



MAKING IT HAPPEN

A CONVERSATION GUIDE

A resource for foundations seeking to start providing, or provide more, multiyear general operating support grants



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

MAKING IT HAPPEN: A CONVERSATION GUIDE

A companion to *New Attitudes, Old Practices: The Provision of Multiyear General Operating Support*

AUTHOR

Naomi Orensten

FOR MORE INFORMATION, CONTACT

Ellie Buteau, Ph.D.
Vice President, Research
617-492-0800 ext. 213
ellieb@cep.org

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.

ACKNOWLEDGMENTS

We are very appreciative of the support of the Ford Foundation which provided funding for this research.



For more information on CEP, please visit www.cep.org.

This work is licensed under the Creative Commons BY-NC-ND License.

© 2020. The Center for Effective Philanthropy, Inc. All rights reserved.

INTRODUCTION



Findings from the accompanying report, *New Attitudes, Old Practices: The Provision of Multiyear General Operating Support*, reveal a sobering disconnect between attitudes of foundation leaders and the experience of nonprofits. Moreover, we found a similar disconnect between the attitudes of foundation CEOs themselves and their

foundations' practices. While we sought to understand what is getting in the way of the provision of multiyear general operating support (GOS), we were unable to identify a clear theme or major barrier. We are left to conclude that a majority of foundation leaders simply have not felt it a fit with their approach or important enough to prioritize shifting their funding practices.

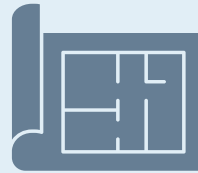
For foundation staff and boards who would like to start providing or provide more multiyear GOS grants, this guide is for you. We share insights and suggestions from leaders whose foundations provide more multiyear GOS than typical, as well as questions to guide foundation discussions.

These suggestions, described below, are:

1. Just do it!
2. Prioritize strengthening grantee organizations
3. Commit to building trust and developing strong funder–grantee relationships
4. Align foundation processes, systems, and culture to encourage more multiyear GOS grantmaking
5. Establish clear expectations for learning from and assessing multiyear GOS grants

We hope that these insights are useful as you plan to start providing—or provide more—multiyear GOS grants.

KEY FINDINGS FROM THE REPORT



FINDING 1: Nonprofit leaders report that receiving multiyear GOS would result in many benefits to the health of their organizations—including the ability to plan for the future, the opportunity to focus on their work, and the capacity to invest in staff—and, ultimately, increase the impact they can have on society.

FINDING 2: When it comes to multiyear GOS, foundation leaders' attitudes and practices are not well aligned. Foundation CEOs believe GOS and multiyear grants are an effective means for supporting grantees' work, and the majority report being in favor of increasing the percentage of grantees receiving multiyear GOS. Yet, many foundations provide no multiyear GOS, and those that do only provide it to a small percentage of the nonprofits they support.



FINDING 3: We were unable to identify significant barriers foundation leaders experience in providing or increasing their provision of multiyear GOS. The explanation for why it's not being done more widely seems to be that it doesn't fit with the foundation's approach, simply hasn't been prioritized, or, for a subset of community foundations, isn't seen as possible given constraints. However, the subset of foundation leaders who provide more multiyear GOS have made an intentional choice borne of their belief that it will build trust, strengthen relationships, and increase impact.



ADVICE TO FOUNDATIONS CONSIDERING MORE MULTIYEAR GOS GRANTS

JUST DO IT!



The most frequent suggestion is simple: Just do it. Funders that provide more multiyear GOS grants

than typical experience many benefits, and few downsides, of multiyear GOS grantmaking. They suggest that other funders be willing to try it out and that they discuss and plan for providing more of these grants.

1. What would it take for your foundation to begin providing multiyear GOS grants or to provide more of them? What is a natural starting place to try out these grants?
2. Whose mindset would need to shift to make those initial efforts? What would you need to change in your processes or decision making?

