

2014

PRACTICAL  
WISDOM  
FOR FUNDERS

#transparency

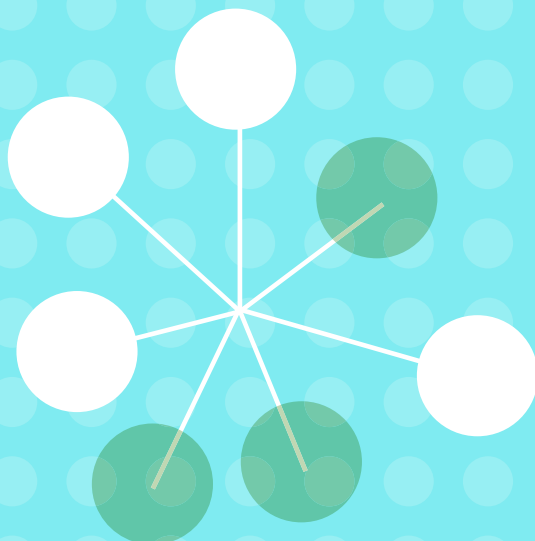
**grantcraft**

# OPENING UP: DEMYSTIFYING FUNDER TRANSPARENCY

**GLASSPOCKETS**

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**In this guide,** we boil transparency down to a mindset in which funders default to saying “let’s publicly share this.” Through examples from large and small foundations around the world, we explore how transparency can strengthen credibility, improve grantee relationships, facilitate greater collaboration, increase public trust, reduce duplication of effort, and build communities of shared learning.

This guide was written by Susan Parker with contributions by Jen Bokoff, Janet Camarena, Rosien Herweijer, Cheryl Loe, Erin Nysten-Wysocki, Lisa Philp and Vanessa Schnaidt. Illustrations by Zsofi Lang with contributions by Betty Saronson.

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This guide is part of the GrantCraft series. Resources in this series are not meant to give instructions or prescribe solutions; rather they are intended to spark ideas, stimulate discussion, and suggest possibilities.

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## Related Online-Only Components

- Podcasts featuring 10 funders
- Complete results of GrantCraft survey
- “Who Has Glass Pockets?” assessment
- Blogs and conversations at GrantCraft
- Blogs and conversations at Glasspockets

## Look for the icons to explore and discuss further:



Related podcasts



GrantCraft and Glasspockets connected content



Action step

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Funders worldwide are noticing increasing calls for foundation transparency, but want clear, practical guidance for getting there. We provide a simple definition of foundation transparency, some of its benefits, and a roadmap for guiding funders along different paths to being more open and accessible.

## 7 Behind Closed Doors

The first step to becoming more transparent is sharing information, and an easy place to start is with your grant application process. We provide examples of how publicly sharing clear details and insights about selection processes can save both foundations and grantees time, and also explore how tools like an interactive grants database will help with transparency.

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In this final section, we summarize fears and benefits associated with transparency and make the case for why adopting “appropriate” transparency is important for foundations. We leave you with a few action steps to begin implementing transparency practices today.

# Introduction

**F**oundations work to solve some of the world's most pressing and intractable problems. Through the power of their funding and convening, foundations are finding solutions that improve people's lives. But, too often, that work goes unnoticed or is misinterpreted because of a lack of funder transparency.

Foundation transparency is not a novel idea. More than 50 years ago, the then-chairman of the Carnegie Corporation of New York, Russell Leffingwell, told a McCarthy-era Congressional hearing: "We think that the foundation should have glass pockets." Leffingwell's comment underscored a popular sentiment that endowed organizations serving the public good should be willing to explain the ways in which they do so.

If peers and partners do not understand the strides that foundations are making, they can't build on or replicate funders' good work. If the public doesn't

understand what foundations are doing with their tax-exempt status and other privileges, they may regard funders with suspicion and even distrust, particularly in the context of today's digital age, in which people are becoming accustomed to finding everything they want online.

So it is probably not surprising that calls from the public and the sector for greater funder openness and transparency are increasing. Many foundations understand some reasons for operating more transparently, but not many understand exactly what is meant by and expected of transparency efforts.

## About Glasspockets

**Glasspockets** is a Foundation Center initiative that champions philanthropic transparency in an online world.

Glasspockets provides the data, resources, examples, and action steps foundations need to understand the value of transparency, be more open in their own communications, and help shed light on how grantmaking organizations are serving the public good.

