



Exploring Openness



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PREFACE

Over the past several years, Philanthropy Colorado (formerly Colorado Association of Funders) has actively sought to convene funders and the nonprofit agencies they support – to encourage dialogue, increase understanding and build bridges for the good of communities throughout the state.

That’s why we were excited to learn about an initiative of the Fund for Shared Insight, in partnership with United Philanthropy Forum, to support projects aimed at increasing openness and feedback in our sector. We were ultimately one of five organizations selected to form a leadership cohort statewide to think about what openness means for our sector and how it might be a means of increasing the field’s impact. In keeping with our practice, we invited nonprofit leaders to join with funders in thinking through what we might accomplish together.

We’ve attempted to sum up some of the initial observations and approaches in this publication. We hope it will help to prompt more conversations and that both funders and nonprofits might use it to spark discussions with their staff and boards. The findings are far from scientific and are by no means meant to be prescriptive. We did try to reflect a cross-section of people from an array of organizations around the state.

We’ll be doing more work to broaden and deepen dialogue on the topic and hope you will share with us what you’re seeing and learning in the months ahead.

Joanne Kelley
CEO | Philanthropy Colorado



INTRODUCTION | FIGURING OUT THE “IT”

As a starting point for this work, Philanthropy Colorado asked a diverse group of foundation and nonprofit leaders to be part of a cohort (see page 15) that would meet regularly over several months to explore the topic of openness.

The initial conversations centered around aspects of openness such as transparent decision-making, requesting and implementing feedback, sharing information, and honest communication about successes and failures. As cohort members moved into discussions about what openness enables – trust, partnership, and rich dialogue – their conversations broadened from just openness to the overall relationship between funders and nonprofits, with openness being a key component.

To get input from more leaders and thinkers in the sector, cohort members helped conduct interviews and listening sessions about funder-nonprofit relationships with more than 40 current executives and staff from organizations of different sizes and regions throughout the state. A question was also included in the annual C(3) Forum evaluation survey that went out to the 250 funders and nonprofits in attendance.

After a year of defining openness and partnership and discussing what each enables and entails, cohort members returned to an important question: Why? Why are openness and partnerships important for our sector?

“It allows foundations and nonprofits to leverage each other as resources more effectively,” said one cohort member. “It will exponentially increase our impact,” said another. In essence, this work is important because strong partnerships allow both nonprofits and foundations to better accomplish their missions, which increases benefits to the communities they serve.

When it comes to openness, we see three themes emerging:

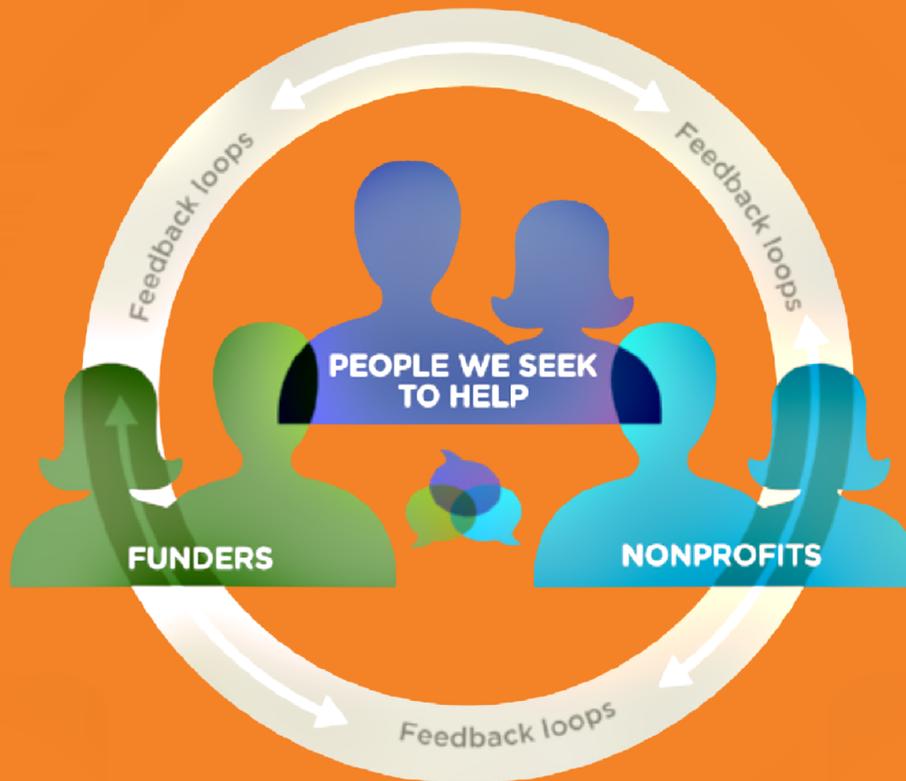
FIRST, it’s all about the relationships. Strong partnerships built on trust allow foundations and nonprofits to listen to each other and accomplish their missions and objectives in a more purposeful way.

