



THE CENTER  
FOR EFFECTIVE  
PHILANTHROPY

# Greater Good

Lessons from Those Who  
Have Started Major  
Grantmaking Organizations



# Greater Good:

## Lessons from Those Who Have Started Major Grantmaking Organizations

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### ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

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# Foreword

## Dear Colleague,

This year marks the Helmsley Charitable Trust's tenth year as an active grantmaker. As we reflect on those 10 years and look forward to the future, we recognize it is a great privilege, honor, and joy to be part of this sector—and we have a deep responsibility to make an impact and drive progress.

We are in the midst of an exciting and singular moment for philanthropy: in the past two decades, more than 30,000 new private foundations have been established in the United States. This momentum, and the promise these new foundations hold, has the potential to effect long-lasting, meaningful change in our world.

As we have seen firsthand in our work at the Helmsley Charitable Trust, there is so much to learn about being an effective grantmaker. Yet as so many nascent foundations begin mapping out their grantmaking strategies and ethoses, we are well aware that there is no true map to guide those new to this field.

That is why this report is so essential. Building on the tremendous growth in private philanthropy in recent years, this report highlights many lessons and insights from leaders who recently went through the process of launching and professionalizing large new philanthropic organizations. After conducting extensive interviews, the Center for Effective Philanthropy has thoughtfully distilled an insightful guide that offers advice on leadership; on approaching

work alongside board members, staff, and grantees; and on the importance of taking risks and orienting all of our organizations toward continuous learning and improvement. Thank you to the incredible team at CEP and to the many peers who have so thoughtfully and candidly shared their own experiences for this resource.

Like so many of you, the Helmsley Charitable Trust is committed to being true partners with our grantees, providing support beyond dollars through convening, connections, and ideation. Though we have only been an active grantmaker for 10 years, we are proud of the impact we have been fortunate enough to make. As we look ahead to the next decade, we can think of no better way to mark the occasion than by helping to share key insights about this work—and in doing so, help our new peers chart the course for building an effective grantmaking organization.

We hope that the lessons included in this report will help to guide, inform, and instruct the next generation of grantmakers. And we look forward to seeing our peers make a meaningful impact across many fields in the years to come.

With gratitude and respect,

**Sandor Frankel, David Panzirer, Walter Panzirer**  
*Trustees of The Leona M. and Harry B. Helmsley Charitable Trust*

# Executive Summary

While there is no single blueprint to follow, there are many shared experiences and lessons to be learned from those who have led early-stage grantmaking organizations. Interviewees say that getting a grantmaking organization off the ground takes three key elements:

**1**

## **Leadership characterized by humility, courage, and resourcefulness**

Starting an organization is not just about building systems and processes. It is about the values undergirding the work, the approach that leaders take in the early years, and the mindset that leaders bring to the work. What comes through loud and clear in our interviews is that leadership, from the very top, makes all the difference and that the traits of humility, courage, and resourcefulness are particularly important in the early years. Interviewees recommend being humble and bold, learning the basics from others, and hiring staff with aligned expectations.

**2**

## **Shared understanding among donors, board, staff, and grantees about how the organization will approach its work**

Leaders of early-stage grantmaking organizations have a range of relationship-building responsibilities, from understanding donor intent, to working with a board of directors, to managing staff, to interacting with grantees. There are difficult, candid conversations to be had across these stakeholder groups to ensure a shared understanding about how the organization will approach its work. Interviewees recommend getting clarity on donor intent and wishes, establishing role clarity and trust with the board, helping staff embody the organization's culture and values, starting off relationships with grantees on the right foot, and prioritizing the development of a communications function.

**3**

## **An organization with a sense of what success is and an orientation toward learning**

Making change for the greater good is never quick or easy, even when large sums of money are involved. Interviewees recommend outlining what success would look like and how to measure it and embracing learning and change as a natural part of the process.

# Introduction

Mega-philanthropy has been on the rise in recent decades and is only likely to increase further. During the past 20 years, more than 30,000 new private foundations have been established in the United States, and private foundation assets now exceed \$734 billion.<sup>1</sup> Despite the influx of new private foundations and the immense assets that they hold, there is not much beyond basic legal and financial resources to help those who are leading early-stage grantmaking organizations learn how to effectively approach this multifaceted process.<sup>2</sup> Donors and those they trust to advise their philanthropic giving often have limited experience with institutional philanthropy, raising a number of questions: What lessons can they learn from others who have come before them? What mistakes should leaders of early-stage grantmaking organizations avoid? What practices should they implement?

In this research initiative, we seek to answer these questions by posing them to those who would be able to speak from personal experience: trustees, CEOs, program staff, and operations staff who have recently been through the process of leading early-stage grantmaking organizations. Some of these trustees and CEOs are members of the donor families, giving them a deep connection to the philanthropists who chose to dedicate their wealth to improving our society.

The organizations in this study were established or experienced significant growth in the past two decades—a period long enough for their leaders to have learned some valuable lessons,

and recent enough for early-stage issues to be fresh in their minds. Many of these leaders define the early stage as the first 10 years. Each of their organizations holds at least \$350 million in assets. They focus on a wide range of issues, from racial equity and access to education, to ensuring those with physical disabilities can engage in their communities, to supporting the arts and scientific research.

With the freedom of anonymity, these 35 leaders of 14 organizations openly share lessons they have learned about what it takes to get a grantmaking organization off the ground. Those we interviewed emphasize the need for three key elements:

- Leadership characterized by humility, courage, and resourcefulness
- Shared understanding among donors, board, staff, and grantees about how the organization will approach its work
- An organization with a sense of what success is and an orientation toward learning

While some of the lessons emerging from this research can be applied at any stage in a grantmaking organization's lifecycle, leaders can save themselves and their successors much wasted time, effort, and money by implementing sound practices from the beginning and weaving them into the cultural DNA of their organizations. Interviewees find that the decisions made in those early years can set up an organization to transition from the early stage to a more mature phase of development and position it for greater success.



## FINDING 1:

**It takes leadership characterized by humility, courage, and resourcefulness.**

Starting an organization is not just about building systems and processes. It is about the values undergirding the work, the approach that leaders take in the early years, and the mindset that leaders bring to the work. What comes through loud and clear in our interviews is that leadership, from the very top, makes all the difference, and that the traits of humility, courage, and resourcefulness are particularly important in the early years. Interviewees recommend being humble and bold, learning the basics from others, and hiring staff with aligned expectations.

## BE HUMBLE

It is easy, as many observers of philanthropy have noted, for those new to philanthropy to mistakenly believe giving away money well cannot be that hard.<sup>3</sup> When new philanthropic leaders come from the private sector, some think that their business success will quickly and easily translate to philanthropic success.<sup>4</sup>

Interviewees unequivocally caution against this hubris. One CEO, who previously served as a senior executive in the private sector says, “Just because you come from a business background, know how to lead large organizations, and achieve results at scale doesn’t mean that you’ll be similarly successful in a nonprofit setting. Unlike large companies, nonprofits rarely have the resources they need, and they’re tackling intractable social issues to help improve people’s lives. I personally think this work is much harder than any corporate job I ever did—and I’ve had some tough jobs.”

One trustee candidly reflects on the arrogance with which his organization approached its work in the earliest years, and the consequences:

We lacked a level of humility in the beginning that’s not uncommon with new grantmaking organizations. Many start with a fair amount of hype, saying, ‘We’re going to change the world, and all you idiots preceding us didn’t know what you were doing.’ I hear that in a lot of



*It’s not your money; it’s the board’s. It’s not your program; it’s the grantees.’ And there is a certain humility that should come along with that.*

— FOUNDATION CEO

announcements that come out. The problem with this approach is there are likely funders and nonprofits that have worked on these issues for a long time, and it’s very rare that an organization is going into something that someone hasn’t worked in before. When our organization fell for this common pitfall, it created all kinds of problems for a series of years where grantees were a combination of confused and annoyed.

