



CAN FEEDBACK FUEL CHANGE AT FOUNDATIONS?

AN ANALYSIS OF THE GRANTEE PERCEPTION REPORT

BY PHIL BUCHANAN, ELLIE BUTEAU, PHD, AND SHAHRYAR MINHAS

IN 2004, MARY VALLIER-KAPLAN FELT NEW TO HER JOB at what was a relatively young foundation, the Endowment for Health, when she commissioned a Grantee Perception Report® (GPR). She didn't expect the three-year-old Endowment, a grantmaker focused in New Hampshire with \$75 million in assets, to receive high marks across the board on the GPR—a tool that provides comparative performance assessment data to foundations.

But the results were so disappointing to Vallier-Kaplan, vice president and chief operating officer, that when she received the findings, she didn't share them for three or four days. On a number of

important dimensions in the grantee survey, from perceived understanding of grantee organizations to quality of interactions, the Endowment received lower ratings from its grantees than almost all other foundations whose grantees had been surveyed by the Center for Effective Philanthropy (CEP).

Grantee comments in response to open-ended questions shed some light on the comparatively low ratings. One grantee wrote, "The foundation must place some trust in the ability of its grantees to carry out the projects which have been funded through the foundation without constant questioning and criticism."

After mulling the results alone for a few days, Vallier-Kaplan began sharing them with staff in small groups and sometimes individually. Like her, many of her colleagues needed to take a few days to sort out the disheartening results.

“It was hard for me to get some people over that hurdle of feeling like they hadn’t done a good job,” she said. “We had done a good job. We just needed to do a better job.”

And that’s what they did.

Three years later, after repeating the GPR, the results were almost the inverse of the first time around. On many of the dimensions where the Endowment had lagged behind most other funders, it was now among the leaders.

One of the Endowment’s grantees put it this way: “I had experience with [the Endowment] during its infancy and can confidently say the focus on personal relationships and interactions between staff and grantees is wonderful! The changes put into place—and consistent self-evaluation by [the Endowment]—have made a tremendous difference.”

Looking back now, the foundation’s leaders see the feedback they received as crucial to helping them chart a better path. Karen Horsch, an evaluation consultant to the Endowment, described the period after the first GPR as difficult but said the changes the Endowment undertook since then “made us a better foundation.”

For Vallier-Kaplan, hearing from grantees was important because she and the staff relied on grantees to carry out the foundation’s mission. “All the money in the world isn’t going to accomplish the outcomes if the relationship and partnership [with grantees] doesn’t work,” she said.

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The Endowment is one of almost 200 foundations that have used the GPR, a tool developed by CEP in 2002 that has helped to create a new feedback loop between funders and grantees. Among those that use it repeatedly, the tool appears to be contributing to changes in foundation practice.

- » Analysis of eight years of grantee survey data suggests little change in the perceptions of *foundations in general* among those they fund. From 2003 to 2010, the ratings of foundations subscribing to the GPR *for the first time* have not shown any statistical change on the vast majority of measures in the grantee survey.
- » But that analysis also suggests that those *foundations that use the tool on a repeated basis* are making changes that are benefiting those organizations they fund. Foundations that use the GPR once and then use it again, on average, receive substantially improved ratings on their second GPR.

We have seen that when foundations make the commitment to getting feedback that is candid and comparative, they can make substantive changes that result in different—and better—grantee experiences.

The GPR's History

The GPR was created by CEP's Phil Buchanan and Kevin Bolduc. It was piloted in 2001–2002 and introduced broadly in 2003. Former CEP staff member Judy Huang, who joined the organization after the pilot, also played a crucial role in the tool's development.

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Can Change Be Sustained?

While comparing a foundation's grantee ratings between two points in time can show an improvement, three points in time help funders ensure that they are sustaining improvement. Chris DeVita, president of the Wallace Foundation, which has commissioned the GPR five times, explains, "Because we cannot achieve the impact we seek without having our grantees as strong, engaged partners, the quality and candor of our relationships with them is crucial. We are working to sustain the progress we have made, and we plan to continue to use the GPR in the future to check ourselves."¹

Sixteen funders have commissioned a GPR at least three times. Across the survey items, results of their third GPRs indicate that almost all of them maintain or build on the increase in their grantee ratings between their first and second GPRs. The one construct for which this is not the case is grantee ratings on clarity of communications.

