



Change Agent Project Barriers List

Last Updated: July 26, 2006

Grantmakers can only succeed when their grantees achieve meaningful results. This fundamental belief has broad implications for grantmaker practice: It is a grantmaker's responsibility to improve the context in which grantees do their work. The goal of the Change Agent Project is to inspire change in funders so they can help their grantees achieve meaningful results. GEO will accomplish this by

- 1) testing assumptions about what barriers to grantee performance exist,
- 2) finding out why these barriers exist,
- 3) finding evidence of grantmakers that have knocked down the barriers and determine how the evidence and other support can catalyze meaningful change, and
- 4) providing others dissatisfied with the status quo with the resources they need to make changes in their organizations or communities.

Much is known about barriers to grantee performance that grantmakers have the power to change. Learning from the experiences of our members and grantee organizations and a review of relevant literature¹ in the field, we put together an initial list of barriers. We then vetted this list with stakeholders through interviews and focus groups reaching more than 200 grantmakers and nonprofit leaders and made revisions according to their feedback. While we recognize there are specific instances where it is not appropriate for grantmakers to follow these recommended practices (e.g., not every grantee should receive long-term funding), we do believe grantmaking practices could be more effective if these recommended practices became more widespread. The 13 barriers fit into four broad categories.

Barriers to Grantee Success That Grantmakers Have the Power to Change

Sustainability Issues

1. **Providing short-term grants for long-term work.** Grantmakers know that the nonprofits they support are working on causes that will take years to address, yet many grantmakers provide only one-to-three-year grants, which is not enough to sustain nonprofits' long-term work.
2. **Lack of funding for infrastructure and planning.** Nonprofits must have strong infrastructure in order to deliver strong, sustainable programs. This requires that nonprofits invest in planning, fundraising, financial oversight, adequate facilities and evaluation. It is equally important that nonprofits pay reasonable salaries and benefits to attract and retain qualified staff. However, many grantmakers shy away from providing general operating support, and some do not fully fund overhead costs associated with the programs or projects they are supporting. Similarly, although grantmakers often tout the importance of nonprofits developing diversified revenue streams, many grantmakers don't provide support for financial capacity building or earned income ventures.

¹ Other work that has influenced this list of barriers includes "13 Tips for Wise Grantmakers" by Jane Kendall of North Carolina Center for Nonprofits, "Funders Little Shop of Horrors" by Lee Draper in the September/October 2005 issue of *Foundation News & Commentary*, and the Center for Effective Philanthropy's *Listening to Grantees: What Nonprofits Value in Their Foundation Funders* and *Foundation Communications: The Grantee Perspective*.

- 3. Avoiding leadership development and board support.** There is a real crisis in leadership in the nonprofit sector as current executive directors report short tenures due to burnout and a generation of nonprofit leaders prepares to retire without clear plans for grooming next generation leadership. Grantmakers can have a huge impact on improving nonprofit leadership by supporting professional development, sabbaticals and other approaches for nonprofit leaders to combat burnout and recruit and retain talented staff. Providing support to strengthen nonprofit governance can lead to overall improvements of how the organization is run as well.

Grantmaking Mechanics

- 4. Inappropriate and inconsistent application, evaluation and reporting processes.** When grantmakers' application and reporting requirements are unnecessarily cumbersome, or excessive in relation to the size of the grant, the nonprofit must spend precious time and resources on grantmaker compliance — time that could be better spent delivering on the organization's mission. Similarly, grantmaker evaluations that are designed without input from grantees may require nonprofits to spend time and resources gathering information for funders that does not inform their own work.
- 5. Lack of clarity and focus for capacity-building funding.** A survey of nonprofit executive directors and technical assistance providers conducted as part of the Foundation Center's "Practice Matters" initiative found that many foundation-supported capacity-building initiatives lacked clarity in three areas: (1) Target audience — Is effort intended at individual, organization or community level? (2) Scope — Does the scope of the work reasonable given resources available? (3) Expectations— Are anticipated outcomes reasonable given the scale, intensity and duration of the capacity-building effort? This can lead to capacity-building efforts that do more harm than good.
- 6. Slow or unpredictable grant cycle time.** Nonprofits are often in a bit of a cash flow crunch, so it is important for them to receive their funding in a reasonably timely, predictable manner.