Four features anchor the Glasspockets site:

- An interactive collection of **"Who Has Glass Pockets?"** profiles showcases the online transparency practices of more than 50 of the largest U.S. foundations, based on 23 indicators that can be used to benchmark one's own foundation.
- **Foundation Transparency 2.0** lets visitors explore the online communications tools that foundations are using and provides direct access to more than 1,600 foundations' blogs, social media profiles, YouTube channels, and myriad other digital platforms.
- **The Reporting Commitment** shows how America's leading foundations are meeting the challenges of our time. Users can track grants information in near-real-time through interactive maps and download the data in open, machine-readable form.
- **Eye on the Giving Pledge** offers an in-depth picture of how more than 100 of the world's billionaires are participating in the Giving Pledge, which is their commitment to devote the majority of their wealth to philanthropy.

Foundation staff say that it's difficult to be more transparent without clear, practical guidance. In this guide, we want to help make it easier for program staff and executives to understand what transparency can mean for them and how to overcome some of its inherent challenges. This guide is aimed at providing clear steps that any funder can take toward greater transparency, which involves greater openness, sharing, and accessibility. We also hope that this guide conveys the idea that true transparency does not rest in a series of steps to be checked off, but rather in an ongoing, sometimes messy process in which funders continually look for ways to share their work and learn from others.

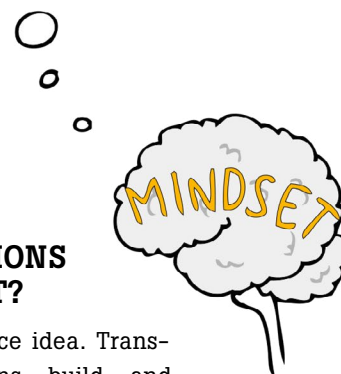
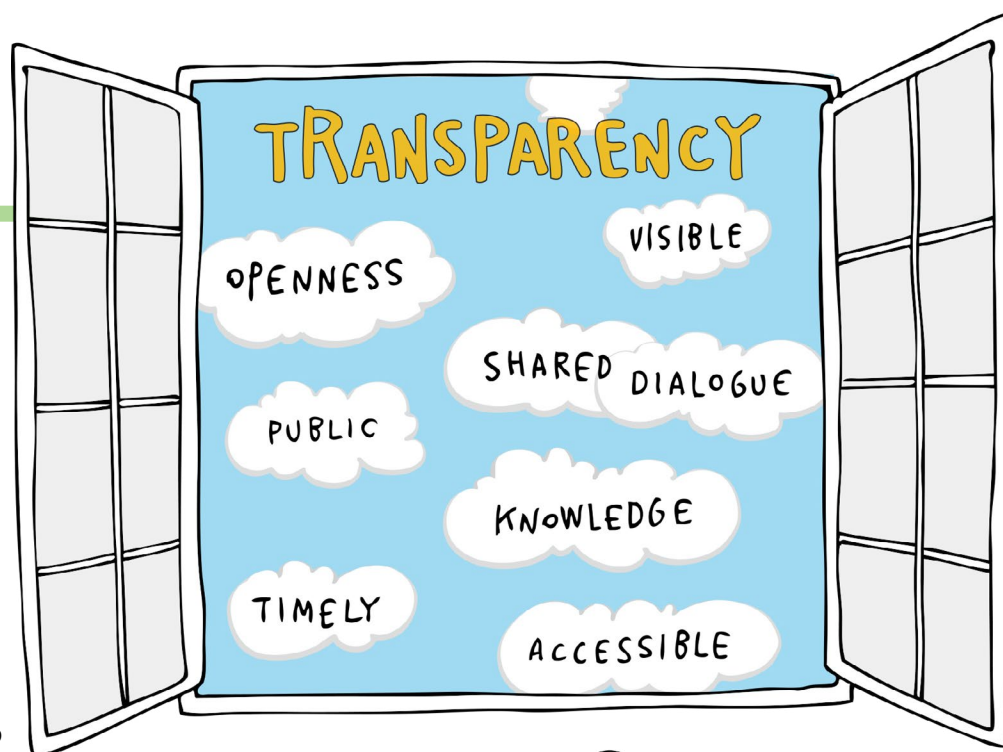
In that spirit, this GrantCraft guide is a collaborative project with **Glasspockets**, an initiative and web site created by the Foundation Center to encourage greater foundation transparency.

