

Do Nothing About Me Without Me

An Action Guide for
Engaging Stakeholders

BY J. COURTNEY BOURNS



Interaction Institute
for Social Change



Grantmakers for Effective Organizations is a community of more than 350 grantmakers challenging the status quo in their field to help grantees achieve more. Understanding that grantmakers are successful only to the extent that their grantees achieve meaningful results, GEO promotes strategies and practices that contribute to grantee success. More information on GEO and a host of resources and links for grantmakers are available at www.geofunders.org.

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**Interaction Institute
for Social Change**

The mission of Interaction Institute for Social Change is to ignite and sustain social transformation, catalyze collective action and build collaborative skill to bring alive our vision of a just and sustainable world. IISC accomplishes this by providing network-building, consulting, facilitation, leadership development and training services designed to transform communities, schools and organizations and build the capacity of leaders of social change.

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By J. Courtney Bourns

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INTRODUCTION

If you want to go fast, go alone. If you want to go far, go together.

— AFRICAN PROVERB

In the course of transforming itself to better support community well-being in Ohio's Mahoning Valley, the **Raymond John Wean Foundation** expanded a board that once was typical of family foundations into one that represents a diverse mix of community voices.

The **Durfee Foundation** in Santa Monica, Calif., consistently relies on former grantees to help decide which individuals and projects to fund today.

The **Triangle Community Foundation** launched its Community Grantmaking Program in 2007 after hearing from nonprofits that the Durham, N.C., grantmaker was perceived as too closed off from the surrounding community.

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These foundations are part of a growing movement in philanthropy — a movement founded on the belief that grantmakers are more effective to the extent that they meaningfully engage their grantees and other key stakeholders.

Grantmakers doing this work have arrived at an understanding that much of the knowledge and experience they need to solve the problems they want to solve, and to help them do a better job as grantmakers, resides in the communities they serve. This is in keeping with an important core value that has long been held by many in the nonprofit sector — that people need to play an active role in addressing the issues that affect their lives. This underlying value is captured by the phrase that has been made visible by the disability rights movement in recent years: "Nothing about me without me."

"We want to be an accessible, innovative and open foundation that is supportive of and involved with the community," said Community Program Officer Robyn Fehrman of the Triangle Community Foundation.

Although many grantmakers are making significant changes in their practices toward working in genuine partnership with their grantees and community partners, the perception persists today that foundations operate in ways that exclude, rather than engage, key stakeholders. GEO believes the reasons for this perception

include a lack of knowledge about the benefits of this type of engagement and a lack of skill to do it well. This action guide seeks to provide both the knowledge and skills required to support this emerging practice in philanthropy.

The goals of this action guide are to

1. define stakeholder engagement as it applies to the work of grantmakers,
2. make the case that engaging grantees and other relevant stakeholders in strategy development and grantmaking practices leads to improved results,
3. provide grantmakers with a variety of options for engaging stakeholders and steps for doing so, and
4. offer examples of the different ways grantmakers are engaging stakeholders and the positive impact that stakeholder engagement has on their grantmaking.

Grantmakers are uniquely positioned to catalyze creative problem solving in the communities they serve. This guide shares the stories of pioneering grantmakers who already are busy engaging the knowledge and passion of their grantees and community members. We hope that the tools and frameworks provided here will enable many others to join these leaders.

Author's Note:

We are grateful to our colleagues at the Interaction Institute for Social Change for contributing their expertise to GEO during the Change Agent Project that laid the foundation for this work. We appreciate their ongoing partnership and the invaluable contribution of IISC's collaborative toolkit, which supports GEO's efforts to expand this area of practice for grantmakers.

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Master the Basics

WHAT IS STAKEHOLDER ENGAGEMENT IN PHILANTHROPY?

Stakeholder engagement is the art and science of becoming more connected as a grantmaker. It is based on the belief that those closest to a problem have important insights that will help shape solutions. Stakeholder engagement means the following:

- *Reaching beyond the usual suspects for information and ideas.* Grantmakers often turn to technical experts, academics, business leaders and paid consultants for advice. Including other stakeholders as well will yield better results. Community residents, grantee leaders and staff, and others who are affected by grantmakers' decisions can provide a front-row take on the problems at the heart of your work and how to shape solutions.
- *Listening and applying new learning about how to strengthen your grantmaking.* Grantmakers need to know whether their grantmaking and the way they do their work is helping nonprofits, communities and movements to succeed. The only way to know is to ask and listen, and then to make changes based on what you're hearing from grantees and others.

- *Involving a wider audience of individuals and organizations in philanthropic decision making.* Nothing says that grantmakers have to make grantmaking decisions on their own. In fact, many grantmakers are engaging "outsiders" in their decision-making processes as a way to increase transparency and trust, and to ensure that their grantmaking reflects real-world priorities and needs.

Of course, stakeholder engagement does not mean reaching out to anyone and everyone. Rather, the focus is on those audiences that are most affected by your organization's grantmaking and that can offer insights and information that will strengthen your work.

GEO's research on this topic suggests there are two groups of stakeholders whom philanthropy often overlooks but whose input can contribute in a significant way to smarter grantmaking and better results. They are (1) nonprofit leaders (including leaders of grantee organizations and nonprofits that your organization does *not* fund); and (2) local residents and grassroots leaders in the communities you serve.

Ron Hanft of the Funding Exchange observed, "Academics and others can be useful and bring important perspectives to the table, but the people who know how to make things happen in their communities are those who are based in those communities."

TO WHAT EXTENT DO GRANTMAKERS VALUE EXTERNAL INPUT ON THEIR STRATEGY AND PRACTICES?

Although a growing number of grantmakers are involving stakeholders as a route to better results, research shows that taking active steps in this direction still is not common practice in the field. The following are findings from GEO's 2008 survey of the attitudes and practices of staffed grantmaking foundations in the United States:

Grantmaker Priorities

- ▷ A slim majority of grantmakers (54 percent) indicated it is “very important” for effective grantmaking that their organizations solicit outside advice.
- ▷ A similar proportion (52 percent) said it is “very important” to collaborate with external groups and organizations.

Grantmaker Practices

- ▷ Only 36 percent of grantmakers in the GEO survey said they seek advice from a grantee advisory committee about policies, priorities, practices or program areas.
- ▷ An equal proportion (36 percent) took even the most minimal step of soliciting feedback (anonymous or nonanonymous) from grantees through surveys, interviews or focus groups.¹

The lack of genuine stakeholder engagement by grantmakers leads to frayed relationships with grantees and communities. This was a key finding of GEO's Change Agent Project, which was designed in partnership with the Interaction Institute for Social Change to engage nonprofits and grantmakers to identify ways in which philanthropy can best support nonprofit results.

During nonprofit focus groups convened for the Change Agent Project, participants repeatedly noted that the “power differential” between foundations and grantees leads to counterproductive relationships and sometimes can stand in the way of grantee success.

Who Are a Grantmaker's Stakeholders?

- ▷ **Internal stakeholders:** The actions of your board and staff are crucial to the success of your grantmaking. To the extent that they are engaged and supportive of your work and mission, you will be more successful.
- ▷ **Grantees:** Grantees can help you learn how your philanthropy is or is not contributing to success at the organizational, movement or community level and how to become a smarter grantmaker.
- ▷ **Grantmaker peers:** A frequent complaint about philanthropy is that grantmakers are constantly reinventing the wheel in their work with grantees. Engaging with other grantmakers helps ensure that you are sharing lessons learned and not repeating others' mistakes.
- ▷ **Local community members:** Ultimately, most grantmakers are looking to improve outcomes at the community level, whether the issue is poverty reduction or environmental cleanup. Engaging the people you intend to help or the representatives of the communities you serve is essential to learning how you're doing as a grantmaker.
- ▷ **Thought leaders / experts:** Academics and policy and other experts can provide important information and insights about what's happening in your priority funding areas, who's doing what, and what works. But their influence should not exceed that of the “real experts” whose lives and work are directly affected by grantmaker actions.

¹ Grantmakers for Effective Organizations, *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice*, 2008. Available at www.geofunders.org.

What are grantmakers doing to engage grantees and other relevant stakeholders to inform their work?

- 14%** Delegated funding decision-making power to representatives of recipient communities or grantees
- 36%** Sought advice from a grantee advisory committee about policies, priorities, practices or program areas
- 48%** Sought external input on grant proposals from representatives of recipient communities or grantees
- 56%** Invited grantees to address board members occasionally or often
- 59%** Brought together funders and grantees to discuss matters of mutual interest
- 61%** Assessed the needs of the communities or field(s) the foundation serves (e.g., through surveys, interviews or focus groups)
- 88%** Attended grantee events (e.g., fund-raisers or performances)
- 90%** Staff conducted site visits
- 90%** Met with grantee leaders to learn more about mutual issues and trends from the leaders' perspectives

Source: Grantmakers for Effective Organizations, *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice*, 2008.

The following are some of the comments we heard from nonprofits:

“There is a need for a safe space for a dynamic relationship so that grantees are not punished for giving feedback to a funder.”

