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Philanthropy in Practice: Great Expectations Versus Getting the Job Done

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Originally published in ***State of Philanthropy*** *(2004)* by **National Committee for Responsive Philanthropy**

These great exertions of ingenious grantmaking are not even reasonable aspirations for most philanthropy most of the time. They are thrilling anomalies, with little to say about the workaday life of the vast majority of foundations. In fact, if not properly understood, these great philanthropic feats can even bring out the worst in those who aspire to imitate them, and they can easily distract us from the most pressing work for which society needs foundations.

The ambitious enterprise we've come to know as the "strategic initiative" is, in essence, every foundation's way of struggling to achieve one of these magic moments. At the time I assumed the presidency of the Edna McConnell Clark Foundation, we were working on no fewer than five different strategic visions. In one case, we actually had (and still have) some hope of success. The **International Trachoma Initiative (ITI)**, which we launched with Pfizer Inc. in 1998, represented a significant expansion of a 13-year battle against the tropical disease trachoma. ITI doesn't constitute a breakthrough cure like the yellow fever vaccine, but it is bringing about a remarkable marshaling of forces—clinical, intellectual, political, and corporate—around a solid formula for preventing and treating a needlessly painful and blinding infection. In the five years ITI has been operating, some 100,000 individuals have received sight-preserving surgery. On top of that, more than 11 million antibiotic treatments have been delivered to beat back the disease. And, finally, through ITI health education programs worldwide, millions of people have learned how to safeguard themselves from infection.

But the trachoma program was an exception in our world. It was the only program whose aims weren't thoroughly bound up with the overambitious hope of "systems change." Each of our four other programs had the ultimate goal of reforming at least one of the complex social systems that affect the lives of poor people and communities. We had trained our sights on American middle-school education, child welfare services, state criminal justice systems, and the well-being of low-income neighborhoods in Central Harlem and the South Bronx.

In the process, like many large foundations, we sought grantees that would embrace our experimental model for this or that reform, hoping to prove our case to a wider world that would then somehow adopt, fund and spread our ideas. Grantees may have been more or less enthusiastic about all this, but whatever their level of enthusiasm, they stuck with us so long because our aims were roughly compatible with theirs, and our grants helped to cover a portion of their core expenses. It was a reasonably stable marriage of convenience, neither dishonest nor discordant, but hardly the relationship with grantees that any foundation, ours included, would ever say it wanted. And not a promising way to go about restructuring whole chunks of American social policy.

The point isn't that foundations shouldn't aspire to great things or pursue smart ideas when they arise. The point is that they shouldn't expect, in most cases, to be the authors of those ideas or the true agents, or the prime movers, of social advancement. Most of the time, experience repeatedly tells us, foundations do not initiate or achieve great change in society. Grantees do. The foundation's role, except in the odd instance, should be to help grantees grow stronger, achieve more, think more expansively, innovate, improve, expand, learn and flourish. The more foundations struggle toward great humanitarian or intellectual coups of their own, the less likely they are to tend their much surer, richer philanthropic soil: the health of working nonprofits.

Many foundations seem to embrace this idea, which is hardly controversial on its surface. Judging from the number of programs in "capacity building," it would seem that a great many foundations have devoted themselves to strengthening grantees' management and performance, at least in some corner of their grant portfolios—a heartening sign, to be sure. But in most cases, this commitment to "capacity" amounts to one grantmaking program among many, an initiative to achieve some predetermined end (more reliable accounting, better use of technology, adoption of the latest management theories), not a general approach to philanthropy. In short, "capacity" has become simply the latest version of the quest for the philanthropic masterstroke—something foundations strive to achieve, in a predetermined period of time, more or less through the force of their own ingenuity.

These views aren't mine alone. Over time a handful of foundations, and a great many grantees, have grown outspokenly weary of the foundation-centric view of philanthropy. Grantees have long advocated, and a few foundations increasingly endorse, the seemingly simpler alternative of grants for general operating support. If grantees do the real work of social progress and reform, the argument goes, then why shouldn't foundations simply provide unrestricted grants to help them continue, manage better and grow? There is a compelling logic to that argument. At a minimum, it would be better than the old model, and for some foundations it might be the best possible choice.

But it would be hard to imagine most foundations actually taking that route, if for no other reason than that it is quite risky and offers very little way of distinguishing success from failure. If we provide general support to organizations A and B, and later A fails but B thrives, how could we know whether our grantmaking was effective? Did either the failure or the success have anything to do with our funding?

