

Foundations Need Grant Recipients' Feedback

By Thomas C. Layton and Sara Olsen

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A growing number of businesses have begun to practice "corporate social accounting": measuring their results not just by looking at the bottom line, but also by figuring out what they have done to help or harm employees, the residents of the surrounding neighborhoods, and the natural environment. To assess their social performance, companies survey those affected by their activities and publish the results.

Foundations need to take a similarly broad look at their performance. Just as with corporations, foundations have many stakeholders, including some who lack a voice to change a foundation's behavior. While boards, officers, and a foundation's founder and family members wield tremendous influence over an organization's decision making, and some foundations undertake 360-degree performance reviews to give a voice to employee concerns, one essential group is rarely asked how things could work better: grant recipients.

When they have criticisms of their experiences working with foundations -- whether they're unhappy about the way they are treated, or question the professionalism or knowledge of program officers or the foundation's rules for reporting on the use of its money, or are dissatisfied with the assistance they receive -- grantees may feel they risk jeopardizing the all-important personal relationship with their supporters if they were to complain. It is almost unheard of for grantees to express concern about the size or duration of their grants. Most grant makers believe it is inevitable that grantees have concerns and, therefore, dismiss them, rather than using the concerns as an opportunity for constructive dialogue.

But the absence of critical feedback has two serious consequences. It nurtures a self-perception among grant makers that we are more knowledgeable than we really are, that our ideas are better and more effective than they really are, and ultimately that we are more important to the achievement of an organization's mission than our grantees.

In turn, many grant recipients have been acculturated not to recognize when they feel demoralized, when they are being treated with disrespect, or even when they are being asked to do what becomes impossible with insufficient resources. As a result, their ability to carry out grant makers' intentions is fundamentally compromised. The endemic demoralization felt by nonprofit executives is evident in burnout and turnover rates -- which are consistently higher than in business or government, despite the passion and conviction of most charity leaders.

In response to this situation, nonprofit groups could start a grass-roots movement through which they would publicize their own stories about foundation maltreatment. This divisive possibility may not seem real, but historically many power imbalances seemed natural before

they were corrected, and with charities making up 6.7 percent of the gross domestic product, nonprofit groups could certainly mount a substantial movement.

But before we get to the point where nonprofit groups feel that organizing is necessary, foundations should ask grantees for their opinions. And foundations should be sure that the grantees are allowed to answer without giving their names or other identifying features.

Anonymous surveys of nonprofit executives could help foundations monitor how clearly and consistently they are articulating their grant-making objectives and decision criteria, how well foundation staff members adhere to publicly announced deadlines for making decisions, whether grant payments are distributed on time, and other matters important to the effectiveness with which grantees achieve their missions.

Some foundations already ask for, or are considering soliciting, such feedback. In the San Francisco Bay Area, for example, grant makers and the associations that represent them are trying to develop either an online- or phone-survey system to improve the effectiveness of their working relationships with grant recipients. Foundations could easily, and inexpensively, integrate such a system with other evaluation processes to yield a more accurate picture of grant makers' true impact.

Because such surveys would deal with customer-service issues, the results would do much to help foundations learn about the performance of their employees and help managers give their employees useful feedback. The surveys could also be constructed to provide boards and executives with a tool to check "mission creep," where grant recipients stray from their main strengths and purposes in an effort to appeal to grant makers' missions and requirements. Well-designed surveys would allow for constructive criticism as opposed to destructive and personal attacks.

Understandably, foundations fear receiving a negative report card. But the real danger to grant makers is not asking to be evaluated because we fear the truth. Our philanthropic generation has a great opportunity to release and benefit from the creativity, goodwill, and energy of nonprofit groups. A continuous dialogue between the two groups -- demonstrating how grant makers do well and can do better -- is not only the responsibility of foundations to ensure, but it is also what grant recipients -- our colleagues -- have a right to expect.

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