Humility can be gained from understanding the reality of one’s role: “Remember that you are the middleman; you’re trying to bring together on one side, the board, and on the other side, the grantees. It’s not your money; it’s the board’s. It’s not your program; it’s the grantees.’ And there is a certain humility that should come along with that,” says a CEO.

## BE BOLD

It is not news that grantmaking organizations enjoy relatively unfettered freedoms to experiment, to support new approaches to solving societal problems, and to take risks and test ideas.<sup>5</sup>

Interviewees feel fortunate to have more freedom to experiment and innovate than other sectors and organizations. One interviewee says, “There are surprisingly few rules in philanthropy, and most of us came from places with a lot of rules.” As a result, interviewees believe that “philanthropy in particular has a responsibility to be open to taking risks that other organizations can’t.”



*You need to ask, ‘When we are 100 years old, what do we want that to look like? What will we have to set up in the beginning for that?’*

— FOUNDATION INTERVIEWEE

With so much to tackle in the early years, organizations are inclined to focus on the immediate challenges. But interviewees advise making time to think boldly about the organization’s future, even in the midst of the chaos of the early years. “You can’t just focus on the immediate crises at hand. You need to ask, ‘When we are 100 years old, what do we want

that to look like? What will we have to set up in the beginning for that?’ And don’t be afraid to take the risks that are going to possibly bring big rewards later on,” says one interviewee.

Interviewees emphasize that risk-taking in philanthropy, especially when things do not go according to plan, is about having the ensuing insight that failure is not inherently bad but rather an opportunity for learning and improvement.

## LEARN THE BASICS FROM OTHERS

As one trustee says, “There’s no roadmap to starting a foundation.” Building an early-stage grantmaking organization was a new experience for many interviewees, and each organization took a different path. They were resourceful as they learned the basics—educating themselves about philanthropy, the issues their organizations would seek to address, and how to build out teams and systems for making the work happen.

To support their learning, some interviewees found it very helpful to turn to leaders of other grantmaking organizations, both new and established, for input and advice. “Learn from other funders who are succeeding in their respective spaces,” recommends a trustee. For one CEO, it was important that the organization’s living donors connect with and benefit from the experience of other philanthropists, so that “I was not the only voice in the room with the donors. Bring in others so that you’re helping them learn not just from you, but from others.”

Additionally, most organizations in this study hired consultants early on to help build out



## THE INTENSITY OF THE EARLY YEARS

Interviewees vividly recall the early years as being intense and stressful, both emotionally and physically. Sometimes, the intensity was tied to an influx of money, whether expected or not, and the pressure of meeting minimum distribution requirements while ensuring effective giving and systems. Sometimes, it was a result of not having enough staff while ramping up.

One CEO describes the first three years as “two people trying to hold the organization together with duct tape.” One trustee recalls, “We were nose to the grindstone in the early days.” His colleague says, “The first few years here were so intense. It was drinking from a fire hose every time someone new started. On my second day, it was clear there was a lot to do and a lack of clarity on what that was. At the time, there was minimal internal staff capacity.” Another trustee at this organization adds, “Drinking from a fire hose is an understatement. It was insane. We were building the plane while we were flying it.”

Interviewees describe nonstop pressures and intensity, as well as trouble prioritizing everything that needed to be done. They felt they did not get a break in those early years. One CEO says, “Things were moving so fast that we needed some sort of guidepost or structure for what we were prioritizing. We ended up having to add staff quickly because we took on too much, and it wasn’t part of the plan. Things got out of control quickly. We did too many things in two years.”

Despite the stress, several interviewees speak of the enjoyment they get from their work. One interviewee even says that the intense, early stage remains one of his favorite times at his organization. Interviewees recommend stopping to celebrate important milestones along the way, rather than always pressing forward to the next thing.

operations and practices. In most cases, consultants played a valuable role, acting as outsourced staff when the organizations were too small to do everything in house. They helped to develop mission and values, research and explore potential grantmaking areas, establish governance practices, make connections with other leaders and people in

communities, and review legal work. One trustee says, “If I were to advise anybody to do anything, I would say you must have a consultant who will work with you and teach you.” Interviewees also learned from affinity groups, conferences, and informal working groups. Some took classes and read up on the sector.

## HIRE STAFF WITH ALIGNED EXPECTATIONS

When it comes to hiring, interviewees advise hiring carefully for alignment and mindset because not everyone can thrive at an early-stage organization. To ensure alignment, one CEO recommends, “Know exactly what you want to accomplish and what capacities you need to be successful. When you bring on new people, they’ll have expectations, and you want to make sure that those expectations are 100 percent aligned with your interests.”

Interviewees said that the people most suited to working at an early-stage organization feel comfortable with ambiguity and bring an all-hands-on-deck mentality. One CEO says, “This isn’t the type of job where a new hire can come in and be given a work plan. You have to hire people who are committed to helping build that plan.” A director recalls that when her organization began, staff needed to be willing to do everything. “We did office maintenance, and did all the finance, investments, grantmaking—everything. Hire capable people who are willing to be flexible enough to learn and adjust,” she says. “We wore many hats in the early days but now have staff who fill these specific roles.”

Interviewees faced staffing challenges and decisions, including:

- Which positions to fill first
- How to find the right balance of internal staff and consultants
- Whether to seek generalists or specialists
- Whether to hire people with nonprofit, philanthropic, or other types of backgrounds
- Whether to hire people who have lived in the communities the organization seeks to serve

While there is no formula for success, interviewees made these decisions based on the values of their organization and how relevant these characteristics were to the work that needed to be done. For instance, one CEO says, “Our work prioritizes raising voices of marginalized communities, so hiring people from those communities has been critical.”



### ONE ORGANIZATION'S GROWTH

As organizations grow and need to hire staff, often at a rapid pace, one organization's example offers an alternative way to operate. This organization anticipated that there would be a sudden influx of assets, positioning it for steep, stair-step growth. “We were going to move from one level to a different level suddenly,” recalls the COO. However, the organization’s leadership decided to deliberately “smooth the growth” by steadily increasing the organization’s staff and grantmaking ahead of the anticipated asset increase. “This allowed us to be thoughtful about building the staff and other operations, as opposed to frantic and panicked,” says the chief of strategy and programs. The COO agrees, adding, “It gave us the luxury of being able to set our own timelines and prioritize, rather than get overwhelmed all at once.”

# Lessons Learned & Questions for Reflection

## BE HUMBLE

- In what areas do you have the most to learn?
- What specific practices have you put in place to ensure organizational humility?

## BE BOLD

- What aspirations do you have for what your organization will have achieved 10 years from now?
- What specific practices have you put in place to prepare your organization to achieve those aspirations?

## LEARN THE BASICS FROM OTHERS

- Who are your philanthropic “mentors”; that is, people you admire, talk to, and are learning from?
- What resources are you drawing from to develop a better understanding of philanthropy and the issue areas your organization seeks to address?

