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Luck of the Draw

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LUCK *of the* DRAW



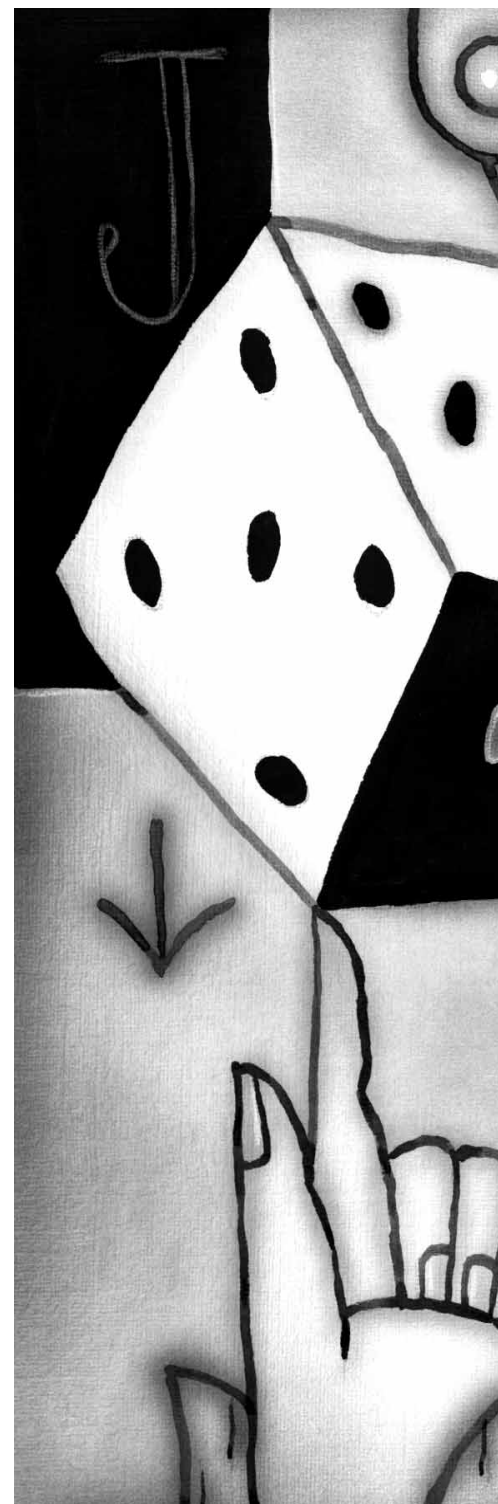
OLLY HAYDEN, THE EXECUTIVE DIRECTOR of a successful nonprofit, fondly describes one of her program officers as a “treasured resource, mentor, and guide.” Hayden’s program officer introduces her to potential funders, gives her resources above and beyond her grant, and encourages and supports her personally.

Nathan ‘Tepper’ is not so fortunate. His program officer is “frustrating, confusing, and disrespectful,” says Tepper, who is also a nonprofit executive director. Tepper’s program officer rarely returns his calls, but when he does, he shows remarkable levels of arrogance, ignorance, and contempt. Yet Tepper swallows his pride and acts grateful because he is afraid of losing the foundation’s financial support.

As different as Hayden’s and Tepper’s program officers may seem, they have one crucial feature in common: They work for the same foundation.

This mix of bad and good program officers within the same foundation is not uncommon, shows our research at the Center for Effective Philanthropy (CEP). Since 2003, we have received more than 25,000 completed surveys from grantees of nearly 200 foundations. Analyzing a subset of 2,040 surveys,² we find that the program officers to whom grantees are assigned strongly influence their perceptions of and feelings about the foundation. As foundation consultant Marcia Sharp states in her 1999 report, “The program officer is the foundation.”³

“The people you are working with – how good they are, how organized they are – really has an impact,” agrees Kathryn



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*Grantees of foundations have little control over which program officer takes their case.
Yet program officers make or break grantees' experiences with foundations.
To trigger social change, foundations must give program officers
better training, clearer expectations, and regular performance feedback.*

Giving Grantees a Voice

Foundations are notoriously sheltered from the true opinions of their grantees, who are often loath to criticize the very people who are funding their programs. Even when foundations do survey their grantees, they tend to get seemingly positive feedback. That's because, as cynical as grantees can be about foundations in general, they tend to rate their own funders toward the high end of any ratings scale.

