

## BLOG SERIES

by NAOMI ORENSTEN



POST ONE January 31, 2019

## Nonprofit Suggestions for Funder Improvement

In a series of six posts on the [CEP blog](#) in winter 2019, Naomi Orensten and Matthew H. Leiwant shared the candid perspectives of what nonprofit leaders want from their foundation funders. This series highlights a number of important practices which foundations can improve — regardless of their approach, issue area, or the community in which they work — to work with grantees to accomplish their shared goals.

At CEP, we adhere to the core principle that nonprofits are a crucial link between funders and their ability to have impact. This shouldn't be surprising nor controversial. After all, grantee organizations and the individuals who make them up are the ones doing the hard work on the ground, day in and day out.

Yet, given the inherent power dynamic between grantmakers and grant seekers, it is challenging for funders to get candid feedback from grantees and grant applicants.

That's why CEP created the Grantee Voice panel, which seeks nonprofit leaders' perspectives on working with foundations broadly.

For this project, we asked members of the panel **what they would like foundation funders to do more of, and what they would like foundation funders to stop doing, or do differently.**

We are excited to share the most frequent suggestions we heard from nonprofit leaders in five blog posts over the coming weeks. We offer discussion questions at the end of each post to spur conversation and, we hope, action. After all,

what nonprofit leaders have to say should matter greatly to the funders supporting their work.

### Here is what nonprofit leaders most want from their funders:

- Improvements to grant processes;
- Improvements to funder approaches to their grantmaking goals and strategies;
- More assistance beyond the grant;
- More consistent, long-term, and flexible funding;
- Stronger funder-grantee relationships.

Overall, nonprofits suggest that funders adopt what they see as common-sense practices that will help them do their work more effectively. Notably — and perhaps surprisingly — there were very few comments related to specific communities, fields, or issue areas, nor were there many comments about the current political context. Few radical suggestions were shared.

**About CEP's Grantee Voice panel:** The Grantee Voice panel is a nationally representative sample of leaders of U.S. nonprofits across a broad range of geographies, fields/issues, and sizes. The nonprofits these CEOs lead receive funding from independent foundations and community foundations providing \$5 million or more in annual giving. These nonprofit leaders have opted in to the panel and have agreed to confidentially provide CEP with their perspectives working with foundations on a number of topics. (CEP's recent research reports, [Nonprofit Diversity Efforts](#) and [Strengthening Grantees](#), for example, draw from the Grantee Voice panel.)

**Methodology:** For this effort, CEP sent an online survey to approximately 700 members of the panel in April 2018. We

received 244 responses, resulting in a 36 percent response rate, and conducted thematic and content analysis on those responses to the survey items. To establish interrater reliability, coders coded transcripts until at least an 80 percent level of pairwise interrater agreement was achieved for 100 percent of the codes in the codebook.

**Acknowledgements:** We want to thank the people who helped put this series together. Thank you to Phil Buchanan, Ellie Buteau, and Hayden Couvillion for their help in developing the survey; to Tayo Ilegbusi for fielding the survey; and to Ellie Buteau, Kevin Bolduc, and Ethan McCoy for providing feedback on earlier drafts.



POST TWO February 5, 2019

## Improve Foundation Processes

The nonprofit sector is hugely diverse. Nonprofits come in many sizes and structures, with different purposes, approaches, contexts, strategies, issue areas, and communities served. Yet nonprofit leaders agree on a lot — including the improvements they would like to see foundations make to their grantmaking processes.

**More than 20 percent of nonprofit CEOs identify opportunity for funders to improve foundation application, reporting, and evaluation processes.** Here is what nonprofits want from their funders throughout grant processes:

**Be more transparent.** Nonprofit CEOs see room for funders to set and communicate expectations more clearly and transparently, especially when it comes to process requirements.



Be more specific about funding priorities so we can decide whether putting together a proposal is a worthwhile use of time and resources.

