



Change Agent Project Focus Group Highlights

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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.

As a first step in this project, GEO is convening focus groups of grantmakers and nonprofit executives across the country. Separately, these grantmakers and nonprofit executives are exploring the root causes behind some barriers to nonprofit results and discussing the impact removing these barriers could have. The desired outcomes of these focus groups are

- A shared understanding of GEO's hopes and expectations for the Change Agent Project,
- Alignment on the priority barriers that, if addressed, would move the philanthropic/nonprofit system toward a tipping point for change,
- Examples of change agents who have been successful despite the barriers (foundations, individual grantmakers) and the factors critical to their success, and
- A list of recommended changes that would make the greatest difference to the effectiveness of philanthropy in supporting nonprofits.

This document summarizes highlights of the following focus groups that have taken place:

- Boston nonprofits, February 6
- Michigan grantmakers, held in partnership with the Council of Michigan Foundations, April 10
- Michigan nonprofits, held in partnership with Michigan Nonprofit Association, April 11
- Pittsburgh nonprofits, held in partnership with the Forbes Funds, May 5
- GEO member grantmaking organizations, held in Pittsburgh before the Council on Foundations conference, May 7
- San Francisco grantmakers, in partnership with Northern California Grantmakers, May 24
- San Francisco nonprofits, in partnership with CompassPoint Nonprofit Services, May 25
- New York grantmakers, in partnership with New York Regional Association of Grantmakers, June 2
- New York nonprofits, in partnership with the Support Center for Nonprofit Management, June 28

Barriers to Grantee Success that Grantmakers Are Able to Change

Focus group participants base their discussion in response to a list of 12 barriers GEO has identified. The 12 barriers are as follows (More detail on these barriers is available in a separate document):

1. Providing short-term grants for long-term work.
2. Lack of funding for infrastructure and planning.
3. Avoiding leadership development and board support.
4. Rigid and onerous application and reporting requirements.
5. Lack of alignment and consistency.
6. Lack of clarity and focus for capacity-building funding.

7. Unclear communications.
8. Lack of a supportive relationship between grantmakers and nonprofits
9. Addressing symptoms rather than root causes.
10. Forcing collaboration rather than fostering it.
11. Controlling from the top-down.
12. Lack of sensitivity and respect for various cultural communities.

Additional Barriers Identified in Focus Groups

GEO's list of 12 barriers is intended as a starting point for a deeper conversation about those grantmaking practices that impact nonprofit results. Focus group participants have suggested the following additions to the list:

- Inappropriate evaluation measurements.
- Not paying out more than the required 5 percent of a foundation's assets.
- Shifting tides of foundation preferences.
- Lack of recognition of changes in the market and that the current system of philanthropy is not an effective way to solve social problems.
- Grantmakers' aversion to risk.
- Slow grant cycle times.
- Not having the right people on grantmaker staffs or boards.

Prioritization of the Barriers

Focus group participants were asked to prioritize the barriers that, if removed, could have the greatest impact on nonprofit results. The groups prioritized the barriers as follows:

Boston Nonprofit Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Addressing symptoms rather than root causes
- Lack of sensitivity and respect for various cultural communities

Michigan Nonprofit Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Rigid and onerous application and reporting requirements
- Lack of a supportive relationship between grantmakers and nonprofits
- Lack of sensitivity and respect for various cultural communities

Pittsburgh Nonprofit Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Lack of a supportive relationship between grantmakers and nonprofits
- Addressing symptoms rather than root causes

San Francisco Nonprofit Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Rigid and onerous application and reporting requirements
- Lack of sensitivity and respect for various cultural communities

New York Nonprofit Priority Barriers

- Providing short-term grants for long-term work

- Lack of funding for infrastructure and planning
- Lack of a supportive relationship between grantmakers and nonprofits

Michigan Grantmaker Priority Barriers

- Avoiding leadership development and board support
- Unclear communications
- Addressing symptoms rather than root causes
- Controlling from the top-down

Pittsburgh Grantmaker Priority Barriers

- Providing short-term grants for long-term work
- Avoiding leadership development and board support
- Lack of a supportive relationship between grantmakers and nonprofits
- Addressing symptoms rather than root causes

San Francisco Grantmaker Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Avoiding leadership development and board support
- Lack of a supportive relationship between grantmakers and nonprofits
- Addressing symptoms rather than root causes

New York Grantmaker Priority Barriers

- Providing short-term grants for long-term work
- Lack of funding for infrastructure and planning
- Addressing symptoms rather than root causes

Analysis of Root Causes and Differences if Barriers Were Overcome

Focus group participants then discussed possible root causes behind the prioritized barriers. Some nonprofit participants also discussed changes that could take place if these barriers were overcome. Highlights of the conversations are below.

