

# **Funder-Grantee Discussion on the Economic Situation and Moving Forward**

## **Summary of feedback from small group discussions**

**January 8, 2009 Back Bay Events Center, Boston, MA**

**Presented by** Associated Grant Makers

**Co-sponsors:** The Boston Foundation , Massachusetts Nonprofit Network, Third Sector New England , United Way of Massachusetts Bay and Merrimack Valley

The small group discussions summarized below took place following and partly in reaction to the panel's comments. To fully appreciate the small group conversations, it may be useful to first read the summary of the panel's remarks or listen to the podcast of the session.

**Please note:** the complete listing of comments (raw data) is available upon request. For more information about this report, or to request the raw data, please contact Carol Lavoie Schuster at [clavoieschuster@agmconnect.org](mailto:clavoieschuster@agmconnect.org)



While this summary details responses to each one of the responses that attendees worked on, it is important to highlight overarching themes that run across all three questions. These overarching themes are:

- The need for greater connection between nonprofit organizations and between nonprofit organizations, funders and other key organizations. Some examples for improving the connection were: convenings (to share best practices and/or discuss such topics as collaborations) and creating a centralized hub of information and resources.
- Policy advocacy for the sector, particularly around the economic stimulus package
- Revisions to the current foundation-grantee funding model. Some examples include: multi-year grants, more money for capacity building, and increased technical assistance
- Communications strategy for nonprofit organizations and for the sector as a whole

**Question 1: In light of the panel discussion and your own experience, what two or three action steps would you suggest – for nonprofits, funders, and/or public agencies – to help nonprofits make it through the next 6-18 months?**

The notes collected from the tables which addressed Question 1 contained a great deal of feedback, much of it not specifically addressing the request for 2-3 proposed action steps, but which did provide valuable context and framing for the comments and suggestions that were contained in the notes. In sorting through the responses, some clear themes of action steps and specific recommendations did emerge. Those themes are: Collaboration, Streamlining, Tools/Resources/Data, and Communications/Convening; they are summarized below.

**Collaboration**

Not surprisingly, given many of the panel's comments and recommendations, there was a significant group of comments that focused on the need for various types of collaboration within and across segments of the nonprofit sector. There was, however, a caution in the tone of some of these comments noting, for example, that collaboration takes time and administration [funding]. Further, there was a sense in some of these comments that it would be important to look at a variety of types of collaboration – everything from information sharing to outright merger, but that in all events, it would be important to understand why collaboration would be more efficient and make sense at this time.

Two comments which capture both the optimism and caution about the possibilities represented by collaborations are:

- Not-profits worried about collaborations may mean tho [sic] less dollars than used to from funders
- Collaborations are great but extremely time consuming and the relationship takes time to build.

**Streamlining**

There was another group of comments that focused on a range of streamlining approaches that are needed. In many cases, these comments seem aimed at funders – suggestions that funders need to understand that grant application and reporting requirements are onerous. Noted one respondent: Encourage funders to accept a general report. This would free up time for development, services, marketing, etc.

Other comments about streamlining seemed more inwardly focused – looking at streamlining the purpose and focus of an organization, for example.

## **Tools, resources and data**

There were a significant number of calls for the creation or support of tools and resources to help the nonprofit sector in the coming months. These included:

- Capacity building grants and resources (e.g., staff professional development)
- Databases of “who is doing what”
- Databases and resources to help target fundraising more efficiently and effectively
- Technical assistance guides and resources
- Opportunities for nonprofits to learn from their peers
- “Some attempts at mapping projects. Funders could invest.”
- Research models that work and propagate [these models].

## **Communications/Convening**

Many of the comments received addressed issues of communication which took two primary tacks: 1) increased/enhanced communication within or across the sector, and/or 2) looking for other opportunities for convening some or all of the nonprofit sector.

Examples of calls for increased communication included requests for funders to be transparent and open about their funding changes and priorities. Noted one respondent: To funders: Tell me NOW [if I am] wasting time. There were also specific calls for funders to be open about their grant making processes and timelines.

There were calls for nonprofits to be transparent in their communications. For example: Nonprofits: don't wait too late to raise the red flag – funders can't help if they don't know what's happening

A significant number of comments reflected the panel's call for a strong and collective voice from the nonprofit sector on the economic stimulus bill and how moneys would be distributed within Massachusetts. Examples of these comments are: Re: stimulus – nonprofit network should be lobbying for stimulus \$, and Contact our state representatives and local politicians to let them know about our physical plant needs.