Grantmaker-Grantee Relations

- 7. Unclear communications and inconsistent messages.** One of the most common complaints of grantees is related to grantmakers poorly communicating about their processes and priorities. Unclear or inadequate communications materials, such as Web sites and annual reports, can cause confusion about grantmaker priorities, types of support available, which can lead to wasted time and effort on both the part of grantmaker and grantee. The Center for Effective Philanthropy's research suggests that lack of consistency in a foundation's communications resources, both written and personal, is a key issue that grantmakers should address.
- 8. Lack of a productive and supportive working relationship between grantmakers and nonprofits.** There is an inherent power dynamic between grantmakers and nonprofits, and some grantmakers seem to lack respect for nonprofits. Nonprofits and grantmakers both have knowledge and experience that could benefit one another, and grantmakers should ensure there are opportunities to share this knowledge. The Center for Effective Philanthropy's research found that grantees value high-quality interactions, particularly: fairness of foundation treatment, approachability of foundation staff, and responsiveness of foundation staff – all of which play a large role in grantee ratings of funder impact on their organizations

Strategy and Approach

- 9. Addressing symptoms rather than root causes.** Some grantmakers support what they perceive to be the solution to the problem without encouraging further investigation and reflection to make sure there are no underlying root causes that would be better to address. This could mean that grantmakers should support advocacy efforts around specific issues where they hope to see change at the level of root cause.
- 10. Forcing collaboration rather than fostering it.** Externally imposed cooperation seldom works. Some grantmakers assume they know better than their grantees about what types of collaboration are most appropriate rather than supporting collaborations that grantees initiate. Forced collaboration can inadvertently stir competition rather than cooperation among grantees. On a similar note, grantmakers who encourage collaboration among grantees ought to be willing to embrace opportunities for collaboration themselves.

11. **Controlling from the top-down.** Interviews conducted by *Foundation News & Commentary* found that when grantmakers try to enforce too much control, a initiative can fail. Examples of controlling from the top-down include using a consultant that reports to the grantmaker instead of the organization, using a strategy into which all grantees must fit, and imposing goals, priorities and benchmarks without seeking buy-in from the grantee. Such practices undermine the role of the grantee's board and staff in planning and managing.
12. **Lack of sensitivity and respect for various cultural communities and marginalized groups.** The *Foundation News & Commentary* interviews found that lack of sensitivity to the differences of various ethnic or cultural communities can contribute to failed grantmaking projects. This sometimes occurs because grantmaker priorities are out of touch with community needs. Lack of diversity on grantmaking boards or staff so that they do not reflect the communities the organization is serving could also contribute to this insensitivity.
13. **Lack of predictability and consistency across the field.** Many of the nonprofit leaders we spoke with in interviews and focus groups referred to foundations' "flavor-of-the-month" way of working. Some foundations shift focus areas on a fairly regular basis, in reaction to external trends in solving problems or personal preferences of donors and foundation boards. While some shifts in focus may be strategic and necessary, sudden changes in funding priorities can leave some grantees feeling like the rug is being pulled out from underneath their feet. Similarly, some foundations adopt a "flavor-of-the-month" mentality when it comes to their grantmaking practices and requirements of grantees. Terms and practices such as benchmarking, creating dashboards, and devising earned revenue strategies have recently been popular management strategies applied to nonprofits.

Breaking Down the Barriers to Improve Nonprofit Results: An Invitation for Involvement

Over the course of GEO's Change Agent Project we will *identify* the most promising change opportunities through interviews and focus groups with nonprofits and grantmakers. Then we will *engage* grantmakers who have overcome these barriers and learn how they did it. Finally, we will use what we've learned from the most promising solutions to *build* resources to equip other change agents to achieve similar results. You can join this effort by sharing your reactions to this list of barriers or signing up to get involved in this project. For more information visit www.geofunders.org or contact Lori Bartczak at bartczak@geofunders.org.