“There are no opportunities for funders and nonprofits to come together to talk about these issues.”

“The relationship between funders and nonprofits is superficial.”

It is not just foundation grantees that lack a sense that they are working toward a common cause with grantmakers. According to polling conducted by Harris Interactive for the Philanthropy Awareness Initiative, influential community leaders² show a limited understanding of the work of grantmakers.

Only 15 percent of community leaders in the survey could give an example of a foundation benefiting their community, and just 11 percent could give an example of a foundation's impact on an issue they care about. The survey results affirm that too many grantmakers do their work in isolation from the communities they serve.³

Jeanne Kracher, executive director of Chicago's Crossroads Fund, said the lack of stakeholder engagement in philanthropy stems in part from foundations forgetting their public purpose: Too many grantmakers lose sight of the fact that their resources are public resources.

“The best practice is to think of yourself as serving the public good — and to do that you need some way to know what the public good is,” she said. This knowledge is not available to a foundation working in isolation, Kracher added. Rather, foundations need to do more to ask the public how philanthropy can best be of service to communities and nonprofits.

²Influential community leaders were defined as individuals who during the last year have held a staff leadership, committee or board-level role for an organization working on community or social issues. Harris Interactive estimates that these individuals constitute 12 percent of the U.S. adult population and are significantly more engaged than the general public.

³Philanthropy Awareness Initiative, “Philanthropy's Awareness Deficit: Results from Survey of Engaged Americans,” 2008. Available at www.philanthropyawareness.org.

An increased focus on accountability to the public and on serving the public good can help a grantmaker be more responsive to community and stakeholder needs. Many community foundations, for example, are governed by diverse boards and include community members in their grantmaking decisions because those decisions need to reflect the broader community interest. This type of community orientation can help *all grantmakers* make sure that they are serving the public good, not as they define it themselves but as it is defined by people with a firsthand understanding of what's happening at the grassroots level.

HOW IS THIS TOPIC RELATED TO CONCERNS ABOUT DIVERSITY AND EQUITY IN PHILANTHROPY?

Any serious conversation about how grantmakers can and should engage a broad range of stakeholders inevitably touches on issues of diversity, equity and power. When grantmakers weigh strategies for including more “outside” voices in philanthropic decision making, one of the crucial questions they must consider is which important stakeholder groups traditionally have been left out of the process that grantmakers use to make their decisions.

Grantmakers have many viewpoints and experiences to consider as they think about how to address inequities and engage diverse stakeholders. They will inevitably face new and challenging conversations that come with greater diversity. It is not the intent of this publication to treat this aspect of stakeholder engagement in detail. However, grantmakers will benefit to the extent that they keep a few foundational concepts in mind. These concepts include the following:

Diversity provides capacity to engage and understand. Many grantmakers are learning that embracing diversity and including varying viewpoints can be far more effective than operating behind closed doors. As one representative of the Jessie Smith Noyes

Foundation said, “We need diversity not simply to reflect the movements we fund, but to understand them.”

Authors Mary Ellen Capek and Molly Mead expanded on this idea in their book, *Effective Philanthropy: Organizational Effectiveness Through Deep Diversity and Gender Equality*.⁴ The book advocates a commitment to “deep diversity” among grantmakers, not simply because it’s the right thing to do but because it has a direct effect on a foundation’s ability to help nonprofits succeed.

“If foundations ... do not have in their boardrooms or on senior staff people like those they are funding and lack the benefit of diverse perspectives engrained into their organizations, these ‘shallow diversity’ foundations do long-term thinking and goal-setting that are seldom strategic or effective,” Capek and Mead wrote. “They lack the capacity to define the broadest range of problems they are attempting to solve.”

Organizations that operate with inclusion, justice and equity as core values are better positioned to identify and include those who need to be involved in their work, balance those perspectives, and incorporate stakeholder ideas into their decision making. Inclusive organizational cultures foster empathy for those served, maintain dialogue and flexibility in the design and implementation of strategy, and are self-reflective (i.e., they are always considering how they can do a better job addressing stakeholder needs and concerns).

Kristin Lindsey, the chief operating officer of the Council on Foundations and previously a consultant to foundations on diversity issues, explored the idea of inclusive organizations in a 2005 article for the Neighborhood Funders Group. Inclusive organizations, Lindsey wrote, “diligently seek, value and use diverse perspectives and relationships to enhance their understanding, develop and implement strategies, and make decisions. Differences are respected, insights deepen, power is shared.”⁵

⁴ Mary Ellen Capek and Molly Mead, *Effective Philanthropy: Organizational Effectiveness Through Deep Diversity and Gender Equality*, Cambridge: MIT Press, 2006.

⁵ Kristin Lindsey, “Redefining Effectiveness: Putting Diversity Where It Belongs,” *NFG Reports: The Newsletter of the Neighborhood Funders Group*, Summer 2005.

Diversity helps address the power differential.

Grantmakers and nonprofits sometimes point to a power differential between their organizations to explain why having open and honest dialogue is difficult. Although stakeholder engagement generally is a way to build those relationships, stakeholder engagement with a diversity lens offers an added opportunity to address the imbalances of power created and perpetuated by deep-rooted social, political and economic issues. By including those who are most affected by the problems grantmakers are trying to solve, philanthropy can strengthen the ability of these key stakeholders to play an active role in how their communities develop and prosper.

In this sense, grantmaking with diversity at its core is not just about acknowledging the existence of inequities; it's about changing the way we think about whose judgment matters and how we share control of and responsibility for our work. Some grantmakers go beyond their grantees to include nongrantees and community members, incorporating people who are the ultimate beneficiaries of philanthropic investments, in an effort to ensure broader engagement.

Not being inclusive is risky. For grantmakers, it can be risky to have those who are privileged or removed from the direct experience of discrimination and poverty making decisions on behalf of people who are experiencing those issues. Decision makers who are not directly connected to the challenges facing disadvantaged communities likely will have gaps in worldview and experience that ultimately can lead to ineffective or failed programs, broken relationships and community disengagement.

Thought Leaders and Key Initiatives on Diversity, Inclusion and Equity

A number of groups are delving deeper into issues of diversity and equity in the field, including the following:

The Diversity in Philanthropy Project

was a three-year “voluntary campaign that engaged foundation trustees, senior staff and executives committed to increasing field-wide diversity through open dialogue and strategic action.” As DPP came to a close, a coalition of leading philanthropy infrastructure networks and organizations committed to a five-year collaborative effort — called D5 — to galvanize philanthropy’s work on diversity, inclusion and equity. Founding partners include the Council on Foundations, the Joint Affinity Groups, seven regional associations of grantmakers, the Foundation Center, and Diversity Focused Funds, represented by Rockefeller Philanthropy Advisors. D5 envisions an inclusive philanthropic sector in which foundations draw on the power of diverse staffs and boards to achieve lasting impact, forge genuine partnerships with diverse communities, and increase access to opportunities and resources for all people.

www.diversityinphilanthropy.org

The Philanthropic Initiative for Racial Equity

is a multiyear project intended to “increase the amount and effectiveness of resources aimed at combating institutional and structural racism in communities through capacity building, education, and convening of grantmakers and grantseekers.” Its newest publication, “Catalytic Change: Lessons Learned From the Racial Justice Grantmaking Assessment,” shares lessons from the pilot assessment within two foundations in Washington, D.C., and Boston. www.racialequity.org

Rockefeller Philanthropy Advisors has conducted research and presented findings on the state of diversity in the field in a series of reports. Its most recent publication, “Diversity in Action: Strategies With Impact,” produced in partnership with the Council on Foundations and the Forum of Regional Associations of Grantmakers, features the reflections of six foundation CEOs and trustees on the impact of diversity and inclusiveness efforts in their organizations. www.rockpa.org

Joint Affinity Groups is a coalition of six identity-focused grantmaker associations that “engages the field of philanthropy to reach its full potential by supporting diversity, inclusiveness and the principles of social justice and promoting a more equitable distribution of resources.” In 2007, JAG held a National Unity Summit to encourage strategic thinking that challenges the way grantmakers work, build new partnerships and collaborations, and identify best practices that can support a change agenda in the field. In 2010, JAG's current six members will launch JAG 2.0, creating opportunities for other affinity groups that share their mission to join their collaboration. www.jointaffinitygroups.org

In the publication “Building on a Better Foundation: A Toolkit for Creating an Inclusive Grantmaking Organization,”⁶ the authors note that a group with differences in race, ethnicity, gender, age, sexual orientation, class background, physical ability, philosophy and viewpoint makes for “a rich community of opinion and skills that a homogeneous grouping cannot begin to match.” Building a staff and board with people of diverse backgrounds is one way that grantmakers fill those gaps in worldview. Other grantmakers seek to ensure diversity in grantee selection, philanthropic decision-making structures and internal contracting practices.

Discussions of power and equity in philanthropy are complex and can be daunting. There is a great deal to be learned, and many foundations wonder where to begin.