In the last few years, we at the Edna McConnell Clark Foundation have tried to do something that falls somewhere between the two poles of "strategic initiatives" and unrestricted operating support. We've focused all our efforts on a single field, youth development, and concentrated not on promoting any particular service model or method of delivery, but instead zeroed in on helping high-performing youth-serving organizations grow stronger and be better able to serve larger numbers of young people. In that respect, our work looks and feels something like a general-support program. But it stops a bit short of that model, and veers in a slightly different direction.

For one thing, we start out by helping grantees figure out what an increase in their operating support would be

That support, following the completion of the business plan, is unrestricted. For that reason, when the check arrives, it might seem indistinguishable from general operating support, and at that point, it is. But what precedes that check, and what follows it, is something that most people probably don't think of when they use words like "general" or "unrestricted."

By the time our operating support begins, we and the grantee have established a set of shared expectations—not about how the money will be used, necessarily, but about what will be accomplished. By that time, they have set goals and milestones in their business plans; they have defined ways of measuring performance against those milestones; and they have decided how they will collect and use information to track their own progress. The goals are theirs, and the measurement systems (which are often new) are designed principally for their use, to help them manage what they do and gauge their success as they proceed. But by the end of the grant period, and at several points along the way, we, too, will be looking at the measurements. And decisions about future support will be based, at least in part, on what those measurements say and what's been achieved.

The process of business planning, and the results it yields, are as different as the grantees that undertake it. In one case, for example, a prominent organization approached us with a desire to expand to many more sites. By the time the organization had finished its business plan, it had concluded—somewhat to our surprise—that it first needed to bolster the quality and outcomes of its services in existing sites, where not all performance had turned out to be what it had expected. It still wanted to grow, but more cautiously than before. Our operating-support grant then helped the organization pursue that combination of quality and growth, based on benchmarks for both that the plan lays out. In another case, involving a large organization that already operates in many sites, the business plan raised a need to improve the way the organization compares and manages quality across all locations. Our grant then helped the grantee pilot a new quality measurement and improvement regimen that will gradually be applied to every site.

Admittedly, we are not passive participants in either the planning or the implementation. We are, in many respects, the kind of grantmakers people have in mind when they talk about "engaged philanthropy." We take part in the formulation of the plan, recommend consultants, raise and critique ideas, and meet regularly with grantees throughout the year to discuss how they're progressing and how we can help. By participating in the planning process firsthand, we come to know their style and strengths, and we sometimes discover strengths of our own that can be useful to the grantees over time. To carry this out, we have hired a fundamentally new kind of program staff—we call them "portfolio managers"—to make clear that their job is to monitor and build a return on investment, not influence program methodology. They come with backgrounds and training that span nonprofit and for-profit disciplines, with strengths in finance, management, information technology or other essentials for building sound organizations.

Most of them have a rough working knowledge, but no special expertise, in youth development. And that's all right, because the grantees have far more of that substantive expertise than we ever will. If we are "engaged" grantmakers, in the fashionable term of the moment, we are nonetheless careful to "engage" primarily in the discussion of how grantees might do more and reach more people, and in precisely clarifying the questions they will need to answer as they set out to do so. We are not telling them what works with kids; we're asking them. And we're asking them to show us how they know what works, and how they think they can maintain or improve results with more and more young people. In truth, we may need to acquire more youth-development expertise than we now have, but it will never be our forte. It is our curiosity and our knowledge of organizational development, not our programmatic wisdom, that we bring to most discussions. And that seems to be what makes us welcome in the discussion at all. In my experience, both on the receiving and the giving end of foundation work, it's a rare grantee who will say, when the doors are locked and all notebooks are closed, that it looks to foundations for better ideas on how to serve its constituents. That's not what grantees want from us, and most of the time we give them little cause to want more of it.