¹ Ross, Judith A. *Lessons from the Field: Aiming for Excellence at the Wallace Foundation*. Center for Effective Philanthropy (June 2008): 14.

“Ivory Tower” Foundations

Foundations are notoriously isolated from feedback. They are surrounded by grantees and aspiring grantees, who are predisposed to tell funders exactly what they think funders want to hear—and are understandably hesitant to bite the proverbial hand that feeds them.

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Many have criticized foundations for being removed from the issues and organizations they seek to support. A 2008 Grantmakers for Effective Organizations (GEO) survey found that a meager 36 percent of foundations “reported they solicited feedback of any kind (anonymous or nonanonymous) from grantees through surveys, interviews or focus groups.”² Writing in the *Stanford Social Innovation Review*, GEO’s Kathleen Enright and Courtney Bourns argued that “grantmaking initiatives are more likely to fail to the degree that they do not engage grantees and other stakeholders in identifying problems and designing solutions.”³

In other words, isolation has real costs.

Furthermore, isolation can be difficult to counteract. Even funders—like the David and Lucile Packard Foundation—that had regularly surveyed their own grantees for years had difficulty making meaning of the results or motivating staff to act on them.⁴

It was in this context that CEP sought, a little less than a decade ago, to create a new mechanism for foundations to receive feedback from grantees that was confidential, anonymous, and comparative. The confidentiality and anonymity meant grantees could be utterly candid, knowing their identities would be protected. The comparative element meant that foundations could see not just how their grantees rated them, but also how those ratings stacked up against those received by their peer foundations.

Like Packard, the Robert Wood Johnson Foundation (RWJF) had been surveying its grantees on its own for years. But getting a grant is a positive experience. So what constitutes a high rating from a grantee? In 2004, the foundation transitioned to using the GPR. David Colby, vice president of research and evaluation at RWJF described the contrast this way: “Our [own] survey of grantees never affected any change within the foundation. We had good scores, but it was only when we saw our scores in comparison to others that we were able to motivate people.”

“It was really stunning,” said Risa Lavizzo-Mourey, president and CEO of RWJF. “It was like we were getting As and Bs on all of the surveys before, and we didn’t realize that the curve was right around A-minus. B was not where you wanted to be, and so now we feel like we’ve gotten much better data to motivate our improvements.”

² Grantmakers for Effective Organizations. *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice*, 2008.

³ Kathleen P. Enright and Courtney Bourns. “The Case for Stakeholder Engagement,” *Stanford Social Innovation Review* (Spring 2010): 40-45.

⁴ Disclosure: Many of the foundations mentioned in this article provide grant support to CEP. For a list of CEP’s funders, see <http://www.effectivephilanthropy.org/index.php?page=our-funders>.

What It Takes to Drive Change: Notes from the Field

In presenting GPR results to foundations, CEP staff are often asked what it takes to drive improvement. While we don't yet have a research- or data-driven answer to that question, we do have some observations about what seems to characterize those foundations that have been able to drive real improvement in GPR results.

- » **Foundation leadership—starting with the CEO or executive director—makes the way the foundation works with grantees a clear and high priority.**

These foundations have CEOs who articulate clearly, and repeatedly, the importance of strong working relationships with grantees to the foundation's ability to achieve its impact goals. They put the GPR results in the context of the foundation's goals and strategies, focusing on the grantee survey questions that relate most directly to what they believe is required for them to achieve their goals. Rather than seeing the push for better relationships with grantees as in tension with the push for impact, they see them as complementary—and they make that view clear.

- » **The foundation carefully selects a manageable number of areas for focused attention.**

Foundations that appear to be most successful in driving improvement select a few crucial areas for improvement rather than trying to address every potential issue at once. They are guided in their choices by knowledge of which questions in the survey are the most powerful predictors of overall perceptions—and by their specific strategies. They are able to narrow down to two or three areas of focus that can be clearly communicated throughout the foundation.