There were also several tables that asked for additional convening opportunities to continue conversations such as the one begun on January 8, or to address additional topics. Examples include:

- Convening role -> ID collaborations that need to happen

- Use Nellie Mae Foundation model – bring your grantees together, provide tech assistance, long-term funding
- Put everyone (nonprofits) together in a room to get agencies to talk – conversations 1st step – req. by funders around topics like how to move forward, smaller settings

### **Other important questions or suggestions**

In addition to the major themes that emerged from the table-top conversations, there were a number of other remarks, suggestions and questions that were submitted for consideration that seem to capture important ideas:

- Asked one table: Where are the voices of the people we serve?
- A table of funders suggested that everyone needs to check your egos at the door – this was suggested for funders and nonprofits alike. That this is a time to realistically assess what you do well and be humble in asking for help and looking for ways to strengthen all that you do.
- There were suggestions that board development would be needed
- A couple people reflected on the need for the involvement and support of young people in philanthropy.

### **Question 2: Considering the questions posed to the panelists about transformative change and a system-wide response, what two or three action steps would you suggest to help the Massachusetts nonprofit sector thrive in the long term?**

14 tables answered question two. Many tables offered more than the requested two or three action steps to help the Massachusetts nonprofit sector thrive in the long term. Out of this information came several key themes. The themes are Collaboration, Government, Grant Making Organizations, and Best Practices and Transparency.

#### **Collaboration**

Eleven of the fourteen tables discussed some form of collaboration as one of the action steps that would help the nonprofit sector in Massachusetts thrive in the long term. The types of collaborations discussed were 1) funder collaborations 2) nonprofit collaborations and 3) joint nonprofit-funder collaboration. In all three sub-categories of collaboration, the goal was to achieve efficiency, a higher level of communication, transparency and impact. The need for grantmakers to fund collaborations was indicated by two of the tables. Lastly, the suggestion “collaboration” was preceded in two tables with the need to convene first to pinpoint the opportunities to collaborate and direct the process. It was suggested that larger organizations

such as AGM, MNN or the Boston Foundation organize or broker such convenings or conversations.

### **Government**

Eight of the fourteen tables emphasized the importance of the nonprofit sector's relationship with state government. Two tables noted that of the 400 attendees at the January 8 session, there were no public officials in attendance. The ways in which the tables viewed the importance of interaction with government were: 1) tax reform 2) revision of the reimbursement process of state contracts 3) advocacy about the importance of the nonprofit sector (within that there were two tables that mentioned the importance of the nonprofit sector receiving a portion of the stimulus package) and 4) for the nonprofit sector to play a role in reassessing or monitoring state spending to create more accountability and transparency.

### **Grant Making Organizations**

Nine of the fourteen tables described opportunities for grant making organizations to help bring about systemic change. The main call to action was for grant makers to consider funding unrestricted and capacity building support. Many included the need to also fund areas such as technical assistance (TA), strategic planning and collaboration (as mentioned above). There were two tables that also addressed the need to educate grant makers on what nonprofits need most, particularly at this moment in history. There was a strong call across the board to have a more open dialogue and "partnership" relationships between nonprofits and funders to be the most effective. Lastly, two tables addressed the need to clarify the funding process to make it more transparent.

### **Best Practice and Transparency:**

There was a strong indication from nine of the fourteen tables that there is a need to create a culture of transparency, efficiency, excellence and best practice in the nonprofit, funding and governmental sectors. For the nonprofit sector, the main issues addressed were the need to build best practices such as: human resource policies, board operation policies and financial management procedures. For all of the previously mentioned, there was a desire to have assistance from funders, collaborative networks of other nonprofits or volunteers to achieve these best practices. Lastly, for the state government, as mentioned above, there was a call to reassess state government spending to create more accountability and transparency.

Two additional themes (each with only one table commenting, but important points nonetheless):

- **Marketing/outreach**

One table described the need to increase media coverage of the nonprofit sector. The suggestion was made for media organizations to add staff that understands the nonprofit

sector. This would create an opportunity to educate the public about “the business ramifications of the sector’s work.”

- **Volunteers**

One table addressed the need for a nonprofit network to “pull together corporate volunteers with varied skills and pair them with organizations.”

**Question 3: Thinking about your own organization, what specific kinds of support or technical assistance would be most helpful to you in building your capacity to weather the current crisis and emerge from it stronger?**

Fifteen tables answered Question number three. To synthesize responses, themes that ran across all tables were grouped under three categories: nonprofit organizations, funder, and inter-organizational, meaning suggestions that entail nonprofits and/or nonprofits and funders coming together. Under each category, areas of need are listed in order of frequency. These are followed by concrete examples provided by participants.