– Nonprofit Leader

What are the funder’s goals and strategies? Knowing this helps nonprofits understand how their work aligns with that of the foundation and decide whether or not they should apply for funding. One nonprofit leader, for example, requests of funders, “Please make your guidelines and your decision-making process more transparent,” while another adds, “Be more specific about funding priorities so we can decide whether putting together a proposal is a worthwhile use of time and resources.” (By the way, these are among key findings in CEP’s research report [Sharing What Matters: Foundation Transparency.](#))

How long will it take to provide a funding decision? This information helps nonprofits plan and budget. One nonprofit leader said, “Be honest and timely...If you aren’t going to

fund us, let us know immediately.” Another requests that funders “make clear the date that a decision will be made and communicate even if you aren’t going to fund our project.”

How are funders using grantees’ reports? Grantees want to understand how the time they spend sharing insights in submitted reports are informing foundation learning and planning, and they want to engage in discussions about this with their funders.

**Streamline.** Nonprofit CEOs suggest more streamlined, straightforward, and standardized processes that are commensurate with grant size. As one notes, “Preparing grant applications is a huge amount of work. This can be very valuable work and of course, there needs to be a process by which funders can gauge alignment of their goals with an applicant. But application length should be somewhat commensurate to the funding available.”

This is not a new suggestion, and numerous efforts like PEAK Grantmaking’s [Project Streamline](#) initiative seek to address these challenges. Yet they persist. One CEO pleads for funders to “minimize the paperwork. We jump through hoops for \$1,000. And then you slam us for having overhead.”

Some nonprofit leaders note that required paperwork sometimes “needlessly consumes time and generates frustration.” Online portals don’t always create the efficiencies one might hope technology would create; one grantee suggests that funders try to complete their own forms before asking nonprofits to use them. ([Barr Foundation is trying that out this year.](#)) And technical requirements can be frustrating when word count limits don’t allow nonprofits to tell their story or when questions aren’t relevant to a nonprofit’s context.

**Utilize more relevant, reasonable metrics.** Nonprofit CEOs are concerned about using metrics that don’t accurately capture outcomes and that too often prioritize funders’ needs over grantees’. They also describe unnecessarily overwhelming data requirements. One nonprofit leader cautions, “Metrics are important, but often, the easiest metrics to track are the least indicative of the long-term, full impact of a program.” Says another: “While data is essential to nonprofits in ensuring program efficacy and long-term learning, these priorities should be nonprofit-driven. Capturing specific, foundation-led data can be arduous in staff time and not terribly useful for the nonprofit.”

Some CEOs express interest in hearing more from their funders about how metrics and outcomes, as well as reports and evaluations, are used inside the foundation.

**Be honest with declined applicants and provide feedback when requested.** Nonprofit CEOs request more openness and honesty following a declination. “Knowing why a funder does not fund a project would be very helpful for writing future proposals,” says one nonprofit leader.

Another pleads: “Please stop sending form rejection letters. The [explanation that] ‘the work your organization is doing is very valuable and we just don’t have enough money to fund all worthy causes’ is old and tired. It offers us no feedback as to what makes an organization fundable. Was

it the proposal? Was it too dry, too emotional, or contain too many grammatical errors? Is it the work itself? Are we not making a big enough impact to make your investment valuable? Is it our management style? Please, for heaven's sake, give us something to go on! It will help to strengthen our organizations, even if we'll never get funding from you. And stronger organizations benefit everyone."

