

# Responsive Philanthropy

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## Foundation-Nonprofit Partnerships: Fact or Fiction?

The question posed to me for this article: "Is it possible for a foundation and a grantee to have an honest, real partnership?"

My answer: It's the wrong question. The key words in the question – honest, real and partnership – contain so much coded meaning that the only reasonable response by a grantee is a

slow blink. By using these words, we trap ourselves in a framework that ignores the material, business basis for the funder–grantee relationship. This language diverts us from understanding the key dynamic.

And unless we take a clear-eyed look at that dynamic, we won't be able to see a path towards productive, effective and perhaps even enjoyable grantmaker-grantee relationships.

### INSTITUTIONAL OR PERSONAL RELATIONSHIPS?

Essentially, the relationship between a funder and a grantee is one between institutions, driven by institutional inter-

ests, and fundamentally about money.

"Shared values," warm personal interactions and nonfinancial support to grantees all are fine. But without money changing hands, these positives are insignificant. And grantmaking can be effective without *any* of these minor characteristics. What's more, although foundation *language* is about shared values and partnerships, foundation *behavior* (and grantee behavior) reflects the underlying business relationship.

At the core of anti-partnership behavior by foundations is the implicit financial reality that nonprofits aren't really partners: we're vendors or consulting clients. (*continued on page 12*)



challenging grantmakers  
to strengthen communities

# Foundation-Nonprofit Partnerships

(continued from page 1)

## New and Renewing Members

Arca Foundation  
Arkansas Public Policy Panel  
Casa Latina  
Catholic Community Services of  
Western Washington  
Children's Alliance  
Community Day School  
Association  
Economic Security for Disabled  
Americans  
F.B. Heron Foundation  
Family & Youth Counseling Agency  
Ford Foundation  
Foundation for the Mid-South  
Grantmakers for Effective  
Organizations  
King County Coalition Against  
Domestic Violence (KCCADV)  
Kresge Foundation  
Los Angeles Metropolitan  
Churches  
Louisiana Bucket Brigade  
Mertz-Gilmore Foundation  
Minority Executive Directors  
Coalition of King County  
Nathan Cummings Foundation  
Nonprofit Assistance Center  
Rosenberg Foundation  
Safe Futures Youth Center  
Seattle/King County Coalition on  
Homelessness  
Solid Ground  
Surdna Foundation  
The PERICO Institute for Youth  
Development and Centre  
Three Rivers Community Action,  
Inc  
Walter and Elise Haas Fund  
Women's Community  
Revitalization Project (WCRP)  
YWCA Seattle



Jan Masaoka

For example, the president of a large community foundation recently referred to its grantees as “our vendors” at a board meeting. Trustees called him on it, but he continues to use the term. Others advocate “sector agnosticism,” by which they mean that foundations are not about building community institutions and capacity; they are about hiring whoever can do the best job of carrying out the foundation’s business. And despite decades of research, nonprofit advocacy and some foundation exhortations (Paul Brest of the William and Flora Hewlett Foundation and Gary Yates of the California Wellness Foundation come to mind) for multi-year, unrestricted grants to nonprofits, foundations still overwhelmingly make single-year, project grants.

Note: single-year project grants are exactly how one hires a vendor, and the exact opposite of how one works in a partnership. Arts thinker and executive John Killacky of Vermont’s Flynn Center for the Performing Arts recently wrote about the tendency of arts funders to give small management improvement grants to community arts organizations, a reflection of the common foundation view that they must counsel nonprofits on how to manage their organizations.<sup>1</sup>

The point here is not that foundations shouldn’t choose their own goals.

The point is that foundation goals are seldom as simple as filling potholes; foundation goals often reflect complex, nuanced, abstract visions (just listen to the foundation taglines on NPR). Such visions require complex and nuanced actions within the ecosystems of communities, not just hiring nonprofits to be factories of specific outcomes.

Both foundations and nonprofits want to use money to change the world in some particular way. The institutional financial interests of foundations are to spend money in a way that gives them satisfaction. The institutional financial interests of nonprofits are to get as much money, with as few strings attached as possible.

## LEARNING FROM OTHER RELATIONSHIPS

The one-to-one rapport between a foundation program officer and a nonprofit executive clearly is important, but this personal connection brokers – not incarnates – the institutional relationship. The two relationships are not synonymous. Too many programs of officers mistake praise and warmth from their grantees as evidence of their personal worth and professional expertise; the evidence for this includes the all-too-frequent experience of former program officers who find that their former grantees (and foundation colleagues) are surprisingly unresponsive once the program officers have become job-seekers or consultants. One foundation officer recently said to me, “It’s been a rude awakening, very rude. I thought I had really developed trust with our grantees, but when it comes down to it, they won’t tell the truth if it means they won’t get the money.”