## DEFINING FOUNDATION TRANSPARENCY

Transparency connotes different ideas for different people. For the purpose of this guide, we are supporting a broad, holistic definition.

Transparency is, in a word, openness. A foundation that operates transparently is one that shares what it does, how it does it, and the difference that it makes in a frank, easily accessible, and timely way. True transparency comes down to a mindset, one in which funders believe they are most effective when they approach all aspects of their work by saying "let's publicly share this."

But transparency is not just about sharing information and processes. It is also a means to greater accountability, and to building relationships between a foundation and other key groups such as grantees, applicants, partners, and other funders.



## WHY SHOULD FOUNDATIONS BE MORE TRANSPARENT?

Transparency is not simply a nice idea. Transparency can help foundations build and strengthen relationships that can ultimately help them make a bigger and stronger impact. Funders across the world also face increasing demand by the nonprofit sector, the public, and others to be more open about how they do their work, their decision-making processes, and what they are learning.

In addition, foundations are under pressure from governments to be more transparent about their work. In the United States, foundations are under the watchful eye of lawmakers and others who rightly assert that if foundations are benefitting from tax-exempt status, they are obligated to make their work and operations open and available to anyone who asks. In Europe, many countries have amended their legal framework for foundations, affecting accountability and transparency regulations.

Meanwhile, with the advent of new and inexpensive technology platforms, the public often questions why a funder of any size can't at least have a

### WHY TRANSPARENCY?

Click on this icon to hear what leading funders say about why they believe transparency is important.



web site that describes its goals, areas of funding, and application processes.

This pressure is not coming from just the outside. In a 2013 GrantCraft survey to subscribers on transparency, 79 percent of respondents said that it is very important that funders move toward greater transparency and openness, with another 20 percent saying it is somewhat important. A growing sense exists among funders and grantseekers about the increasing prevalence and importance of transparency.

*“Transparency can be an effective tool to begin to break down the power imbalance between foundations with money and organizations seeking money.”*

—Marie Deatherage

## BENEFITS OF TRANSPARENCY

Foundations profiled in this guide and those who responded to a 2013 GrantCraft survey listed the following benefits of transparency:

- Less time spent explaining goals and strategies to potential grantees
- Better, more on-target grant proposals
- More effective and informed grantmaking based on feedback from grantees and other stakeholders
- Stronger and more open relationships with grantees and other nonprofit organizations
- Closer relationships with other foundations, leading to more collaborative grantmaking
- Increased public trust

## WHAT THIS GUIDE PROVIDES

To make it easy for readers to explore the areas of transparency in which they are most interested, this guide is structured as follows:

- Five sections on specific aspects of transparency that funders can turn to for practical ideas, challenges, and lessons learned. Those sections are:
  - **Behind Closed Doors: Sharing Grantee Selection Processes and Grantee Data**
  - **Is the Needle Moving? Sharing Performance Assessments**
  - **Improving Relationships: Strengthening Engagement With Grantees and Other Stakeholders**
  - **Peers Helping Peers: Improving the Practice of Philanthropy**
  - **Communicating Well: Connecting Using Every Opportunity**
- Discussion questions to prompt ongoing engagement
- Action steps for funders to take to start becoming more transparent
- Bonus multimedia content, including podcasts of interviews with foundation staff

This guide focuses on key topics in transparency that emerged as important in the GrantCraft survey. Readers interested in learning more about other aspects of transparency can review [glasspockets.org](http://glasspockets.org). You can also share your own case studies with us for future GrantCraft integration and the [Transparency Talk blog](#).

We recognize that transparency is not a one-size-fits-all process for every foundation. For example, grantmakers dealing with sensitive human rights issues are better able to achieve their mission without disclosing all details about every grant. Transparency comes with challenges, which are not always simple to address. In this guide, we frame arguments, examples, and dilemmas for the majority of funders for whom transparency is an important goal and a means to improved grantmaking.