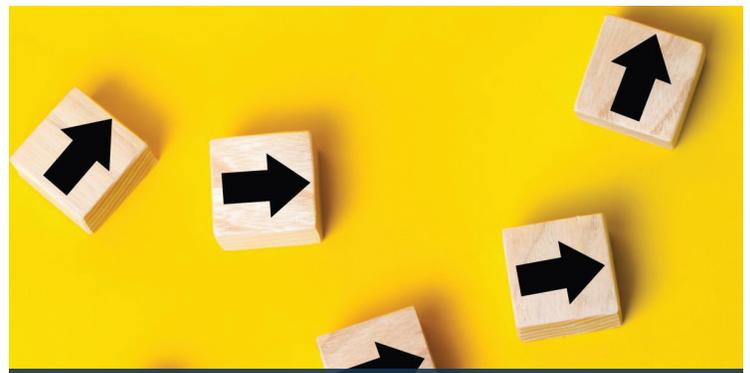
These comments aren't new. They closely align with suggestions we have commonly seen for the better part of two decades from foundation grantees responding to CEP's [Grantee Perception Reports](#) for specific funders. And they closely align with findings in numerous CEP research reports — for example, that both foundation and nonprofit CEOs tie transparency to the substantive work of foundations ([Sharing What Matters: Foundation Transparency](#)), and that the utility of foundations' data requirements matter ([Assessing to Achieve High Performance: What Nonprofits Are Doing and How Foundations Can Help](#)).

Other data we have analyzed at CEP supports the case that there is real opportunity for funders to improve aspects of their processes. When we look at the GPR dataset as a whole, for example, we see very little change over time in the reported helpfulness of participating in a selection process in strengthening the organization/program funded by the grant. And we haven't observed any drop in the time grantees spend on application and reporting processes, either.

Yes, processes are an inherent part of grantmaking crucial for allowing funders to make informed decisions. Yet, there is a clear opportunity to reduce the transactional costs for nonprofits and foundation staff alike, and to make processes less painful, more clear, and more helpful.

To staff at foundations, we want to offer some discussion questions to consider as you reflect on these suggestions and think about where you can improve your processes in ways that can help you and your grantees:

- Where can you communicate more clearly and transparently to help find nonprofits whose work is most aligned with what you're hoping to achieve and how you're hoping to achieve it? Where can you set clearer expectations about timelines, requirements, and decisions?
- Where can you simplify and streamline your processes to make them commensurate with grant size and reduce the transactional costs for both you and nonprofits? For a great starting point, check out the many examples of streamlining shared as part of [PEAK Grantmaking's Project Streamline](#).
- In what ways can you communicate more with grantees about applications, reports, and evaluations, including offering feedback to declined applicants?



POST THREE February 14, 2019

## Improve Funder Approaches to Grantmaking Goals and Strategies

In our recent survey of CEP's *Grantee Voice Panel*, nearly 20 percent of nonprofit leaders identify opportunity for funders to improve aspects of their grantmaking approach and strategy, making it the second most frequently cited theme.

Nonprofit leaders frequently lament funder-initiated, top-down approaches. They note that funders, on the whole, should hear more from the nonprofits and constituents they seek to serve. One leader asks that funders "stop changing funding priorities through the echo chamber that is the Board of Trustees meeting," and instead "use the communities they serve to guide foundation priorities." (This, by the way, is the topic of two CEP research reports: [Staying Connected: How Five Foundations Understand Those They Seek to Help](#) and [Hearing from Those we Seek to Help: Nonprofit Practices and Perspectives in Beneficiary Feedback](#).)

The nonprofit leaders surveyed for this study also raise concerns that funder expectations for change are not realistic, that funders are too focused on short-term change, and that funders too often are "looking for long-term goals in a short-term fix" without recognizing that substantial change takes time. As one leader puts it to funders, "Stop funding short-term, low-results work and start investing in real change that takes time."

Relatedly, some nonprofit leaders have a sense that funders have unrealistic expectations for outcomes given the funds available. "When we have lots of small funding sources that all want different things, we become beholden to the funders, not our missions, which is a mistake for everyone (and a waste of money)," one says.

Many nonprofit CEOs see funder priorities as being too easily distracted by "the latest trends" or the prospect of supporting "headline-grabbing projects," sometimes at the expense of programs that work. One nonprofit leader, connecting this issue with the challenges of restricted grants, mentions



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— Nonprofit Leader

how they “would like for foundations to stop funding new and ‘sexy’ sounding programs, causing nonprofits to chase dollars by creating new programs which in turn take time and resources away from current essential programs.” Another CEO wishes “foundation funders [would] ask questions about the effectiveness of our programs and how they meet needs, and then fund strong programs rather than new ones.” Another, sharing this sentiment, notes: “It is okay to fund good work that successfully serves an important purpose for a long time in the same way as long as that mission has important impact.”

