

The Case for Stakeholder Engagement

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Stanford Social Innovation Review
Spring 2010

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Illustration by Dan Page

GRANTMAKING INITIATIVES OFTEN FAIL WHEN THE FOUNDATION REMAINS ISOLATED FROM ITS GRANTEEES AND THE COMMUNITIES THEY BOTH SERVE. TO REMEDY THIS PROBLEM, GRANTMAKERS MUST WORK MORE CLOSELY WITH THEIR GRANTEEES, COMMUNITY LEADERS, AND OTHER IMPORTANT STAKEHOLDERS. THIS ENGAGEMENT HELPS EVERYONE INVOLVED GAIN A DEEPER UNDERSTANDING OF THE PROBLEMS THEY ARE TACKLING, CREATE NEW AND BETTER SOLUTIONS, AND BUILD MORE EFFECTIVE ORGANIZATIONS.

Springfield, Mass., the birthplace of basketball, was once a thriving manufacturing center producing everything from Indian motorcycles to Rolls-Royce sedans. But the wave of factory closings that began sweeping the United States in the later part of the 20th century has hit the city hard, and no one has suffered more than Springfield's children. In 2001, at least one-third of those younger than age 9 were living in poverty, 20 percent of babies were born to teenage mothers, and students regularly ranked among the lowest academic achievers in the state.

For the staff and board of the Irene E. & George A. Davis Foundation, a local grantmaker established "to improve the lives of individuals and families" in Springfield and surrounding Hampden County, the persistence of child poverty and related problems prompted a reassessment of their strategies and mission. "There was a feeling on our part that we were giving out all this money, and so what?" said Mary Walachy, executive director of the Davis Foundation.

At the same time that the grantmaker was reevaluating its role in the community, national researchers were producing compelling data on brain development and the payoffs that come from investments in early childhood education.

"All of a sudden, it became clear that maybe we could make more of a difference if we started earlier with these children," Walachy said.

It also became clear to Walachy and others that the foundation could not tackle this problem on its own. To have a chance of slowing and ultimately reversing the trends that were keeping so many Springfield children from achieving their true potential, the Davis Foundation needed to work with a wider range of community stakeholders—everyone from business leaders and childcare providers to doctors and parents. "We knew that if we developed a plan on our own and presented it to the community, they would say to us, 'Who in the world do you think you are?'" Walachy said.

The Davis Foundation's belief that it would get better results by engaging directly with the community was the catalyst for its decision in 2001 to launch Cherish Every Child, an initiative that enlisted hundreds of Springfield residents and dozens of organizations in a collaborative process to create a plan to improve the health, education, and social and emotional needs of children age 5 and younger.

Although improving the lives of Springfield's children will take time, Cherish Every Child has already shown results. For example, more families



of newborns are participating in home visits where they receive information about such topics as child literacy and nutrition, and more children are receiving dental care, thanks to a newfound understanding of the connection between oral health and overall child well-being. In the last two years, the Davis Foundation's \$489,000 in grants leveraged an additional \$1,054,000 from other sources.

Equally important, more Springfield residents and organizations now recognize that children's welfare is a critical issue. Bill Ward, executive director of the Regional Employment Board of Hampden County (a nonprofit established by federal and state legislation as the primary workforce development agency in the county), was involved in Cherish Every Child from the start. Ward said his organization had never paid much attention to early childhood issues. Now, however, his organization has been given \$500,000 by the state of Massachusetts to create a program to develop the professional skills of early childhood providers in Hampden County. It is also leading a five-year initiative to improve and expand the delivery of literacy services in Springfield. "We now see early education and literacy as workforce development issues in a way that we didn't in the past," Ward said.

This article explores the experiences of the Davis Foundation and other grantmakers as they work more closely with important stakeholders, and the benefits that this engagement brings to grantmakers, grantees, and the communities they both serve.¹ We at Grantmakers for Effective Organizations (GEO) believe that it is vital for grantmakers to be more engaged with stakeholders when grappling with complex social issues. The benefits that come from engagement are many, including developing a deeper understanding of social problems, creating new and better solutions, and building more effective organizations.

GRANTMAKERS RELUCTANT TO ENGAGE STAKEHOLDERS

There are countless examples of grantmaking initiatives that have failed to deliver the results they promised. When grantmakers get together to explore what went wrong, they often arrive at a common explanation: Grantmaking initiatives are more likely to fail to the degree that they do not engage grantees and other stakeholders in identifying problems and designing solutions.