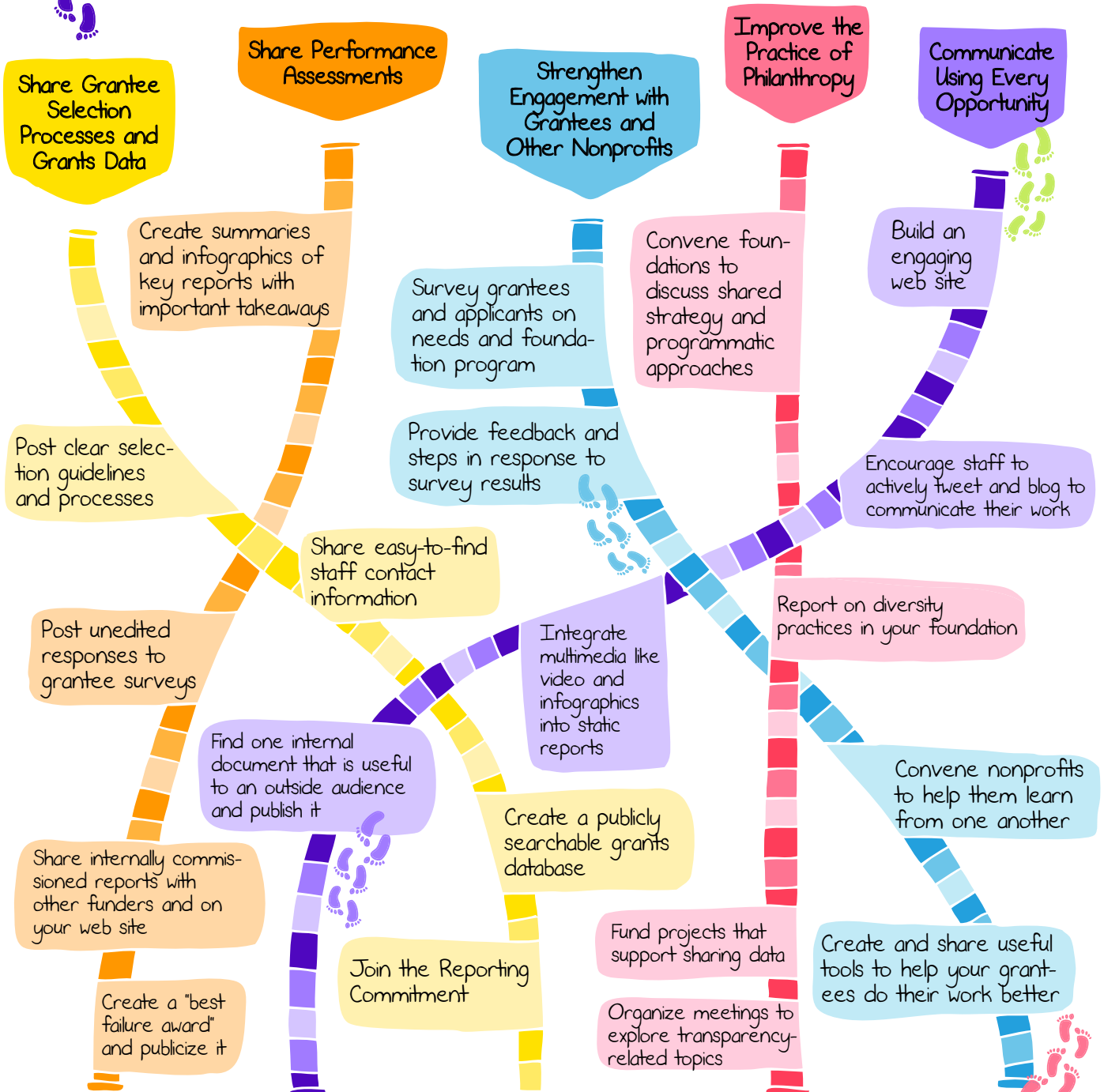
## Paths to TRANSPARENCY

Take continued steps towards the transparency mindset. There's a path for everyone.

## Getting started

- Chat within your foundation about transparency's value to your work.
- Get your leadership to take visible transparency steps, and endorse
- Take the "Who Has Glass Pockets?" assessment and then review gaps in your profile to give your foundation a plan.
- Conduct a survey internally, with stakeholders, and with peers to assess opportunities to increase transparency.
- Publicly post reports and information that haven't been shared before.

## Next steps



Think you're done? Going through these steps is an ongoing process; you're never done!