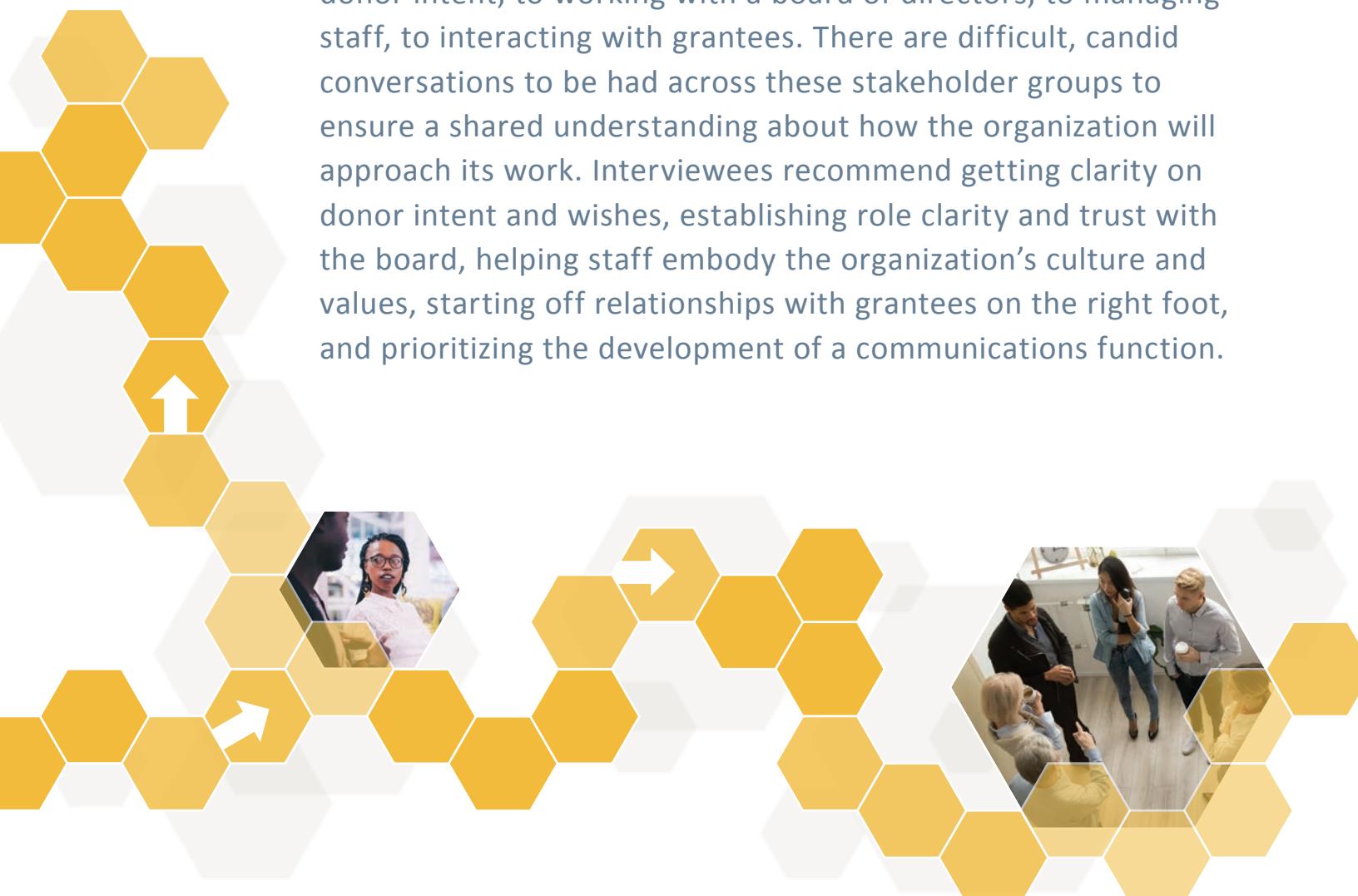
## HIRE STAFF WITH ALIGNED EXPECTATIONS

- Given your organization’s approach to philanthropy, what skills, backgrounds, and experiences are most important when hiring staff?

## FINDING 2:

# It takes a shared understanding among donors, board, staff, and grantees about how the organization will approach its work.

Leaders of early-stage grantmaking organizations have a range of relationship-building responsibilities, from understanding donor intent, to working with a board of directors, to managing staff, to interacting with grantees. There are difficult, candid conversations to be had across these stakeholder groups to ensure a shared understanding about how the organization will approach its work. Interviewees recommend getting clarity on donor intent and wishes, establishing role clarity and trust with the board, helping staff embody the organization's culture and values, starting off relationships with grantees on the right foot, and prioritizing the development of a communications function.





*Philanthropy is personal values expressed monetarily.*

— FOUNDATION TRUSTEE

## GET CLARITY ON DONOR INTENT AND WISHES

Donor intent shapes the organization's culture, grantmaking priorities, and aspects of the connection that board and staff members have to the work. While the extent of guidance from donors about how the organization will approach its work varies, interviewees feel a deep responsibility to honor the values and legacy of donors whose money they are managing.

Living donors are sometimes involved in the day-to-day work of the organization, from providing guiding values to approving grants. The daily involvement of these donors can sometimes feel advantageous and sometimes present challenges.

According to one trustee, "The advantage of living donors, assuming they're consistent, is that they're the ultimate decision makers. Any time there's a question, you can get a statement of what they think should be done, which is typically an expression of personal values. Philanthropy is personal values expressed monetarily."

Interviewees see candid conversations with living donors as essential for ensuring a shared understanding, one that carries through to ensuring alignment on goals, strategies, grant-making, and operations. They suggest leaders discuss the following topics with living donors:

- Donor philanthropic goals (What issues/fields/communities are of primary interest? What approaches would the donor like to employ? What, if anything, is off limits?)
- Desired involvement of other family members
- Perspectives on payout and whether giving should be in perpetuity or more limited
- Desired level of involvement in the foundation's day-to-day operations
- Desired roles of donor and leader

CEOs can avoid misunderstanding and conflict with living donors when they have a shared understanding about the CEO's role and the reach of their decision-making power. One interviewee mentions a mentor, who said in living-donor situations, "You are in control until you are not in control." Interviewees acknowledge the importance of seeking clarity about their role from donors by asking such questions as:

- In what areas would you encourage and support me to make decisions? In what areas would you prefer to make decisions?
- What are the roles you would encourage and support me to take on?
- What are the most important tasks you see as aligned with this role?

One CEO says it is important to have these types of conversations, “not just for the employee, but also for the donors... so that they’re set up for success by reaching mutual agreement.”

When the donor was not living at the organization’s inception, interviewees did their best to stay true to intent. If clear documentation does not exist, board members who were close to the donor can help to decide the direction a grantmaking organization should take.

One foundation professional who leads programs says, “The board is a kaleidoscope of who the donor was because each member had a different relationship with him—and together, you see the whole person and all the different things that interested him.” A colleague who serves as CFO agrees: “At another foundation I worked at previously, the donor died early, and there was nobody on the board that had known her personally. It’s different when you come to a place where the board or the people you work for love the founder and are here to carry on what he cared for.”

A secondhand connection to late donors can also serve as an inspiration for staff. One organization collects photos, videos, and stories about the donor, so staff who did not directly interact with him are able to draw inspiration from him. A senior foundation executive mentions the helpfulness of having a written document that explains founders’ intentions. “The document helps to preserve the donor’s intent and culture because it’s not just me as a staff person saying, ‘I remember back in the day.’”

Sometimes, when a donor does not communicate much—or anything—about their wishes for the grantmaking organization, it can cause frustration for those left behind. A family member of a late donor, who is also a trustee of the organization, offers advice to living donors:

### ONE DONOR’S LEGACY



At an organization focused on ensuring quality of life for people with spinal cord injuries, the late donor’s deeply personal connection to the issue inspires staff and board members to this day. The executive director says, “Our donor’s success before and after sustaining his injury fills me with emotion and is the motivation that continues to drive us as a staff. It’s also our inspiration when we talk to researchers, clinicians, and individuals who work with families who may be scared, frustrated, or feeling lost.”

Board meetings place focus on what the donor would say if he were still alive: “He would be very pleased to see how the organization has grown and where we’re going. But he would also say, ‘What else can we do? How can we do better?’ His mind did not sit still, and therefore, we do not sit still,” says her colleague.

"For me personally, it's frustrating that our donor had a chance to codify a mission statement and chose not to. I'd recommend that a living donor draft such documents. In our situation, we got lucky because we had good outside consultants and staff who helped us articulate

grantmaking areas and strategies—maybe a few years later than we should have, but we're here now. I would recommend that living donors running a grantmaking organization plan for what comes next. A lot of aggravation could be saved by doing so."