Adopting a more inclusive approach to grantmaking can start with something as simple as making a commitment to seek and act on the input of diverse stakeholders while setting your organization's agenda. This commitment can include changes as significant as expanding the organization's board and staff to better reflect the communities served or delegating authority to grantmaking committees with diverse representation.

The foundational concepts about stakeholder engagement presented in this guide provide a few good places to start addressing these issues. In future efforts, GEO hopes to work with our partners to take a more in-depth look at issues of diversity, inclusion and equity and to explore how grantmakers can add that diversity lens to their efforts in stakeholder engagement.

⁶ Donors Forum of Chicago, Minnesota Council on Foundations, Northern California Grantmakers and Philanthropy New York, “Building on a Better Foundation: A Toolkit for Creating an Inclusive Grantmaking Organization,” 2001.

Perspectives on Engagement

In recent years, many leading thinkers have made compelling cases for engagement from a variety of starting points and perspectives. Here are a few:

Engagement and adaptive leadership. According to Ronald A. Heifetz, addressing complex social problems requires “adaptive leadership,” which is founded in part on learning with and from others about the nature of the problems and what it might take to solve them. Heifetz explained further in a 2004 article he cowrote in the *Stanford Social Innovation Review*: “The stakeholders themselves must create and put the solution into effect since the problem is rooted in their attitudes, priorities and behavior. And until the stakeholders change their outlook, a solution cannot emerge.”⁷ Heifetz is cofounder of Cambridge Leadership Associates and founder of the Center for Public Leadership at Harvard’s Kennedy School. For more information on adaptive leadership, see www.cambridge-leadership.com.

Human-centered design. The design experts at the consulting firm IDEO believe organizations must develop a deep and intuitive understanding of client and customer needs in order to create “human-centered” products and services. In the course of its work, IDEO increasingly is applying its “design thinking” approach to develop solutions to social and environmental problems. According to the IDEO Web site, design thinking is “an inherently shared approach [that] brings together people from different disciplines to effectively explore new ideas — ideas that are more human-centered, that are better able to be executed, and that generate valuable new outcomes.” For more information, see www.ideo.com.

Embracing empathy. Dev Patnaik, founder and principal of Jump Associates and coauthor of *Wired to Care: How Companies Prosper When They Create Widespread Empathy*, says that grantmakers can learn a great deal from leading companies such as Nike that work hard to develop a gut sense of their customers’ interests and needs. In remarks given at GEO’s 2010 national conference he said, “The ability to empathize and have a gut connection to the people you serve allows an organization to do truly transformative work.” For more information on Patnaik and his perspectives on empathy, see www.jumpassociates.com.

⁷Ronald A. Heifetz, John V. Kania and Mark R. Kramer, “Leading Boldly: Foundations Can Move Past Traditional Approaches to Create Social Change Through Imaginative – and Even Controversial – Leadership,” *Stanford Social Innovation Review*, Winter 2004, p. 25.

Participatory evaluation. Catlin Fulwood is a longtime activist, teacher and evaluation expert who has worked with numerous organizations and movements to advance participatory approaches to evaluation and program design. In an overview of participatory evaluation research, she wrote: “[W]e are not just talking about feedback. We are talking about ownership — ownership of the questions, the process of data collection, the analysis and the application of the findings.”⁸ Fulwood’s writings on the topic are collected on the Web site of the Girl’s Best Friend Foundation. For more information, see www.girlsbestfriend.org/partic_eval_research.htm.

Innovation and collaboration. A 2008 W.K. Kellogg Foundation report described how collaboration and engagement can contribute to innovation in philanthropy. Among the authors’ words of advice to grantmakers: “Forget the normal boundaries and bring together talented people from a wide variety of fields and disciplines to work together and cross-fertilize. Look both inside and outside your existing organization for new types of innovation partnerships.” For the full report, *Intentional Innovation: How Getting More Systematic About Innovation Could Improve Philanthropy and Increase Social Impact*, see www.wkkf.org.

The networked organization. Effective stakeholder engagement is founded on the idea that organizations operate within networks of other organizations (and people) that share a set of values or goals. Networks are made up of nodes and links, with nodes being those organizations and individuals that are collectively doing the work, and links referring to the relationships among them. Stakeholder engagement is about strengthening the links between people and organizations so that the network can achieve its goals more effectively and efficiently. Jane Wei-Skillern and Sonia Marciano explored the idea of the “networked nonprofit” in a 2008 article in the *Stanford Social Innovation Review*.⁹ One of the key resources on networked organizations on the Web is www.netage.com.

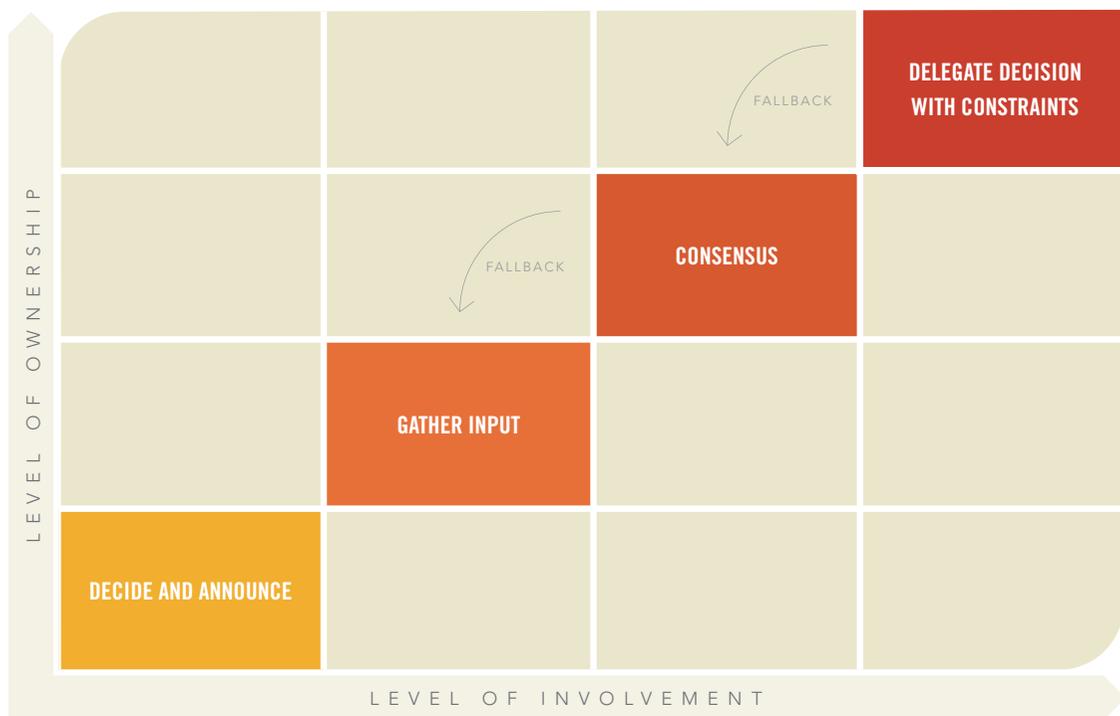
⁸ Catlin Fulwood, “Participatory Evaluation Research: An Overview.” Available at www.girlsbestfriend.org/partic_eval_research.htm.

⁹ Jane Wei-Skillern and Sonia Marciano, “The Networked Nonprofit,” *Stanford Social Innovation Review*, Spring 2008, p. 40.

Levels of Stakeholder Engagement

The key to successful stakeholder engagement, according to IISC’s Executive Director Marianne Hughes, is to seek the “maximum involvement appropriate to the situation.” Involvement therefore begins with defining which decision or decisions need to be made and then who should participate in making them.

IISC has identified four levels of stakeholder engagement as follows. Grantmakers should consider the advantages and disadvantages of working at each level, given the situation you face and your goals. A fallback level should be established as a backstop if the decision cannot be reached within the specified time period.



Decide and announce — The grantmaker makes a decision with little or no input from important stakeholders. The grantmaker then announces the decision to those who will be affected and explains the rationale.

Questions to determine when this is the right approach:

- ▷ Does your interest in making a quick decision and being in control of that decision outweigh the importance of reaching out for input?
- ▷ Are you prepared to deal with possible blowback from those you have not consulted?

Gather input — The grantmaker asks key stakeholders for input (ideas, suggestions, information). The grantmaker then makes a decision.

Questions to determine when this is the right approach:

- ▷ Do you have the time and the resources to gather input and to include all whom you want to include?
- ▷ Is it clear who the key stakeholders are? And is the group large enough to reflect a diversity of opinion and input, without becoming unmanageable?
- ▷ To what extent do you intend to use the feedback you gather to inform your decision making?

Consensus — A consensus decision is one that each and every member of a group is willing to support and help implement. All key stakeholders have been given an opportunity to voice their opinion and to understand the implications of various options.

Questions to determine when this is the right approach:

- ▷ Are you prepared to give up your decision-making authority to the group?
- ▷ Do you have the time and resources to devote to a true consensus process?
- ▷ Do participants have the collaborative skills needed to reach consensus?
- ▷ Do you have a plan B in case the group does not reach consensus?