To get a better idea of how well they are working with their grantees, foundations need to know how they stack up in comparison to other foundations. For this reason, the Center for Effective Philanthropy developed the Grantee Perception Report. Over the past four years, CEP has given these reports, which are based on the results of its grantee surveys, to more than 100 foundations, including seven of the 10 largest in the country. By comparing various foundations' scores on this standardized instrument, foundations can get a better idea of what their grantees really think of them.

Despite its youth, the Grantee Perception Report has had an impact on many foundations' practices. A large private foundation on the West Coast, for example, discovered that its grantees thought it had a weaker understanding of their fields and organizations than did its peers. The foundation began providing program officers with professional development opportunities, such as coaching to improve their interpersonal skills.

An internationally focused private foundation on the East Coast used its Grantee Perception Report results a bit differently. The survey confirmed that the foundation was exceptionally good at helping its grantees raise money from other sources. Seeking to build on its strengths, the foundation's leaders resolved to keep staff's grant loads lower than is typical so that they could give their grantees this extra help.

Of the more than 100 Grantee Perception Report subscribers, 17 foundations have gone so far as to make their results public. (Public reports can be found at <http://www.effectivephilanthropy.org>.) These foundations followed the lead of the William and Flora Hewlett Foundation, whose posting of its GPR results on its Web site in 2004 was seen as so unusual – a foundation disclosing its flaws – that it prompted an article in *The New York Times*.¹

—K.B., P.B., & E.B.

1 Stephanie Strom, "Charities Surprise Donor Foundations With Bluntness," *The New York Times* (April 23, 2004). Full disclosure: The William and Flora Hewlett Foundation provided \$200,000 in operating support to CEP in 2004 and \$300,000 in 2005 and 2006.

Heintz, director of development and public relations at Wave Hill, a public garden and cultural center in the Bronx, N.Y. She contrasts the best and worst program officers with whom she has worked. The best is "very accessible and professional, but also very candid and direct," making her decision-making criteria clear, she says. The worst is "the foundation program officer who views herself as the donor. She views [the money] as hers and you just have to suck up. If she doesn't like you, you'll never get the money."

Although program officers can make or break grantees' experience, many foundation leaders don't do enough to mon-

itor and improve their program officers' performance – in part because foundations lack feedback about their program officers. After all, grantees rarely voice their unvarnished critiques because they do not want to bite the hands that feed them.

Nonprofits' silence notwithstanding, foundations' actions are widely felt: They provide some 12 percent of total charitable giving, as well as a seal of approval to their grantees.⁴ And so disrespectful, incompetent, or just plain unavailable program officers affect the nonprofit sector on many levels. They not only frustrate grantees, but also can reduce grantees' ability to achieve the very goals that foundations fund them to pursue. To make both grantees and foundations more effective, foundations must pay more attention to the hiring, training, and evaluation of their program officers.

What Grantees Want

Because grantees seldom volunteer their appraisals to their funders, the Center for Effective Philanthropy created the Grant Perception Report, which gives grantees an opportunity to express their opinions anonymously. The report shows foundation leaders how their grantees perceive the foundation. It also presents data from grantees of other foundations so that leaders can see how their foundation rates relative to its peers. (See "Giving Grantees a Voice," above, for more about the Grantee Perception Report.)