Finally, some nonprofit leaders observe that “more and more funders prohibit unsolicited proposals,” which can often function as a leg up for “well-networked nonprofits.” As one leader points out, “This is difficult for smaller organizations that do not have the clout and resources to spend on getting ‘in’ with foundations.”

Again, as with other themes that emerged in our analysis, this isn’t news.

Reflecting on all this feedback, it is clear that nonprofit leaders would like for their funders’ grantmaking approaches and strategies to help them make progress on their work and their pursuit of shared goals. This is the goal of many foundations, as well — and from our experience at CEP, we know that many funders see their grantees as partners in achieving their shared goals. But grantees think funders have a long way to go.

We have some ideas for where funders can start.

We believe there are some essential elements of effectiveness for *all* funders, regardless of size, geography, or issue area. For one, in [CEP’s definition of philanthropic effectiveness](#), one component of effectiveness is that strategy is “informed by input from organizations and individuals closest to the issue, including those directly affected.” We also advocate for longer grants that fund organizations rather than programs, when appropriate, because we consistently see that these actions have a positive effect on grantee experience.

To foundation staff, we offer some discussion questions to consider as you reflect on these suggestions and think about how your grantmaking approaches can help you and your grantees better achieve shared goals:

- In what ways is your grantmaking approach informed by those you seek to help?
- In what ways are you hearing from your grantees about opportunities to improve your grantmaking?
- Are your expectations for outcomes and change realistic given the resources you provide, relative to the scope/magnitude of the issue being addressed? Is this taken into consideration in your assessment and evaluation efforts?
- In what ways is your grantmaking supporting organizations with demonstrated/likely success? Where might there be opportunities to provide ongoing long-term support to effective programs and organizations, especially those whose work is core to your strategy? At the same time, in what ways are you learning about new and promising initiatives/practices?



POST FOUR February 19, 2019

## Provide More Assistance Beyond the Grant

The value of philanthropy goes well beyond that of dollars and cents. Non-financial assistance can impact nonprofits in profound ways.

The third most common suggestion from nonprofit leaders — from 15 percent of respondents — is a desire for even more of these types of support. Nonprofit CEOs speak to the value of funder-provided support beyond the grant — also known as nonmonetary assistance — noting that “the most valued funders are those who work with us to increase our capacity and impact.”



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– Nonprofit Leader

These suggestions aren’t new. They align with suggestions we commonly see from foundation grantees responding to CEP’s [Grantee Perception Reports](#). They align with findings from CEP’s field-wide research: when funders provide more intensive patterns of non-monetary supports to grantees — more than a smattering of support here or there — it is associated with substantially more positive perceptions of foundation impact on grantees’ experiences, and, importantly, more positive perceptions of funder impact on grantees’ organizations.

Further, in our recent research report, [Strengthening Grantees](#), we find that nonprofits desire help from their funders to strengthen their organization, especially their fundraising, staffing, and communications capacities.

We also know from *Strengthening Grantees* that foundation leaders care about strengthening the overall health of their grantees, yet there is a lot of room for foundations to provide support in areas where nonprofit CEOs say they need it, such as information technology, fundraising, strategic planning, and communications.

Yet, when we look at the data from first-time GPR users, for example, we don’t see much change over time in the proportion of grantees receiving these valuable intensive patterns of

nonmonetary support from their funders. Indeed, only 29 percent of foundation leaders say their foundation provides assistance beyond the grant to the majority of its grantees.