Delegate decision with constraints — The grantmaker defines the decision in the form of a question or questions, clarifies the constraints on the decision (e.g., budget, time frame, quality requirements), and delegates the decision to others. The grantmaker does not alter the decision as long as it adheres to the constraints.

Questions to determine when this is the right approach:

- ▷ Are you prepared to give up your decision-making authority to the group?
- ▷ Do you have time to enable others to go through the process of making their decision?
- ▷ Do participants have the information, the skills and the expertise they need to make a good decision?

Make the Case

WHY IS STAKEHOLDER ENGAGEMENT IMPORTANT FOR GRANTMAKERS? WHAT ARE THE KEY BENEFITS?

Effective solutions require the engagement of those who are most affected by the problems a grantmaker is working to address. This engagement may take added time and effort, but by involving others in meaningful ways, a grantmaker can potentially *save* time and increase impact as a project or initiative moves forward. Among the reasons: The grantmaker's investments will reflect actual grantee and community needs and concerns, and there will be less resistance to change and greater buy-in among those whose support is essential to success.

The following are among the key benefits that grantmakers can realize by engaging more directly with external constituencies:

Deeper understanding of problems. Grantmakers and their nonprofit partners are working to address complex problems. There are no easy answers when it comes to reducing poverty, improving health care and education, or addressing other social issues.

The Irene E. and George A. Davis Foundation could have crafted its own plan for improving the life chances of children in Springfield, Mass., without any community input. But the resulting plan would have

lacked the broad-based, ground-level understanding that the foundation gained by engaging with hundreds of individuals and organizations involved in its Cherish Every Child initiative (see case study, page 26).

“These are hard problems to solve,” said Hughes of the issues at the heart of many grantmaker missions. “Involving multiple stakeholders isn’t a ‘nice-to-do’ but a ‘must-do’ if you really want to get a handle on what’s happening, what the toughest problems are, and how to be innovative in developing solutions.”

Truer sense of grantee needs and challenges.

Grantmakers can learn a lot by listening more intently to their grantees, by creating opportunities for nonprofits to share their challenges and perspectives, and by ensuring that the grantee voice guides their philanthropic work. The bottom line: It’s hard to know what grantees truly need, and how to meet those needs more effectively, if you don’t ask.

The most obvious and important benefit of grantee engagement for grantmakers is a better sense of what kinds of support nonprofits need in order to be successful. Maybe grantees are struggling with cash-flow problems, or maybe they’re unable to invest in technology or in staff development because of too many restricted program grants.

The Saint Luke's Foundation in Cleveland initiated an outreach effort in 2007 and 2008 to find out how grantees were faring amid the economic crisis and what kinds of additional support they might require. Based on the survey results, the foundation is considering a range of new and expanded activities to respond to grantee needs. In 2010, the foundation launched a grantmaking program specifically aimed at funding projects that enhance organizations' marketing and communications capacity. Another area of focus the foundation is exploring, according to President and CEO Denise San Antonio Zeman, is using a portion of the foundation's assets to help meet the credit needs of grantees.

Improved strategy. A 2009 study by the Center for Effective Philanthropy identified a clear link between foundation leaders being more strategic and higher levels of stakeholder engagement.

According to the authors, "More strategic leaders are more externally oriented in their decision-making, looking outside of their foundations. When thinking about how to make decisions to achieve their goals, they look beyond the foundation's internal processes for budgeting or grantee selection. ... [They] seek input from grantees, stakeholders, beneficiaries, and consultants when developing their strategies."¹⁰

An example of a grantmaker that has used engagement as a platform for developing better strategy is the Durfee Foundation in California. After listening to former grantees of a program through which one-time grants were given to young nonprofits, the foundation decided to launch the Springboard Program to provide multiyear grants and assign seasoned nonprofit leaders to mentoring relationships with newer nonprofits.

"We convened a group and asked if they were designing a program to help newer nonprofits, what would they do?" said Carrie Avery, president of the foundation's board. "And they said having experienced mentors would be an enormous boost."

Greater effectiveness. GEO's 2008 national survey found that foundations that have staff with nonprofit experience were significantly more likely to have "grantee-friendly" practices in place in areas ranging from soliciting grantee feedback to providing the types of support that will most contribute to grantee success. For example, these foundations were:

- twice as likely to support grantee capacity building and nearly three times more likely to directly support grantee leadership development,
- more than three times as likely to solicit anonymous feedback from grantees and more than five times as likely to solicit nonanonymous feedback from grantees, and
- more than twice as likely to ensure application requirements were proportionate to the size and type of grants.

These data should come as no surprise. People who have worked at nonprofits have a hard-earned sense of what these organizations need in order to succeed. At the Eugene and Agnes E. Meyer Foundation in Washington, D.C., for example, most program officers have served as nonprofit executive directors.

"That changes the culture here because we've all been on the other side and we know how it is," said the foundation's Director of Programs Rick Moyers.

¹⁰ Ellie Buteau, Phil Buchanan and Andrea Brock, "Essentials of Foundation Strategy," Center for Effective Philanthropy, 2009.

Why Don't More Grantmakers Do This Work?

- ▷ **"It's easier doing things the way we do them now."** Many grantmakers are stuck in their status quo relationships with grantees and others; it's hard to contemplate creating opportunities for stakeholders to become more empowered and involved. However, what these grantmakers don't consider is that their grantmaking could become more effective to the extent that they engage in new ways with a wider array of people.
 - ▷ **"We like experts."** Many grantmakers work with consultants and academics who bring their valuable knowledge and expertise to bear on the challenges facing grantees and communities. But other experts are out there, including the people whose work and lives are directly affected by your grantmaking. And their perspectives can prove as enlightening and instructive for grantmakers as anyone else's.
 - ▷ **"It takes too much time and effort."** Program staff already are working hard. The perception is that their workloads are not conducive to added work like this. But stakeholder engagement can actually save time and make staff jobs more rewarding by providing an opportunity to manage grants and programs that have broader support among grantees and communities and that foster genuine relationships.
-

More accountability and transparency. One of the main criticisms of organized philanthropy — from nonprofits, government and public activists — is that it remains a mysterious process. Grantmakers make key decisions behind closed doors, they don't communicate well about those decisions, and it's hard for outsiders to judge whether they are doing their work effectively.

When the Triangle Community Foundation launched its Community Grantmaking Program in 2007, it made a commitment to openness and engagement. Brian Buzby, executive director of the North Carolina Conservation Network, said the Community Grantmaking Program makes it "a lot clearer" how to engage with the foundation as a grantee. "For years, it was hard for nonprofits to understand how to navigate effectively in the community foundation world, and here is a program with a clear roadmap where the whole process is done in a low-pressure way."

Increased buy-in. Just as a corporation seeks input from customers on new products in development, grantmakers need stakeholder input to find solutions most likely to take hold in the community. In the same way that a new product needs a loyal base of customers, the success or failure of any change agenda depends on a wide assortment of people and organizations, especially those who are engaged in this work on the front lines of their communities every day.

"At IISC, we have a slogan that's been with us for years of doing stakeholder engagement work — it is often necessary to 'go slow to go fast,'" Hughes said. "While high levels of engagement take more time on the front end, when the time comes to implement solutions, things move quickly because everyone is aligned toward a common direction and committed to the outcome."

WHAT ARE THE RISKS OF NOT ENGAGING STAKEHOLDERS?

There are countless stories of grantmaking initiatives that have failed to deliver a promised result. When grantmakers dig deeper to determine what went wrong, they often arrive at a common explanation: Engagement matters.

Perhaps the foundation didn't have the right people on board at the right time. Perhaps too much distrust among the individuals and organizations involved prevented the players from working toward a common cause. Perhaps the foundation already decided on a strategy before launching a series of community meetings to tell the community what the strategy was. Perhaps the strategy was based too much on academic models and not on genuine input from people working on the ground.

When a \$20 million William and Flora Hewlett Foundation initiative designed to improve the standard of living in three Bay Area communities fell disappointingly short of expectations, the grantmaker commissioned two independent researchers to take a critical look at its assumptions and methodologies and to identify lessons to be learned.

Among the researchers' key findings was that the grantmaker did not do enough to develop "healthy, trustful relationships" among all stakeholders, especially neighborhood residents. The researchers suggested that an important lesson from the initiative was the importance of tapping residents' "indigenous knowledge."

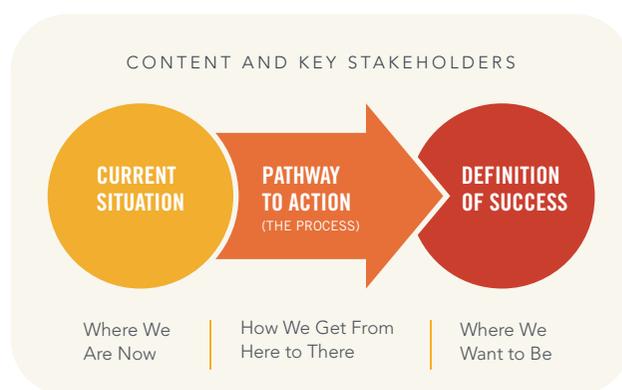
Make It Work

HOW CAN WE DETERMINE THE RIGHT WAY TO ENGAGE STAKEHOLDERS?