An example of this problem was The William and Flora Hewlett Foundation's 10-year, \$20 million Neighborhood Improvement Initiative. Intended to improve the standard of living in three San

HOW GRANTMAKERS ARE ENGAGING GRANTEEES AND OTHER STAKEHOLDERS

90%	Met with grantees to learn about issues
90%	Conducted staff visits to grantee sites
88%	Attended grantee events
61%	Assessed the needs of the communities
59%	Convened funders and grantees to discuss mutual interests
56%	Invited grantees to address board
48%	Sought input on grant proposals from grantee or community representatives
36%	Sought advice from grantee advisory committee
14%	Delegated funding decisions to grantee or community representatives

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

Francisco Bay Area communities, the effort fell disappointingly short of expectations. The Hewlett Foundation commissioned two independent researchers to take a critical look at the foundation's assumptions and methods and to identify lessons that could be learned. Among the researchers' central findings: The grantmaker did not do enough to develop "healthy, trustful relationships" among all stakeholders, especially neighborhood residents.

The report concluded: "[T]he degree to which foundations and local groups can introduce new ideas to each other and debate their merits depends to a great extent on the amount of respect and trust in their relationship, as well as the extent of resident engagement and ownership. ... As community organizing efforts have shown, it takes sustained effort, explicit strategies, and opportunities to develop and exercise leadership to

fully tap the resources that residents possess."²

In spite of well-publicized failures like the Hewlett Foundation's, grantmakers still do not do enough to engage grantees, community residents, and other important stakeholders. In GEO's 2008 survey of the attitudes and practices of staffed grantmaking foundations in the United States, we found that only 54 percent indicated that it is "very important" for effective grantmaking that their organizations solicit outside advice. A similar proportion (52 percent) said it is "very important" to collaborate with external groups and organizations. These findings are encouraging, but the fact that half of foundations do not see these practices as very important is cause for concern.

Even among the foundations that do show an understanding of the importance of engaging others in their work, there remains a gap between aspirations and actions. Only 36 percent of grantmakers seek advice from a grantee advisory committee about policies, priorities, practices, or program areas. Indeed, just 36 percent of all grantmakers took even the most minimal step of soliciting feedback (anonymous or non-anonymous) from grantees through surveys, interviews, or focus groups. The good news is that of those who solicited feedback, 97 percent reported that they have made changes based on what they learned.³ (See "How Grantmakers Are Engaging Grantees and Other Stakeholders" above.)

These survey findings echo a common lament GEO heard from nonprofit leaders in the course of our Change Agent Project, designed in partnership with Interaction Institute for Social Change (IISC). In focus groups and interviews conducted in 2005 and 2006, nonprofit leaders told us that grantmakers don't pay attention to their voices or those of community residents in the planning and development of philanthropic policies and programs. A typical comment made by a nonprofit leader in one of the focus groups was the following:

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“Intelligent people in philanthropy are disconnected from what’s really going on in our communities, on the streets.”

Grantees aren’t the only people who feel they are not working in common cause with grantmakers. According to polling conducted by The David and Lucile Packard Foundation for the Philanthropy Awareness Initiative, influential community leaders show a limited understanding of the work of foundations; 85 percent could not give an example of a foundation benefiting their community.⁴ These survey results affirm a common complaint—that too often grantmakers work in an ivory tower, isolated from the communities they serve.

Why don’t grantmakers engage grantees and other stakeholders? One reason is tradition. Philanthropic institutions historically have made grantmaking decisions from inside their own walls, and then handed those decisions down, in many cases reflecting a charity orientation to their giving. Adding to the problem, grantees are reluctant to give foundations honest feedback for fear of losing their current or possible future funding. This can lead to a power imbalance between foundations and those they support.

When grantmakers do try to engage grantees and other stakeholders, the efforts sometimes fail. On occasion, a foundation doesn’t get the right people involved at the right time. Other times, there is too much distrust among the people and organizations involved, so that they are unable to work together effectively. In some instances, the foundation already has decided on a strategy before telling the community what the strategy is. In many cases, the foundation’s strategy relies too heavily on academic models and not enough on genuine input from the people working on the ground.

WHAT ENGAGEMENT LOOKS LIKE

Politicians, businesses, and entertainment stars increasingly are adopting unconventional, nonhierarchical approaches, like Facebook and Twitter, to engage their constituents, customers, and fans. Philanthropists, meanwhile, have largely remained on the sidelines, sticking with top-down ways of interacting with their grantees and the communities they serve. Instead of staying with their traditional approach, grantmakers need to follow the lead of others who understand that good things happen when you reach out and involve people in your work.