MULTIYEAR GOS IN ACTION—MORE RESOURCES

In addition to the report, [*Making the Case: Foundation Leaders on the Importance of Multiyear General Operating Support*](#) shares examples of five foundations—the California Wellness Foundation, the Claneil Foundation, Foundation for a Just Society, the Mary Reynolds Babcock Foundation, and the Paul Hamlyn Foundation—that provide more multiyear GOS than typical. In their own words, they share why they provide these supports, offer advice to peer funders, and provide additional valuable insights.



Start somewhere.

You don't have to shift your entire portfolio to multiyear GOS. But try a couple, and see what happens.



At many foundations, project grants are the default, so when someone says, 'We should provide GOS,' the answer often is, 'That's a nice idea, but we can't do that.'

My suggestion is to break this down more concretely. What are the places where GOS makes sense? And what are the places where it does not? Get beyond the general exhortation. Talk about specific cases and what it means to try to default to multiyear GOS grants.

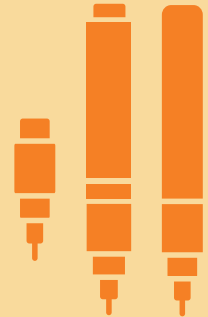


Lean in, trust the process.

Be open to discomfort if this is new. **This is an opportunity to shift how you're thinking about the work and what's important**, and how you can redesign what you're learning and what you're hoping to learn.

PRIORITIZE STRENGTHENING GRANTEE ORGANIZATIONS

Foundation CEOs—even those who are not providing many of these grants—believe that GOS and multiyear grants are effective for supporting the programmatic work, operational health, and ultimate impact of nonprofits. For those providing more multiyear GOS grants than typical, supporting strong grantee organizations is a primary motivation for this kind of grantmaking, as well as a benefit resulting from these grants. Most interviewees point out that multiyear GOS grants strengthen grantee organizations, which, in turn, enables greater grantee and foundation impact.



1. Consider your role in helping grantees become as strong as possible. How are you contributing to the strength of grantee organizations, and where can you do more, including but not limited to providing them with multiyear GOS grants?
2. Consider how grantees' needs factor into your funding decisions. How are their organizational needs guiding your work? In what ways are you demonstrating to grantees—including through the types of grants you provide—that you want to strengthen their organizations?
3. Equity is especially important when it comes to multiyear GOS because these grants are provided less often to nonprofits led by people of color.¹ How is your foundation attentive to equity, particularly racial equity, when deciding whether and when to provide multiyear GOS grants?



We have a commitment to advance equity and justice work, and folks are in this work for the long haul. **Multiyear GOS allows them to be responsive in incredibly dynamic environments** and to do their best work.



We see grantmaking as a relationship business. By minimizing the amount of transactions, we can focus on really partnering with our grantees to understand their goals and how we can be a partner in helping them achieve their goals. **By reducing the administrative transactions that have to occur for the money to flow, we can then focus on mission and values and purpose as opposed to proposals, reports, guidelines, deadlines.**

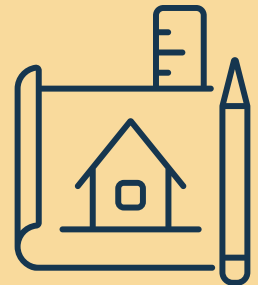


Trust in the professionalism and effectiveness of the organizations you support.

Give them the discretion to direct how the funds should be applied. Give them a longer window of support so they can have more confidence in their sustainability and spend more time on mission-focused work versus fundraising.

COMMIT TO BUILDING TRUST AND DEVELOPING STRONG FUNDER–GRANTEE RELATIONSHIPS

Most interviewees emphasize the importance of building trust and strong funder–grantee relationships and see multiyear GOS as a way to do so. They suggest listening to, trusting, and being more flexible with grantees.



1. Think about your relationships with grantees. How can your foundation—through interactions with grantees, processes, and grantmaking, including and beyond providing multiyear GOS grants—demonstrate greater trust in grantees’ work? Where can you be more flexible with grantees?
2. Given that nonprofit leaders of color report less strong funder–grantee relationships, how can your foundation resolve and head-off such differences?² How can you commit to building strong relationships especially with grantees led by people of color?
3. Relationships in philanthropy are inherently asymmetrical—no matter how hard you work at them. Knowing that no funder is immune to the funder–grantee power differential, how do you mitigate against it?