Using four years of data from our grantee surveys, we find

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that although grantees of course like larger grants, money isn't the biggest factor in their ratings of their funders. Instead, grantees' satisfaction with and perceptions of their funders flow more from three other dimensions: (1) their interactions with foundation staff – specifically, staff's fairness, responsiveness, and approachability; (2) the clarity of the foundation's communication of its goals and strategy; and (3) the foundation's expertise and ability to use that expertise to advance knowledge and influence policy.⁵

What makes a foundation seem more or less responsive, communicative, or expert? The most obvious answer is the foundation itself – its leadership, assets, age, geographic location, and other aspects of the organization as a whole. A less obvious answer is the grantees themselves – their personalities, past experiences, and expectations. The last answer, and one to which foundations should pay more attention, is its program officers – their personalities, interpersonal styles, and expertise.

Using a statistical technique called hierarchical linear modeling, we tested which of these three factors has the biggest effect on grantees' ratings.⁶ As is usually the case in this kind of research, the strongest predictor of grantees' ratings is the grantees themselves, whose past experiences, personal expectations, and particular contexts weigh heavily in their ratings.

But program officers and foundations also powerfully shape grantees' experiences. Moreover, as the table ("What Matters Most to Grantees") on the right shows, individual program officers often play a larger role in grantees' experience than do the foundations for which they work. Program officers more strongly influence grantees' overall satisfaction with their grant experience. They also have more weight in grantees' perceptions of a foundation's approachability, responsiveness, fairness, clarity of communication of goals and strategies, and impact on grantee organizations. In a few areas, foundations as a whole affect grantee perceptions more than do program officers. Overall, however, program officers have more influence than foundation leaders might suspect.⁷

It is possible, of course, that grantees' ratings of their program officers are not due to the program officers themselves, but to other characteristics *associated* with the program officers. To take an example from medicine: A surgeon who specializes in hard cases will have high mortality rates not because he or she is a bad surgeon, but because the surgeon is associated with a difficult population. Likewise, a program officer who deals with difficult grantees might have lower rat-

ings. If this were the case, however, we'd expect program officers and foundation executives to offer it as an explanation for high or low ratings. But they rarely use this explanation.

From Mediocre to Great

Program officers perform at varying levels of quality in the eyes of their grantees, and our analysis sheds light on the different categories into which they fall. Using a technique called cluster analysis, we used grantees' ratings to identify three types of program officers: the mediocre, the good, and the great. (See "Program Officer Roulette" on p. 44 for more details about these three groups.) Great program officers consistently receive the highest ratings, good program officers receive a few more negative ratings, and mediocre officers receive many more negative ratings.

Our results also show that nearly all program officers have some grantees who give them the highest rating – a 7 on a 7-point scale – on measures such as responsiveness, fairness, and clarity of communication. Perhaps this is why most program officers feel that they have good relationships with their grantees. They do, with some. But the highest-performing program officers have good relationships with almost all of their grantees, whereas the lowest-performing ones get along well with considerably fewer of theirs.⁸

Rather than sorting themselves into mediocre, good, and

WHAT MATTERS MOST TO GRANTEES: THE PROGRAM OFFICER OR THE FOUNDATION?

On many dimensions, program officers influence grantees' perceptions of foundations more than do the foundations themselves

Survey items on which the program officer is more important than the foundation:

- Grantee's satisfaction with grant experience
- Grantee's comfort in approaching foundation when problems arise
- Foundation's responsiveness to grantee
- Foundation's fairness to grantee
- Foundation's impact on grantee organizations
- Foundation's understanding of grantee organization's goals and strategies
- Clarity of foundation's communication of its goals and strategies
- Foundation's effect on public policy

Survey items on which the foundation is more important than the program officer:

- Foundation's impact on grantee's local community
- Foundation's understanding of grantee's local community
- Foundation's provision of nonmonetary assistance

PROGRAM OFFICER ROULETTE

Some are better than others

Program Officer Quality Level	Mean Rating	% With Highest Possible Ratings	% With Low Ratings (1-4)	Comments
Mediocre (22% of sample)	6.1	43	20	"I felt frustrated because there was a lack of communication. E-mails [and phone calls] were not responded to in a timely fashion."
Good (49%)	6.4	62	12	"We would like to have more strategic discussions about progress in our field and region."
Great (29%)	6.7	80	5	"Clone [our program officer]! He is phenomenal in his ability to understand our mission and to help us achieve it."