Providing short-term grants for long-term work

Root Causes

- Change comes hard, and this is the way foundations have always done it.
- Foundations want immediate gratification — to see results quickly. Longer-term funding means a greater risk to foundations.
- Lack of confidence and trust in the competence of grantees.
- Need to control their funding.
- Lack of understanding of the issues, and of the timeframes required to address those issues.
- Interest in funding many organizations leads to more small and shorter-term grants. This further demonstrates a lack of understanding of the issues.
- Solving the problem may not be their priority.
- There are not enough resources to deal with big, chronic systemic problems in our communities
- Foundations fear creating dependency among grantees.
- Attitude that the organizations who are financially stable don't need foundation funding
- Foundations want flexibility.
- Foundations sometimes don't understand the value of long-term work.
- Nonprofits are part of the problem as well because they often are also focused on the short term.

- Internal accounting and organizational constraints play a large role in this. For example, if a grantmaker wants to fund a multi-year project, that money would have to come out of the first year's budget.
- Foundations may not do an adequate job of planning and therefore don't have an appropriate strategy for addressing the big issues.
- Foundations are addressing symptoms rather than root causes
- Foundations prefer to fund pilot programs that can later be replicated
- Discrete, short-term projects are easier to evaluate

Possible Changes if Barrier Were Overcome

- Nonprofits would have more control over funding and more flexibility about how funds are used and would be better able to address systemic problems.
- Nonprofits would be able to operate in a more nimble fashion and respond more quickly to opportunities that arise.
- Nonprofits would spend more time working on programs and less time applying for grants and reporting to foundations.
- Nonprofits would have stronger relationships with their funders.
- There would be decreased stress level on nonprofit staff and therefore less staff turnover.
- Nonprofits would have better budgeting practices
- Nonprofits would be able to work in a more innovative and strategic fashion

Lack of funding for infrastructure and planning

Root Causes

- Foundations want to spread their dollars around.
- Foundations assume nonprofits can find administrative dollars other places.
- Nonprofits are not doing a good enough job explaining their needs.
- Program-only support is more measurable, which helps foundations look good.
- Program-only support is a short-term, less risky option.
- Foundations are oriented what's new and innovative, such as seed and start-up funding, because it's sexier and more exciting than supporting infrastructure.
- Funders often like to go with "feel good" programs that are safe and have worked in the past. They have a fear of failure. They might be willing to fund the part they like but not the rest (compartmentalization).
- Foundations may believe nonprofits are incompetent because they are poor, less educated, minority, etc. — in other words, different from foundations.
- Foundations are fad-oriented, which is counter to long-term view. They're also opportunistic and focused on incremental approaches.
- Foundation boards may not understand nonprofit financial models and needs
- Patrician attitudes among foundations—some trustees and program officers are unwilling to come out and see the work and "get their hands dirty"
- Lack of appreciation for human capital—need to attain and retain high quality staff to accomplish ambitious missions
- Foundation staff may have expertise in the content of their programs but no knowledge of organizational effectiveness issues.
- There is a perception among foundations and nonprofits that nonprofits *should* be working with minimal infrastructure, six-year-old computers, etc.