SECOND, there is plenty of low-hanging fruit. While nonprofits are intrigued by the prospect of foundations providing more information about what they’re learning from their work, they consistently placed a priority on what they see as a need to clarify the overall process of seeking funding in the first place.

FINALLY, organizations that build a culture of learning internally are more likely to be ready to share what they learn with others. Understanding and talking about what has worked well can set the stage for being able to speak with the outside world about mistakes and other lessons learned.

To stimulate more discussion and bring in more perspectives about these three themes, we’ve provided some stories from the field and lifted up many of the observations and suggestions we received. We allowed our interview subjects to speak anonymously in some cases to encourage them to be as candid as possible.

We’ve also included the questions we’ve been using to gain insights from foundations and from the nonprofits they serve. We hope you’ll find them useful if you decide to join us in continuing this learning journey.



The Fund for Shared Insight, which inspired this project, believes:

Foundations can make the most difference when they share what they learn from their work, listen, and act on what they hear.

Nonprofits also have a role to play - by listening to, learning from and acting on what they hear from the people they are seeking to help.

PART ONE ▲ STRONGER RELATIONSHIPS, STRONGER SECTOR



In cohort meetings, conversations, and interviews exploring openness, one word came up often: relationships. Nonprofits and funders acknowledge that genuine, two-way relationships take time and effort but agree they are critical for the sector.

“Magic happens when the relationships happen – when funders and nonprofits start to see eye-to-eye,” says Maria Fabula, President & CEO, Community Resource Center.

Adds Michaelle Smith, incoming Executive Director of Rocky Mountain Health Foundation in Grand Junction: “Open partnerships with foundations will strengthen the nonprofits, which in turn increases the benefit to the community.”

Colorado funders and nonprofits are developing creative ways of strengthening relationships. For example:

A nonprofit executive director contacted funders for advice when facing government cuts to early childhood education.

The funders made themselves available immediately and not only provided critical guidance, but also offered to pay for a facilitated retreat bringing together the Early Childhood Council Leadership Alliance (ECCLA) members from throughout the state. “The funders see this as a partnership and they know what they don’t know so they treat me as a resource,” Liz Houston, Executive Director of ECCLA, explains. “They ask me as many questions as I ask them.” The funders also entertained the idea of allowing ECCLA to shop around one big proposal, with the intention to save the nonprofit time spent in individual meetings and preparing several customized grant applications.

A community foundation regularly initiates dialogue with nonprofits. Western Colorado Community Foundation asks grantees questions such as

“What do you see as gaps?” or “Where could we use our funding in ways that would be most impactful?” Mary Beth Luedtke, former Executive Director of Kids Aid, speaks highly of this approach. “They seek input from me more than any foundation I’ve been in contact with, and I do consider them a partner.”

In this era of electronic overload, “voice-to-voice” contact can go a long way in building relationships. Rather than asking grant applicants to submit a letter of intent, Colorado Springs Health Foundation asks nonprofits to schedule a 30-minute phone call with its staff prior to submitting an application. This gives the nonprofit a chance to describe its work and get feedback on whether it’s a good fit. “We have loved this approach because first, there’s no better way to build relationships than through conversation,” says Cari Davis, Executive Director. “Second, both the funder and the potential applicant have the opportunity to speak informally and

candidly. For example, we use this as an opportunity to provide an honest opinion about whether their work or their ideas align with our funding strategy. And third, it's a way to communicate that it is okay to come forward with ideas for funding that are not yet fully formed but may be of interest and warrant further development."

To invite relationships, a family foundation intentionally designed its website to appear friendly and open.

In numerous places on the Anschutz Family Foundation website, grant seekers are invited to, "Please call [name] if you have a question." Grantees expressed appreciation that they can pick up the phone and call with questions rather than filling out a contact form without knowing who will read it.

One foundation is creating a new practice model for its philanthropy team.