**Nonprofits**

At the individual nonprofit level, the following capacity building/technical assistance needs were identified:

- **Leadership development.** Eight (8) tables included the need to bolster leadership across all levels of the organizations, with a particular emphasis on boards (6 tables). Specifically, participants identified the need to increase the active participation of boards in fundraising and volunteer work in the face of potential staff reductions. Other areas of leadership development included succession planning; support to Executive Directors to avoid “burn-out” and “second-tier” leadership development.
- **Strategic planning or internal assessments.** Seven (7) tables identified the need to create safe spaces to allow organizations to be honest and “take a hard look at our program model to be sure we are operating at utmost efficiency and giving the most to those we serve.” Strategic planning was identified as the process to create these spaces.
- **Marketing/Communications.** Six (6) tables identified a need in having marketing or communications strategies that allow organizations to communicate their impact, relevance and uniqueness in order to improve outreach and education efforts, and attract funding and new volunteers. In this regard, there was a particular emphasis on learning how to use or improving the use of electronic media such as websites.
- **Fundraising.** Five (5) tables indicated fundraising as a need. Specifically, they expressed the need to learn how to research, develop and/or expand individual donor bases.

- **Financial management.** Five (5) tables expressed a need for learning how to do economic sustainability planning. Specifically, respondents mentioned building a “rainy day fund” and learning the legal implications, if any, as well as educating funders about the importance of such reserve funds. Of the five tables, two also included learning how to do better budgeting, noting the necessity to build-in capacity building and evaluation dollars in the budgeting process.
- **Human Resources.** Although there was no consensus in the human resources area, four tables did identify an aspect of this management area as a need. One of each of these tables expressed a need in the areas of staff supervision, staff motivation, dealing with staff morale in the face of lay-off, and hiring procedures that ensure recruitment of best qualified people.
- **Building staff capacity.** Although the economic challenges speak to potential staff lay-offs, at least three (3) tables acknowledged that they do needed to build staff capacity in two key areas: fundraising and community outreach.
- **Evaluation/Outcome Measurement.** Two (2) tables noted the importance of having strong evaluation/outcome measurement systems to improve organizations’ ability to communicate their impact and effectiveness.
- **Computer Equipment.** Two (2) tables acknowledged the need for better and updated hardware and software to support improve communication/marketing and database/evaluation systems.

## Funders

The 15 tables that worked on Question 3 did not only assess their own capacity building and technical assistance needs, but they also acknowledged the importance of including a key partner in advancing their missions: philanthropy. Therefore, participants had the following recommendations for funders:

- **Funders’ Role in convening nonprofits.** As will be noted below, a process or mechanism for bringing nonprofit organizations together was the overwhelming recommendation. In this regard, eight (8) tables suggested that the funding community should play this role, not only to engage nonprofits in meaningful conversations about such thorny issues as collaborations, strategic alliances and mergers, but also to encourage improved communications and relationships between funders and grantees. Specific examples to bring nonprofits and funders together included : “speed” dating between funders and nonprofits and “large room/exhibits” and networking or “brokering” sessions to meet program officers.

- **Funding models.** Seven (7) of the tables recommended that the funding model be changed so that there are more operational multi-year grants. One table also suggested challenge grants to motivate other potential funders. Finally, one table recommended that funders consider allocating dollars for capacity building and evaluation grants.
- **Changes in How Foundations Think about Grant Making.** Two (2) tables suggested that foundations take time to have internal conversations so they can get more educated about the importance of general operating support and keeping level funding allocation. Further, one of these tables suggested the need for greater funder collaboration. Finally, another table suggested conversations among philanthropy to internally evaluate the wisdom of keeping their assets in “perpetuity.”
- **Support in Cost Sharing.** Two tables (2) suggested a role for philanthropy in terms of helping them share costs. The two specific suggestions were having a foundation pay for an IT specialist that supports its grantees and having a foundation pay for a consultant that can work with four grantee organizations on such capacity building needs as board development.

### **Inter-Organizational**

- **Bringing nonprofit organizations together.** Thirteen (13) of fifteen tables identified the need to establish consistent and structured mechanisms to bring nonprofit organizations together to foster the kind of space that will bring about fruitful dialogues and exploration about often difficult topics such as mergers, collaborations and strategic alliances. Many of these tables noted that nonprofit organizations often know very little about each other’s work and noted that much could be learned from each other. Some specific suggestions included: “speed-dating” among organizations’ boards of directors; having philanthropy play a convening role (see above), and convening “like-minded” organizations or those organizations working with similar constituencies and/or service areas.
- **Establishing a “Hub”.** Five (5) tables recommended establishing a centralized, web-based, Massachusetts-focused resource that can provide multiple types of information support to nonprofits such as helping nonprofit organizations share information such as accessing pro-bono services, a clearinghouse for job seekers and job opportunities, a blog to exchange ideas, knowledge and learning. Finally, two tables recommended a centralized place to do community research and planning that can guide funding allocations and program planning.
- **Cost-sharing.** Five (5) tables indicated the need to share costs, specifically in the areas of health care insurance and IT support.

- **Policy advocacy.** Four (4) tables identified the need to bring nonprofits' political power to bear in order to access state budget earmarks, funding from the economic stimulus package and advocate for more spending flexibility in government contracts.
- **Marketing/Communications.** Two (2) tables indicated the need to improve the general public's understanding of the purpose and value of nonprofit sector and suggested market research, although no particular entity was identified to do this research.