



GEO PUBLICATION SUMMARY

# Imagine, Involve, Implement

## Transforming Grantmaker Practices for Improved Nonprofit Results: Findings from Phase 2 of GEO's Change Agent Project

*Across philanthropy, pioneering grantmakers have found new ways to break down the traditional barriers standing in the way of nonprofit success. This Action Guide documents their successes, as well as some of the practices they've followed in their efforts to make change happen.*

### INTRODUCTION

In focus groups convened as part of GEO's Change Agent Project, nonprofit leaders voiced several common frustrations, including changing priorities of grantmakers, their aversion to multiyear grants and operating support, and grantmakers' lack of the same transparency and accountability that they expect from their grantees.

Our work reaffirmed some of the key grantmaking strategies and activities that support nonprofit results, while serving up new examples and new models of what works.

In GEO's conversations with nonprofit leaders across the country, we asked them to identify grantmakers who are truly making a difference in their ability to achieve results. We ended up with a list of more than 200 grantmakers — both individuals and organizations — that nonprofits identified as the exemplars. For this Action Guide, we narrowed the list down to 25 interviewees.

How does a grantmaker make the internal changes necessary to better support nonprofit results? Our interviews suggested four key steps:

1. Make the Case for Change
2. Focus Your Change Strategy
3. Make Change Stick
4. Learn, Reflect, Improve

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## Grantmaking Practices that Make a Difference

GEO's interviews and focus groups for the Change Agent Project highlighted three grantmaking practices that nonprofit leaders said have a positive impact on their ability to deliver on their mission:

- Providing general operating support
  - Providing multiyear funding
  - Working in a supportive and respectful relationship with grantees
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## MAKE THE CASE FOR CHANGE

Improving grantmaker support of nonprofit results isn't something you can do by fiat or executive decree. Rather, it requires real, top-to-bottom changes in your organization's approach, strategy and/or culture. For these kinds of internal changes to take hold, you'll need buy-in from the board, staff, grantees and community members; in most cases, a lack of buy-in will doom the change effort from the start.

Among the grantmakers we spoke with, most had launched thoughtful and determined efforts to build support for new grantmaking strategies among all of these audiences. The successful change efforts we studied all began by taking the time to demonstrate the need for change and to craft finely tuned messages to gain the support of key stakeholders.

**Gather data and information from the community to support change.** In the successful change efforts we looked at, one common element was that changes in strategy or approach often were sparked by community data and grantee input indicating a need for change. Many of the grantmakers we talked to made the case for change by actively seeking out the perspectives and opinions of grantees and others in the communities affected by their grantmaking.

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## Case Study: The Sobrato Family Foundation

When Diane Ford joined the Sobrato Family Foundation as executive director in 2000, the organization solely provided program support. In a strong partnership with the foundation's board, Ford helped transform the organization's grantmaking. Today, 100 percent of the grantmaker's funding goes to the capital and operating needs of nonprofits.

Ford engaged with the board to shape the change agenda from the start. Shortly after joining the foundation, she embarked on a listening tour in which she visited 45 grantees to ask them about their work and what they needed most. The overwhelming response: general operating support.

Ford was able to document data and present the board with hard facts — a helpful approach when communicating with a board of businesspeople focused on outcomes. The board agreed to try the new strategy, and today the foundation provides general operating support exclusively to meet grantees' greatest needs. The tagline for the foundation's approach: "Investing in people and places."

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**Bring in outside perspective and expertise.** In addition to gathering data and perspective from the community, many of the grantmakers we spoke with backed up the case for change by tapping outside perspective and expertise. By engaging consultants, evaluators and others who could help conduct a cool-headed, impartial analysis of how well the organization was doing in achieving its mission, and how it could do a better job, these grantmakers had additional ammunition to support a change agenda.

**Educate the board.** Buy-in and engagement on the part of the board is critical to the success of any change in strategy or approach. Most, if not all, of the grantmakers we spoke with worked diligently to educate board members about the need for change and to secure board support for new approaches.

**Engage your organization's change agents.** Making the case for change cannot be a solitary endeavor. Grantmakers advocating for change need to engage other board and staff members as ambassadors who can speak out on behalf of new strategies and new ways of working with grantees. Among the organizations represented in our interviews, many engaged in deliberate efforts to populate their staffs and boards with individuals who had direct experience managing nonprofits — people who could speak directly to the challenges organizations face, as well as their most critical needs.

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**“Bringing in people from nonprofits that are in the community and are going through struggles with revenue generation that nonprofits go through makes a big difference to how we think about supporting them.”**

GARY YATES, THE CALIFORNIA WELLNESS FOUNDATION

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## FOCUS YOUR CHANGE STRATEGY

Strategy is a key driver of effectiveness and success in grantmaking. To the extent that an organization specifies what kind of change it wants, and how its actions will make change happen, then it is thinking in terms of strategy.

The grantmakers GEO spoke with were quite clear about what they were seeking to achieve and about how changes in grantmaking practices would yield results. One grantmaker said it all comes down to one thing: focus. “We don’t accept cold proposals off the street because our money and staff and capacity give us a need to be focused,” she said. “We are good, active listeners and get in the trenches with what people need.”

**Take a step back to think about what you want to achieve.** Among the organizations we spoke with, many took time out to carefully define a new strategy. Board and staff engaged in a reflective process to reassess mission and goals, and to chart a new course to greater impact.

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## Case Study: The Raymond John Wean Foundation

Gordon Wean, chair of the Raymond John Wean Foundation, is leading the foundation through a wholesale shift in strategy and approach. What was a small, board-managed organization with informal grantmaking procedures is evolving into a professionally staffed foundation with an explicit commitment to strengthening nonprofits and neighborhoods in two adjoining counties in northeastern Ohio.