Successful stakeholder engagement requires grantmakers to think about their goals for the process, whom they want to involve, and how. “It’s not a matter of ‘hail, hail, the gang’s all here,’” Hughes said. “These efforts need to be guided by an elegant design and a good process for ensuring that you’re not wasting people’s time.”

Indeed, poorly designed stakeholder engagement strategies can do more harm than good by setting expectations among grantees that the grantmaker can’t meet.

Grantmakers considering any grantmaking activity should start out by clarifying their goals and then charting a “pathway to action” that will get them to where they want to be. The following circle–arrow–circle diagram provides a general framework for planning and problem solving.



Source: Interaction Institute for Social Change

The “current situation” in the diagram defines the issue or opportunity needing attention or requiring action. The “definition of success” is the goal or desired outcome of the change or improvement effort. (Success can be measured across three dimensions; see page 23 for more detail.) The “pathway to action” is the process used to move from the current situation to the desired future.

Because stakeholder involvement is a key component to ensuring success of any grantmaking strategy, engagement activities should be used at all stages. Grantmakers need grantee and community input to better understand the current state of affairs and more broadly envision the future. Key stakeholders can also help grantmakers more insightfully develop a pathway to action and ensure successful implementation.

HOW CAN WE DETERMINE WHO SHOULD BE INVOLVED?

The key to successful stakeholder engagement, according to Hughes, is to seek the “maximum involvement appropriate to the situation.” Involvement therefore begins with defining which decision or decisions need to be made and then who should participate in making them.

As described above, the realm of likely stakeholders in a grantmaker’s work will include the following:

- ▷ Internal stakeholders
- ▷ Grantees
- ▷ Grantmaker peers
- ▷ Local community members
- ▷ Thought leaders / experts

All of these groups need not be involved in every initiative or process. Moreover, individual grantmakers may identify other groups of stakeholders unique to their work and goals. The key is to identify those individuals and groups whose involvement will be important to the success of the work at hand. This means conducting a “stakeholder analysis” that identifies potential stakeholders and answers such questions as the following:

- ▷ What do they bring to the process in terms of resources, expertise, etc.?
- ▷ What is their interest in this work, that is, what would motivate them to participate?
- ▷ To what extent is their support and engagement essential to the ultimate success of the work?
- ▷ To what extent will their work, their lives, their neighborhoods, etc., be affected by the decision?

- ▷ Do they have the time, the skills and the resources to participate in an active way?
- ▷ Have we included people who can be viewed as connectors¹¹ in the community or the network in which we are operating?
- ▷ Have we included organizations that can be viewed as hubs¹² within the community or network in which we are operating?
- ▷ Have we sought out unusual voices and diverse perspectives?

All efforts to make change involve some level of politics. Stakeholder analysis allows an understanding of key issues at the outset and sets up the foundation to deal with people’s concerns and tap their expertise in a proactive way that builds agreement around problems and solutions.

¹¹ For more on the concept of “connectors,” see Malcolm Gladwell, *The Tipping Point: How Little Things Can Make a Big Difference*, New York: Little, Brown and Co., 2000.

¹² Hubs, according to author Albert-László Barabási, are highly connected nodes within a network, organizations that the network depends on for information and leadership. See Barabási’s book *Linked: The New Science of Networks*, New York: Basic Books, 2002.

HOW CAN WE DETERMINE HOW TO INVOLVE OUR STAKEHOLDERS?

A host of specific practices and activities can help grantmakers make the community and grantee voice an important influence in their decisions and planning. GEO and IISC have identified a range of activities that grantmakers can undertake in the name of stakeholder engagement.

Getting started. Grantmakers just beginning this work can start with “low-touch” activities. Surveys of grantees are an especially valuable way to begin tapping the power of engagement for better grantmaking results. In 2006, The California Wellness Foundation commissioned the National Health Foundation to conduct a confidential survey of TCWF grantees and nonprofits that were declined funding by the grantmaker in 2005. It was the fourth Grants Program Survey conducted by the foundation since 1997.

According to TCWF President Gary Yates, the confidential surveys consistently deliver helpful information that the foundation can use to improve its grantmaking practices. “We focus on things like the respect and openness grantees feel in their relationship with staff. As a customer-oriented foundation, we want to know how we’re doing in those areas, and where we can improve,” Yates said.

He added that including applicants that did *not* receive funding from the foundation is essential. “If you’re only talking to people whom you are funding, that is a skewed sample, and you are not going to get a complete understanding of how your work and your processes are viewed in the community,” Yates said.

The California Wellness Foundation is not alone among foundations in surveying nonprofits about their experiences with and perceptions of grantmakers. To date, more than 200 grantmakers have commissioned Grantee Perception Reports and other stakeholder

surveys from the Center for Effective Philanthropy.¹³ Surveying grantees and others in these ways helps grantmakers develop a more fine-tuned understanding of how their work is (or is not) helping nonprofits address challenges and meet their goals.

Gathering input. Once the staff and board begin to see the benefits of getting feedback from grantees and other stakeholders via surveys and other low-touch methods, then it might be time to explore doing more. Among the possibilities for soliciting input and ideas in more active ways is inviting grantees and community members to participate in focus groups, listening sessions, community convenings and other events.

Author James Surowiecki, in his bestselling book *The Wisdom of Crowds*, posits that large groups of people can be smarter and make better decisions than an elite few. “Much of what we’ve seen so far suggests that a large group of diverse individuals will come up with better and more robust forecasts and make more intelligent decisions than even the most skilled ‘decision maker,’” Surowiecki writes.¹⁴

Viewed in this way, stakeholder engagement in philanthropy is related to what a W.K. Kellogg Foundation report called the “democratization of innovation.” “This practice recognizes and encourages a wide range of people to participate in the generation of new ideas,” the report noted.¹⁵

An example of this kind of engagement is the Ontario Trillium Foundation’s Community Conversations series (see case study, page 27). Seeking to find out more about the voluntary sector in Ontario and what community organizations need, the grantmaker initiated a dialogue process that allowed more than 1,000 Ontarians to share their views and perspectives. Based on the input it received, the foundation simplified its application and reporting processes and increased the flexibility of its grants policies.

¹³ For a list of CEP assessment tool users, see www.effectivephilanthropy.org/index.php?page=assessment-tool-subscribers. For a list of CEP assessment tools, see www.effectivephilanthropy.org/index.php?page=assessment-tools.

¹⁴ James Surowiecki, *The Wisdom of Crowds*, New York: Random House, 2008, p. 32.

¹⁵ W.K. Kellogg Foundation, *Intentional Innovation: How Getting More Systematic About Innovation Could Improve Philanthropy and Increase Social Impact*, August 2008, p. 30.

Stakeholder Engagement Tools

GETTING STARTED	GATHERING INPUT	SHARING DECISION MAKING
<ul style="list-style-type: none"> ▷ Conduct online surveys of grantees ▷ Commission a Grantee Perception Report from the Center for Effective Philanthropy ▷ Publish a foundation blog or wiki ▷ Review and understand other potentially overlapping initiatives, and get feedback on your plans 	<ul style="list-style-type: none"> ▷ Hold focus groups with grantees and community members ▷ Hold listening sessions with grantees and community members ▷ Convene community advisory groups ▷ Conduct interviews with experts or thought leaders working on your issues 	<ul style="list-style-type: none"> ▷ Add nonprofit and community representatives to board and staff ▷ Appoint panel of nonprofit staff and community members to decide on grants ▷ Partner with other grantmakers to cocreate a grantmaking initiative

Sharing decision making. To a grantmaker, sharing decision making means taking steps to ensure that your grantmaking is guided by the voices and perspectives of the people and groups it is designed to help.

Two key strategies that a grantmaker can pursue to create a culture of shared decision making in its organization are to (1) involve grantee and community members in the staff and board of the organization and (2) delegate decision-making authority to an external committee of stakeholders.

1. Transforming your staff and board. As much as grantmakers might want to ignore this as an inconvenient truth, the people who serve on the staffs and the boards of foundations often come from and live in a different world from the leaders and staffs of the organizations they fund.

You can be well intentioned and up-to-date on community goings-on, but if you don't live in the neighborhoods where the organizations you fund

work, and if you aren't dealing on a day-to-day basis with the enormous challenges these organizations face and the problems they see in the streets around them, then it's hard for you to know on your own how best to support their work. And, more often than not, your grantmaking will fall short of meeting the real needs of your grantees and the communities they serve.

One measure of the extent to which grantmakers are paying attention to the need to be more representative of their communities is the racial and ethnic diversity of foundation boards and staffs. A 2008 report from Rockefeller Philanthropy Advisors looked at changes in the racial and ethnic makeup of the foundation world over a 25-year period. Although the report noted some progress in diversification of grantmaking staffs and boards, it also said that much of the progress had occurred in the 1980s and early 1990s, and that the level of progress depended on foundation types, staff titles and other factors.¹⁶

¹⁶ Rockefeller Philanthropy Advisors, "Philanthropy in a Changing Society: Achieving Effectiveness Through Diversity," April 2008. Available at http://rockpa.org/pdfs/Philanthropy_in_a_Changing_Society_full.pdf.