## APPROACH TO THIS GUIDE

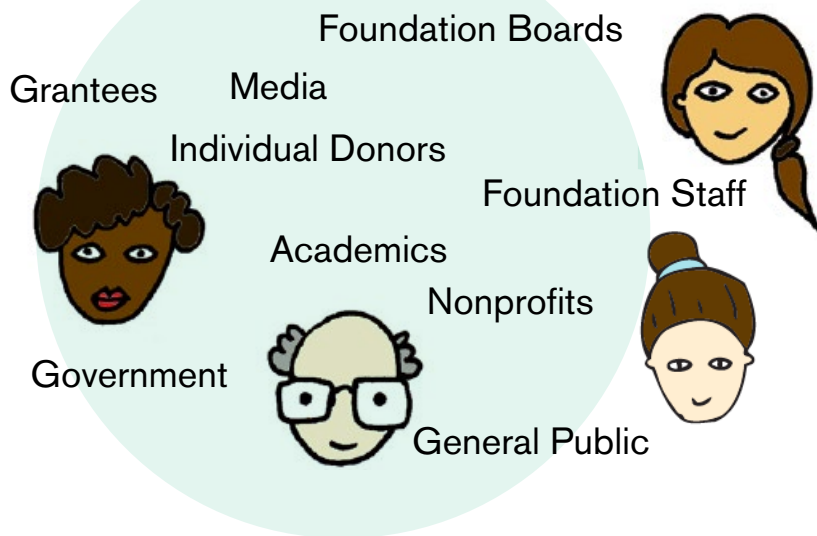
To find foundations engaged in interesting work in transparency we drew from several sources: Glasspockets, the European Foundation Centre, the Foundation Center, scans of foundation web sites, sector news articles, and a survey of GrantCraft users that drew more than 700 responses. The foundations profiled are diverse in size, type, location, and age.

Some of these foundations took transparency actions from leadership committed to openness and learning, while others recognized opportunities to improve on their weaknesses. Each can point to

specific successes as a result of greater transparency, as well as challenges experienced along the way. To help you navigate your own transparency path and to find your way through the guide, we've given you a roadmap. (See [infographic](#) on previous page.)

Historically with GrantCraft, we have described the type of funder quoted rather than providing specific affiliations to encourage a more broad-based conversation about practices. In this guide, we provide the names of foundations and those we interviewed in order to give you context and resources for becoming more transparent in your own foundation.

## Audiences for Transparency Efforts





# Behind Closed Doors

## Sharing Grantee Selection Processes and Grantee Data

For many foundations, a first step to becoming more transparent is to share information about their goals, theories of change, and processes for grantee applications. That makes sense. Making grantee selection processes more clear addresses a top complaint from nonprofits: they are frustrated in their efforts to obtain information about a funder's grant strategies and selection processes, which is integral to developing productive relationships and writing meaningful proposals.

Sharing insights about grantee selection processes is also a logical first step for foundations because:

- Grantees and applicants are key partners in the work of foundations.
- Providing this information is a relatively straightforward task.
- Making these processes easily available provides immediate payoffs for grantees and foundation staff. It saves both valuable time and energy.

Like other aspects of transparency, sharing grantee selection processes is as much about adopting a mindset as it is about employing specific tactics.

"Our primary audience is the nonprofit sector," says Belen Vargas, vice president, grant operations at the Weingart Foundation, based in Los Angeles. "For us, [foundation transparency] is about providing clarity and accessibility of information to help organizations better understand who we are as funders in order to better position themselves to apply, and hopefully be successful in obtaining a grant."

All of Weingart's staff worked for nonprofit organizations in the past, so they understand just how frustrating it can be to access "the black hole" of foundation information.

"By not providing good information, you are actually hindering your potential grantees," Vargas

says. "It can mean hours of people's time trying to figure out your process versus just trying to be as clear as possible on your web site."

### SAVING FOUNDATIONS TIME BY PROVIDING CLEAR GUIDELINES

The Open Estonia Foundation in Europe sponsors a number of competitions, which attract a large number of applications. ➔ Historically, the foundation did not publish detailed guidelines describing the eligibility criteria for competitions. As a result, about 50 percent of the applications were inappropriate for the competitions, which led to a huge drain on time for both ineligible applicants and foundation staff.

### ACTION STEP

Publish the process by which grantees are selected for invitation-only programs and share information on the estimated time it takes to complete an application.

Starting in 2009, the foundation began publishing detailed guidelines for each of its competitions on its web site. The result: only 10 percent of applications are now ineligible for the competitions.