The Colorado Health Foundation's initiative aims to give all grantseekers a consistent experience in the relationship they have with the foundation - regardless of who their assigned program officer may be. "We have a large team of people who naturally all have different styles and approaches, and we see those differences as strengths for us as an organization," says Amy Latham, Vice President of Philanthropy. "At the same time, we also recognize that it's important to establish some guidelines for how we as a foundation engage with the communities we are here to serve and the nonprofit organizations that we work with."

Funders use convening as a tool to build and strengthen relationships.

After Community First Foundation made a series of grants that were all around mental health, the staff brought together numerous grantees so they could learn from each other, and the foundation paid them for their time. "The feedback from the grantees was positive. Many said

peer-to-peer learning was one of the best parts of the grant. Also, compensating them for their attendance demonstrated respect for their time and helped them prioritize it within their busy schedules," says Marla Williams, President and CEO.

A foundation that is working nationally to improve the vibrancy of towns and small cities, including several rural towns in Colorado, took the unusual step of bringing almost two dozen grantees from around the country to a board meeting at its headquarters in Vermont.

Orton Family Foundation divided grantees into groups to meet with board and staff members. Grantees were asked to describe what about the foundation's operations they see as working and not working and what they'd like to see in the future. "It was a little stressful at first because suddenly, the partners that you work with all the time in the field are talking directly to your board members and your boss," says Alece Montez, Director of Programs. "But the founder urged the grantees to speak openly so the foundation could learn and improve."

In thinking about relationships, nonprofits caution that it's not always necessary to form close partnerships. "It would be very intrusive if a funder wanted to have a lot of input when they were making a small grant," one nonprofit leader explains. "But it's pretty critical when you're doing things that are

innovative.” Likewise, it’s not always practical for foundations with few staff to be closely involved with the agencies they fund.

A small community foundation asked nonprofits to help evaluate its grant application process.

Yampa Valley Community Foundation brought together nonprofit leaders and both seasoned and new grant writers to share feedback about its application process. “It was a four-month process in which nonprofits were able to share what was cumbersome about the process,” says Mark Andersen, Executive Director. “It was nice for each side to see the perspective of the other. We plan to do this again.”

A community foundation used the grant application process to meaningfully connect nonprofits.

Aspen Community Foundation invited nonprofits in the communities it serves to begin drafting the elements of their grant proposals as a group. The foundation hired a skilled facilitator to guide a conversation about the role all of the organizations play in the community ecosystem with questions such as *Where are the connections strong and Where are opportunities to increase impact?* “Everyone was asked to think about where their work fits into the regional ecosystem that serves and strengthens families, and how it connects to other organizations,” says Tamara Tormohlen, Executive Director. The goal was for nonprofits to leave the workshop with the information they needed to write a single narrative describing how their organization strengthens the local nonprofit ecosystem (incorporating the answers to the questions they had already drafted during the workshop).

FOUNDATION TOOLKIT QUESTIONS TO PONDER WITH YOUR BOARD AND STAFF

- ◆ *How has your foundation successfully sought input from nonprofits and community members? How did you incorporate that information into your work?*
- ◆ *Have you found effective ways to share information about your processes and impact?*
- ◆ *What does your culture of learning look like? In what ways do you learn from and share your foundation’s successes, challenges, and mistakes?*
- ◆ *In what ways do you build partnerships with the nonprofits you currently fund and potential grantees? What opportunities do you see to strengthen that partnership?*
- ◆ *What are the tactics and strategies you use to build trust with a nonprofit?*
- ◆ *What should the partnership between funders and nonprofits look like if the ultimate goal is to build community?*

PART TWO ▲ STARTING WITH THE BASICS

When considering ways funders and nonprofits can embrace a culture of learning and openness, many see some relatively easy fixes.

Here are some of the most common observations (in order of frequency) that came out of the conversations and interviews with funders and nonprofits:

Provide specific feedback for nonprofits that are turned down for funding

Just hearing that there were a lot of requests and not enough money doesn't help nonprofits learn what they can do better the next time. When it comes to feedback, executive directors and development directors say foundations shouldn't worry about hurting their feelings. "If it's a terribly written grant, I want to know that," a nonprofit executive said. "Were we close? Or, were we way off base and didn't stand a chance?"

In other words, more information would help nonprofits improve their proposals for the next grants cycle and for other funders.