But addressing the “people problem” should not be solely about numbers, that is, “We need this many people of color or that many people with nonprofit experience.” Rather, it should be about trying to develop a more fine-tuned, in-house understanding of what’s happening in the communities you serve, and how your grantmaking can make a difference.

The Jessie Smith Noyes Foundation in New York recognized this concept when it launched a wide-ranging effort to rebuild its board and staff to better represent the communities it serves. Today, the family foundation’s 16-member board seats 10 nonfamily members, including several community representatives.

“Today we know that we are immeasurably better off for having extended the family, and have accomplished far more than we could have ever done,” wrote Noyes family members Edith Muma and Chad Raphael in describing the effort.¹⁷

Another grantmaker that has worked in an intentional way to transform its board and staff rosters as part of a broader effort to enhance the impact of its work is the Raymond John Wean Foundation in Warren, Ohio. A board that formerly included only family members (and the family attorney) now includes the former principal of an urban high school, the head of a local nonprofit serving the disadvantaged and the pastor of a local Baptist church.

“It looks more like the community,” said President Gordon Wean of the new board, which is steering a wholesale transformation of the organization’s grantmaking with an emphasis on strengthening nonprofits and neighborhoods in two adjoining counties in northeastern Ohio. Among the initiatives launched by the new board is Neighborhood SUCCESS, which provides grants for small community development projects undertaken by grassroots groups working to improve quality of life in lower-income neighborhoods.

2. *Delegating decision-making authority to others.*

Some grantmakers are taking stakeholder engagement in philanthropy all the way to its logical conclusion by opening up control over their grantmaking decisions to nonprofit and community representatives.

According to Janis Foster, executive director of Grassroots Grantmakers, a growing number of foundations are “going all the way” to involve activists and grassroots residents in grantmaking decisions. “I could count the programs that worked this way on half of one hand in the past,” she wrote in a January 2009 blog post. “I now need two hands and both feet. I’d call that a trend.”¹⁸

One grantmaker that has been working in this way for some time is Chicago’s Crossroads Fund. Crossroads Fund was established in 1981 by a group of young people with a simple idea: They believed philanthropy should be guided by the expertise and insights of people working at the grassroots level to strengthen their communities and advance the cause of social change. Nearly 30 years later, the foundation continues to embrace a form of philanthropy that places a premium on community involvement.

One look at the board roster of the foundation shows that this grantmaker has a special connection to the community and the causes it serves. The majority of the 17-member board consists of activists — there are community organizers, an artist and art educator, and the former executive director of a domestic violence shelter, to name a few. These activists serve alongside a smaller number of major donors to the fund from the worlds of banking, investment management and other fields that traditionally have supplied foundations with the majority of their board leaders.

“This is not your typical community foundation board,” Kracher said.

The level of community involvement in the work of the foundation is further enhanced by the fact that

¹⁷ Jesse Smith Noyes Foundation, “The Challenge of Diversity,” organizational brochure. Available at www.noyes.org.

¹⁸ Janis Foster, “Top 5 List of Promising Grassroots Grantmaking Trends,” January 2009.

Available at <http://janisfoster.blogspot.com/2009/01/top-5-list-of-promising-grassroots.html>.

the board's grantmaking committee isn't limited to board members only. Rather, the fund invites people from the community to serve on the committee alongside board members.

"When we talk about stakeholders making grantmaking decisions, we talk about a true partnership of all stakeholders, including activists who have an expert view of what's happening at the ground level," Kracher said.

Crossroads Fund is a member of the Funding Exchange network, which began more than 30 years ago for the purpose of establishing a new model for philanthropy based on community involvement. "Having people from the community involved helps the foundation because it leads to better grantmaking decisions," Hanft said. "It doesn't mean you are not taking risks but that you are operating from a stronger base of knowledge."

Another grantmaker that has been working to engage community members in grantmaking decisions is the Skillman Foundation, whose 10-year, \$100 million Good Neighborhoods Program includes a small grants initiative where a 15-member resident review panel makes grants ranging from \$500 to \$5,000, with more than 300 grassroots projects funded since its inception in 2006. "We feed off the people power in the neighborhoods," said Tonya Allen, Skillman's vice president of program. "We knew it was out there, but we had no idea it would be this strong."

Additional examples of grantmakers that have opened up the decision-making process to others abound. Funding decisions are made collaboratively by donors, community representatives and staff at the Liberty Hill Foundation. The Zellerbach Family Foundation in San Francisco convenes a committee of practicing artists to decide on grants made under its Community Arts Program. The Cleveland Foundation's Neighborhood Connections Program makes small grants of \$500 to \$5,000, based on the deliberations and decisions of a panel of 25 Cleveland residents.

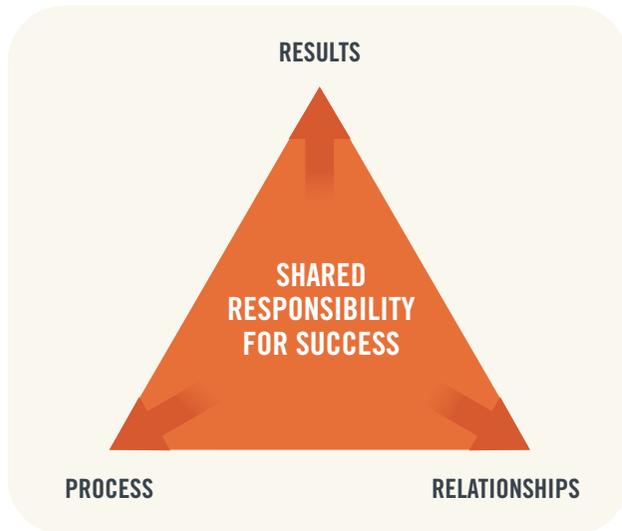
HOW WILL WE KNOW THAT WE DID IT WELL?

When grantmakers assess a program or strategy, the focus is typically on *results*. However, looking at *process* and *relationships* as equally important dimensions of success can yield helpful insights, particularly in considering how effectively the grantmaker engaged stakeholders.

The effective engagement of stakeholders is present in all three dimensions of success. An important measure of results success is the extent to which stakeholders provided input and are well served by the outcomes of the initiative. When talking about process success, grantmakers need to consider the effectiveness of the ways in which they involve grantees, community members and others in the initiative. Success in the relationships dimension hinges on stakeholders feeling valued and supported as the strategy or initiative is being developed and carried out.

Ineffective stakeholder engagement can result in a range of undesirable outcomes for the grantmaking strategy or initiative. These include "stakeholder sabotage," when people who were not engaged or who were engaged poorly take actions that could imperil the success of a grantmaker's efforts. Doing this work ineffectively also can result in grantmakers not having the information they need to make decisions. Perhaps you didn't engage with the right people, or you didn't ask the right questions and therefore don't have good answers.

Also, as grantmakers begin asking questions about success, it is important for them to remember that evaluation itself must be a collaborative process. Grantmakers can engage with grantees and community members to develop strategies for evaluating the results of key investments and community partnerships and for figuring out how to apply new learning (from evaluation and other activities) to the task of strengthening the work.



Source: Interaction Institute for Social Change

Dimensions of Success

RESULTS

- ▷ Are the results of high quality?
- ▷ Are the results timely?
- ▷ Do the results meet stakeholder requirements (internal and external)?

PROCESS

- ▷ Is the process clear and logical?
- ▷ Is the process efficient?
- ▷ Is the process appropriate for the task?
- ▷ Does the process involve the appropriate stakeholders?

RELATIONSHIPS

- ▷ Do internal and external stakeholders feel supported?
- ▷ Do stakeholders trust each other?
- ▷ Do stakeholders feel valued?

“One way to ensure the relevance and usefulness of an evaluation is to develop a set of evaluation questions that reflect the perspectives, experiences and insights of as many relevant individuals, groups, organizations, and communities as possible,” according to Hallie Preskill and Nathalie Jones of FSG Social Impact Advisors. “By soliciting the opinions, interests, concerns and priorities of stakeholders early in the evaluation process, the results are more likely to address stakeholders’ specific information needs and be useful for a range of purposes, among them to improve program effectiveness, to affect policy decisions and/or to instigate behavioral change.”¹⁹

¹⁹ Hallie Preskill and Nathalie Jones, “A Practical Guide for Engaging Stakeholders in Developing Evaluation Questions,” FSG Social Impact Advisors, 2009.

CONCLUSION

All of us want to be involved in important decisions that affect our lives. To the extent that we aren't, we're more likely to feel excluded and ignored, and less likely to support whatever decisions are made.