Don’t provide multiyear GOS transactionally. Do it relationally. Increase the amount of time that you spend with those organizations. **Be the first phone call when a challenge arises.** The way you do that is with time, dedication, energy—all of the things that you can provide to an organization above and beyond dollars.



The funder–grantee relationship will always be uneven, but we try to build more of a partnership, a symbiotic relationship. **We don’t want grantees to tell us everything is perfect when things are falling apart.** We want them to come talk to us about their challenges. **And that means we need trusting relationships.**



If you’re a funder feeling uneasy about providing multiyear GOS, lean in and ask why that is. Ask yourself, ‘Is this my issue or my fear, or is it something about the grantee organization?’ My guess is that it’s more likely to be the former. **Part of philanthropy is learning to give up control and trusting the people who are actually doing the work.**

ALIGN FOUNDATION PROCESSES, SYSTEMS, AND CULTURE TO ENCOURAGE MORE MULTIYEAR GOS GRANTMAKING

For foundations beginning to make multiyear GOS grants, interviewees underscore the importance of ensuring the foundation’s processes, systems, and culture are designed to encourage more multiyear GOS grantmaking.



1. Consider which elements of the foundation’s systems, policies, culture, norms, and grant processes might obstruct, or support, providing more multiyear GOS grants. Are there aspects of grant guidelines, applications, and decision making that are biased toward providing short-term or project support? What aspects of culture or implicit norms need to change for the foundation to provide more multiyear GOS grants?



What are the structural things inside the foundation that might be getting in the way of making multiyear GOS grants? Those can be big things or little things.

What are the assumptions that people have? Think those through. All of these things are small signals that can add up to big things in the way that program officers and directors make decisions.



Think about issues of accountability and outcomes. **What does GOS really mean in terms of what staff want to accomplish through their funding, what they feel they’re accountable for or need to show as a result of their funding? What does multiyear GOS mean for foundation processes and systems that might get in the way of it?** Here’s a specific example. Our default application portal asked every applicant to provide a project budget. Well, that runs kind of counter to us saying at a leadership level, ‘We’re encouraging GOS.’ On a very practical level, leadership can say, ‘Let’s do more GOS,’ and then in practice, we make it difficult for people to do that.

2. Multiyear grantmaking in particular requires planning and budgeting systems that preserve some flexibility and guard against overcommitting resources. The foundation leaders we interviewed use various approaches, described here, each with its own benefits and limitations. Their approaches reflect a series of intentional choices each funder made to find a system that works for their context. What system might work for you?

Some funders describe an approach that balances encouraging multiyear grantmaking without overcommitting resources:

“We wanted to provide more multiyear grants and retain fiscal discipline. We arrived at a measure which won’t allow us to be overcommitted but still encourages more multiyear grantmaking. Our rule of thumb is that the amount of overhang, defined as commitments for payments in future years, cannot exceed 100 percent of the current year’s budget.”

“We have an internal administrative norm, a dollar amount that we will not exceed in future year commitments, that is slightly larger than a year’s grants budget.”

Funders have designed different approaches to multiyear budgeting that work for their context:

One funder uses award-based budgeting, in which a multiyear grant is captured in the budget of the year it was awarded:

“Multiyear grants hit the budget in the year that we make the grant. So, we’re able to plan ahead because money in future budgets isn’t being taken up by this multiyear grant. From the perspective of program staff, they have a budget for the year to work with that will include multiyear grants made in that year.”

Another funder uses payment-based budgeting, in which the value of a multiyear grant is distributed across the budgets of the years in which payments are made:

“Historically, program officers thought in terms of the grant award amount. They thought, ‘I have a \$100 grants budget, let me see how I can disperse that.’ In that mindset, they didn’t care that they had a prior award from three years ago that had a payment this year. So, we changed the currency in which they’re thinking about this. Now they’re thinking about this differently, also thinking about when a grant is paid. Now they are more cognizant of the carry-on leg of the payments of prior awards.”