"Ideally, we should give potential grantees a sense of how close they were - with some depth and honesty," agreed one foundation program officer. "We should have a conversation to ensure understanding. It would help even more if we share the scoring matrix upfront and don't make it a mysterious process."

Use site visits to increase understanding

Many nonprofit grantseekers say site visits are worth the preparation and effort because it's the best way for funders to grasp the full picture. "It makes a big difference when the funder comes to see our space and our work, and asks us what we need."

Funders can help limit the extra work and stress that can accompany site visits. "We specifically ask nonprofits not

to put on a 'dog and pony' show for us," a health funder said. "It's a chance for us to ask them questions and for them to do the same of us."

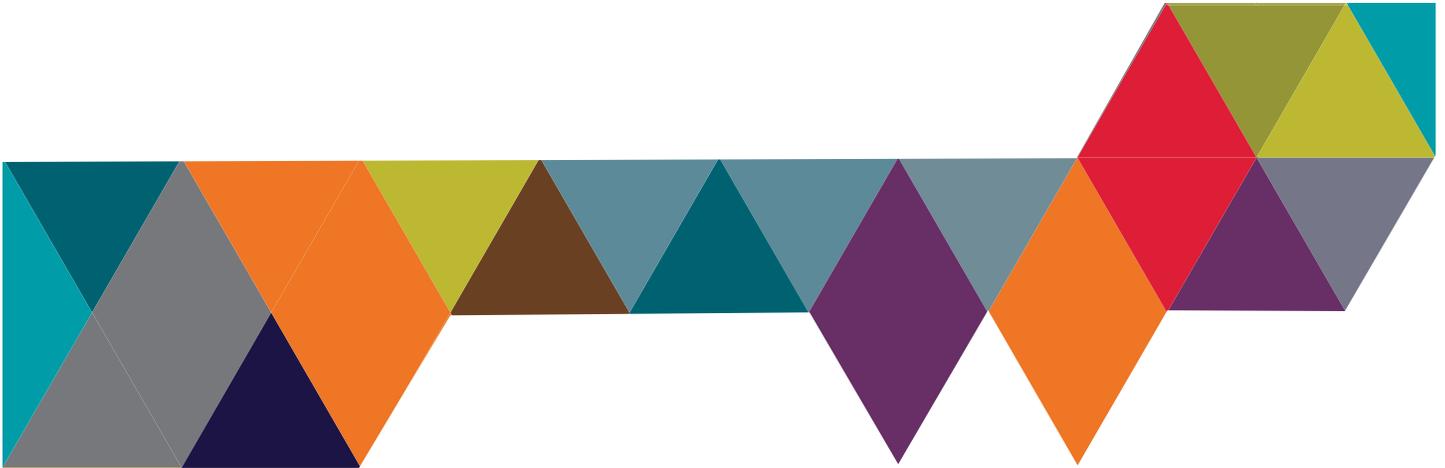
A statewide funder visits nonprofits that have never applied before. "For many, especially those in rural Colorado, we are the first foundation that has ever visited them. They get to know us as people. That goes a million miles to building trust."

Offer more detailed information for grantseekers

At the outset of the grant process, being clear about whether a nonprofit is a good fit can go a long way in saving time for everyone. "It feels like the information highway moves in one direction. We have to share a lot of information with foundations, but they are required to share very little with us," says a nonprofit development director.

Nonprofits expressed interest in the following information:

- ◆ **A clear description of the application process and what the nonprofit can expect at each step**
- ◆ **For foundations that only accept solicited proposals, a list of trustees can help nonprofits identify potential connections**
- ◆ **Staff contact information**



- ◆ **Advice about the best method of contacting the foundation. Several nonprofits expressed anxiety around the process of figuring out whether they should call or email with questions**
- ◆ **The number of applications the foundation receives, the average grant size, the amount awarded in a given grant cycle or fiscal year, and the number of individuals reviewing the application**
- ◆ **Criteria for evaluating proposals**
- ◆ **A clear description of focus areas and funding priorities**
- ◆ **Does the foundation have a theory of change and can they provide it?**

Some nonprofits said they'd like to see a forward-looking website forecasting the foundation's goals, priorities, and focus areas rather than content that is always reflecting on past grants.

Eliminate unnecessary steps: Simplify the application process by only asking for what's necessary

Funders acknowledged a need to think about the implications of their requirements of nonprofits seeking funding. "Sometimes, we have to ask for things that are a pain from the grantees' perspective, but as long as we

really need it and will use that information, then I have no problem asking for them."