## ESTABLISHING PROGRAMMATIC GOALS AND STRATEGY TAKES TIME

Most interviewees say that donors' or board members' interests, combined with opportunities to make a difference, strongly shaped the establishment of their programmatic goals. One organization's CEO describes establishing programmatic goals as "a systematic process of weaving together the interest and passion of the family with objective knowledge about gaps and opportunities."

To identify gaps in the funding landscape where the organization could complement existing funders' work, members of one board asked, "Where's the donut hole? Where's a place where not many foundations operate?" They wanted to avoid replicating work that others were doing; so, for instance, they hired an outside consultant for one program area to determine which geographic regions lacked help.

One organization's early focus was on education, and its leaders asked, "How are we going to add value as funders in a

space where there are already a lot of dollars being spent?" The director of strategy says, "Getting smart on an issue area to determine what the goals are is a really important investment of time." While she understands the pressure to "get money out the door quickly, finding the right balance between research, expertise building, and strategic planning while starting grantmaking" is vital. Likewise, a director of programs says, "It takes a lot of time and energy to identify the gaps and the greatest needs and figure out where the organization can specifically play a role and have an impact."

Some organizations sought outside experts to vet and strengthen their strategies. During the research phase of its strategic planning, one organization convened advisory panels to review the white papers summarizing their tentative strategies and provide feedback and suggestions. These panels consisted of approximately 10 to 15 experts from foundations, academia, and nonprofits.

## ESTABLISH ROLE CLARITY AND TRUST WITH THE BOARD

Interviewees speak about the importance of understanding how the board wants to be involved and clarifying roles of board and staff. Some boards want to be highly involved in day-to-day operations, especially when they are composed of family members of the donor. Some want to focus on strategy and to not be involved in grant decisions. Such organizations have rules about their boards approving grants above a particular value or number of years, rather than approving all grants. Whether board members act as chief program officers or strategy advisors, “learning to communicate well about how the board wishes to be involved is one of the most important lessons,” one interviewee notes.



*Learning to communicate well about how the board wishes to be involved is one of the most important lessons.*

— FOUNDATION INTERVIEWEE

Keeping this dialogue open is important. As early-stage organizations mature, they often hire more staff, resulting in shifts in board roles and board–staff relationships. Several organizations’ boards shifted from determining issue areas and knowing the details of grants to thinking about strategies and what the organization has learned in pursuit of those strategies.

One trustee recommends that boards professionalize their organizations: “We had a board that had no grantmaking experience. We’re a smart enough group of people that we figured out some things. But one of the important things that we figured out is that we were underqualified to do this work. I can’t imagine that you’d find very many families where the family members are effective grantmakers, unless they worked in that industry. We eventually elected to professionalize the organization.”

Handing over the reins to professional staff can be a difficult transition for board members and grantees, especially when board members had built close relationships with grantees they have managed. Staff also need to adjust as they grow and have fewer and more formal interactions with the board. One interviewee says, “Our interactions with the board have gotten more formal over time. We have more structure and discipline around our board books, materials, and presentations. However, it can feel a bit more like we are presenting a nice face to the board.” She advises organizations that want to keep those candid channels of communication “to actively work on it because we’ve seen a natural drift toward more formality and canned presentations and less dialogue.”

According to one interviewee, a key challenge staff will face as the organization grows is determining what information a board needs as it shifts to a more strategic orientation: “We’ve grown to a scale where it’s not as easy for the board to keep track of grant-level details. It’s important to be thoughtful about updating the board in a way that gets them the information they need without it being overly time-consuming for them or the staff. Growing

organizations should be mindful of how the increase in scale affects the ability of the board to have visibility into day-to-day operations, and how to manage the transition to a more strategic use of the board's time."

## HELP STAFF EMBODY THE ORGANIZATION'S CULTURE AND VALUES

The culture and values that undergird how an organization approaches its work need to be embodied by those carrying out the work. As their organizations grew and added staff, interviewees faced the challenge of maintaining the culture and values that either stemmed from the donor or formed organically over time. A director of programs states, "Mission, vision, and values need to be refreshed for the people who have been here for a while and absorbed by the people who join."

Interviewees provide examples of how culture and values were preserved and how they evolved amid growth, including emphasizing their importance during the hiring process, modeling them in its staff leadership, and leaving room for them to evolve.

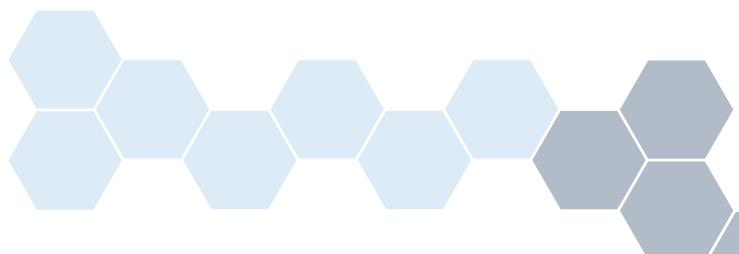
A VP of programs says that his organization specifically hired staff who shared its culture and values. A CEO explains that this was especially important when starting up: "When we brought on our fifth employee, we recognized that the person would represent 20 percent of our staff culture. It's always important to hire well, but it's even more critical in those early days."

Interviewees at one organization explicitly communicated the importance of its collabora-

rative culture during recruitment processes. A director explains, "For example, when we were hiring a chief investment officer, we made it clear that all functions were important to our success. We had the same discussion with our program people and finance people. We communicated that all functions were critical because that's fundamental to our culture." As a result, the CFO says she knew at the outset that "the foundation has a culture where none of us can exist without each other."

Interviewees were cognizant that they needed to model the values they wanted to see perpetuated in their organizations. One CEO says, "Culture is embedded in everything, from the recruiting process to performance reviews."

Leaders should proactively communicate the culture and values that they—or the donors—want to see, but they should also leave room for the culture and values to evolve as new staff enter the fold. One chief of strategy and programs notes, "Our culture and values reflect the donors' values, and we've preserved the essence of them—and evolved them. For the donors, it was important to their legacy that we stay relevant." The COO adds, "We did not have the permission to evolve—we had the expectation to evolve." A CEO explains, "It doesn't matter what stage the organization is in, it's always a work in progress. I've heard from 50- to 80-year-old organizations that these cultural elements still change over time."



“

*A founding tenet of our organization is: Don't assume we know best what grantees need, but rather go out and ask them directly.*

— FOUNDATION CEO

### ONE CEO'S COMMITMENT TO FEEDBACK



One CEO was inspired to seek feedback from grantees by the lessons she learned from her father, the organization's donor, who valued collecting and responding to feedback from customers about his product. She recalls, “By listening to the people who bought the product, he was able to come up with innovations that significantly improved the experience for the end user. We use that approach at our organization. We talk with our grantees and listen to what they need. Then, we go back and make changes, and check in with them about how the changes are working. We ask, ‘Is your experience better? Do you have more of what you need? Is your capacity now larger because of this?’” In doing so, she tries to emulate the humility her father had to recognize that he didn’t know best and needed to get input from those who did.

## START OFF RELATIONSHIPS WITH GRANTEES ON THE RIGHT FOOT

Interviewees speak about the importance of building the foundation for strong funder–grantee relationships early on in their work. In their eyes, strong relationships are important for a number of reasons. For some, it is a desire for partnership with grantees, which requires open, trusting relationships. For others, it is a sense that they will be more effective when they have good relationships with grantees. And for others, it is the belief that grantees are to be trusted and respected, inherently, because they are the ones doing the work, they know the work, and they will be doing the work well after the grant ends.

Having clear organizational values from day one helped some of these early-stage organizations prioritize and build the foundation for strong funder–grantee relationships and ensure this was incorporated into their program strategies. As one CEO says, “A founding tenet of our organization is: Don't assume we know best what grantees need, but rather go out and ask them directly.” One organization did this by hosting “community conversations” with non-profits leaders for each of their program areas. A trustee says that hearing from grantees about their challenges, their context, and those they serve “helped when we first got going because we knew we were answering needs. We started a big program as a result of the conversations that we never thought of prior to them.”