NOTE: Ratings are on a 1-7 scale for the survey item "Overall, how responsive was the foundation staff?" Responses to most other questions also reveal three groups of program officers. This analysis is based on 1,710 grantees' ratings of 82 program officers.

great foundations, mediocre, good, and great program officers often work side by side at the same place. Grantees can feel bewildered by how differently staff members at the same foundation treat them. "When we were first awarded this grant, we found the foundation staff to be quite collegial and approachable," remembers one grantee. "Over the next two years, our experience with the foundation staff was quite the opposite – to the point where our staff felt disrespected, under attack, confused, and frustrated."

These inconsistencies might not be a problem if program officers were making a conscious choice to treat some grantees differently. But our data and experience suggest that this is not the case. Very few program officers say that they intentionally treat some grantees better than others. And foundation leaders are often surprised to see how widely the ratings of program officers range.

Even foundations that regularly review their program officers' performance sometimes do not know who are their stars and who are their laggards, because they do not include the perspectives of those outside the foundation. They also may not know when low performers improve or when high performers falter, and so cannot offer rewards or corrections effectively.

Taking the Medicine

Foundation leaders often find it difficult to come to terms with the results of our Grantee Perception Reports. "When I first read the GPR, I just sighed," says Sylvia Yee, vice president of programs at the Evelyn & Walter Haas Jr. Fund, which fared better than many of its peers on most dimensions covered in the survey. "The extent of variation of ratings within our foundation just hit me."⁹

Program officers also struggle with the news of their uneven performance. After collecting data for the Grantee Perception Report at a \$600 million private foundation, we presented our findings to the organization's program officers. One fought back tears. Another mentioned that she had already cried about the results. A third muttered under his breath throughout our presentation and repeatedly challenged us to explain our methods. Even though these program officers were rated higher on many dimensions than were their peers at other foundations, they nevertheless bristled at being rated lower in some areas than were their colleagues sitting around the table.

Despite the discomfort they introduce, assessments that compare foundations to each other, as well as program officers to each other, help organizations understand what's working and what isn't. Armed with this knowledge, both foundations and program officers can improve.

For instance, the Charles Stewart Mott Foundation, which funds some of CEP's operating costs,¹⁰ discovered that grantees rated program officers' responsiveness from a low of 5.7 – which is in the 5th percentile for all foundations – to a high of 6.9 – which is in the 99th percentile. Grantees' comments about the lowest-rated program officers also differed strikingly from those about the highest-rated staff.

Maureen H. Smyth, senior vice president of programs and communications for the foundation, used the results to have conversations with program officers whose survey results suggested "room for growth," she says. The results "gave us constructive ways to talk to these program officers – who are talented people and highly valued staff members – about how to strengthen specific elements of their performance in grantee relations."

Grantees Take Off the Gloves

Knowing who needed help in which areas, Mott management and program officers could channel what otherwise might have been speculative, acrimonious conversations into targeted, concrete plans for improving performance. Smyth believes the program officers are improving as a result.

Giving program officers clear messages about their role and performance is precisely what foundation leaders need to do, says Jan Jaffe, who leads GrantCraft, a Ford Foundation project that shares practical lessons about grantmaking.

"The program officer role appears to be an easy one. Who wouldn't like to give money away?" she says. "But grantmakers run into situations with ambiguities and tensions. They tend to respond well when their organization helps them identify these ambiguities, get feedback, and learn from others."