Taking a page from the federal government, which estimates how long it should take to complete paperwork, foundations could ask nonprofits to indicate how long it took to fill out an application. Or better yet, a question on the application could be: How much does it cost to fill out a report? (Taking into account staff time, etc.)

Funders have taken steps to streamline the process. Some funders have added a Letter of Intent to the application process to save nonprofits from writing a full application and program officers from reading a full application if it's not a good fit. Another funder removed the Letter of Intent in response to grantee feedback that the application process took too long.

Nonprofits had other ideas for streamlining: abbreviated applications for longtime partners, shorter and less time intensive applications for small nonprofits, and a policy for rapid response grants.

Invite feedback from nonprofits

Funders can ask for feedback when changing their grant applications or shifting to online systems.

Some funders are conducting anonymous surveys of grantees. "Even if a nonprofit chooses not to fill out a survey on how we're doing, the most important part of asking for feedback can sometimes be about sending the

FUNDER LEARNING NOTES

- ◆ Offer more detailed information to grantseekers
- ◆ Simplify the application process by only asking for what's necessary
- ◆ Provide specific feedback for nonprofits whose grant requests are declined
- ◆ Visit nonprofits at their offices
- ◆ Initiate dialogue with nonprofits and invite their feedback
- ◆ Serve as a convener to connect nonprofits and other stakeholders
- ◆ Acknowledge the power dynamic and try to mitigate it

message that we care," said one funder. Other foundations are hiring outside firms to collect good feedback from grantees. The aim is to share the results with the board and capture the advice that can be implemented.

When reviewing feedback, one foundation leader has learned to filter what she hears. "It's hard to get a true sense of how organizations feel about funders. They have a strong incentive not to piss us off. So I take what they say and then dial it down more negatively."

Foundations also have the power to convene their grantees to inform their missions and goals.

Acknowledge the power dynamic and try to mitigate it

Nonprofits require ongoing resources to pursue their missions. Because foundations have those resources, they're in the position of deciding how to invest them – and in some cases whether they want to shift their priorities and move on to new things. All this contributes to an imbalance.

"I think there's some value in putting it all out on the table," said a nonprofit development director. "It's not going to go away, but I think it would be better if we were all just honest about it."

There are simpler approaches, too.

- ◆ **Provide general operating support. It allows foundations to show nonprofits they trust them to spend the funds in the way the nonprofit staff deems will be most effective.**
- ◆ **Invest in the professional development of nonprofit staff.**
- ◆ **Provide long-term funding. With multi-year grants, funders can initiate conversation with nonprofits like "What will you do differently" and "How can we help you do that differently?" With a one-time grant, those conversations are difficult.**

NONPROFIT **LEARNING NOTES**

Nonprofits also have a role to play in more open communication. Here are some suggestions we heard throughout the process:



One nonprofit executive puts it this way: "We're not trying to exist just to exist. We're existing to make a difference. There's got to be a bigger purpose to the work of nonprofits. For us, it's improving the lives of youth, creating community leaders, and working to strengthen the community as a whole."

PART THREE ▲ BUILDING A CULTURE OF LEARNING

Exploring openness naturally includes conversations about who we share with and what gets shared. Funders and nonprofits are thinking about how to share successes and “lessons learned” with colleagues, peer organizations, donors, community members, and other stakeholders.

We asked foundation leaders in particular to talk about how they create a culture of learning and sharing. According to one executive, fruitful conversations start with the question, “Why did this work?” People get energized about this kind of reflection, which can help lay the groundwork to talk about what didn't work. “Give equal air time to successes in a culture of learning,” she said. “Then, conversations of learning around disappointments will be equally candid.”