- » **Foundation leadership is open and transparent with staff about the results and involves staff in the process of identifying areas of focus and action plans.**

Because the GPR is a reflection of how staff across the foundation interact with grantees, top-down fixes are less likely to work. Improvement requires coordinated efforts to understand results, prioritize areas for action, and plan and execute changes. When results are disappointing, foundation leaders frequently seek to carefully control their distribution—sometimes even refusing to share the report itself broadly within the foundation. If the goal is improvement, this approach is counterproductive. Foundations that make change are typically open and inclusive in their discussions of the results.

- » **Foundation leaders make clear early that feedback will be gathered on a repeated basis—and on a clear time frame.**

By making clear that the GPR will be repeated—and when—foundation leaders focus the attention of their staff and make it clear that they're serious. Improvement on the GPR becomes an important shared quest.



Using Comparative Data to Make Changes at Foundations

CEP created the GPR in late 2002, following a pilot grantee survey the previous year. Since that time, nearly 200 foundations have commissioned a GPR, including eight of the ten largest grantmaking foundations in the United States.

All told, CEP has surveyed more than 38,000 grantees using a survey that covers a wide range of grantee perceptions.⁵ The survey, which is currently administered online and includes 60 questions, has been developed with input from dozens of foundation leaders and grantees, and asks grantees questions such as:

- » Overall, how would you rate the foundation's impact on your organization?
- » How well does the foundation understand the field in which you operate?
- » How clearly has the foundation communicated its goals and strategy to you?

What emerges from a GPR is the story of a foundation told through the eyes of its grantees. Foundations learn whether they are seen to understand and have an impact on the fields and communities in which they work; how their interactions and communications are experienced; whether the assistance they provide is seen to be helpful; and how helpful their selection, reporting, and evaluation processes are to those they fund.

The GPR is seen by many as a tool that promotes transparency about topics that, in the past, were rarely reported outside the walls of a foundation. In 2004, the William and Flora Hewlett Foundation became the first to make its GPR results public, prompting an article in *The New York Times*.⁶ More recently, the Bill & Melinda Gates Foundation held open conference calls with its grantees around the globe to discuss the results of its GPR. Gates CEO Jeffrey Raikes emphasized that “we take this feedback very seriously because we understand that some of these barriers are preventing our partners and us from having our maximum impact.”⁷

CEP has regularly commissioned a third-party research firm, LFA Group, to assess the self-reported impact of the GPR on foundations. According to LFA's analysis, nearly all of the foundations surveyed are using findings from the GPR to make change.⁸ But the question remained, is the GPR *really* making a difference? Beyond self-reporting, are foundations actually changing in ways that grantees are noticing and experiencing?

Some Sobering Data

We wanted to understand whether foundations that have come to CEP to use a GPR for the first time in recent years look different, in terms of their grantee survey results, from those that came in the early years of the GPR. One hypothesis was that given the number of “infrastructure” organizations that have sprung up in this field during the past decade—including CEP itself—and given the increased attention to issues such as foundation-grantee relationships, we would see higher ratings for first-time GPR users in recent years than we did in the early days.⁹

⁵ The sample used for the analysis discussed in this report includes data from 2003 to 2010. The analysis was restricted to only those funders that commissioned a GPR. For a more detailed discussion of the sample used for this analysis, please refer to the methodology, available at <http://www.effectivephilanthropy.org>.

⁶ Strom, Stephanie. “Charities Surprise Donor Foundations with Bluntness.” *The New York Times* (April 23, 2004).

⁷ “Grantee Perception Report Summary.” Bill & Melinda Gates Foundation. (June 15, 2010). Web. <http://www.gatesfoundation.org/learning/Pages/grantee-perception-report.aspx>.

⁸ LFA Group. “Key Findings from the Grantee Perception Report (GPR) Subscriber Assessment” (January 2011). http://www.effectivephilanthropy.org/assets/pdfs/LFA/CEP_2010_GPR_Assessment.pdf.

⁹ Examples of organizations include Grantmakers for Effective Organizations, The Bridgespan Group, FSG Social Impact Consultants, and Grantcraft.

