



Growing *Strong*

2001 Annual Report

Grantmakers for
Effective Organizations

Message

From GEO's Board Chair and Executive Director

In these trying times, the philanthropic community has pulled together and responded with the speed and compassion the situation demanded. We are reminded that, now more than ever, growing strong, capable nonprofit organizations is imperative.

Grantmakers for Effective Organizations' (GEO's) mission is simple, yet powerful — to advance organizational effectiveness practices in and by the philanthropic community.

Understanding that in order to reach great heights, we must first plant strong roots, GEO purposely focused on increasing its capacity in 2001. Appointing its first executive director and launching a successful financial sponsorship program are two tangible expressions of this commitment.

With a solid strategic plan in place, we continue to look for ways that GEO can add the most value to our members and to the field. At this pivotal time in the organization's history, we are making some strategic decisions about which things — among many competing priorities — to tackle first. Our program activities in 2001 and our priorities for 2002 fall into two primary areas:

- **Creating knowledge**, so that we can better understand and share what works; and
- **Nurturing community**, because GEO's greatest assets are the dedicated people who champion nonprofit effectiveness.

As GEO enters this new phase of development, we know with certainty that we cannot succeed alone — we are committed to building collaborative relationships with organizations that share our values and our dedication to effectiveness.

Some of our most respected partners are also financial investors. GEO's growing network and impact are only possible because of the funders who graciously contribute both intellectually and financially. Thank you for sharing your strength with us.

As we reflect on what we achieved in 2001, we do so with our minds focused on the future. We invite you to join us as we discover what is possible.



MaryAnn Holohean (at top)
GEO Board Chair and
Program Director,
Nonprofit Sector Advancement Fund
Eugene and Agnes E. Meyer Foundation

Kathleen P. Enright
Executive Director
Grantmakers for Effective Organizations

Seeds of *Knowledge*

GEO is committed to advancing the discourse on effectiveness, but sharing our knowledge with others first requires deliberate research and investigation.

Creating a Shared Language

As the field of organizational effectiveness evolves, one of GEO's early challenges has been to create shared language to describe this work.

In this effort, we created a working definition of organizational effectiveness: *The ability of an organization to fulfill its mission through a blend of sound management, strong governance and a persistent rededication to achieving results.* We are committed to testing this definition to deepen our understanding of what makes organizations successful. Creating shared language is an ongoing and collaborative process.

In 2001, we developed an initial taxonomy for organizing and categorizing literature on nonprofit and foundation organizational effectiveness. This was the first step in our efforts to create a clearinghouse of case studies, research, articles and other learnings that will be accessible through GEO's website at www.geofunders.org.

Building on this taxonomy, in 2002 we are generating baseline data on the organizational effectiveness grantmaking that defines the field.

Shining the Mirror on Ourselves

GEO is participating in several research projects that will expand the knowledge available on organizational effectiveness and capacity building. The GEO Research and Development Task Group is working in collaboration with the Urban Institute on the first ever national assessment of philanthropic practice and effectiveness.

This study, which will consist of national surveys and targeted focus groups and interviews, will provide a comprehensive portrait of current attitudes and practices among foundation staff and leaders concerning effective philanthropy. The study's primary objectives are to:

- Identify how foundation staff and leaders assess and

"GEO represents the best integration and synthesis of program evaluation and management tools for foundations and nonprofits. The organization brings together funders, practitioners, and other professionals from across the spectrum of the Third Sector to find ways to help nonprofits improve management practices and achieve more consistent desired program results."

Ricardo Millet
President
Woods Fund of Chicago

use many practices considered to yield greater effectiveness in philanthropy.

- Uncover new practices that may be of value to the field.

Regular updates on this research will be posted on www.geofunders.org. The full results of the study, which began in December 2001, will be made widely available in early 2003.

Moving Toward Ordinary Excellence

Several GEO members are funding a project to advance the effort to improve performance by exploring the prevailing definitions and approaches to organizational effectiveness. Led by Paul C. Light of The Brookings Institution working with a team of researchers, the project's ultimate goal is to help grantmakers and nonprofits identify interventions that might produce sustainable improvements in performance, which Light calls "ordinary excellence."

The team is exploring two primary questions:

- What is organizational effectiveness?
- Where are the leverage points where modest investments of time, energy, and funding might trigger improved performance? And how are those leverage points arrayed at various stages of the organizational life cycle?
- Its internal organizational structure,
- Its leadership, and
- The management systems that link environment, structure, and leadership together: finance, human resources, learning, and governance.

The study's initial findings will be released at the GEO National Conference in March 2002, where Paul Light will deliver a keynote address.

Light identifies four places in organizational life to look for sources of ordinary excellence:

- The environment in which a nonprofit operates,

The following GEO member organizations are providing financial support for the Nonprofit Effectiveness Project.