Another organization made a deliberate choice from the beginning to make fewer, larger grants so that program staff could do more to support grantees. It took a few years for program staff

# COMMUNICATE CLEARLY ABOUT FUNDING—OR THE LACK THEREOF

Developing a shared understanding with grantees and nonprofits often means communicating clearly about funding—or the lack thereof. Interviewees advise others “not just to communicate *what* you fund but *how* and *why* you fund it,” and to communicate about “any changes that occur because they will affect people. Have a response ready that takes into account what grantees are going through.”

## DO NOT STRING APPLICANTS ALONG

“You get inundated when you’re starting a grantmaking organization,” says one trustee. One interviewee says that in his first year, his organization received more than 3,000 unsolicited grant requests, despite his foundation being invitation-only. Part of grantmaking is saying no, and inevitably, funders have to decline applicants.

A senior executive at this organization says that one of the biggest mistakes made was not doing more to prevent nonprofits from investing time and energy in pursuing a grant that would not ultimately materialize. Although the foundation’s staff did not necessarily know whether or not their organization would fund in a particular area, she says, “We could’ve clarified that while we were looking at a number of areas, we expected to ultimately fund only a fraction of them.” Her colleague recommends, “Try to crystalize where you think you’re headed first, before conversations take place externally. Otherwise, nonprofits may be dragged through turmoil while decisions are being made internally.”

The organization made millions of dollars’ worth of retroactive planning grants to these nonprofits to compensate for efforts made to pursue grant funding. Now, it actively works to ensure it is clearer about

funding. One trustee says, “A quick ‘no’ is better than a delayed ‘no.’ If we don’t know what we’re going to do, it’s better for the nonprofits to hear ‘no’ right away. At least it sets an expectation that doesn’t cause them to waste time. We can always change our mind later, but if we delay and string them along, they hate it if we finally end up at a ‘no.’” A communications expert at the organization agrees, “Err on the side of caution when you communicate about these things.”

## END RELATIONSHIPS RESPONSIBLY

Navigating the end of the relationship with grantees can be tricky, but having a plan to do so responsibly is crucial.<sup>6</sup> As one interviewee describes:

Over the years, we have entered into areas or relationships with grantees that for one reason or another have not been a fit or have not helped us deliver the impact that we seek. It’s incumbent upon us to give adequate notice and advocate for an exit grant or a ramp down over time. We try to be as transparent as possible with grantees about what to expect and hear from them about what needs we could support that would lead to the most sustainability of what we achieved together. While all that is never easy, we feel that that is what we need to do to be responsible funders.

The organization also tries to guide former grantees to other funders that might be interested in working with them. The CEO says, “A benefit of building very strong relationships with the other funders in our field is that when we exit relationships with grantees, we can ask, ‘Who else in the field has an interest here and how can we partner with them?’”

with different expectations or prior experiences to buy into this approach to grantmaking.

One CEO shares how the organization, by not prioritizing listening to grantees and understanding their needs, had missed opportunities to be effective. “We didn’t take the time to ask them what they needed, what was needed in the community, or where we could play a role,” says this CEO. “It took us a couple years to evolve, listen, and respond to their needs,” she says, adding that “involving our grantees helped our grantmaking.”

## PRIORITIZE THE DEVELOPMENT OF A COMMUNICATIONS FUNCTION

Some interviewees wish their organizations had put more resources toward developing an external communications strategy in the earliest years. They admit to not having seen the value of focusing on this aspect of their work—and to not having seen it as an integral part of the work—until they were much further into the organization’s development. One trustee reflects, “Communications slid

## GETTING INTERNAL CLARITY BEFORE COMMUNICATING EXTERNALLY

Many interviewees emphasize the importance of internal clarity about how and when the organization wants to use its voice before communicating externally. Getting some clarity up front about what the organization’s messaging and brand will be can save a lot of time and energy later. Questions to consider early on include:

- When will you use your voice as a philanthropist? When will you not?
- What are the key messages that you would want to have conveyed?

Some interviewees stress the importance of training all staff—not just those in the communications function—to talk about the organization. A senior foundation executive suggests viewing “every single

person on staff as an ambassador of the organization, whether they realize it or not.” When her organization was getting up and running, things were gelling as they went, making it difficult for staff to talk about the organization in a consistent way or set consistent expectations regarding its grantmaking philosophy and giving areas. The organization had a training session, where everybody on staff worked through case studies, practicing how to represent the organization wherever they were. She recalls, “It was a powerfully important training because it forced us to crystallize what we wanted to say to the outside world and brought everybody on a much closer page in terms of how we would communicate.”



onto the backburner, and it shouldn't have. We believed 'No comment is the best comment,' but that harmed us a bit. If we had an established communications team internally and not dealt with a consultant, we could have owned our brand better and better managed how we tell our story today. While there was benefit to being under the radar as we learned and grew, we could have done better if we had prioritized communications more."

In describing what he had learned along the way about the relevancy of external communications, one CEO advises, "Communications should take place at the start of the work, at the middle of the work, and certainly at the end of the work. It's about more than amplifying the work; it's about influencing the narratives that exist in the space that you're working in so that the work itself can be more effective."

Some interviewees came to recognize that communications is, in fact, a core part of their job. "If we put money into a certain approach, and it works or doesn't work, we've learned something," says one interviewee. "If we don't share that, it's a wasted opportunity. Communications is the tool that makes sharing that work easier and our lessons learned accessible to a wider audience." A colleague adds, "From a program staff's perspective, communications is important to build trust, accountability to the field, and transparency about what you're doing. You can't really have an impact if you're not doing these things."

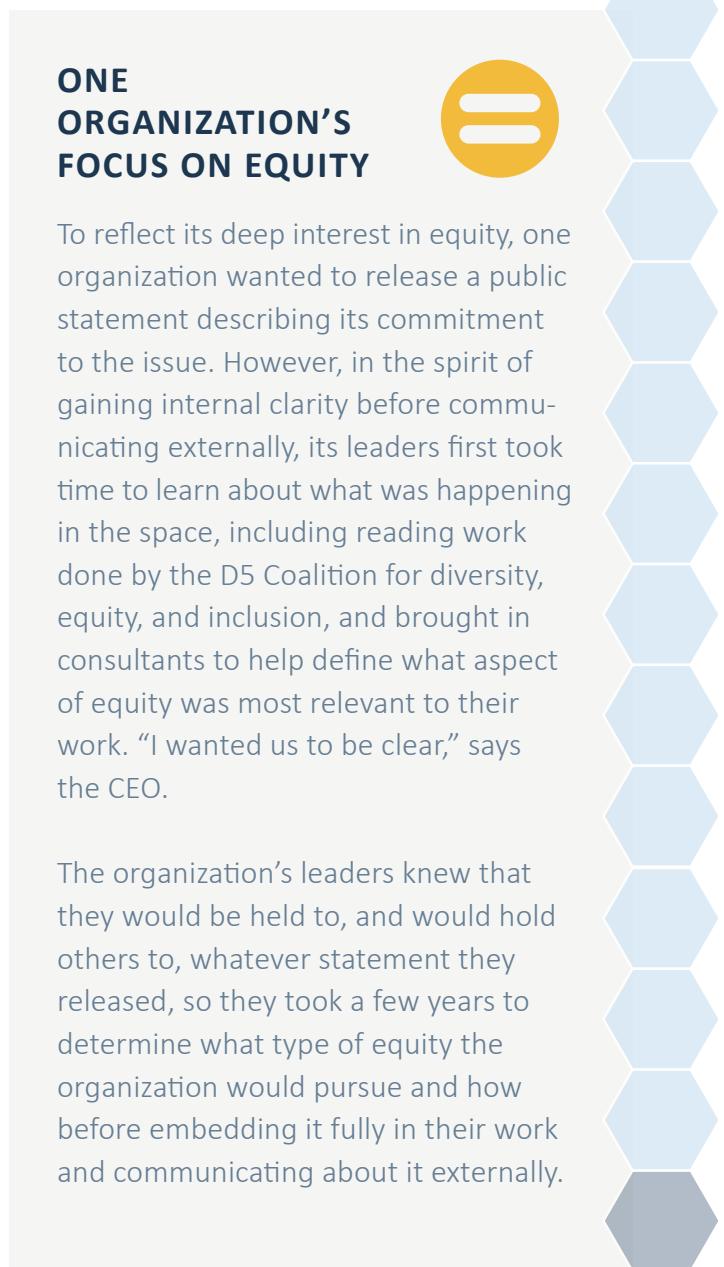
However, interviewees urge early-stage grantmaking organizations to establish credibility through early results before communicating about the impact they intend to have. One communications leader says, "Often when people