But our analysis showed that this is not the case. On average, foundations coming to CEP for the first time today receive ratings on almost all dimensions of the grantee survey that are just about the same—in absolute terms—as in 2003. The analysis revealed no perceptible change in grantee ratings of foundations using the GPR for the first time.

In other words, there is scant evidence in CEP’s grantee dataset to support the idea that the organizations, conversations, conferences, and research in this sector have yet changed the practices of foundations in general with respect to their grantees.¹⁰

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Going Public: *The GPR as a Statement of Foundation Transparency*

Since the William and Flora Hewlett Foundation went public with its GPR results in 2004 by posting the report on its website, many foundations have seen sharing results publicly as a way to demonstrate their transparency and commitment to improving how they work with grantees. About 40 foundations have made some or all of the results of the GPR itself public on their websites, including Hewlett, the David and Lucile Packard Foundation, and the Gordon and Betty Moore Foundation.^{11, 12}

Although many decide not to be that public, a recent LFA Group survey of 2010 GPR subscribers found the overwhelming majority of respondents publicized their GPR results in some way—most frequently by communicating with grantees about the GPR results.¹³ Recently, the Bill & Melinda Gates Foundation—which has not posted the GPR itself—discussed the findings of its GPR by hosting a series of open conference calls with grantees across the globe. The foundation’s leaders, including CEO Jeff Raikes and presidents of each of the Gates programs, described the GPR results and then opened up the calls to questions from grantees. The foundation posted audio recordings of each of these calls on its website.¹⁴

One grantee commented:

“I appreciate the Gates Foundation is going through a process of developing new strategies and areas of priorities, but it’s not always clear what those are.... I think transparency and a little bit more open level of communication would be helpful.... It would be helpful for all of us, from the smaller grantees to larger ones, to know exactly what the funding agencies are thinking about and what their plans are.”

Raikes responded:

“We agree.... We have to do a better job of having [a] greater level of sharing about how we’re thinking about our goals and strategies, not only so that you can have a better opportunity to plug into funding opportunities, but in particular so that we have stronger, better strategies for delivering impact.”

By being public about what they have learned, foundations can help create an environment in which grantees’ frustrations are discussable. In this way, the GPR can facilitate a new level of candor in the exchange between grantees and foundation leaders.

¹⁰ It is possible, of course, that the lack of change in ratings is a function of higher expectations on the part of grantees—that they have become tougher graders over the years. But while this is possible, we have no data to support this explanation.

¹¹ “Public GPRs.” Center for Effective Philanthropy. (2011). Web. <http://www.effectivephilanthropy.org/index.php?page=gpr-reports>.

¹² Foundations that have elected to make Grantee Perception Reports public are also listed on the Foundation Center’s glasspockets.org, a website dedicated to transparency in philanthropy.

¹³ LFA Group. *Key Findings from the Grantee Perception Report (GPR) Subscriber Assessment*. (January 2011). http://www.effectivephilanthropy.org/assets/pdfs/LFA/CEP_2010_GPR_Assessment.pdf.