Engaging stakeholders in philanthropy will prove a different process for different grantmakers; there is no one-size-fits-all solution. However, for every grantmaker, it means asking a series of questions about four key facets of your work:

- 1. Your grantmaking practices** — Do you have a strong enough sense from grantees and other nonprofits of how your grantmaking practices and procedures contribute (or don't) to their success, and what you can improve?
- 2. Your strategies** — Are you doing enough as a grantmaker to engage grantees and members of the communities who are affected by your work in the design of strategies for change?
- 3. Your people** — Do your foundation's board and staff members reflect the diversity, the experience and the skills that are needed to understand what is truly happening in the communities you serve, and how best to support nonprofit success?
- 4. Your relationships** — What can you do to build stronger, more open and more honest relationships with your foundation's grantees and other stakeholders so that the foundation isn't perceived as an all-powerful, unapproachable institution?

One of the key findings of GEO's Change Agent Project was that change-making grantmakers are driven by the belief that answers to the problems they seek to address lie within the community, and that grantees and community stakeholders are well suited to play a role in setting the agenda for leading change.

Kirk Noden, executive director of a nonprofit community organizing collaborative in Ohio, suggested that foundations can get a higher return on their grantmaking investments by shifting from a "transactional" mode of philanthropy to an approach that is "transformational." Transformational grantmaking, he explained, is founded on an understanding that lasting change happens when people working on the front lines have the opportunity and the capacity to make it happen and see it through.

Effective engagement therefore starts and ends with respect — respect for the expertise that those on the front lines bring to the problems affecting their community, and respect for their capacity to develop solutions if given the chance.

GEO hopes this action guide has been useful for those who are contemplating a more active role for themselves and their grantmaking organizations in reaching beyond foundation walls for answers. We look forward to engaging with you and others as we continue to explore this important topic in the months and years ahead.



GRANTMAKER: Irene E. and George A. Davis Foundation

ENGAGEMENT KEY: Enlisting the community to develop a wide-ranging plan for improving the lives of children in Springfield, Mass.

MORE INFO: www.davisfdn.org

WHAT HAPPENED?

Cherish Every Child is a change initiative based on the question “What will it take for the entire city of Springfield, Mass., to come together around improving the lives of children?”

Launched by the Irene E. and George A. Davis Foundation in 2001, with a public engagement component designed and facilitated by IISC, Cherish Every Child enlisted hundreds of people and dozens of organizations in a collaborative process to produce an action plan to meet the health, education, and social and emotional needs of Springfield’s youngest residents.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

Since the plan was unveiled in 2002, Springfield’s political and business leaders, together with community residents and others, have taken a variety of actions that have resulted in marked improvements in outcomes for the city’s children.

Among the most recent achievements are the creation of a new program enabling early childhood educators to pursue professional development and obtain an associate or baccalaureate degree; the launch of a pilot Welcome Baby Basket and Home Visiting Program for new Springfield mothers; and state passage of a bill to make publicly funded, high-quality preschool education and full-day public school kindergarten available to every Massachusetts child.

In addition, during a two-year period the foundation’s \$489,000 in grants leveraged an additional \$1,054,000 from other sources for elements of the Cherish Every Child action plan, giving the plan an even greater chance of having real impact.

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

In a 2004 evaluation of the planning phase of Cherish Every Child, the University of Massachusetts said the effort had been “highly successful in bringing a range of players to the table.” One of those players was Bill Ward, executive director of the Regional Employment Board of Hampden County (a nonprofit established by federal and state legislation as the primary workforce development agency in the county).

Ward said his organization had never paid much attention to early childhood issues. Now, however, it has been given \$500,000 by the state of Massachusetts to create a program to develop the professional skills of early childhood providers in Hampden County. The board is also leading a five-year initiative to improve and expand the delivery of literacy services in Springfield.

“We now see early education and literacy as workforce development issues in a way that we didn’t in the past,” Ward said, crediting his involvement in Cherish Every Child as the primary motivation for the organization’s embrace of these issues.

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

Foundation Executive Director Mary Walachy said the secret of Cherish Every Child’s success has been respect for the time and opinions of all involved. “Sometimes foundations will convene you and then tell you what they want you to do,” she said. “But what happened here is we came in without any kind of agenda apart from wanting to do a better job for children.”

Walachy added, “It’s amazing what can happen when you actually listen to people.”



GRANTMAKER: Ontario Trillium Foundation

ENGAGEMENT KEY: Tapping the pulse of 1,000 Ontarians through a province-wide dialogue process designed to generate ideas for better grantmaking

MORE INFO: www.trilliumfoundation.org

WHAT HAPPENED?

The Ontario Trillium Foundation, a government-funded grantmaker, stepped up its commitment to stakeholder engagement after the appointment of a new board of directors in 2004. Seeking to find out more about what community organizations need, the board initiated a process that allowed more than 1,000 Ontarians to share their perspectives.

The foundation held Community Conversations sessions in several locations across the province in the summer of 2005 and posted an electronic survey on its Web site, reaching community members and representatives of nonprofit organizations.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

One message the grantmaker heard loud and clear in its outreach, according to Dan Wilson, manager of policy, research and evaluation, was that nonprofits across Ontario were tired of all the work that went into securing a grant from the foundation.

Based on that input and similar feedback from surveys of grantees and applicants, the foundation instituted a simplified application process for small capital requests and launched a streamlined online application and reporting system. The foundation also revamped its “decline” process so that those applicants hear about the foundation’s decision as soon as it is made.

As another community engagement strategy, the foundation launched a grantmaking program, the Future Fund, designed to support community initiatives around a new theme each year. “It has created a cycle of engagement, where we ask sector leaders to help us refine the theme and set priorities,” Wilson said.

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

Grantees have responded positively to the opportunity to engage with the foundation and to the changes that have happened as a result of that engagement.

“They used to make you jump through millions of hoops to get funding, and then you wouldn’t talk to them until your annual report was due,” said Katrina Miller, campaigns director with the Toronto Environmental Alliance, a 2007–2008 Future Fund grantee. “With the Future Fund, it’s different.”

Now, according to Miller, the application and reporting process is much simpler, and she is in frequent contact with her program officer. In addition, the foundation has adopted what Wilson calls a “high-engagement” approach to grant monitoring and evaluation, working closely with grantees to determine what both parties are seeking to learn and how to track it.

“It’s much more transparent now,” Miller said of the Future Fund process. “We are off our original work plan on this grant, but that is not a problem because we have regular conversations with them and they understand the adjustments we’ve made.”

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

“I think part of the reason we’re so intent on engaging people in our work is because it is the right thing to do as a public agency,” said Wilson. Far from embracing engagement as a pro forma exercise, however, the foundation reaches out to the communities it serves with remarkable gusto. And it is finding that engagement can lead to better relationships with grantees and, ultimately, better outcomes for the communities they serve.



GRANTMAKER: Durfee Foundation

ENGAGEMENT KEY: Engaging grantees to help decide which individuals and projects to fund today

MORE INFO: www.durfee.org

WHAT HAPPENED?

The Durfee Foundation's 12-year-old Durfee Sabbatical Program offers stipends and covers expenses for up to six individuals to "travel, reflect or otherwise renew themselves in whatever manner they propose," according to the foundation's Web site. Selecting the recipients is the job of a five-member panel that includes the two Durfee staff members and three former recipients of the sabbatical awards.

The foundation invites former sabbatical recipients to serve on the selection panel each year and provides them with a briefing book that includes all candidate applications. The panel then meets for a day in the Durfee office to select semifinalists for the awards, and they gather again for two days to interview the semifinalists and make their decisions. The former grantees receive a stipend of \$500 per day for their work.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

For a small family foundation, tapping the expertise and insights of former grantees to help make grantmaking decisions is invaluable, Avery said. "We have a family board, and this lets us get our feelers out in the community so we can be sure we're making smart decisions," Avery added.

The foundation also turns to grantees as a resource when it is considering retooling an existing program or launching a new one. After listening to former grantees of a program through which one-time grants were given to young nonprofits, the foundation decided to launch the Springboard Program to provide multiyear grants and assign seasoned nonprofit leaders to mentoring relationships with newer nonprofits.

"We convened a group and asked if they were designing a program to help newer nonprofits, what would they do?" said Avery. "And they said having experienced mentors would be an enormous boost."

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

Patti Giggans, executive director of the Los Angeles nonprofit Peace Over Violence, is a former Durfee Sabbatical Program grantee and has served on a selection panel for the program. She said that Durfee is "uniquely determined" in its efforts to involve the community in its grantmaking decisions.

"They're good listeners," said Giggans of the Durfee board and staff. "And they have made it part of their mission to stay in touch with what's happening on the ground."

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

With a full-time staff of just two, the foundation relies on grantees to "extend our reach and knowledge of who's doing what in the community," said Durfee Foundation Executive Director Claire Peeps.

She added that having former sabbatical recipients on the selection panels "increases the sense of transparency" at the foundation. "People go back into the community with a better sense of how we work, and how hard it can be to make the choices that foundations make."

GRANTMAKER

CASE STUDY

GRANTMAKER: The Bank of America Charitable Foundation

ENGAGEMENT KEY: Engaging local committees to administer a nationwide community grantmaking program

MORE INFO: www.bankofamerica.com/foundation/

WHAT HAPPENED?