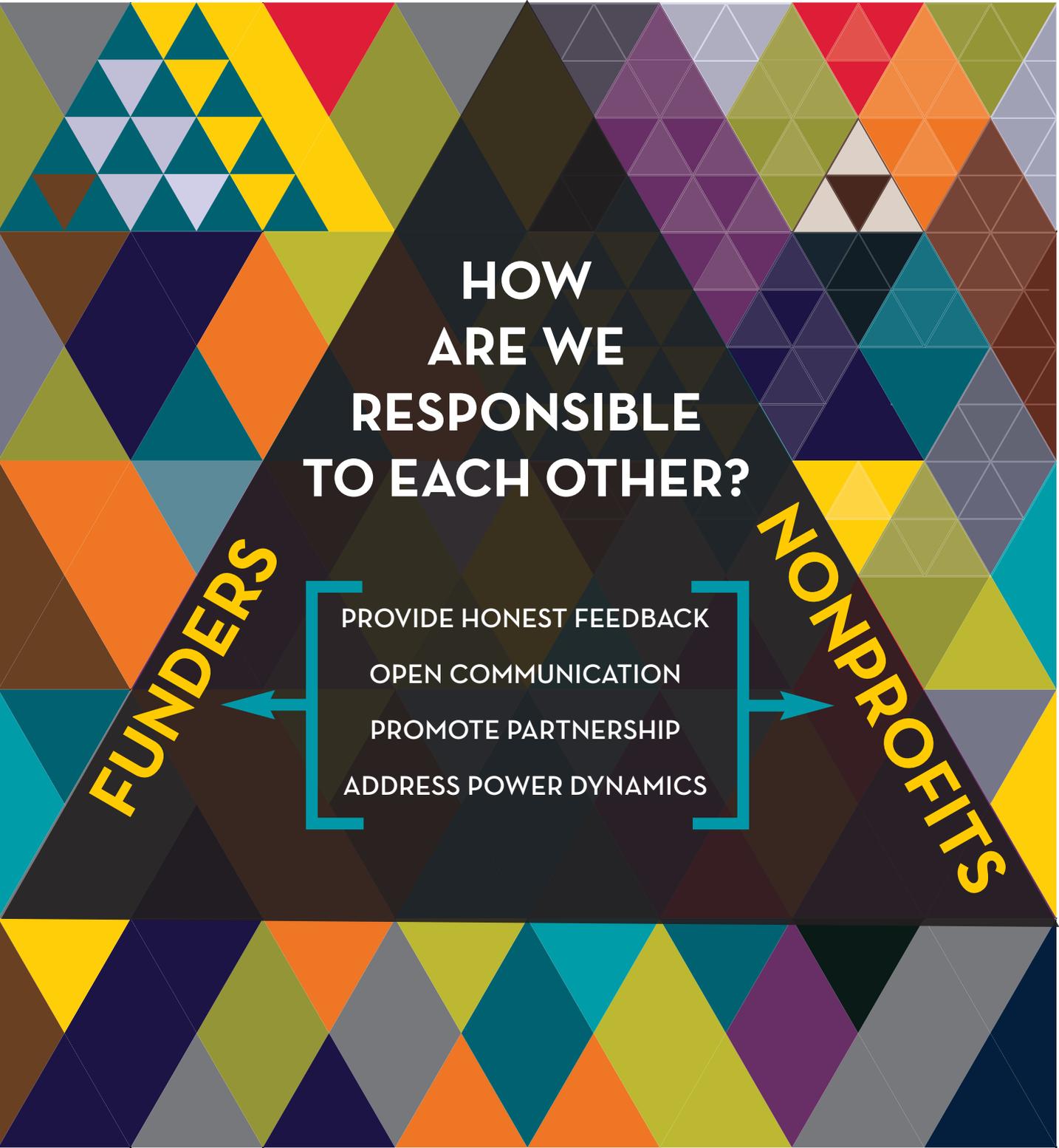
An internal culture of learning sets the tone for external sharing. Another foundation executive made the connection this way:

“One of the things I try to do when problem solving is to reiterate that I'm not interested in blame. I'm interested in solving the problem and seeing how we can move forward. To fix the problem, you need to know what happened. That can feel like blame, but it's really accountability. If you don't have this type of culture internally, you can't conjure it when dealing with grantees.”

When it comes to failure, foundation leaders agree that failing fast is key. “When we do fail, we usually fail for a long time because we believe the changes we seek to make will take time,” one foundation executive observed.

Bonfils-Stanton Foundation shared a story about a grant, the result of which was success disguised as failure. The foundation's innovation grant is open to existing general operating support grantees to do something above and beyond the typical project. One of the first organizations to apply wanted to implement a statewide initiative that could generate earned income. Because it was an unproven concept, Bonfils-Stanton Foundation first funded a feasibility study. The results of the feasibility study led the organization to see its idea likely wouldn't work. “We never reported back to our board, and we should have because it was a great success,” said Gary Steuer, President and CEO. “Without the feasibility study, they would have marched ahead and invested a lot of money trying to implement program that would have ultimately failed. We could have worked with the organization to share the learning. We need to come up with a better way to do this.”