## ONE ORGANIZATION'S FOCUS ON EQUITY



To reflect its deep interest in equity, one organization wanted to release a public statement describing its commitment to the issue. However, in the spirit of gaining internal clarity before communicating externally, its leaders first took time to learn about what was happening in the space, including reading work done by the D5 Coalition for diversity, equity, and inclusion, and brought in consultants to help define what aspect of equity was most relevant to their work. "I wanted us to be clear," says the CEO.

The organization's leaders knew that they would be held to, and would hold others to, whatever statement they released, so they took a few years to determine what type of equity the organization would pursue and how before embedding it fully in their work and communicating about it externally.



create a grantmaking organization, they're interested in doing something new and different. While there's a lot of value to fresh thinking, the 'new and different' ideas will be more meaningful and better received with results to back them up, instead of merely representing unproven intentions or aspirations."

# Lessons Learned & Questions for Reflection

## GET CLARITY ON DONOR INTENT AND WISHES

**If your organization has a living donor:**

- How have you captured the donor's philanthropic goals, desired lifespan for your organization, and anticipated level of personal involvement and involvement of their family members in your organization's day-to-day operations? How have you captured *why* the donor has these preferences?
- Have you created a document that makes clear your and your donor's distinctive roles, tasks, and decision-making powers?

**If your organization does not have a living donor:**

- What are the indicators you turn to in order to assess the way your organization is fulfilling the donor's philanthropic goals?
- What specific practices have you put in place to create a connection between staff and the donor?

## ESTABLISH ROLE CLARITY AND TRUST WITH THE BOARD

- What practices or processes do you have in place to build and understand the level of trust between board and staff?
- How have you considered the ways in which the board's role will change as your organization grows and matures?

## **HELP STAFF EMBODY THE ORGANIZATION'S CULTURE AND VALUES**

- Have you articulated clear organizational culture and values? How have you engaged staff and/or board members while defining culture and values?
- Have you made clear which aspects of culture and values should be preserved or could change as your organization evolves?

## **START OFF RELATIONSHIPS WITH GRANTEES ON THE RIGHT FOOT**

- How have you embedded a need for strong relationships with grantees into your approach, strategies, and practices?
- What specific practices have you put in place to ensure that your organization listens to and understands the nonprofits you fund?

## **PRIORITIZE THE DEVELOPMENT OF A COMMUNICATIONS FUNCTION**

- Have you developed a clear organizational external communications strategy?



### FINDING 3:

It takes an organization with a sense of what success is and an orientation toward learning.

Making change for the greater good is never quick or easy, even when large sums of money are involved. Interviewees recommend outlining what success would look like and how to measure it and embracing learning and change as a natural part of the process.

## OUTLINE WHAT SUCCESS WOULD LOOK LIKE AND HOW TO MEASURE IT

Leaders must grapple with determining what success looks like, operationally and programmatically. Some interviewees find defining operational success easier than defining programmatic success. They see basic operations, such as getting grants out on time, establishing sound contracts, successfully hiring staff, and preparing for an influx of assets as easier to assess.

Interviewees urge leaders of early-stage grantmaking organizations to have the tough conversations early on to determine what programmatic success looks like and how to assess it. “Having a clear vision of the change you want to see and a clear goal or set of goals will help you figure out what your metrics are and determine what success is,” says one CEO.

One interviewee acknowledges, “You’re not going to answer that question in the first year. There are no easy answers or a perfect system.



*Determining and measuring success is a constant challenge. But it is essential to at least go through the intellectual effort of trying, even if it can't be precise.*

— FOUNDATION INTERVIEWEE

This is hard even for organizations that are more mature in their development. When we talk to our peers at colleague foundations, determining and measuring success is a constant challenge. But it is essential to at least go through the intellectual effort of trying, even if it can't be precise.” Because that measurement cannot be precise, a CEO advises, “Get comfortable with that feeling of not being sure of what success looks like. Ten years in, we still revisit what success looks like and what metrics we're using.”

Determining what to measure is a decision every organization has to make for itself. Some interviewees turned to experts in their issue areas for help deciding what to measure or borrowed tools from more established organizations, rather than reinventing the wheel or choosing without having a strong knowledge base. Other interviewees note that, for them, success that can be measured is not always the success that matters. “Some success is quantifiable, measurable, and tangible, and some is qualitative and less tangible,” says a director of programs.

Another common challenge in performance assessment and measuring success, for all types of grantmakers, is considering the time frame for measurement, while recognizing that achieving some big goals can take decades or even lifetimes. To combat this challenge, some organizations use interim measures with grantees to assess progress toward short-term goals that will lead to achieving long-term goals. One CEO says, “Ultimately, we would judge success when we achieved a very different graduation rate for our target population, for example. However, when dealing with such big societal issues, we need to have interim measures that let us see whether we're making progress. We worked

with experts in the field to determine reasonable proxy measures for those ultimate measures, resulting in us adopting some traditional web metrics of how many people we attracted, engaged, empowered, or mobilized.”

One organization used this strategy of short-term goals when working with grantees. The CEO says, “When we make our grants to organizations, we ask them to identify three goals that they’re going to work on during the three-year period, and then we support them on those goals. At the end of the cycle, we celebrate progress against particular goals or identify lessons learned. There’s not going to be one grant that we make that will singlehandedly result in real shift in our lifetime. So, if grantees are making some headway or holding ground on an issue, we celebrate the programmatic outcome.”

## EMBRACE LEARNING AND CHANGE AS A NATURAL PART OF THE PROCESS

Learning and changing are essential parts of the process of getting organizations up and running, according to some interviewees. They note that no matter how many questions you ask up front or how much research you have done, “there is no way to short-circuit the learning process that you go through as you’re experimenting and learning in those early stages.” Leaders should consciously learn along the way and manage through the change, interviewees suggest.

One CEO says, “My advice for new philanthropists is you may think you know exactly what to do—

and if so, try it. However, don’t be surprised when you find that there was a lot you didn’t know. Moreover, don’t be afraid to alter your path based upon those learnings. Knowing that you will learn and change, be careful how you present yourself at the very beginning.”

Some organizations intentionally adopted a learning mindset from the start. One organization’s leaders knew that they did not have the knowledge it took to do grantmaking well initially. Others decided to experiment where they saw promise but were not yet ready to make large investments and needed to learn more. One CEO says, “We had a learning agenda for a number of years, during which we tested ideas and built relationships to learn how we could make a difference in particular giving areas.” A senior leader also discusses the importance of learning from past grantmaking: “Be open, honest, and transparent internally about grants that are more and less successful. You can only learn and improve your grantmaking if you are reflective, knowing which grants didn’t have the impact hoped for and why. Use that to inform your grantmaking going forward.”

While reflecting on his early years at the organization, one CEO says, “The process of getting through the startup phase inevitably involves a lot of change. We realized we had to pay more attention to change management because change affects everybody personally and affects the organization operationally. I strongly recommend others be aware that change takes time to be accepted and embedded in the process that we have to go through.”