In their outreach, grantmakers must go beyond the usual suspects—business leaders, academics, and paid consultants—to develop a more fine-tuned sense of what is happening inside the communities and the organizations that are touched by a foundation’s work. Among the stakeholders that philanthropy most desperately needs to engage are nonprofit leaders (including leaders of grantee organizations and nonprofits that are *not* funded by the foundation) and community residents whose lives and

neighborhoods are or will be affected by the foundation’s work. (See “Ask the Right Questions” below.)

The Cherish Every Child project, for example, made a point of directly engaging these audiences from the start. Working with IISC and early childhood education expert Margaret Blood, the Davis Foundation convened a core group of more than 50 people from Springfield and Hampden County for a series of planning meetings in 2001 and 2002. Participants included parents of young children, community organization leaders, and representatives of the government, business, health care, human services, and education fields. The planning group’s work was enhanced by focus groups with Springfield residents, along with meetings with state legislators and leaders from business and academia. Even young children were engaged through visioning exercises conducted at neighborhood summer fairs.

Some foundations reduce the power imbalance between philanthropy and the communities they serve by handing over control of grants to others. The 15 members of the Funding Exchange, for example, recruit activists to sit on community funding boards that make decisions on behalf of the foundations. Grants from the Liberty Hill Foundation’s Queer Youth Fund are made on the basis of decisions by community activists. And the Cleveland Foundation’s Neighborhood Connections program makes grants each year to local nonprofits based on the decisions of a panel of 25 Cleveland residents.

Other foundations encourage stakeholder engagement by hiring people with direct community experience to work at the foundation. GEO’s research shows that when foundations hire staff with nonprofit experience, they are more likely to engage in practices that make nonprofits more effective. Foundations whose staff has nonprofit experience are more than twice as likely to provide funds for grantee capacity building as ones that don’t. These foundations also are three times more likely to support leadership development activities. (See “Engagement Tools” on page 45.)

An important benefit of getting more stakeholders involved in a foundation’s grantmaking decisions is that it gives people a better sense of how philanthropy works. But the main reason many grantmakers engage stakeholders in the process is the expertise they bring. “Having people from the community involved helps the foundation because it leads to better grantmaking decisions,” said Ron Hanft, associate director of the Funding Exchange.

Should grantmakers involve multiple stakeholders in every decision-making process? Of course not. There are times when it is perfectly appropriate for foundations to make decisions without a wide range of external input. The key is to engage the right people on the right issues at the right time, rather than asking people to attend lots of meetings or provide input that isn’t used. Engagement that isn’t skillfully done can do more harm than good to the relationship between grantmakers and grantees.

ASK THE RIGHT QUESTIONS

To engage grantees and other stakeholders effectively, grantmakers must ask themselves questions about three important facets of their work: strategies, people, and relationships.

Your strategies

Are you doing enough to engage grantees and members of the communities that are affected by your work in the design of strategies for change?

Your people

Do your board and staff members have the experience and skills to truly understand what is happening in the communities you serve and how best to support the nonprofits that are working in the community?

Your relationships

What can you do to build stronger, more open, and more honest relationships with your grantees and other stakeholders so that the foundation isn’t perceived as an all-powerful, out-of-touch institution?

“It’s not a matter of ‘hail, hail, the gang’s all here,’” said Marianne Hughes, IISC’s executive director. “These efforts need to be guided by an elegant design and a good process for ensuring that you’re not wasting people’s time.”

BENEFITS OF ENGAGEMENT

The three principal benefits that grantmakers can realize by engaging more actively with grantees and other stakeholders are to develop a deeper understanding of problems, create new and better solutions, and build more effective organizations.

Develop a Deeper Understanding of Problems

Social ills such as persistent poverty, inadequate health care, and failing schools are complex issues that are difficult to understand fully. That is why it is important for grantmakers to get the input of people who are directly involved in the issue to help provide a more complete picture of the problem. “These are hard problems to solve,” said Hughes. “Involving multiple stakeholders isn’t a ‘nice to do’ but a ‘must do’ if you really want to get a handle on what’s happening, what the toughest problems are, and how to be innovative in developing solutions.”