- David and Lucile Packard Foundation
- Eugene and Agnes E. Meyer Foundation
- Ewing Marion Kauffman Foundation
- The Fieldstone Foundation
- Irene E. and George A. Davis Foundation
- The James Irvine Foundation
- W.K. Kellogg Foundation

Nurturing *Community*

As with most things that are worth doing, GEO's vision cannot be accomplished alone. It requires input and involvement from GEO members and others doing good work to help grantmakers and nonprofits grow strong.

"The issue of organizational effectiveness can be difficult to communicate to others not engrossed in this work. GEO enables me to share stories and lessons with grantmakers from across the country doing similar work in another context."

Shelley Davis
Program Officer
The Joyce Foundation

Our Network

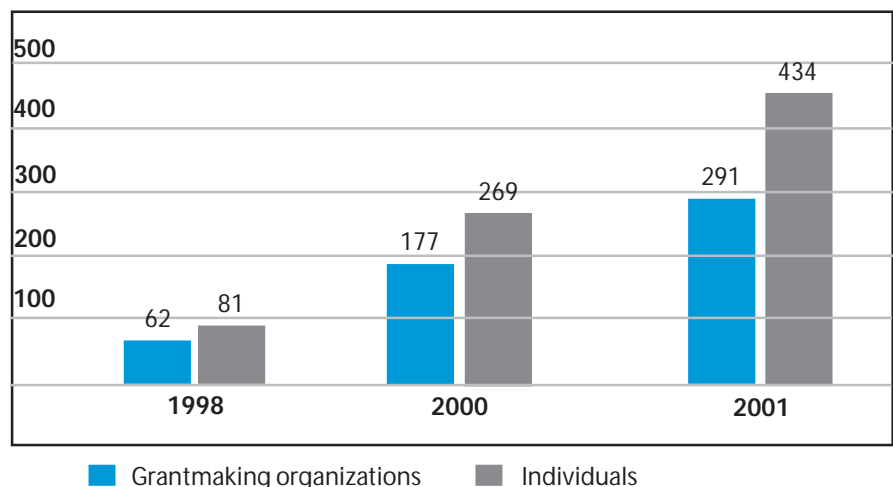
The year 2001 showed strong growth in the number of individuals and organizations interested in effectiveness and involved in the GEO network. As of December 31, 2001, 291 grantmaking organizations and 434 foundation staff were members of GEO. This represents a 62 percent increase in membership in one year.

GEO members have access to a compilation of resources that other members have found helpful in their work, a full

listing of foundation colleagues engaged in organizational effectiveness grantmaking, and a peer-to-peer network using the GEO listserv.

GEO members are actively engaged in building a community of practice among funders doing this work. GEO's Constituency Building Task Group, provides leadership in this effort by building relationships with other networks and associations.

Membership Growth Chart



“Many Donors Forum members understand the need to go beyond grantmaking and are actively helping the organizations that they support to become the most effective they can be. We look to GEO for the resources, links, and expertise to help our members develop into effective participants in nonprofit capacity-building.”

Jo Anne Chester Bander
President
Donors Forum of South Florida

In the Field

To increase awareness of how funders are involved in capacity building, GEO members are presenting workshops and serving as plenary speakers at a variety of meetings. Some examples from 2001 include the National Council of Nonprofit Associations, Minnesota Council on Foundations, the Alliance for Nonprofit Management, the Oregon Regional Association of Grantmakers and the Council on Foundations.

National Conference

GEO’s biannual conference, March 6-8, 2002 in Washington, DC, is cosponsored by Grantmakers Evaluation Network and the Forum of Regional Associations of Grantmakers. The theme of the conference is *Capacity-Building for Impact: The Future of Effectiveness for Nonprofits and Foundations*. In 2001 we convened a team representing the three organizations and began structuring content and networking activities to maximize the value to attendees.

Website

More content. New resources are continually being added to www.geofunders.org in an effort to provide members and others interested in organizational effectiveness with a single place to go to find the latest information. The expanded calendar section lists conferences where GEO members are presenting. The members-only section includes regular updates on the progress of *The Nonprofit Effectiveness Project* led by Paul Light and sponsored by GEO.

Better functionality. Now GEO members can register for the conference, access their peers, and update their account information without leaving their desks.

User feedback. Results from a web survey conducted in 2001 have guided our web development efforts. Eighty-six percent of survey respondents rated website functionality as good or excellent; sixty-eight percent rated site content as good or excellent.

More to come. Additional technical and content improve-



ments are under construction. The Website Task Group, which is comprised of GEO members, is engaged in a planning process that will result in major improvements, including a complete overhaul of the site.

Planting our Roots

This past year we focused on growing our internal capacity — evidenced by a couple of key milestones:

- Hiring the first full-time executive director of GEO — signaling the steering committee’s commitment to having a broad impact and marking the organization’s entry into a new phase of growth and development.

Financial Sponsors

- Introducing a financial sponsorship policy as a means to broaden GEO's funding base beyond a core group of founding supporters. This strategy has proven successful, with 68 grantmakers contributing to GEO in 2001.
- Resolving to build and maintain a fund balance that is equal to six months of operating expenses. At the end of 2001, GEO achieved this goal by yielding an operating reserve of \$227,890.