ESTABLISH CLEAR EXPECTATIONS FOR LEARNING FROM AND ASSESSING MULTIYEAR GOS GRANTS

Virtually all interviewees view the provision of multiyear GOS grants as enabling greater foundation impact. And when it comes to assessing impact, survey respondents do not see any one grant type as more or less conducive to assessment. Frequent advice to funders considering providing more multiyear GOS is to have clear expectations for learning from and assessing these grants, as well as reframing conversations about impact.



1. Most interviewees report that they rigorously track, assess, and learn from multiyear GOS grants. Consider your foundation's approach to learning and assessment. What would continue, and what might change, as you assess and learn from multiyear GOS grants? What new opportunities for learning might emerge from the provision of multiyear GOS grants?
2. Some foundation leaders underscore that, regardless of grant type, funders can focus on programmatic outcomes. If tracking program-related outcomes is important to your foundation, how can you separate learning from and assessing programmatic outcomes of GOS grants from grant accounting and compliance?



Let's say you're funding a youth development organization, and you're really interested in third-grade reading scores. You can ask the organization to tell you about third-grade reading scores. **Just because you gave a GOS grant doesn't mean that you can't ask program questions.**



We have domains of effectiveness, the typical things that we believe an effective nonprofit would have in place—board governance, fund development capacity, financial management capacity, staff and infrastructure, diversity and inclusion indicators, organizational adaptability and strategy, and executive leadership. **This helps us track effectiveness over time.**



What are the values and beliefs and commitments that drive your funding? Who are you trying to serve? **The more you can get to a place where your portfolio of grantees is strongly expressive of what you've committed to—your values—then it gets easier to say that simply investing in the success of these grantees should give you the impact you're looking for.**

3. Some interviewees suggest reframing conversations about impact; for example, focusing on contribution over attribution, recognizing the limitations of measurement, and understanding the longer time horizon needed for change. How is your foundation navigating the complexities of learning and assessment, including and beyond your provision of multiyear GOS grants?



There's not a direct line between dollar in and impact out. **We have to remove the attribution of 'my line item covered that impact goal' and shift to a mindset of contribution.** For example, a GOS grant that helps an organization pay staff a living wage or give them 401(k)s leads to staff retention. And—because we know that a revolving door of program staff reduces program quality—staff retention leads to more program impact. Then, we can say that the quality of the program has increased as a result of retention, and retention is a result of paying people what they deserve to be paid and providing them a retirement package. We helped an organization become healthier and stronger so that they could demonstrate more meaningful, more measurable, more financially sustainable results. That's a seamless impact story.



Doing transformative systems change work requires a belief that you can't control an outcome, an understanding that you can't attribute change to any one organization, and a mentality that the organization doing the work is helping bring about the change you're seeking. I can tell you that an organization, because of its role as a watch dog, contributed to more consumer protections such that fewer people had their homes foreclosed on. But, no, I can't tell you exactly how many fewer people are in poverty because of this organization's work.



If your board expects transactional reports of what a grantee produced with your dollars, try to change the conversation. **There's so much more learning you can get from giving a GOS grant.**



I think what gets in the way of multiyear GOS is that a lot of funders have unrealistic expectations about impact and how fast things can happen. **I would urge other funders to think in terms of a longer time frame and be willing to learn along with the people they are supporting.**

-
- 1 Cheryl Dorsey, Jeff Bradach, and Peter Kim, "Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table" (Echoing Green and The Bridgespan Group, May 2020), <https://www.bridgespan.org/bridgespan/Images/articles/racial-equity-and-philanthropy/racial-equity-and-philanthropy.pdf>
 - 2 "Reflecting on Leadership Diversity in Today's Nonprofit Sector," The Center for Effective Philanthropy Blog (blog), September 5, 2019, <https://cep.org/reflecting-on-leadership-diversity-in-todays-nonprofit-sector/>



THE CENTER FOR
EFFECTIVE PHILANTHROPY

675 Massachusetts Avenue
7th Floor
Cambridge, MA 02139
(617) 492-0880

131 Steuart Street
Suite 501
San Francisco, CA 94105
(415) 391-3070

cep.org

 @CEPData