When the Davis Foundation was introducing Cherish Every Child to the community, Frank Robinson, executive director of the Springfield-based nonprofit Partners for a Healthier Community, was already developing plans to improve children’s oral health. The 13 years that Robinson’s organization had been working on health issues in Springfield had convinced him and his colleagues of something that other health leaders around the country increasingly were saying: Oral health is a good indicator of childhood wellness, and improving oral health can contribute to better overall outcomes for kids.⁵

Because of Robinson’s involvement, oral health became a part of the Cherish Every Child plan. His organization now leads an effort to bring portable oral health services to early childhood education and care providers throughout the county. Now in its fifth year, the initiative has provided services to more than 5,000 preschool children. According to recent evaluation results, the overall quality of life of the children in the program was enhanced from the baseline.⁶ The program is now being recognized as a national model.

“That would not have happened without the platform that Cherish Every Child gave us to advance this work,” said Robinson. “By uniting this community around early care and education as a priority, the Davis Foundation has created a new appetite and new support for the work we are doing.”

At the same time, the Davis Foundation might not have recognized that oral health was even a concern had it not engaged Robinson and others in developing the program. “Frank’s participation put it on everybody’s radar that children are facing a very real, very preventable problem when it comes to oral health,” said Sally Fuller, project director for Cherish Every Child.

Create New and Better Solutions

Another important benefit that comes when grantmakers engage grantees and other stakeholders is that it results in better solutions. Grantmakers cannot develop practical solutions on their own. And consulting with academics and other “issue experts,”

although important, is not enough. Rather, effective strategies for addressing the complicated and difficult issues at the heart of so many foundations’ work will emerge only from a concerted effort to engage the real experts—those who see these issues playing out in their communities each and every day.

Nelson González, chief strategy and program officer with the Stupski Foundation, said that philanthropy needs to move from “an expert focus” in defining and solving problems to “a design process that is more collaborative, cross-sector and multidisciplinary.”

Cherish Every Child, for example, has implemented a number of new solutions to improve the health of Springfield’s children that were developed as a result of close engagement with members of the community. One of these solutions is a program for new mothers to help improve the health of their new babies. “Welcome Baby Baskets” filled with supplies for newborns are offered to all new mothers giving birth at Springfield’s Mercy Medical Center. The baskets are delivered to the moms’ homes by trained staff from eight community agencies. During the visits, the agency staff engage the mothers in structured conversations about everything from reading to their baby to community resources for new parents. By offering the baskets to all new mothers the program helps erase the stigma that postpartum home visits are only for “at-risk” mothers.

Data from the first full year of visits indicate that 95 percent of the new mothers requested a “Welcome Baby” home visit. In follow-up phone calls with those who received the visit, fully 100 percent of women contacted were satisfied with (and, in fact, very positive about) their “Welcome Baby” visit. What’s more, 37 percent of families said the visits had presented them with a new idea, such as the importance of reading to an infant or the importance of infants spending time on their bellies. And 47 percent said they had learned about a new resource because of the visit, such as early intervention services or the availability of low-cost dental care.

Fuller said there is “no way” that the Davis Foundation could have come up with the idea of the program on its own. Perhaps most significantly, she said the foundation could not have implemented the program without the help of the community agencies staffing the home visits. “All of these agencies were part of the planning process [for Cherish Every Child], and we would never have been able to reach this number of new mothers without their involvement and ideas,” she said.

Build More Effective Organizations

The third important benefit that comes when grantmakers engage grantees and other stakeholders is that it helps build more effective organizations. GEO’s Change Agent Project identified problems in the grantmaker-grantee relationship as a crucial barrier to creating effective nonprofit organizations and foundations. Nonprofits that participated in the Change Agent Project regularly expressed a desire for a stronger sense of partnership with their funders, and suggested again and again that improving the relationship would improve their ability to deliver results.

Engaging grantees and community members as active partners in a foundation’s grantmaking work can take a variety of forms. The Tiger Foundation, for example, assigns every trustee as a liaison to one of its grantees. Trustees and Tiger staff then conduct regular site visits

to grantee locations, observing the program in action, meeting with the leadership, and asking questions about the program, finances, and staff. This creates a deeper understanding of not just the grantee's needs but the community's needs as well.⁷

The essential ingredient in forming productive engagements is to create ways for stakeholders to provide candid feedback to the foundation about its grantmaking practices and approach. The Center for Effective Philanthropy (CEP) has conducted anonymous Grantee Perception Reports for more than 150 foundations. The Saint Luke's Foundation, for example, commissioned CEP to survey its grantees and nonprofits whose applications for funding were declined. "We were pleased to see that the results were positive but we also got good feedback on practices we could improve," said Denise San Antonio Zeman, the foundation's president and CEO.