Possible Changes if Barrier Were Overcome

- Nonprofits could build stronger organizations that could advance their missions in shorter timeframes
- Retain high quality staff and actually be competitive with other employers

- Nonprofits would have diversified revenue streams
- Nonprofits would be less dependent on foundations and would achieve quicker sustainability
- Nonprofits would save money in the long-run if they were well-funded upfront
- Nonprofits would not duplicate one another's programming as much but would cooperate and collaborate more through sharing of ideas and planning

Avoiding leadership development and board support

Root Causes

- Investing in leadership is not an investment in direct service. It is more glamorous to put money where you can see tangible results.
- Foundations fear investing in someone who will then leave the organization—would rather invest in organizations than individuals.
- There is an attitude that it's easy to lead a nonprofit so executive development is not necessary.
- Funders are working with dated models and limited understanding of what leadership development means—it means more than just professional development workshops. Funders haven't looked outside the sector to find other models that work.
- Nonprofit boards don't prioritize leadership development out of a culture of scarcity. An extra \$10,000 should go to support the mission rather than the leadership.
- Nonprofits don't ask for leadership development support because it could be seen as a sign of weakness.
- Weak nonprofit boards are often a problem, and a broken board is often a symptom of a bigger underlying problem.
- Do funders really want strong leaders and boards?

Rigid and onerous application and reporting requirements

Root Causes

- Foundations use one-size-fits-all requirements to avoid appearances of favoritism and to compare grantees on an equal basis.
- Some requirements are legally mandated.
- Foundations want to document as much as possible to be accountable to boards of directors and the public.
- Foundations may not trust nonprofits to spend their grants appropriately so they ask for a high level of detail in grant reports
- Grantmakers have not been through the application and reporting process themselves.
- Lack of personal contact between grantmakers and nonprofits leads to a more paperwork-based relationship

Possible Changes if Barrier Were Overcome

- Nonprofits would have more time, lower administrative costs and higher program quality
- Nonprofits would have more equal partnerships with foundations, which could lead to more long-term funding
- Foundation staff would do a better job reporting to trustees about the impact of their funding with more appropriate evaluation measures in place.
- There would be a better understanding of what should be measured and a definition of efficiency within the sector.

Unclear communications

Root Causes

- Overwhelming demand for funding may come from unclear communications up front about what a grantmaker funds or does not fund.
- Foundation program staff and senior management have field experience but not necessarily management experience.
- There is a lack of training for foundation staff; they are expected to hit the ground running.

- There is a disconnect between grantmaking board and staff members and grantees. Boards hire who they are comfortable with in executive roles.
- There is a lack of awareness around the need for communications functions.
- Communications can get so formalized they can miss important information. Perhaps the best question is, “Why should we fund you?” rather than a 10-page questionnaire.
- “It feels closed door because the doors are closed.”
- Foundations have limited administrative budgets to spend on communications.
- Foundation boards don’t recognize the value of communications.
- Foundation boards and the nonprofits they serve may be speaking different languages (corporate vs. grassroots).

Lack of supportive relationship between grantmakers and nonprofits.

Root Causes

- Power dynamics keep nonprofits from giving negative feedback to grantmakers.
- Nonprofits are frustrated by lack of responsiveness of foundation staff.
- Foundation staff have limited time available to spend with each grantee.
- Nonprofits are afraid to communicate failure to foundations. Is it really failure if we learn from it and help other organizations learn from one nonprofit’s experience? Are foundations trying to prove or improve?
- Nonprofits are also to blame because they cultivate non-collaborative behavior as a result of fear of losing funding. This inhibits collaboration and leads to a lack of focus on outcomes and less willingness to take on risk.
- Professionalization of foundation staff and increased focus on accountability often leads to more rigidity in foundation practices and moves away from a focus on relationships.
- True partnership would create a higher level of risk for foundations. If nonprofits and foundations were working as partners, responsibility for failure would rest with both parties.
- Grantmakers and nonprofits often have different goals.

Possible Changes if Barrier Were Overcome

- Nonprofits would be able to address longer-term, broader, strategic issues
- Programs and services would benefit from the expertise and resources of the grantmaker and the knowledge and practical experience of the nonprofit.
- If nonprofits were better partners with foundations and with each other, there would be better allocation of resources to address community-wide priorities.
- Nonprofits would receive more unrestricted funding
- Increased learning on both sides
- More efficient use of grant dollars

Addressing symptoms rather than root causes

Root Causes

- It is difficult to identify root causes — it takes extra time and resources.
- Getting at root causes requires grantmakers to make judgments that may not be scientifically based.
- Foundations’ idiosyncracies are often based on major donors’ personal interests.
- Root causes are harder to fix than symptoms.
- Addressing root causes is harder to evaluate than addressing symptoms.
- Addressing root causes requires having faith in grantees to solve problems — and foundations may not have this faith in grantees.
- It’s not in the self interest of funders to tackle root causes. The system has served the wealthy, and organizing, advocacy and collaboration might create a force that moves beyond where the foundation wants to go.

