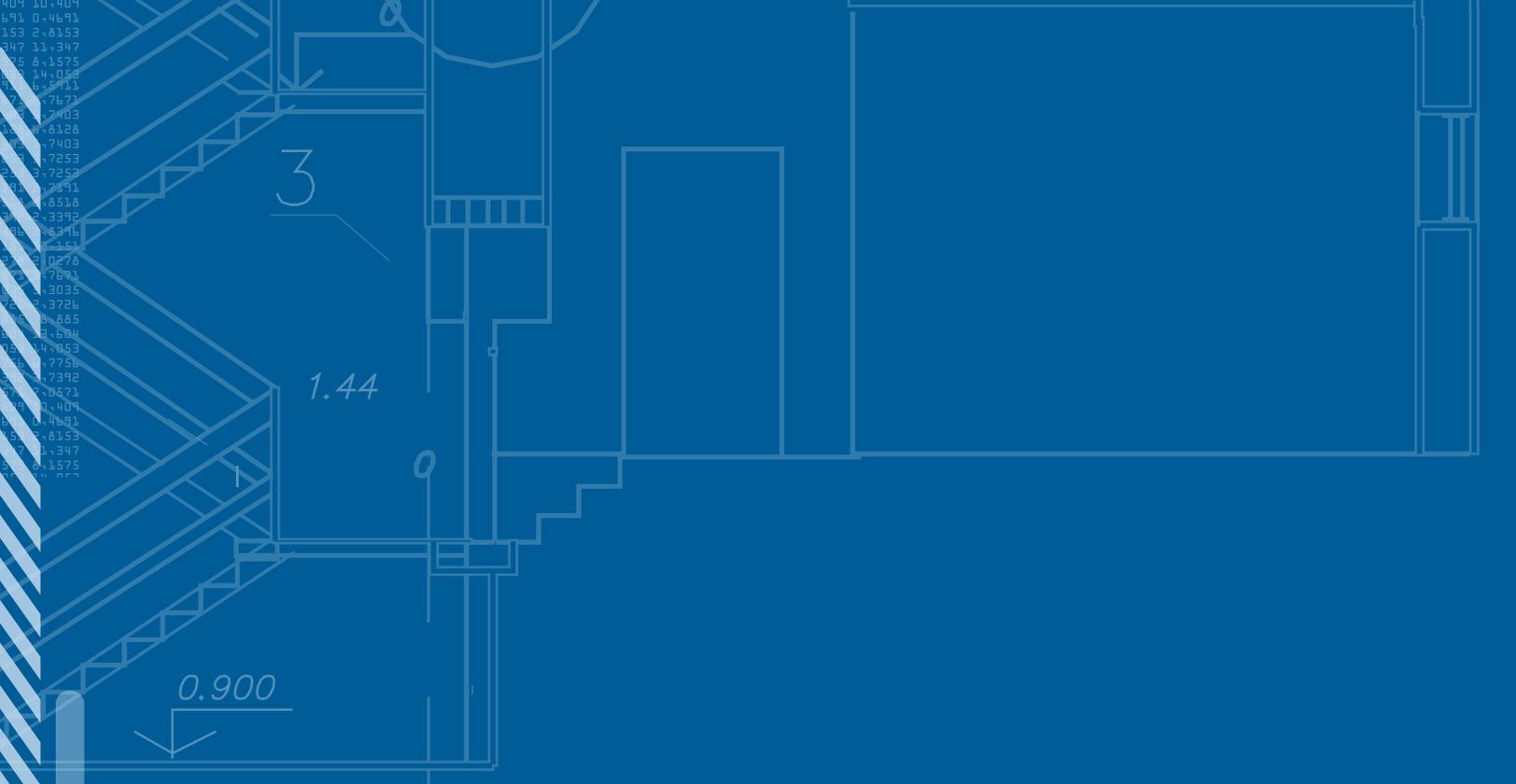
We are very appreciative of the support that made this work possible. See the previous page for a full list of CEP's funders.

This report is based on the Center for Effective Philanthropy's research over the years and in particular draws on the following publications: *In Search of Impact: Practices and Perceptions in Foundations' Provision of Program and Operating Grants to Nonprofits* (2006), by Judy Huang, Phil Buchanan, and Ellie Buteau; "Luck of the Draw" (2007), by Kevin Bolduc, Phil Buchanan, and Ellie Buteau (published in *Stanford Social Innovation Review*); *More Than Money: Making a Difference with Assistance Beyond the Grant* (2008), by Ellie Buteau, Phil Buchanan, Cassie Bolaños, Andrea Brock, and Kelly Chang; *Working with Grantees: The Keys to Success and Five Program Officers Who Exemplify Them* (2010), by Ellie Buteau, Phil Buchanan, and Timothy Chu; *Lessons From the Field: From Understanding to Impact* (2010), by Judith Ross and Susan Parker; and *Grantees Report Back: Helpful Reporting and Evaluation Processes* (2011), by Ellie Buteau and Timothy Chu.

In addition, members of CEP's staff—Andrea Brock, Ramya Gopal, and Shahryar Minhas—completed the updated and new analyses shared in this report. Susan Parker of Clear Thinking Communications contributed to the writing and editing of this publication.



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