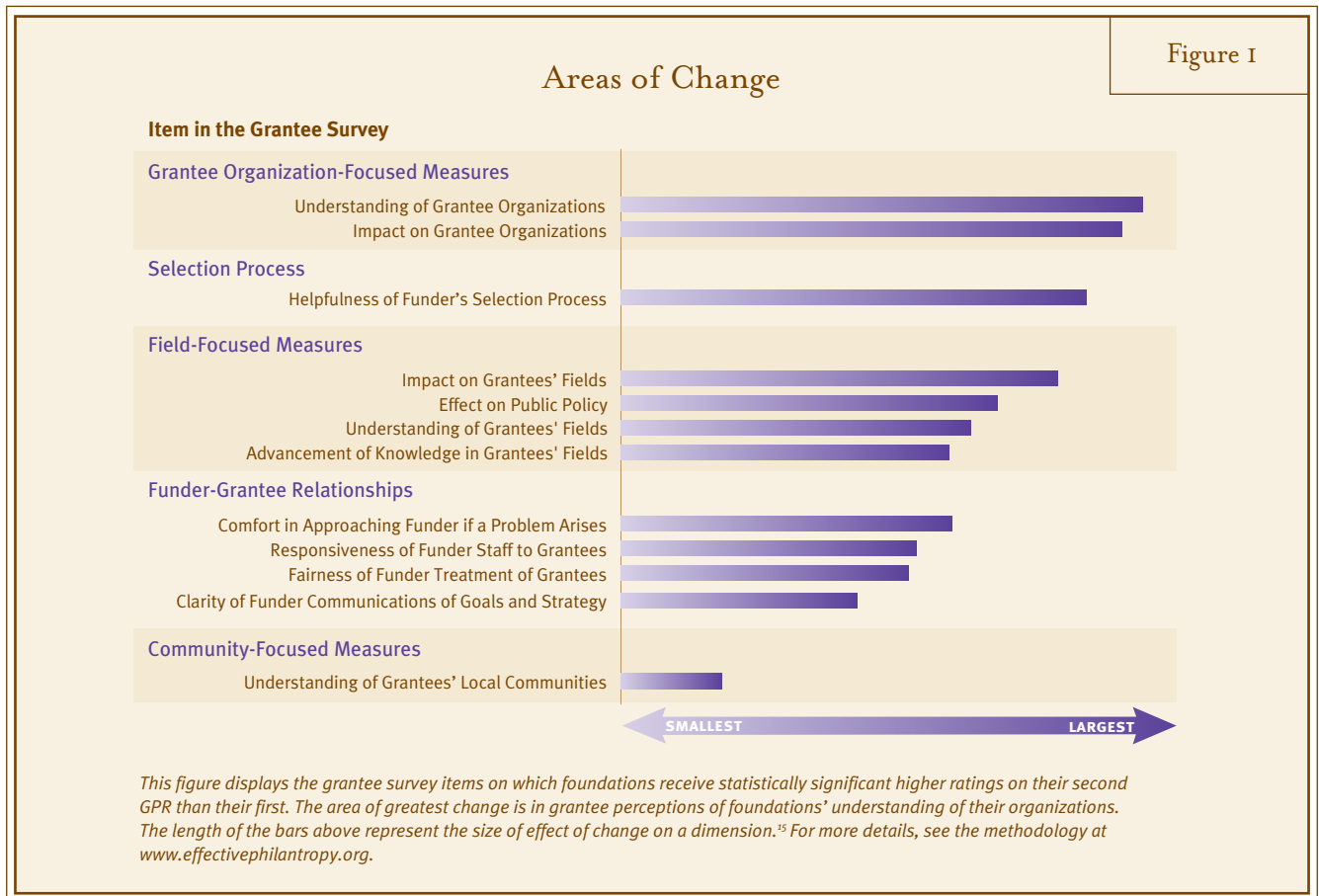
¹⁴ “Grantee Perception Report Summary.” Bill & Melinda Gates Foundation. (June 15, 2010). Web. <http://www.gatesfoundation.org/learning/Pages/grantee-perception-report.aspx>.

Real Gains for Those Who Focus

While there is no improvement in ratings over the years for foundations commissioning a GPR for the first time, the story of improvement is starkly different when we look at the 59 foundations that have repeated the GPR. On a number of dimensions in the grantee survey, analyses show statistically meaningful change for funders that repeated the GPR. Those foundations that make the commitment to getting feedback on a repeated basis are changing in ways that grantees are experiencing.

The difference is particularly pronounced on questions such as grantees' perceptions of foundations' understanding of, and impact on, their organizations. But we see change on a number of other dimensions, too, such as helpfulness of a funder's selection process, impact on grantees' fields, and questions related to quality of relationships (see Figure 1).