- Getting at root causes would require foundations and nonprofits to build deep relationships, and that could take a long time.
- Foundation boards have bylaws that don't allow for advocacy or public policy work, which would get at root causes.
- Nonprofits are part of the problem because they divide the issues into discrete chunks and don't look at the whole issue.
- There is a devaluing of the people nonprofits serve and the bias that people should be able to pull themselves up by their bootstraps.

Possible Changes if Barrier Were Overcome

- Nonprofits would be out of business if root causes were addressed—their services would no longer be needed
- Solving this barrier would cure a lot of the other barriers

Controlling from the top-down

- Grantmakers and nonprofits have different roles in approaching problems (larger view vs. here and now).
- Grantmakers try to apply linear thinking to adaptive systemic problems.
- There is a focus on short-term, quantifiable results rather than long-term and qualitative.
- Grantmakers and nonprofits may not see how small steps fit into larger strategy.
- Grantmakers' larger strategy may not involve the community.
- Funders may not trust nonprofits to know what's best on certain issues.

Lack of sensitivity and respect for various cultural communities

- Lack of awareness of organizations that are minority-driven.
- Foundations fund what they know and who they know.
- Lack of people of color on foundation boards.
- When foundations recruit from communities of color, they may recruit from the top and not from the grassroots and still lack representation from the people who are most affected by their programs.
- Power structure of foundations → People know each other, operate in comfortable social and economic circles, hire more of the same.
- Dynamic between foundations and grantees → attitude of superiority and belief that grantees should be grateful, accommodating, let foundations be the experts. Foundations and grantees are both comfortable in these roles; neither willing to step outside their comfort zones.
- Foundations may feel minority groups have greater access to government support and therefore shy away from them.
- There may be some residual anger about the Americans with Disabilities Act and affirmative action.
- Foundations may think they are more culturally aware than they really are because nonprofits, who want their money, won't tell them otherwise
- Foundations have the wrong staff because qualifications are set by the board who may be out of touch with the needs of the communities they are serving. There is a lot of "tokenism" among foundation staff, which is different from true cultural competence.
- Cultural insensitivity is a larger issue that goes beyond the grantmaker-grantee relationship.

Possible Changes if Barrier Were Overcome

- Long-term relationships between grantmakers and nonprofits would be established because a more culturally competent grantmaker would better understand the grantee's long-term needs.
- Better alignment of programs with solutions
- Nonprofits could spend less time framing the issues and providing background information to funders, which would allow them to work more efficiently.

Final Recommendations for Grantmakers

Focus group participants were asked to think of themselves as a group of consultants to grantmakers and issue a set of recommendations for better practices. Selected recommendations are as follows.

- Begin the dialogue between foundations and grantees well before grants are made to give birth to more of a shared vision.
- Demonstrate a long-term inclusive strategic plan that improves the quality of life of people who are disadvantaged/less resourced and continue to demonstrate their value in improving the quality of life of those people
- Give away more money (tax law suggests a minimum that has become the maximum)
- A certain percentage of funding should go into learning, innovation, trying something new at the grassroots level
- “Engage with nonprofits.” The relationships are critical to getting things done. “Help nonprofits build these relationships with grantmakers early on, and not just with one person.”
- Have foundations partner with the sector to address the issue of dwindling public dollars.
- Foundations need to take a hard look at their value to society, the way that nonprofits are being pushed to do.
- Take greater risks. Give opportunities for funding to little-known or newer organizations.
- Create more opportunity for dialogue. Rather than just sending a letter of rejection, provide more pointed feedback to grant applicants.
- Foundations need to look at their own staffing patterns and break out of an “insider” mentality.
- Help fund nonprofits’ planning efforts.
- Collaboration is essential in order to tackle long-term problems
- Foundation boards need to be more in touch with the needs of nonprofits

In addition, most of the nonprofit focus group participants acknowledged the role nonprofits play in contributing to these barriers. Nonprofit participants expressed hope that they and their peers would do a better job explaining their needs to grantmakers and being more honest — even if that sometimes has to happen at the risk of losing funding.