They do, however, seem to value the kind of "engagement" that our foundation provides. The reason may be that very few leaders of grantee organizations came into the youth development field with a deep background in the management disciplines. Life in the nonprofit world also has not afforded them much opportunity to practice the management skills they do have. Many of them started small community organizations because the local kids needed help and they had a knack and a passion for delivering that help. They grew because they did good work and won more contracts and received more grants. But the growth has often been fitful, unplanned, thinly managed and hard to sustain. The costs of administering and governing this growth are almost never fully funded, so no surprise: Administration and management gradually grow weaker instead of stronger. What we offer—a way of managing for growth, better outcomes and financial durability—apparently really is added value. How do we know? The truth is, it's probably too soon to know for certain. But we have asked our grantees—in strictly off-the-record, anonymous interviews by neutral outsiders—whether they value the planning, strategic and management support they get from us. Consultants spoke with them in confidence and, so far, have been told that the level of our interaction with grantees, combined with nearly total freedom in how they apply the grants, seems to work.

Might they prefer just a check and a handshake? Some would, no doubt. But most are realistic enough to understand that foundations will want some way of weighing the effectiveness of their grants, and will therefore need some standards and expectations to put on the scales. And in youth development specifically, most grantees understand that their effectiveness—their value to the wider society outside their communities—is still considered unproven and subject to debate in many places, including

Yes, determining effectiveness in any branch of human services poses challenges. It might seem comparatively simple (though in reality it's still difficult) to measure

Now, it's fairly clear that none of this would work—assuming it works at all—with every kind of grantee. We understand that the most important decision we make is not in hiring staff and picking consultants, or in deciding what we think should go into a business plan, or figuring out what we want evaluated, but in choosing the right grantees. We look for high performers, organizations with some demonstrated commitment to measuring what they accomplish (even if they haven't been able to measure as much as they'd like), and programs that have been able to make at least a plausible case that their work is getting results. And then we provide fairly large multi-year grants—in a range, at this point, between $1.5 million and $5 million.

In youth development, a relatively new, underfunded and disorganized field, the number of organizations that meet these standards isn't great. We're still struggling with the right level at which to set the eligibility bar: not so high that it leaves us starved for grantees, but not so low that it creates an unrealistic pool of applicants that can't effectively use the support we are offering. But wherever we set the bar, it will continue to admit not a general cross section of the youth development field, but a fairly small subset of tested organizations. There's an obvious cost to that. Among other things, it leaves very little opportunity to discover the young but ingenious start-up, or the unfamiliar group bursting with latent potential. No approach is without drawbacks; this is one we've had to accept as all but inescapable.

The drawbacks, in any case, are not to be minimized. I am consistently wary of any new doctrine of grantmaking offered up as a norm for the whole field, and I would hope that nothing I have written here is taken in that spirit. The approach we have chosen arose because it addressed a problem that had been plaguing us for some time: We were committed to changing huge systems with small resources, we believed we were highly likely to fail at that mission, and we needed a different way of looking at our goals and our relationship with grantees. That is not true of every foundation, and it may not fit every philanthropic interest. "Engaged" philanthropy—if that's the right name for what we're doing—can be every bit as ineffectual, vainglorious and annoying to grantees as the more misguided versions of "systems change."

One way to prevent that, as in any other kind of grantmaking, is by keeping the grantees' goals, rather than the grantmaker's, consistently in the foreground. That comes hard to most foundations, as it still sometimes does to us. For a funder, the loss of control over events, the inability to place a personal stamp on a field you care about, the scant hope of intellectual bragging rights—all these things run against the grain, not just of philanthropy, but of human nature. For that reason, I suspect, the urge to reach for some strategic brass ring, to score a big hit on a par with the yellow fever vaccine, may yet come back to tempt us, as it tempts most foundations.

We don't have any special talisman for warding off that temptation. Our approach to grantmaking is still too new even to know whether it will ultimately be beneficial, much less to know whether it will keep us from imposing, consciously or not, our own preferences on the programmatic judgments of our grantees. But the goal is worth pursuing, if for no other purpose than to put philanthropic dollars to their best possible use. At least in the human services, that best use is much more likely to be identified by the creative legions of recipient organizations, struggling firsthand against whatever problems they exist to solve, than by grantmaking bodies operating at arm's length, cushioned from struggle by long-term endowments and insulated from most of the blame for failure.

Or anyway, that is the theory on which we have embarked. A few years will tell us whether it was right or wrong. It may not produce any great breakthrough in the practice of youth development for which we will deserve singular credit. But that is the point. If it works, it will produce a number of grantees that are stronger, better managed, reaching more people with better services, more certain of their results and their plans, and better equipped to produce breakthroughs of their own. At best—again, if we are successful—we will have helped them achieve a portion of that. And for most philanthropy most of the time, that is as good as it gets.