Grantmakers also can invite grantees and community members to participate in focus groups, listening sessions, and community convenings. The Ontario Trillium Foundation, for example, created the Community Conversations series, a dialogue that allowed 1,000 Ontarians to share their views with the foundation. One message the foundation heard loud and clear, said Dan Wilson, Ontario Trillium's manager of policy, research, and evaluation, was that nonprofits were tired of all the work that went into securing a grant from the foundation. These sentiments echoed what the foundation was hearing in client satisfaction surveys that asked grantees and applicants how they would suggest improving the foundation's practices and procedures.

On the basis of this input, the Ontario Trillium Foundation instituted a simplified application process for small capital requests and is initiating online application and reporting. The foundation also revamped its "decline" process so grantees that will not be receiving grants hear about the foundation's decision as soon as it is made.

"Before you sort of went into a cone of silence where you didn't hear from us until all decisions had been made for that round, and people clearly didn't like waiting," Wilson said. He added that grantees have responded favorably to the changes and credited the grantmaker's outreach effort with providing an opportunity "to help us become more responsive and more effective when it comes to meeting grantee needs."

CREATING SHARED COMMITMENT

Foundations have a unique opportunity to engage the knowledge and passion of those they support. When done well, this engagement leads to shared responsibility for achieving results. Will stakeholder engagement require grantmakers to expend more time and resources than they would if they did not engage with the outside world? Of course. The Davis Foundation could have saved time and effort by creating its own plan for improving the lives of Springfield's children. But the plan would have lacked the broad-based,

ENGAGEMENT TOOLS

Getting Started

- Conduct online survey of grantees
- Commission Grantee Perception Report from the Center for Effective Philanthropy
- Publish a foundation blog

Gathering Input

- Hold focus groups with grantees and community members
- Hold listening sessions with grantees and community members
- Convene community advisory group(s)

Sharing Decision Making

- Add nonprofit and community representatives to board and staff
- Appoint panel of nonprofit staff and community members to decide on grants

ground-level understanding that the foundation gained by engaging with hundreds of individuals and organizations involved in the Cherish Every Child initiative. It would not have come up with new and creative solutions, such as the Welcome Baby Baskets. And it would have lacked the community support and buy-in that was needed to ensure the successful implementation of the plan.

In a 2004 evaluation of the planning phase of Cherish Every Child, the University of Massachusetts said the effort had been "highly successful in bringing a range of players to the table." The evaluation attributed the initiative's success to three factors: the leadership of the Davis Foundation, which provided the effort with credibility and legitimacy; the broad scope of the effort, which instead of addressing separate, discrete problems marked an acknowledgment that issues affecting children are intertwined; and the commitment of the community participants, who devoted considerable time and effort to developing a serious set of recommendations.⁸

Susan Berresford, former president of the Ford Foundation, summed up the connection between stakeholder engagement and philanthropic effectiveness in her foreword to the book *Effective Philanthropy: Organizational Success Through Deep Diversity and Gender Equality*: "When you bring in excluded groups, fundamental changes occur. That is because those who have been 'outside' bring different perceptions, different frameworks, different questions to the table. And if people in the institution engage with those ideas, they will see problems from new perspectives, get new information, read into more networks, have greater legitimacy in the broad range of people in society, and be stronger and more effective."⁹

Walachy framed the engagement-effectiveness connection in simpler terms: "It's amazing what can happen when you actually listen to people." ■

The authors thank William Woodwell for his supporting research.

Notes

- 1 Except where noted, quotes in this article are from interviews conducted between June and August 2009 with grantmakers, nonprofit leaders, and others involved in foundation-led stakeholder engagement initiatives.
- 2 Prudence Brown and Leila Fiester, *Hard Lessons About Philanthropy & Community Change from the Neighborhood Improvement Initiative*, prepared under contract to the William and Flora Hewlett Foundation, March 2007.
- 3 Grantmakers for Effective Organizations, *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice*, 2008.
- 4 www.philanthropyawareness.org.
- 5 Watch Your Mouth Coalition, 2005.
- 6 Partners for a Healthier Community, *BEST Oral Health Program Evaluation*, 2009.
- 7 Susan Wolf Ditzkoff, Anna Fincke, and Alan Tuck, *Tiger Foundation: Profile in Engaged Philanthropy*, the Bridgespan Group, March 2007.
- 8 UMass Donahue Institute Research and Evaluation Group, *Cherish Every Child Initiative: Short-Term Formative Evaluation*, October 2004.
- 9 Mary Ellen Kapek and Molly Mead, *Effective Philanthropy: Organizational Success Through Deep Diversity and Gender Equality*, Cambridge, Mass.: The MIT Press, 2006: xi.