**Respondents see particular opportunity for funders to play a role in facilitating collaborations and connecting grantees to each other.** In their eyes, this support helps nonprofits better “collectively address needs,” and are also “a service to the community as a whole.” One nonprofit CEO asks foundations to “help make connections to other organizations they fund with similar missions and interests,” another would like funders to “share information [so grantees can] get to know each other,” and another requests that funders “host opportunities for grantees within a designated subject area to communicate with each other to discuss broader topics about their particular area of interest.”

**Fundraising support and connections are hugely valuable to nonprofits.** One nonprofit leader would like funders to “connect us to other potential funders and supporters. It’s important for their investment to be impactful. Leveraging with others can help them achieve their goals while helping us attract resources to get the work done.” Another asks funders to “broker connections — whether that is to other funders that invest in the work we are doing or other organizations that we can learn from or help advance the work.” Speaking more broadly, another nonprofit leader would like to see foundations “take pride in our collaborative work and talk it up with others.”

**Finally, there is interest in a broad range of other types of support: communications, board development, staff professional development, evaluation/assessment, and information technology (IT).** One nonprofit leader requests “management supports, like professional development, technology upgrades, and board training.” Another would like to see “support of capacity building around outcomes measurement, performance management, and evaluation.” Another CEO requests that foundations “set aside support for professional development for CEOs/executive directors” because “I work at a nonprofit with very little unrestricted funding and I feel guilty using our limited dollars for myself.”

Additionally, while these types of support can strengthen grantee organizations and help funders and nonprofits achieve shared goals, providing effective support beyond the grant calls for a significant investment of foundation time, resources, and staff. Funders should thoughtfully consider where and when it makes sense to offer grantees more and better support beyond the grant. And, as noted above, given that these supports are most effective when grantees receive more than a smattering of them, funders should be intentional about providing high levels of non-monetary assistance (rather than a few types of assistance to many grantees).

To staff at foundations, here are some discussion questions to consider as you reflect on these suggestions:

- How does your foundation determine which types of nonmonetary support to provide — and to whom — and how does the provision of this support contribute to your programmatic goals?

- What are you doing to make grantees comfortable sharing their capacity needs with you? Are you asking grantees directly about what supports they need most?
- What nonmonetary support might you provide to grantees to help them — and you — achieve shared goals? How do you assess this work to ensure that these types of support are useful for grantees?
- In light of this frequent request from grantees, where might there be opportunity to facilitate connections between your grantees?



POST FIVE February 26, 2019

## Provide Multiyear, Flexible Funding

Many nonprofit leaders point to the importance of consistent, long-term, and flexible funding for their ability to do effective work, while also frequently describing challenges that result from short and restricted grants, inconsistent funding, and overhead/administrative cost limits. Modifying grantmaking characteristics so that they are more reflective of grantees’ needs — and the outcomes funders desire — is the fourth most common suggestion we saw in our survey of nonprofit leaders, cited by 14 percent of respondents.

### **Nonprofit leaders describe the difficulty of running effective programs and building strong organizations without consistent, multiyear funding.**

As one notes, “We are the ones doing the work and making the changes [funders] hope to achieve, but we need to have funding that is consistent from year to year so that we can do the work most effectively.” Other comments echo this and point to the importance of stable funding for building strong organizational capacity. Others point out a



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– Nonprofit Leader

disconnect between expectations of stellar outcomes within a timeframe much shorter than is required to actually make change; as one says, “The funding needs to last long enough to get measurable results. Too often, the expectations are that we can do magic in very short periods of time.”

**Nonprofit leaders also raise the importance of flexible funding.** These suggestions align with those we see commonly in responses to the [Grantee Perception Report](#) (GPR). Further, in CEP’s recent [Strengthening Grantees](#) report, we found that nonprofit CEOs see general operating support grants as having the greatest impact on strengthening their organizations.

One nonprofit CEO sums this up: “Without question, the biggest impact that foundation funders can have is by increasing unrestricted operating funding for the nonprofit organizations that fit their funding priorities. While we respect the fact that foundations have their own vision and goals for our society, too many nonprofits contort their work to try to fit these goals instead of staying true to their own missions. Perhaps a good way forward would be to facilitate honest and open conversations that reveal appropriate front-line concerns and opportunities, rather than enact a top-down agenda with time-limited project support.”