As foundations are experimenting with risk and failure, nonprofits want to know whether they will be penalized for trying something new and different. If funders feel that “checking the boxes” is more important than trying something new and learning from it, some nonprofits question whether the proposals will become safer



**HOW
ARE WE
RESPONSIBLE
TO EACH OTHER?**

FUNDERS

PROVIDE HONEST FEEDBACK
OPEN COMMUNICATION
PROMOTE PARTNERSHIP
ADDRESS POWER DYNAMICS

NONPROFITS

and funders will miss the chance to fund new and exciting ideas.

“The third sector (as the nonprofit sector is known) is the sector that can best take risks,” says Ned Calonge, President and CEO of the Colorado Trust. To innovate, foundations and nonprofits can work toward an environment that leaves space for failure, honors risk, and shares “lessons learned” as they arise.

One community foundation leader likes to quote this famous quip from a former pro football coach: “Even if you fall on your face, you’re still moving forward.”

NONPROFIT TOOLKIT

Questions to ponder with your board and staff

- ◆ *Describe an example of how your organization successfully sought input from community members and/or the populations you serve. How did you incorporate that information into your work?*
 - ◆ *Describe an example of how a foundation successfully sought feedback from you.*
 - ◆ *What does your culture of learning look like? In what ways do you learn from and share your organization’s successes, challenges, and mistakes?*
 - ◆ *How has a foundation formed a successful partnership with your organization? What opportunities do you see to strengthen that partnership?*
 - ◆ *What strategies and tactics have foundations used to establish trust with your organization and vice versa?*
 - ◆ *If the ultimate goal is to strengthen community, what should the partnership between funders and nonprofits look like?*
-

APPENDIX | ADDITIONAL READING & RESOURCES

“Sharing What Matters: Foundation Transparency”
The Center for Effective Philanthropy

Fund for Shared Insight
fundforsharedinsight.org

Grantmakers for Effective Organizations
geofunders.org



We are extremely grateful to United Philanthropy Forum and Fund for Shared Insight for providing the grant support for this work.

We're also grateful to Carolyn Love, PhD, Kebaya Consulting, for her expert facilitation and guidance, and to the evaluation support provided by Harder + Co.

Thank you to our former Program and Membership Manager Mari Tanabe, for her support in writing, editing and capturing the many conversations and interviews that informed this publication.

Report design by Abbie Kozik Design, LLC.

ACKNOWLEDGMENTS

We thank the members of our cohort for their contributions:

Jim Chavez, *Latin American Educational Foundation*
 Maria Fabula, *Community Resource Center*
 Anne Garcia, *Rose Community Foundation*
 Amy Latham, *The Colorado Health Foundation*
 David Livingston, *Arapahoe/Douglas Mental Health Network*
 Christine Márquez-Hudson, *formerly with The Denver Foundation*
 Alece Montez, *Orton Family Foundation*
 Lydia McCoy, *Colorado Nonprofit Association*
 Michaelle Smith, *Hilltop Community Resources*
 Gary Steuer, *Bonfils-Stanton Foundation*
 Jeannine Truswell, *United Way of Weld County*
 Abel Wurmnest, *Anschutz Family Foundation*

We also thank the following sector leaders for their input:

Jandel Allen-Davis, *Kaiser Permanente*
 Mark Andersen, *Yampa Valley Community Foundation*
 Mary Beth Luedtke, *Kids Aid*
 Ned Calonge, *The Colorado Trust*
 Heather Carroll, *Joseph Henry Edmondson Foundation*
 Cari Davis, *Colorado Springs Health Foundation*
 Melinda Higgs, *Colorado Nonprofit Development Center*
 Liz Houston, *Early Childhood Council Leadership Alliance*
 Mark Kling, *Family Resource Center Association*
 Chris Lopez, *Boys & Girls Clubs of the San Luis Valley*
 Nathan Mackenzie, *The GrowHaus*
 Tariana Navas-Nieves, *Denver Arts and Venues*
 Lorri Orwig, *Silver Key Senior Services*
 Ruth Rohs, *IMA Foundation*
 Virginia Romano, *Dresner Foundation*
 Mandy Strider, *Care and Share Food Bank*
 Tamara Tormohlen, *Aspen Community Foundation*
 Marla Williams, *Community First Foundation*
 Doug Yeser, *Foothills United Way*



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