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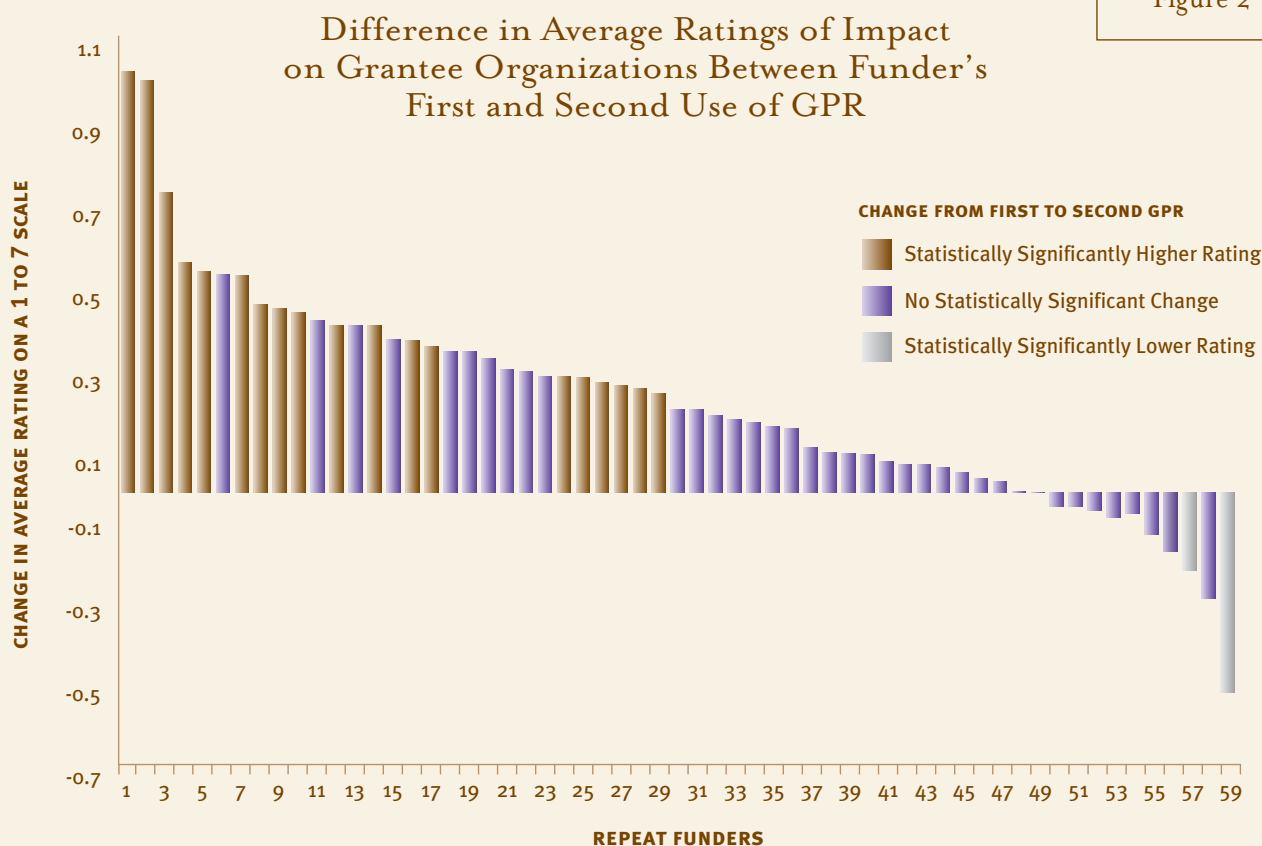


¹⁵ The change that funders experience in advancement of knowledge in grantees' fields is slightly less than the change they experience in grantees' comfort in approaching the funder if a problem arises.

Overall, 80 percent of funders repeating the GPR see some level of positive improvement on the impact their grantees perceive them to be having on their organization, and nearly one-third see statistically significant increases. Thirty-two percent of the foundations that have used the GPR twice saw their average rating on this question statistically improve, and only three percent saw their average rating statistically decline. The degree of change varies from funder to funder. (See Figure 2.)

It is, of course, possible that the decision to solicit and engage with grantee feedback is merely a signifier of some pre-existing commitment to operating in ways that would have resulted in improvement anyway, whether it was measured or not. Although a direct causal relationship cannot be drawn between use of the GPR and the change in ratings captured over time, the story is a promising one.