CEP has spoken out about the importance of well-considered grantmaking characteristics — the provision of multiyear, general operating support grants, when appropriate — for well over a decade, and it’s baked into our [definition of philanthropic effectiveness](#).

We’re not alone. Grantmakers for Effective Organizations (GEO) has [identified](#) general operating support as one of the most effective strategies grantmakers can use to boost nonprofit performance, and has [extensive resources](#) on this topic. The National Committee for Responsive Philanthropy (NCRP) also identifies general operating support and multiyear funding as “[good grantmaking practice](#),” important in creating healthy and effective nonprofits. Vu Le of NonprofitAF [blogs regularly](#) about this topic, and has made the case for flexible funding as an ethical imperative.

Some foundations have made big strides on this front in recent years. The Weingart Foundation [announced](#) in 2009 that they were moving to giving 60 percent of grant dollars in the form of core support. In 2015, the Ford Foundation [pledged](#) 40 percent of its grantmaking budget to general operating support, and in 2017 [announced](#) \$1 billion over five years to support and strengthen the cores of its grantees. 100 percent of grants from [the Claneil Foundation](#) are for general operating support.

Of course, there are even more examples of funders making this important shift. Yet, when we look at the field as a whole, we see very little change over time in grant length or the provision of operating support. When we look at our GPR dataset as a whole, about 50 percent of foundation grants are single-year grants, and this has not changed over time. Similarly, on average in our GPR dataset, we see that only 20 percent of grants are for general operating support. Again, this is not changing over time.

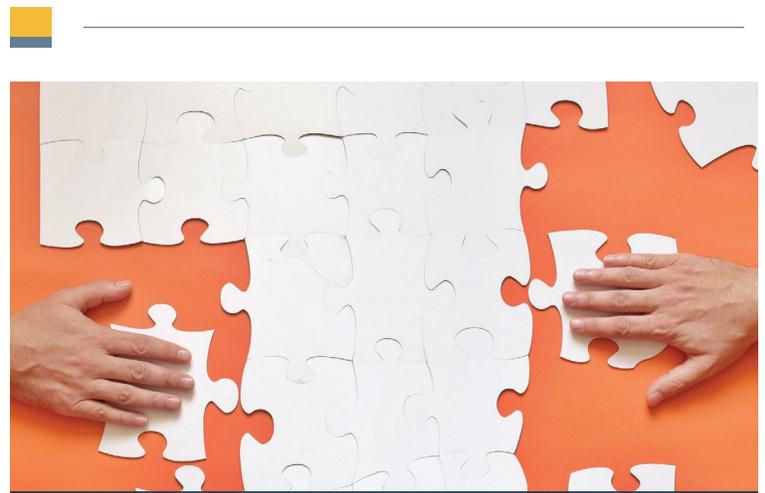
What must happen for this to change? We have some ideas for where funders can start. One aspect of effective philanthropy

is for funders to thoughtfully consider their grantmaking characteristics relative to their goals, especially the provision of multiyear, general operating support grants, when appropriate. Long and large unrestricted grants may not make sense in every case, but they should more regularly be part of the conversation at all levels of the foundation — staff and board.

Hearing from grantees can help, too. Funders that have repeatedly used the GPR to gather feedback from their grantees often see how these grant characteristics are associated with more positive grantee perceptions on a number of dimensions, and often read powerful grantee comments about the impact and importance of flexible, consistent, long-term funding. It’s perhaps then not surprising that these funders tend to provide more general operating support and make longer grants (they also tend to provide more nonmonetary assistance).

To staff at foundations, here are some discussion questions to consider as you reflect on your grantmaking characteristics:

- How does your foundation decide what type of grant characteristics to provide, relative to your goals, strategy, and context? How do grantee voices feed into this decision-making?
- In what ways might longer, larger, more flexible, and/or more consistent grant support help your grantees — and your foundation — achieve shared goals?
- In what situations might it make sense to consider providing longer, larger, more flexible, and/or more consistent grant support to your most aligned grantees?