Foundation leaders should also be aware of the personality types and traits of their program officers, says Kim Smith, co-founder and senior adviser of NewSchools Venture Fund. Program officers exercise a lot of personal discretion in their roles, she notes, and they work very closely with a wide variety of people. Foundations need to ensure that their program officers are able to handle each relationship well. "Yes, [foundation and grantee] priorities need to be aligned," she says, "but the relationship has to work."

Program officers generally want to do a good job. As tough as it can be to receive candid feedback, we have seen many program officers improve their performance as a result of it. For example, the program officer who confessed to having cried about her results e-mailed us several weeks later and reported, "Just in making course corrections since your visit and going out on several site visits that might typically have been phone or office conversations, I can readily say the time spent with folks at their place has been terrific all around."

Although program officers are the main interface between foundations and their grantees, foundation leaders often pay too little attention to assessing, developing, supporting, and clarifying the expectations of these crucial staff. To improve the consistency and quality of their program officers, foundation leaders need performance data from outside sources. They also need to compare program officers against each other – not just within foundations, but also between them. They can then target their professional development efforts.

We have seen foundations act on assessment data in just this kind of assertive, constructive manner and achieve positive results. But until more foundation leaders fix the weak links among their own ranks, they will be undercutting the help they extend to their grantees and diminishing their efforts to improve society. □

When given a chance to comment on their funders anonymously, grantees often write about their program officers. Some 14 percent of the tens of thousands of comments on Center for Effective Philanthropy grantee surveys mention foundation staff. Comments about foundation staff are also longer than comments about other issues.

Although grantees are usually quite positive about their program officers, they also point out their assigned staff's shortcomings. "At times it does not seem as though [our] program officer understands nonprofit organizations, issues, and processes," writes one frustrated survey respondent. "Some decisions seem to be made on misinformation with no desire to clarify or confirm true information or outcomes."

Grantees' most common complaints about program officers, in order of frequency, are:

- Too little contact with them
- Unclear and inconsistent communications from them
- Negative interactions with them
- Too little understanding of the grantees' program, organization, goals, and community from them

—K.B., P.B., & E.B.

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1 "Molly Hayden" and "Nathan Tepper" are pseudonyms. The speakers are anonymous research participants.

2 On this subset of surveys, grantees indicated that their primary contact at the foundation was their program officer.

3 Marcia Sharp, *Philanthropy's Current and New Stakeholders: Building a Common Vision for an Expanded Future* (Forum of Regional Association of Grantmakers, 1999): 6.

4 *Giving USA 2006: The Annual Report on Philanthropy for the Year 2005* reports that foundation giving was 11.5 percent of "all estimated contributions." The Center on Philanthropy at Indiana University, *Giving USA 2006: The Annual Report on Philanthropy for the Year 2005* (Giving USA Foundation, 2006): 87.

5 Kevin Bolduc, Phil Buchanan, and Judy Huang, *Listening to Grantees: What Nonprofits Value in Their Foundation Funders* (The Center for Effective Philanthropy, 2004).

6 We conducted this analysis on a subsample of 17 foundations, 129 program officers, and 2,040 grantees. Visit CEP's Web site for more details on the methods and results that inform this article: www.effectivephilanthropy.org.

7 For some dimensions of the foundation-grantee relationship, our results showed a weaker relationship between grantee perceptions and program officers and foundations than is typically found for this type of analysis; for other dimensions, results showed a stronger relationship than what is typically found.

8 Grantee ratings are just one barometer of program officer performance, and it is possible, though unlikely, that program officers can make positive social impacts while simultaneously receiving low ratings from grantees.

9 The Center for Effective Philanthropy, *Higher Impact: Improving Foundation Performance* (2005): 8. CEP preserves the confidentiality of GPR results, but foundations are free to disclose their own results.

10 The Charles Stewart Mott Foundation gave \$50,000 in operating support to CEP in 2006, committed \$50,000 in 2007, and has consistently provided grant funding since 2003. It is one of more than 30 grant funders.