Looking Ahead

The thirst for knowledge on effectiveness is great and continues to grow. As GEO expands its internal capacity and programs to meet this need, we are making every effort to combine our strength and resources with others.

GEO is uniquely positioned to impact the effectiveness of philanthropic and nonprofit organizations. Our focus is on adding value where we can, supporting others' efforts when appropriate, and creating a vibrant, dynamic learning community that doesn't advocate a specific approach to organizational effectiveness, but culls the lessons and value from a variety of approaches.

More than \$20,000

David and Lucile Packard Foundation
Ewing Marion Kauffman Foundation
W.K. Kellogg Foundation

\$10,000 to \$19,999

The California Endowment
The Dyson Foundation
Elizabeth and Stephen Bechtel, Jr.
Foundation
Fannie Mae Foundation
The James Irvine Foundation
William and Flora Hewlett Foundation

\$5,000 to \$9,999

California Wellness Foundation
Charles and Helen Schwab Foundation
Charles Stewart Mott Foundation
Eugene & Agnes E. Meyer Foundation
Hawai i Community Foundation
John S. & James L. Knight Foundation
Wilburforce Foundation

\$1,000 to \$4,999

Changemakers
Community Foundation for Monterey
County (Director's Discretionary Fund)
Community Foundation of Silicon
Valley (President's Fund)
Community Memorial Foundation
Edyth Bush Charitable Foundation Inc.
Evelyn & Walter Haas, Jr. Fund
The Fieldstone Foundation
Foellinger Foundation
Fundación Merced
Gay and Lesbian Fund for Philanthropy
George Gund Foundation
Hartford Foundation for Public Giving
Hasbro Children's Foundation
Humboldt Area Foundation
The Jacob & Hilda Blaustein Foundation
Kansas Health Foundation
Kronkosky Charitable Foundation
Mary Reynolds Babcock Foundation, Inc.

Morris Goldseker Foundation of
Maryland, Inc.
National Arts Stabilization, Inc.
Nellie Mae Foundation
Nokomis Foundation
Peninsula Community Foundation
Rauch Foundation
The Rockdale Foundation
Rose Foundation
St. Luke's Foundation of Cleveland, Ohio
Sierra Health Foundation
S.H. Cowell Foundation
The Skillman Foundation
Sobrato Family Foundation
Social Venture Partners
United Airlines
United Methodist Health Ministry Fund
Women's Foundation
The Zellerbach Family Fund

Up to \$1,000

Alaska Conservation Foundation
Albert A. List Foundation, Inc.
Community Foundation of Collier
County (Discretionary Fund)
Community Foundation of Greater
Memphis
Donors Forum of South Florida
Fleishhacker Foundation
The Fund for Nonviolence
Greater New Orleans Foundation
Irene E. and George A. Davis
Foundation
Marion I. & Henry J. Knott Foundation
New Hampshire Charitable Foundation
Orange County Community
Foundation
Robbins Foundation
Sonoma County Community
Foundation (CEO Discretionary
Grants Fund)
Walter and Duncan Gordon
Foundation
Woods Charitable Fund, Inc.



Grantmakers for Effective Organizations Steering Committee as of December 2001

Chair

MaryAnn Holohean
Program Director, Nonprofit Sector
Advancement Fund
Eugene and Agnes E. Meyer Foundation

Vice Chair

Jim Abernathy
Executive Director
Environmental Support Center

Treasurer/Secretary

James E. Canales
Vice President and Corporate Secretary
The James Irvine Foundation

Imani Constance Burnett

Vice President
Southeastern Council of Foundations

Barbara D. Kibbe

Director, Organizational Effectiveness
and Philanthropy
The David and Lucile Packard Foundation

Janine Lee

Vice President
Youth Development Division
Ewing Marion Kauffman Foundation

Mike McCoy

Senior Program Officer
Meadows Foundation

Laura McGrath

Director, Community Initiatives
Fannie Mae Foundation

Jim Pitofsky

Chief Executive Officer
SeaChange

Thomas K. Reis

Program Director
W.K. Kellogg Foundation

Annemarie Riemer

Manager, Nonprofit Management Program
Hartford Foundation for Public Giving

Paul Shoemaker

Executive Director
Social Venture Partners

Eric Sloan

Independent Consultant
*Formerly with the Charles and Helen Schwab
Foundation*

Rob Stuart

Principal
Strategic Technology Initiatives
Formerly with the Rockefeller Family Fund

Natasha Terk

Program Officer, Arts
The David and Lucile Packard Foundation

Mary Walachy

Executive Director
Irene E. and George A. Davis Foundation

Grantmakers for Effective Organizations

300 Second Street, Suite 200*

Los Altos, California 94022

www.geofunders.org

202-387-1290

enright@geofunders.org

*New Washington, DC headquarters to be
announced in April 2002.