POST SIX February 28, 2019

## Relationships Matter

The fifth most common suggestion for what nonprofit leaders would like from their foundation funders, mentioned by 12 percent of respondents on our Grantee Voice Panel, is for stronger relationships between funders and grantees.

At CEP, we believe that strong funder-grantee relationships — grounded in clear and consistent communication and high quality interactions — are important for effectiveness. Nonprofit leader feedback underscores this.

Broadly, suggestions highlight a desire for funder-grantee relationships grounded in trust, honesty, and openness. Nonprofit leaders suggest funders have more “genuine dialogue with grantees,” and do more “for grantees to meet with funders as equals.” Open partnerships, in their eyes, will “allow us to be honest about acknowledging real challenges” and play a big role in the ability of funders and nonprofits to achieve more together. One nonprofit says that good relationships help us “meet our joint goals, more as strategic partners than as a funder. When this happens, it is so powerful, the combination of funds and partnership brain power.”



When our organization had an internal crisis last year, I pretty quickly knew which funders would have my back and help me sort it out, and which funders would hold it against me during the next grant cycle if they knew. More like the former, please!

– Nonprofit Leader

Nonprofit leaders directly connect strong relationships to their ability to be effective. One says: “When our organization had an internal crisis last year, I pretty quickly knew which funders would have my back and help me sort it out, and which funders would hold it against me during the next grant cycle if they knew. More like the former, please!”

Nonprofit leaders also want to engage more with their funders. Just as they want to understand their funders’ goals, they want their funders to understand their goals and strategy, their context, and more about who they seek to serve. “Get to know us better” and “learn hands on,” they say. In their eyes, it’s important for funders to develop “a more complex understanding of the funded programs, outside of grant narratives,” which will help them understand and have more realistic expectations about “the pace and impact of community work.”

Harkening back to suggestions for improving grant processes (discussed in the [first post](#)), comments about stronger relationships with funders connect to grantees’ desires for clearer, more open, and more transparent communication from funders, particularly as it relates to foundation goals and priorities — and how the work of grantees fits into them. “Help nonprofits really understand what you want to do in the community,” is a common refrain, as is, “We want feedback. Why were we turned down or even why were we funded?”

Since CEP’s founding more than 17 years ago, we’ve emphasized the importance of funder-grantee relationships as a crucial component of effective philanthropy because funders and their grantees must work well together if they are to achieve shared goals.

CEP’s research report [Relationships Matter](#) sheds light on what constitutes a strong funder–grantee relationship, and what nonprofits say it takes for funders to foster such relationships. Read that report — relationships matter in their own right!

Of course, we’re not alone in emphasizing the importance of strong funder-grantee relationships. But that doesn’t mean that funders have done enough yet to make the changes they need to make in order to prioritize relationships.

To staff at foundations, here are some discussion questions to consider as you reflect on how you can build stronger relationships with your grantees in service of greater effectiveness and greater impact:

- Why do strong funder-grantee relationships matter for your foundation? Have you clearly articulated this, both internally and externally?
- Where do you think your relationships with grantees are strongest and weakest? What support are you providing to staff to help them build these relationships?
- How clearly and consistently do you think you are communicating with grantees (or not)? How do you know?
- In what ways are you responsive and approachable to grantees (or not)? How do you know?

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## Concluding Thoughts

This series has presented the most common suggestions that nonprofits have for their foundation funders.

As you have seen over the course of [these posts](#), these suggestions are not new. They closely align with comments grantees have been sharing with CEP since we started the Grantee Perception Report (GPR) over 15 years ago, and with comments grantees have shared in surveys for various research projects.

Acting on these suggestions can help funders be more effective — and in doing so can have a profoundly positive impact on nonprofit organizations and the people and communities they serve.