This comment reflects the underlying foundation sense of what an “honest” relationship would look like: one where the grant-seeker tells its problems and failures to the foundation program officer. When a person goes to the

bank for a car loan, the banker wants to know the risks. The borrower will be honest about current income, but may leave out the part about layoffs looking imminent where he or she works.

But foundation staff often think of honesty as absent only on the grantee side. In our view, we grant-seekers don't hear the "honest" stuff from the foundation side – that, for example, a grant is declined because there's an informal quota for grants to Asian organizations, or because your organization is too close to a foundation that this foundation disdains. Or a grant is made because a foundation wants to get close to your main funder (like the Bill and Melinda Gates Foundation) or as a reciprocal favor for a grant made by another funding entity to this foundation's in-house imitative. New program officers often want their "own" grantees and not those with loyalty to their predecessors. Many program officers fall in love with grantees that make them feel cool and hip and smart. Non-profit governance researcher Bill Ryan's findings on how program officers see "more effective" and "less effective" grants are telling: program officers correlated "effective" grants with those on which they had the most influence in the proposal content and framing, and "less effective" with those on which they had the least influence.



Let's not deny the financial basis for the funder-grantee relationship, or try futilely to "change the power imbalance," or hope that individual closeness can trump institutional and financial imperatives.

Let's take a different approach. Let's not deny the financial basis for the funder-grantee relationship, or try futilely to "change the power imbalance," or hope that individual closeness can trump institutional and financial imperatives. Instead, we can look elsewhere for effective relationships that exist among overlapping – but distinct – power-imbalanced players.

Most of us have experienced such a relationship between a supervisor and a subordinate. A supervisor can't expect a subordinate to be "honest" on the first day of work. Over time, a relationship of mutual respect and confidence can grow. If, as an employee, I make a mistake and don't get fired for it, I am more likely to admit to a mistake the second time. If I express anxiety that I can't do a particular task and get assistance instead of a pink slip, I am more likely to grow in the job. By demonstrating confidence in my work (such as putting me on salary instead of as a temp), by giving me enough time to get the work done (including a few mistakes) and by legitimate praise and criticism, a supervisor and a subordinate can develop trust in one other over time. Even so, I still might not tell my supervisor that I've got a hangover or that her jokes are unfunny.

So here's some advice for grantmakers and grant-seekers seeking effective, grounded relationships.

For grantmakers:

- Make multi-year, unrestricted grants. When the pink slip (also known as a decline letter) is always hanging over our heads, we can't be as open.
- Share what you can about the internal dynamics of your own institution. Tell grantees what *you* need to look good to your boss and what you need to make the case to your committee that this grant should be made. Admit it when there's been a problem – that a proposal was overlooked for months, that funding guidelines changed between when a proposal was invited and when it was considered, that your foundation has an informal quota for a certain kind of grant or that you've heard negative things about the grant-seeking nonprofit.
- Recognize that your personal relationship with a grantee is based on a business relationship. Don't inadvertently send the message that you want grantees to fawn over you. Let a sense of mutual confidence build gradually over time.

For grant-seekers:

- When a funder says, "Jump," we still have to jump. We can complain to one another about especially egregious foundation behavior, but we have to do what our organizations and our constituencies need us to do.

- Find ways to sneak in a little education in your conversations with funders. If you receive a multi-year, unrestricted grant, tell the program officer, “When you show this kind of confidence in my organization I can be much more open with you.” To others perhaps you can say, “For this to become more of a partnership, it would help if I could feel that any mistake or changed analysis would not result in your foundation deciding not to renew this grant.” Remind funders that your organizations have mutual business interests, and that the degree to which you can be confident about talking with them is the degree to which they have demonstrated their confidence in you by significant, multi-year, unrestricted funding.
- Remember that foundation program officers are not the embodiments of their institutions. They have their own needs as employees striving to succeed in their own workplaces. Cultivate them as you cultivate major donors, understanding their persuasions, the pressures they face and what kind of fawning works on them.

### IN SUMMARY

Can you tell a program officer that a project is late because of some uncontrollable circumstance? Yes. But can you tell the same person a project is late because you completely screwed up? No. Can you tell a foundation that its “strategic initiative” is idiotic? No.

Can we talk productively about how a particular outcome can be achieved

by each of us playing the parts we can best play? Yes.

Why don’t we get started, and stop wasting time asking the wrong question over and over again? ■

*Jan Masaoka is the editor of Blue Avocado, an online magazine for nonprofits, with occasional articles on philanthropy, such as “Decline and Fall of the Vanguard Foundation,” and “Foundations: Fleas or Elephants?”* [www.blueavocado.org](http://www.blueavocado.org).

## Notes

1. John R. Killacky, “Regrets of a Former Arts Funder,” *Blue Avocado*, 23 June 2011, <http://www.blueavocado.org/node/664>.

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