Among the hallmarks of what Wean has called a “huge watershed moment” for the grantmaker are a new emphasis on community engagement and inclusiveness, plus a commitment to building longer-term relationships with nonprofits through multiyear grants and other forms of ongoing support.

The new emphasis on community building led to a wholesale transformation of the board itself. Instead of including family members only (and the family attorney) as before, the board now includes just one Wean (Gordon) along with a diverse group of community representatives. In addition to changing the board, the Wean Foundation hired its first president, Joel Ratner, a new program officer, plus a contractor working part-time to design and implement the grantmaker’s new Neighborhood Organizing Initiative.

Yet another component of the foundation’s revamped approach is the Neighborhood Grants Program, which will award small grants (\$500–\$5,000) to nonprofits at the direction of a panel of community members. “That’s a very empowering thing for the community, and it’s the most obvious proof of how much this foundation has changed,” said the foundation’s Kirk Noden.

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**Reach out to the community for input on strategy.** The grantmakers we interviewed described efforts to tap into the knowledge of practitioners and the field in the development of grantmaking strategies and approaches. What drives change-making grantmakers is a belief that answers to the problems grantmakers seek to address lie within the community — and that grantees and community stakeholders are well suited to playing a role in setting the agenda for leading change.

**Think about the money.** When GEO convened nonprofit leaders to explore grantmaker-imposed barriers to grantee success, the majority of the barriers had to do with the structure of the gifts. Among the grantmakers we spoke with, many were figuring out ways to break down these barriers and provide nonprofits with more flexible funding — mainly by providing unrestricted and multiyear support.

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**“Wealth does not impart knowledge, and we lose track of that in the foundation community from time to time.”**

**BILL CONRAD, STACKPOLE HALL FOUNDATION**

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## MAKE CHANGE STICK

Leading change means paying attention to everything you do as an organization that supports (or hinders) grantee results. No matter what their social change agenda, the grantmakers we talked to have adopted a range of practices to help maximize the impact of new and improved grantmaking approaches.

By building nonprofit capacity, supporting nonprofit leaders and adopting other grantee-centric practices as part of a broader change agenda, the grantmakers we spoke with set out to make change stick.

**Focus on “customer service.”** It’s not just about the money. Grantmakers also can support nonprofit results by simplifying grantmaking procedures, reducing administrative burdens on grantees and ensuring that grantmaker-grantee interactions are characterized by cordiality and mutual respect.

**Make nonprofit capacity a priority.** Most of the grantmakers we spoke with stressed that nonprofits often need capacity-building support (not just operating or program dollars) to pursue their missions. One key to capacity-building success among these grantmakers: regularly engaging grantees in open conversations about their day-to-day management challenges, and what types of nonfinancial support they need most.

**Facilitate collaboration and networking — among grantees and grantmakers alike.** Many of the grantmakers we spoke with during the Change Agent Project had launched deliberate efforts to bring nonprofit organizations together to facilitate learning and shared planning for change. Many of these grantmakers also were working with other funders in their communities and elsewhere to share lessons learned and explore collaborations to enhance grantee results.

**Develop people as well as organizations.** Staff and board leaders provide vision, management savvy, connections, expertise and more — the crucial elements in nonprofits’ success. Many of the grantmakers we spoke with have adopted innovative approaches to supporting and developing nonprofit leaders.

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**“We are here to be of service. We are here to help organizations do their best work.”**

GAYLE WILLIAMS, MARY REYNOLDS BABCOCK FOUNDATION

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## LEARN, REFLECT, IMPROVE

A final essential ingredient of successful change efforts is continuous reflection and learning — for grantmakers and grantees alike. Among the grantmakers we spoke with, there was a universal commitment to identifying what’s working, and what isn’t, as they and their grantees seek to implement their strategies for change. Similarly, these change agents were committed to applying new learning as they go along — tweaking or changing strategy in response to results on the ground.

The key to learning for many of these grantmakers: ongoing engagement of board, staff and grantees in reflective discussions of how things are going and how to improve.

**Engage grantees in learning.** By convening or facilitating “learning communities” of nonprofit organizations, and by investing in the capacity of grantees to learn, many of the change agents we spoke with are helping grantees make the connection between learning and results.

**Learn with other grantmakers.** Collaborative approaches to learning should not be limited to your grantmaking organization and its grantees. Among the grantmakers we spoke with, many were involved in networks and partnerships that create opportunities for shared learning.

**Use what you're learning to improve practice.** Change agents in philanthropy recognize that they needn't conduct exhaustive evaluations of every initiative. But at the same time, they know it's essential to keep checking in with grantees and others in the community to assess the impact of their investments and to lay the groundwork for learning and continuous improvement.

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**“What do grantees like most about our work? They like getting together and having conversations about the issues. They want to stay together in these learning communities even after the grant has ended.”**

JACK LITZENBERG, C.S. MOTT FOUNDATION

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## CONCLUSION

If there was one common characteristic among the grantmakers we spoke with during the Change Agent Project, it was their commitment to continuous improvement. They are asking tough questions about their work, holding their grantmaking up to the light, listening to grantees, and embracing changes designed to get ever-improving results.

And, they aren't content to stop there. In a continuous cycle of learning and improvement, they are forever fine-tuning their strategies and activities in response to results on the ground.

This is what it means to lead change, and GEO applauds the work of these innovators in philanthropy. We hope that their stories and strategies, and the lessons we've drawn from them, will help others as they advance a change agenda within their grantmaking organizations.