Figure 2



This figure displays the change on one particular grantee survey question related to perceptions of foundation impact on grantee organizations. Each bar represents the difference between the average rating a funder received on impact on grantee organizations in its first and second GPR. Some funders, of course, have more opportunity for improvement than others: A foundation receiving an average rating of a 6.0 on a 1-7 scale on a particular question has less room to improve than one receiving an average rating of a 4.5.

Acting on the Data

The Robert Wood Johnson Foundation has sought grantee feedback through the GPR five times. In its first GPR in 2004, the foundation received low ratings from its grantees compared to other foundations on a number of dimensions. RWJF's results prompted then-new CEO Risa Lavizzo-Mourey to write a blunt letter to grantees.

“The CEP findings were sobering, to put it mildly, suggesting far from optimal performance when compared with some of our peer foundations. For example, RWJF grantees rated us relatively poorly with respect to ‘grantee satisfaction,’ fair treatment of grantees, responsiveness of staff, and clarity of funding priorities.... We need to communicate more clearly and consistently, both internally and with you, our colleagues in the fields of health and health care, about our goals and objectives and how these practices contribute to those goals.”¹⁶

Some important changes that would influence how grantees experience the foundation had already been made, even before the first GPR. RWJF had divided work into portfolios and set clear and specific objectives within those portfolios. In response to the GPR, RWJF publicly shared its benchmarks for what it is trying to achieve and set internal benchmarks on how quickly responses are made to grant proposals.

Lavizzo-Mourey makes sure staff does not forget the goals for improvement on key grantee survey questions. Posters on the walls of the foundation, just outside the cafeteria, illustrate the current level of performance on GPR results relative to goals.

Central to RWJF's efforts to improve has been focus. “You can't change everything at once,” said Lavizzo-Mourey. “Some of the areas we need to give higher priority to for any number of reasons: the score was particularly low; it aligns particularly well with our guiding principles; we think that it's an area that will compromise our effectiveness if we don't jump right on it.”

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This focus has paid off. When comparing RWJF's ratings on its most recent GPR in 2009 to its first GPR five years earlier, grantees are giving significantly higher ratings on important dimensions such as clarity of communications of goals and strategy, responsiveness, and fairness. Like Endowment for Health and other foundations, the experience of RWJF's grantees has changed—demonstrably—for the better.

¹⁶ Lavizzo-Mourey, Risa. “‘How're We Doin'?’ (We Can, and Will, Do Better).” The Robert Wood Johnson Foundation. (Letter to grantees, August, 26, 2004).

Toward Greater Impact

Our analysis suggests that the GPR can help funders make a difference in the way they work with grantees; that when foundations make the commitment to getting feedback that is candid and comparative, they can make changes that result in different—and better—grantee experiences.

If foundations are seeking to achieve their intended impact through those they fund, then the ways in which they work with those organizations is a vital link in that effort. Gates Foundation CEO Jeffrey Raikes has called the partnership between his staff and its grantees the “lifeblood” of the foundation.¹⁷ Lavizzo-Mourey put it this way: “If our relationship with our grantees is wanting, then it’s going to impact negatively our ability to accomplish the kinds of goals we want to accomplish.”

The link between grantee perceptions of foundations and end impact articulated by Raikes and Lavizzo-Mourey has not been proven. But it’s hard to imagine that a foundation can achieve its impact goals without paying attention to how it interacts with—and affects—its grantees. Given the frequent laments that foundations are immune to feedback and slow to change, the findings from this research should give hope to grantees and funders alike.

Profiles of three foundations that have used the GPR to create change—Endowment for Health, Richard M. Fairbanks Foundation, and Robert Wood Johnson Foundation—are available at www.effectivephilanthropy.org.

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We are grateful to Eleanor Bell, Gale Berkowitz, Alexa Cortes Culwell, Jacob Harold, David Hunter, Kevin Rafter, and Fay Twersky for feedback on drafts of this report.

This paper is based on CEP’s independent data analyses, and CEP is solely responsible for its content. The report does not necessarily reflect the individual views of the funders, advisors, or others listed above.

¹⁷ “Grantee Perception Report Summary.” Bill & Melinda Gates Foundation. (June 15, 2010). Web. <http://www.gatesfoundation.org/learning/Pages/grantee-perception-report.aspx>.



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