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# STANFORD SOCIAL INNOVATION *review*

## Upfront

### **Satisfaction Not Guaranteed**

**Foundation grantees want more responsiveness, not just more cash**

By Vinay Jain

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## PHILANTHROPY

# Satisfaction Not Guaranteed

*Foundation grantees want more responsiveness, not just more cash*

Foundations are more likely to satisfy grantees by being responsive, approachable, and fair, rather than by giving more money, according to a new study by the Center for Effective Philanthropy.

The Boston-based center, a nonprofit organization that researches foundation performance, surveyed nearly 1,000 foundation grantees from among the largest private foundations in the nation. The survey, conducted between Janu-

grantee perceptions.”

In general, grantees were very happy with the foundations that made them grants – not very surprising, especially at a time when grant money is scarce. But it turned out that the size of grants had little impact on a grantee’s level of satisfaction. Much more important were perceptions about the foundations’ evenhandedness and sensitivity.

In one representative case, a foundation that made smaller grants than many of its peers – but worked closely with grantees to help them secure additional funding – received higher marks for its supportiveness. (Foundation officers spent roughly 25 to 50 percent of their time helping grantees with management and other issues.)

The center’s research also found that the average length of time between the submission of a grant request and the receipt of a funding commitment was just under four months, and that grantees usually waited about four weeks to receive promised funds.

Furthermore, grantees spent on average about 100 hours over two years preparing, evaluating, and monitoring each grant. The study analyzed “average grant dollars per administra-

tive hour required” – concluding that the figure ranged between \$2,900 and \$64,000 per hour. The median was about \$7,000 granted per administrative hour. There was no correlation between the size of a grant and the length of time it takes to process it.

Some grantees viewed the amount of time spent on their grants as burdensome. One foundation, for example, gave short-term grants repeatedly to the same organizations – requiring them to go through a time-consuming

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ary and April of 2002, asked grantees a variety of questions, including how they would assess a foundation’s impact, and how much time they spent interacting with foundation officials. According to the center, the resulting analysis, published in August 2002, represents “the first national, comparative data on

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reapplication process each cycle. Grantees perceived a steep “transaction cost” associated with the foundation, and gave it an overall rating that was average, or only slightly above average.

Although foundations, unlike companies, don’t live or die by the satisfaction levels of their “customers,” there is good reason to pay attention. “It’s about whether basic operations of the foundation – such as responsiveness and turnaround time – are sound,” said Phil Buchanan, executive director of the center.

–Vinay Jain

- **\$7,000:** Median grant dollars per administrative hour spent by grantees
- **FOUR MONTHS:** Average time for a clear funding commitment
- **FOUR WEEKS:** Average time after funding commitment before the grantee actually sees the promised funds.