# Lessons Learned & Questions for Reflection

## OUTLINE WHAT SUCCESS WOULD LOOK LIKE AND HOW TO MEASURE IT

- What does “success” mean to your organization, both operationally and programmatically?
- How do you measure progress toward these goals directly or through proxy measures?

## EMBRACE LEARNING AND CHANGE AS A NATURAL PART OF THE PROCESS

- What specific practices have you put in place to learn from your organization’s successes?
- Have you talked with board and staff about how you and your organization respond to and learn from what has not worked?

## LOOKING TO THE FUTURE

Organizations do not stay young forever. At the time we interviewed leaders at these 14 organizations, most felt they were in the midst of or had already transitioned into the next stage of their organization's development. It was common for interviewees to identify a decade as a point of transitioning from being an early-stage organization to a more mature organization. We asked interviewees how they knew they were entering the next stage and what they would recommend other leaders do to put their organizations in the strongest possible position to enter it.

### RECOGNIZING THE ORGANIZATION IS ENTERING A DIFFERENT STAGE

#### Change in Staff Roles

As organizations matured, one of the more common signs that they were entering a new phase was staff taking on a greater level of responsibility or the realization that more specialized roles were needed.

As one CEO explains, "We hired a controller, two executive assistants, a grants manager, and a couple of senior program professionals. The staff took over what had been done by the board with support from consultants and other advisors." Another CEO knew her organization was in a different place when they had "hired a bunch more people, outgrew our office, created an employment manual, and put processes

into place. Now, instead of having the donor's assistant help us with the books, we have a director of finance. We started doing all the things to make this not a mom-and-pop foundation but a real professional, fast-moving operation focused on excellence in operations and impact."

#### More Formalized and Strategic Grantmaking

The other most common indication that the organization had moved into a new stage of maturity was when grantmaking processes became more formalized and grantmaking became more strategic. As one interviewee explains, "Before our transition out of the startup phase, many grants that had been made were made before staff were hired. Some were not funded properly, overfunded, or fell outside the scope of what we decided our priorities would be. We transitioned when new grants took their place that were more strategic, fit better within areas of interest, and were seen as components of a broader portfolio."

#### External Credibility

Some interviewees realized they were entering a new phase with the organization when they noticed that the organization had more credibility than it used to. "We have credibility within the community, and our teams are sought after as key opinion leaders or valued members of the community. When other funders are

turning to you and saying, ‘Why did you do this?’ or ‘Why didn’t you do this?’ that’s when you’ve arrived,” says one trustee.

### PREPARING FOR THE TRANSITION

Interviewees also have clear advice for those in the earliest years to best prepare for the transition to the next stage of maturity. The most common advice is to make smart hiring decisions from the beginning and recognize that as the organization is developing, so are staff as individuals in their roles. An interviewee cautions, “What once felt like a wide open thing where staff could try new and different things and change roles starts to feel claustrophobic for some people. We’re struggling with staff not feeling like there are opportunities for career advancement or that they can take on new things. Having a plan for actively managing that is important because it crept up on us as we transitioned.”

One interviewee advises, “Help staff understand what the stages of organizational growth are and that in the startup stage, they’re not going to have all the administrative systems and processes in place. They may be ready to do more than the organization’s ready for because the organization is still developing and administrative systems are still being formed. When staff realize that organizations go through periods of growth and that some of the issues they face are not personal but organizational, it gives them a bit more patience and tolerance.”



*Just giving money away, which is early-stage grantmaking, no matter how nice it is, isn’t going to make the change. Aim for the long-term change.*

— FOUNDATION CEO

Some interviewees advise leaders at the earlier stages to focus on long-term change and impact. One CEO says, “Recognize that you are part of a group of players and that your job as a grantmaking organization, whatever it is you’re trying to do, is to galvanize that system of players to change and interact in different ways. Just giving money away, which is early-stage grantmaking, no matter how nice it is, isn’t going to make the change. Aim for the long-term change.” Another interviewee advises, “As you move from the craziness of the startup phase to the steadiness after, deliberately create mechanisms to maintain the ability to chase cool, big, new ideas. Don’t lose the ability to go after the really big ideas.”



# Conclusion

Leaders in this study recognize what a unique and privileged opportunity they have. They are entrusted with extraordinary sums of money for the purpose of creating positive change for our society. An interviewee says, “I feel grateful to work in philanthropy. How can you not feel joy, connection, and that what you do has meaning? I think it’s impossible not to feel that way.”

Getting off the ground required a willingness to take risks that would set their organizations up for success then and now. Interviewees were resourceful in figuring out how to gain access to the information and people they needed to learn the basics and make sound decisions. Adopting a learning orientation proved helpful in areas where they faced steep learning curves. Looking back, interviewees wish they had a greater sense of humility in those early years, realizing now how much they did not—and could not—know at the outset of the work.

Interviewees also dedicated effort to managing relationships with donors, family members, boards of directors, staff, and grantees—knowing, or learning through mistakes, the importance of aligning expectations and culture among these key stakeholders. Interviewees advise not to shy away from the tough conversations in the early years. Instead, they suggest that staff should initiate and welcome candid conversations with donors about their wishes and define—even if imperfectly—what success means for the organization.

Many of the lessons these interviewees learned can be applied no matter the stage of a grant-making organization’s development. But knowing from the beginning what it takes to create a thriving organization—and putting into practice

the advice of those who have gone before—will help leaders of early-stage grantmaking organizations avoid common pitfalls and start stronger. Some interviewees acknowledge that the reason their organization transitioned as successfully as it did into the next stage of development was because of the groundwork done in the early days. Others realize in hindsight the opportunities wasted because of decisions they did not make early enough, such as getting feedback from grantees or developing an external communications strategy.

Interviewees have a strong conviction that their work matters. When asked what message she would give to leaders of early-stage organizations, a CEO says, “It is a spectacular privilege to get to do this kind of work—not just sitting around and saying, ‘I wish things were different,’ but to actually have the resources to make things different.”

We are grateful to all of the leaders who agreed to be interviewed for this research. We hope that their willingness to be open about what they learned, and what they wished they had done differently, enables other donors and future leaders of early-stage grantmaking organizations to benefit from the wisdom of their experiences and do greater good.

# Appendix A:

## Other CEP resources on topics discussed in this report

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Ellie Buteau and Jennifer Glickman, “Understanding and Sharing What Works: The State of Foundation Practice” (Center for Effective Philanthropy, 2018), [http://research.cep.org/understanding\\_what\\_works](http://research.cep.org/understanding_what_works).

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Ellie Buteau, Charis Loh, and Temitayo Ilegbusi, “Strengthening Grantees: Foundation and Nonprofit Perspectives” (Center for Effective Philanthropy, 2018), <http://research.cep.org/strengthening-grantees>.

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Ellie Buteau, Jennifer Glickman, and Matthew Leiwant, “Relationships Matter: Program Officers, Grantees, and the Keys to Success” (Center for Effective Philanthropy, 2017), [http://research.cep.org/relationships-matter\\_program-officers\\_grantees\\_keys-to-success](http://research.cep.org/relationships-matter_program-officers_grantees_keys-to-success).

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Ellie Buteau, Jennifer Glickman, Matthew Leiwant, and Charis Loh, “Sharing What Matters: Foundation Transparency” (Center for Effective Philanthropy, 2016), <http://research.cep.org/sharing-what-matters-foundation-transparency>.

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Ellie Buteau, Naomi Orensten, and Charis Loh, “The Future of Foundation Philanthropy: The CEO Perspective” (Center for Effective Philanthropy, 2016), <http://research.cep.org/the-future-of-foundation-philanthropy>.

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Ellie Buteau, Phil Buchanan, and Andrea Brock, “Essentials of Foundation Strategy” (Center for Effective Philanthropy, 2009), <http://research.cep.org/essentials-of-foundation-strategy>.