Through its signature philanthropic program, the Neighborhood Excellence Initiative®, The Bank of America Charitable Foundation awards two-year grants of \$200,000 in unrestricted general operating support to 90 organizations each year — two each in 45 communities from Portland, Ore., to Washington, D.C. The foundation also provides strategic leadership development training to senior executives and emerging leaders from the awardee organizations.

A critical component of NEI is the designation of “local market selection committees” in each of the 45 communities. The committees are composed of nonprofit representatives, including alumni awardees and other community leaders — seven to nine members in all.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

In facilitated meetings each fall, committee members review the applicants from their markets and select two nonprofits, or Neighborhood Builders®, for two-year general operating grants and leadership development training.

Since the inception of NEI in 2004, the foundation has helped nearly 500 nonprofits across the country expand their services, develop innovative programs and better serve local communities through these awards.

“The Neighborhood Excellence Initiative’s flexible model with a focus on local stakeholder engagement enabled the program to adjust to the needs of safety net organizations during the economic downturn,” said Steve Fitzgerald, NEI program director. “But in addition, we believe there is a leveraging aspect to an

organization’s selection as an awardee, through which these nonprofits are able to catapult themselves to a higher level of performance.”

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

Mike Alvidrez’s organization, Skidrow Housing Trust in Los Angeles, was a Neighborhood Builder award winner in 2006, and Alvidrez subsequently served on the NEI local market selection committee in 2007. “I think it is to Bank of America’s credit that they are so deliberate about going outside their own ranks to get strategic input and advice,” Alvidrez said.

Alvidrez also praised the foundation for recognizing the importance of unrestricted general operating support. “A dollar of unrestricted funds is worth more than a dollar of restricted funds,” he said. “It allows us to fill in any gaps we see in our operations, and the fact that Bank of America recognizes this shows they have their ear to the ground and are sensitive to what nonprofits need.”

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

Managing a grantmaking program that seeks to build nonprofit capacity in 45 diverse communities could be a heavy lift. But the task is eased by the fact that the foundation relies on community input and engagement to guide the selection process.

The grantmaker’s engagement strategy also ensures that its grantmaking reflects local conditions on the ground. “Our intent through the Neighborhood Excellence Initiative is to deliver our philanthropy in a way that is relevant in local communities where we do business,” Fitzgerald said.



GRANTMAKER: Saint Luke's Foundation

ENGAGEMENT KEY: Convening residents to create a vision for the transformation of two Cleveland neighborhoods

MORE INFO: www.saintlukesfoundation.org

WHAT HAPPENED?

The Saint Luke's Foundation is making significant investments in the revitalization of two long-neglected neighborhoods in its hometown of Cleveland. Guiding the foundation and its partners are the voices of neighborhood residents who shared their hopes and aspirations in community meetings, focus groups, surveys and more.

The work started with a 2004 grant of \$1.2 million to a local organization, Neighborhood Progress Inc., to spearhead a neighborhood-based planning process in the Buckeye and Larchmere neighborhoods, which surround the former Saint Luke's Medical Center campus. The foundation was created from the conversion of the medical center to a for-profit health care corporation in 1997.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

Community engagement efforts included the convening of an advisory group of neighborhood residents, plus a four-hour workshop where 125 residents brainstormed ideas and developed a wish list of community improvements. The workshop was followed by focus groups and "open house" meetings where residents could respond to an initial list of priorities and community projects.

The foundation now is funding the implementation of the plan that emerged from the engagement process, which includes transforming a five-acre vacant site adjacent to the former Saint Luke's Hospital into a "learning campus." The new installation will include a 64,300-square-foot, two-story, \$17 million elementary school and a new 14,000-square-foot, \$6 million branch

library, as well as an art plaza and reading garden. Foundation funding also will support plans to expand housing choices and home ownership, improve the existing housing stock, augment security, create jobs for youths, improve academic achievement and address other community priorities.

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

Joyce Rhyan, assistant vice president for community planning with Neighborhood Progress Inc., said community response to the grantmaker's engagement efforts has been positive, in part because of the foundation's focus on resident participation.

"The foundation requested community engagement in this work at every level — and one of the wonderful things about it is they were not pushing their will on the process. They wanted the community to be engaged in a way where residents owned the process," she said.

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

Throughout the engagement process, the foundation was an active participant and listener in community meetings. "People saw that the foundation's staff were actively engaged in this process themselves, and that helped the neighborhoods understand that something real would come out of it," Rhyan said.



GRANTMAKER: Marguerite Casey Foundation

ENGAGEMENT KEY: Convening thousands of families to develop a national platform for action to strengthen the social safety net

MORE INFO: www.caseygrants.org

WHAT HAPPENED?

In late 2007 and early 2008, members of 30,000 families met in town-hall meetings across the country to talk about rebuilding the safety net for low-income Americans. The meetings were part of a campaign launched by the Marguerite Casey Foundation to provide working families with a stronger voice in decisions that affect their lives.

According to Kelly Brown, previously director of programs and evaluation with the foundation, its Equal Voice campaign grew out of the Seattle grantmaker's interest in developing "more authentic partnerships" with people at the community level.

"We're interested in what it takes to facilitate and support the efforts of individuals and organizations to be engaged in the work of social change," Brown said.

WHAT WAS THE RESULT OF THE ENGAGEMENT?

The Equal Voice campaign officially kicked off in September 2007, when 500 representatives of the foundation grantees gathered in Atlanta to discuss and ratify a plan for a series of community meetings across the country. During the next year, the foundation led those meetings, culminating in three simultaneous conventions where more than 15,000 people contributed to the design of and ultimately ratified a national platform for action on issues ranging from child care and education to living-wage jobs.

Since the unveiling of the National Family Platform, grantees of the foundation have been working in their communities to implement local and regional campaigns aimed at achieving the platform's goals.

"All over the country we're seeing a real boost in activity and partnerships on these issues," Brown said. Just as important, she added, "This campaign has enabled us to move the relationship and the partnership with grantees to a deeper level so people see us as a resource and partner not just because we have money but because we can share information, ideas and connections too."

HOW DID GRANTEEES AND OTHER STAKEHOLDERS RESPOND?

Star Paschal, a property manager for an Auburn, Ala., public housing project, told a reporter covering the campaign's first Alabama town-hall meeting, "Here today, seeing my people coming together and supporting each other, speaking up against injustice, it makes me feel like we can set a better path for our children."²⁰

Ethel White, a board member of the Federation of Child Care Centers of Alabama, which is a foundation grantee, said Equal Voice "has given voice to people from all walks of life: people who represent various ethnic groups and various needs and issues."

WHAT ARE KEY INSIGHTS FOR GRANTMAKERS?

Brown said that working with grantees that serve on planning committees for the campaign has eased tensions caused by the power differential between the grantmaker and the organizations it supports.

"This kind of work requires a profound level of mutual respect on both sides and a willingness to step outside of institutional relationships," Brown said. "When you do that, you realize that philanthropy is important, but it is only a small part of the picture of how change happens."

²⁰ Evan Milligan, "Unleashing the Transformative Power of Star Paschal," *New America Media*, August 10, 2008.

To Engagement and Beyond: Questions for Grantmakers

Engaging stakeholders is a step-by-step process that relies on good thinking and sound strategy. Here are some questions to guide your organization as you embark on the journey toward greater stakeholder involvement in your work:

Determining the Right Way to Engage Stakeholders

- ▷ What is the current situation (i.e., the problem or opportunity) that you want to address? How can stakeholders help you better identify the situation?
- ▷ What would be your goal in addressing the current situation? How can stakeholders help you refine and clarify the goal?
- ▷ How can stakeholders help you envision (and implement) the best actions to achieve the goal? What actions can stakeholders help with most?

Identifying Key Stakeholders

- ▷ What individuals or groups will play a key role in the ultimate success of this work — either because they will be directly affected by outcomes or because they bring unique resources, expertise and influence to the process?
- ▷ What is the mindset of these individuals and groups toward the current situation?
- ▷ What would it take to secure their participation?
- ▷ Do they have the time and resources needed to participate in an active and constructive way?
- ▷ Are the right conditions set for their participation? What more can you do to support their involvement?

Creating Strategies for Stakeholder Engagement

- ▷ What strategies will work best given your goals and what you know about each of your key individual and group stakeholders?
- ▷ What is the maximum involvement of stakeholders appropriate for the different elements of your work? (Please see “Levels of Stakeholder Engagement” for more.)
- ▷ Have you challenged yourself to think about how you can share power? If so, how prepared are you and your organization for supporting processes that lead to collective decisions?

Assessing the Results

- ▷ How will you know that your stakeholder engagement strategies are working? What will be the key indicators of success or failure?
- ▷ How can you assess stakeholder involvement along the three key dimensions of success: results, process and relationships? (Please see page 23.)
- ▷ To what extent can you involve stakeholders in the assessment process itself — and how can you do it?

Do Nothing About Me Without Me

An Action Guide for
Engaging Stakeholders

By J. Courtney Bourns

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