



BEYOND EFFECTIVENESS: DEEPENING THE BONDS BETWEEN FUNDERS AND GRANTEES

Even after all this time

The sun never says to the earth

"You owe Me."

Look what happens with a love like that —

It lights up the whole sky!

—Hafiz (trans. Daniel Ladinsky)

With these words by a 14th-century Sufi poet, Edward Skloot, Executive Director of the Surdna Foundation, introduced an impassioned plea for funder-grantee relationships based on trust and a sense of shared mission. His words provided a thought-provoking counterpoint to other seminar presentations on the value of focusing strategy and developing systems to achieve measurable results. While Skloot affirmed the value of striving for effectiveness and accountability, he challenged seminar participants to look beyond management tactics and breathe new life into funder-grantee relationships with, in his words, "a more supportive, consistent, and trusting embrace of nonprofits."

Skloot observed that the emerging movement among foundations toward greater accountability, more detailed expectations for grantees, and more frequent and focused evaluations of their progress is happening just as philanthropic and public funding for social initiatives is shrinking. The financial squeeze, which helps drive the push for accountability, has also caused some funders to increasingly disburse short-term grants and impose tight restrictions on their support of grantees' operating costs. As a result, grantees exist in "a state of perpetual financial uncertainty," said Skloot. The focus on strictly defined outcomes, tangible measures of progress, and very controlled funding can have "a debilitating effect on those institutions we claim as our partners," he told seminar participants.

What is needed, in Skloot's view, is an approach to funder-grantee relations that explicitly seeks to meet the needs of both funders and grantees. Funders are feeling pressure to prove the value of their activities through greater accountability both for their

funding choices and outcomes, as well as internal management. Grantees need greater funding stability and appreciation for the true dimensions of their operating costs so that they can make long-range plans rather than survive from year to year. Skloot described a way forward in the approaches of organizations such as the Edna McConnell Clark Foundation, New Profit Inc., Venture Philanthropy Partners, and Social Venture Partners. Said Skloot, "their experiences suggest that deeper, longer, closer, more humane ties between funder and grantee can make a big difference in effectiveness."

But the efforts of a few organizations will not change how the majority of foundations work with grantees. For that shift to occur, foundations will need "to move



EDWARD SKLOOT, EXECUTIVE DIRECTOR, SURDNA FOUNDATION

"We need a mental model that sees foundations and nonprofits as two sides of the same hand."

—Edward Skloot

away from linear, transaction-based relationships to more engaged, knowledgeable, empathetic ones,” Skloot said. To better understand what executives of foundations and nonprofits most value in the fundergrantee relationship, Skloot conducted an informal poll of 30 of these leaders. Honesty was the choice of a decisive majority, many of whom wrote of how it builds attributes such as respect, empathy, and trust. “Effectiveness came after building these attributes,” Skloot observed. Many respondents wrote of the need for greater mutual understanding and solidarity and felt they could be achieved through “better communication, transparency, commitment to each other, and similar qualities,” said Skloot. These more open, trusting relationships could include specific changes such as more sharing of expertise, contacts, and information between foundations and nonprofits; more candid use of information gathered in due diligence; and earlier, more frequent, and more collaborative program evaluations.

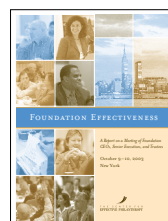
Turning from how foundations and nonprofits can work with each other to how both groups interact with other forces for change in society, Skloot urged foundations to change how they view their role in advocating for the work that is done by the nonprofits they fund. Too often, said Skloot, “when it comes to defending public education, community building, public service, human services, the nonprofit sector,

and even, when relevant, state and local governments, funders have become eerily quiet”—leaving advocacy to “seriously underfunded” nonprofits such as the Center on Budget and Policy Priorities and OMB Watch. Noting that foundations on the right of the political spectrum nurture generous long-term funding relationships with nonprofits that advocate similar values, he invited foundations to do more to express and demonstrate support and commitment to the social mission of the nonprofits they fund.

By focusing solely on strategy and accountability, “we are in danger of becoming a more ‘effective’ philanthropy, yet less relevant to solving our great common problems of poverty, equity, and justice.” Skloot warned. “Philanthropy’s mission demands that it find its public and private voices simultaneously,” he said. In his view, when foundations recognize the interdependence and common mission of foundations and nonprofits, they will greatly strengthen both the effectiveness of the funder-grantee relationship and the power of foundations and nonprofits to make a difference in the policy debates of our time.

Edward Skloot is the Executive Director of the Surdna Foundation.

The full text of Skloot’s remarks at the seminar is available online at www.effectivephilanthropy.org.



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