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Kevin Bolduc, Mena Boyadzhiev, Emily Radwin, and Jawhara Tariq, “Family Ties: Multigenerational Family Foundation Board Engagement” (Center for Effective Philanthropy, 2017), <http://research.cep.org/family-ties>.

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Lowell Weiss, “Understanding and Sharing What Works: Profiles of Four Funders Propelling Philanthropic Practice” (Center for Effective Philanthropy, 2018), [http://research.cep.org/understanding\\_what\\_works\\_profiles](http://research.cep.org/understanding_what_works_profiles).

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Phil Buchanan, “Foundation Staff Matter” (Center for Effective Philanthropy, 2015), <http://research.cep.org/foundation-staff-matter>.

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Phil Buchanan, *Giving Done Right: Effective Philanthropy and Making Every Dollar Count*. (New York: PublicAffairs, 2019).

# Appendix B:

## Methodology

The findings presented in this report are based on data collected and analyzed by CEP. Data were collected through interviews with 35 leaders of 14 early-stage grantmaking organizations. These leaders serve in a variety of positions, including CEOs, program staff, other staff, and trustees.

### SAMPLE

Organizations were considered for inclusion in this research study if they were foundations or LLCs that were:

- Based in the United States;
- Classified as independent, as categorized by Foundation Directory Online and CEP's internal contact management software,
  - Or known to be a philanthropic LLC started by an ultra-high-net-worth donor;
- Holding at least \$350 million in assets, according to the most recent information provided to CEP from Foundation Center;
- Established or grew significantly during or after 1998; and
- Professionally staffed.

### TIME FRAME AND RESPONSES

In July 2018, the most senior leaders at the 45 organizations eligible for this study were sent an email invitation to schedule a 60- to 90-minute interview with CEP. The invitation included a brief questionnaire asking for factual information about the organization's inception and was fielded online for a three-week period. Ultimately, 35 leaders of 14 organizations elected to participate.

Confidential interviews were conducted between August and December 2018.

### INTERVIEW SAMPLE DEMOGRAPHICS

Of the 14 organizations interviewed, 13 were foundations and one was an LLC. The median asset size was approximately \$550 million, and the median annual giving level was approximately \$40 million; the median age was 14 years.<sup>7</sup> Five organizations currently have living donors. The timing of when these 14 organizations received their funding varied, from receiving one influx of funding at the start, to multiple planned installments of funding, to multiple unplanned influxes of funding.

Organization Characteristics	Range	Median Value
Assets	~\$400M to ~\$6.4B	~\$550M
Giving	~\$9M to ~\$300M	~\$40M
Age	<5 years to >20 years	14 years

## **INTERVIEW PROTOCOL**

Pilot interviews were conducted with three individuals who had led, or were currently leading, early-stage grantmaking organizations. CEP also contacted thought leaders in the field who worked with wealthy donors to ask what they believed would be of most value for such donors from this study.

Pilot interviewees and thought leaders were asked to provide feedback on the clarity and utility of questions asked, as well as what they thought was missing but important to ask given the goals of this study. Changes were made to the interview protocol based on their feedback.

Every interview began with an introductory script describing the purpose of the study. Before any questions from the protocol were asked, interviewees were notified that the interview would be recorded and transcribed. All interviewees were promised confidentiality. The protocol contained nine questions on a variety of topics, including the interviewee's role; the reason for creating the organization; the most helpful resources used when getting the organization up and running; advice interviewees would give to others in the early stages of developing grantmaking organizations; what interviewees would do differently; how the organization prioritized what needed to be done and when; when the organization transitioned out of the early startup stage; lessons interviewees have learned; and anything else interviewees would like to share. All interviews were semi-structured. The number and order of questions asked varied depending on the pace of the interview.

Interviews were often conducted as conversations among CEP's research team and multiple staff members and trustees at an organization. The number of interviewees in a given interview varied from one to five grantmaking leaders.

## **DATA ANALYSIS**

Interview recordings were transcribed, and CEP staff categorized and synthesized interviewee responses according to thematic categories. Within some of these themes, more specific subthemes also arose. Selected quotes to represent themes and subthemes were included throughout this report. All interviewees were given the opportunity to review their quotes to ensure comfort with what was being shared from their interviews.

# Endnotes

1. “Nccs.Core1995pf.Csv” (National Center for Charitable Statistics, 1995), <https://nccs-data.urban.org/data.php?ds=core>; “Foundation Stats,” Foundation Center, 2015, <http://data.foundationcenter.org/#/foundations/independent/nationwide/total/list/2015>. Note: Because of the limited data available on the number of foundations and their assets, we used 1995 National Center for Charitable Statistics (NCCS) data and 2015 Foundation Center data to estimate the increase in private foundations. According to NCCS, there were 49,152 private foundations in 1995, and according to Foundation Center, there were 79,489 in 2015. Foundation Center does not provide data on the number of foundations or their assets after 2015.

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2. Some existing resources beyond legal and financial help include “Conversations with Remarkable Givers” (The Bridgespan Group), <https://www.bridgespan.org/insights/library/remarkable-givers/profiles>; “Key Tips for Starting a Foundation” (Philanthropy Advisory Group, n.d.), <http://www.philanthropygroup.com/pdf/Key%20Tips%20for%20Starting%20a%20Foundation.pdf>; Gwen Moran, “How to Start a Foundation” (Entrepreneur, October 23, 2012), <https://www.entrepreneur.com/article/224690>; “Pierre on Starting a Foundation” (Omidyar Network, April 19, 2013), <https://www.omidyar.com/news/pierre-starting-foundation>; “Private Foundations—Establishing a Vehicle for Your Charitable Vision,” (Deloitte Private Wealth, 2015), <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-establishing-a-vehicle-for-your-charitable-vision.pdf>; Paul Rhoads and Stephanie Denby, “Starting a Private Foundation: Carrying Out the Donor’s Intent” (Philanthropy Roundtable, 1999), <https://www.philanthropyroundtable.org/home/resources/guidebooks/issue/startng-a-private-foundation>; “Starting a Private Foundation: 17 Frequently Asked Questions” (SunTrust), <https://www.suntrust.com/resource-center/foundations-endowments/article/startng-a-private-foundation-17-frequently-asked-questions>; “What Every Grantmaker Should Know & Legal FAQs” (Minnesota Council of Foundations, December 10, 2015), <https://mcf.org/resources/what-every-grantmaker-should-know-legal-faqs>.

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3. Larry Blumenthal, “How to Be an Effective Philanthropist in Eight Easy Steps,” Philanthropy News Digest, June 15, 2010, <http://philanthropynewsdigest.org/commentary-and-opinion/how-to-be-an-effective-philanthropist>; Kelsey Piper, “It’s Surprisingly Hard to Give Away Billions of Dollars,” Vox, December 11, 2018, <https://www.vox.com/future-perfect/2018/12/11/18129580/gates-buffet-charity-billionaire-philanthropy>; Stephanie Strom and Miguel Helft, “Google Finds It Hard to Reinvent Philanthropy,” The New York Times, January 29, 2011, sec. Business Day, <https://www.nytimes.com/2011/01/30/business/30charity.html>.

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4. Cecilia Capuzzi Simon, “So You Want to Work for a Nonprofit?,” The New York Times, April 14, 2009, sec. Education Life, <https://www.nytimes.com/2009/04/19/education/edlife/continuing-ed-t.html>.

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5. Ellie Buteau, Naomi Orensten, and Charis Loh, “The Future of Foundation Philanthropy: The CEO Perspective” (The Center for Effective Philanthropy, 2016), <http://research.cep.org/the-future-of-foundation-philanthropy>.
  6. For more advice on exiting responsibly, see Kibbe, Barbara (2017) “Breaking Up Is Hard to Do,” The Foundation Review: Vol. 9: Iss. 1, Article 7. <https://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1350&context=tfr>.
  7. Asset and giving data excludes the LLC.
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