*“Openness and clarity about a foundation’s interests from the start will save everyone time and money. You do not waste grantseekers’ time as they try to navigate the often drawn-out and confusing application procedures that ultimately don’t align with their work.”*

— GrantCraft Survey Response, 2013

Program director Katrin Enno shares: “Without these detailed guidelines, we wouldn’t be able to do this work effectively. We would have a huge number of applications that have nothing to do with these competitions.”

Further, many foundations do not accept unsolicited proposals; they only fund certain organizations and projects that they invite to submit a proposal. For funders with that policy, it is helpful to state it clearly on their web sites to save time for potential applicants, so that they can refocus on building a relationship with that funder instead. These funders may also consider explaining the process by which prospective grantees are invited to apply. Similarly, operating foundations that are interested in working with partners but cannot provide grant money should state that on their web sites.

## GOING BEYOND GRANTEE GUIDELINES

The Weingart Foundation took this approach a step further. For years, it published grantee guidelines. But in 2011, it also began posting its **assumptions** about its grantmaking.

In the past, the foundation prepared these assumptions for its internal use only. But then staff decided to post these assumptions on their web site, believing it would help potential grantees to more fully understand the foundation’s thinking. The assumptions include a detailed analysis of where the foundation sees the environment in which nonprofits will be operating for the next 12–18 months, and how those factors will influence its grantmaking.

The foundation both publishes its assumptions and also solicits input. It circulates a draft to nonprofit leaders and select partners, and then incorporates feedback into its final version. Whenever foundation staff ask for feedback on this or other aspects of their work, they let grantees know about changes they have made in response. They do so on the presumption that if a foundation asks for feedback, it is important to demonstrate that it is actually paying attention to that feedback.

The Weingart Foundation communicates with grantees, applicants, and funders in its database through an e-newsletter that is sent out typically every other month, but at times more frequently, based on the need to share information.

According to Vargas, “We’ve gotten so much attention from nonprofits [about publishing these assumptions] who have said, ‘Oh my God, this is so helpful. Now we understand why you’ve identified certain approaches or priorities.’”

The foundation also began publishing its **grant plan**, which is its guide for grantmaking over the next 12 months, based on its assumptions, and **Working with the Weingart Foundation** which provides potential grantees with a deeper understanding of the things the foundation looks for when reviewing applications. These are documents that the foundation already had internally, and staff saw an opportunity to make a bigger




### ACTION STEP

If you ask grantees for feedback, share responses to that feedback in your next e-newsletter or on your web site.

impact by taking a little extra time to polish and share them publicly.

## RESPONDING RAPIDLY AND CLEARLY TO GRANT APPLICATIONS

An important aspect of transparency is providing information in a timely manner. This is true no matter what size or type of foundation. As part of a larger corporate structure, the staff members at the American Express Foundation come from a business approach of operating in a lean environment, making quick decisions, and refusing to waste people's time. The foundation has a staff of 10 who make grants in the U.S. and around the world.

 This need for efficiency directly influences its grantmaking application and selection processes. The American Express Foundation starts by publishing **clear guidelines** about what types of projects the organization is looking for. Then they work with potential applicants, inviting short letters of inquiry to quickly assess a project's fit so they do not waste anybody's time.

## AN INTERACTIVE GRANTS DATABASE

Another way that a foundation can be transparent about its grantee selection process is by making available a grants database where people can learn more about its funding decisions. Most foundations already have some sort of internal recordkeeping of grants made; the real challenge comes in sharing that descriptive ledger to the public. Making such information publicly available can trigger fears among foundation staff because it exposes all of the funder's grantmaking to scrutiny—the strategic and perhaps the less strategic grants it has made. Creating these public databases can also spark worries about the staff time and infrastructure needed to develop and maintain them. However, much of the information about a foundation's grantmaking is available to those who are willing to do some digging through required publicly available forms like the Form 990-PF for U.S. foundations. In addition, the time and effort involved in creating and updating these databases improves overall foundation record-

keeping and simplifies processes, making these investments cost effective.

One of the most sophisticated **interactive grants databases** is on the William and Flora Hewlett Foundation's web site. In this database, anyone can learn more about the foundation's grantmaking using filters that include region, program, type of support, year, and dollar amount of grants. The Hewlett Foundation has made the software behind the tool available under Creative Commons licensing as an open source resource so that other foundations can easily use it to display their grants data.

*"We are a very small staff. We don't have a lot of time for a lengthy review process. So we try to be very upfront and very transparent about what we do, why we do it, and what we hope to accomplish."*

—Timothy McClimon, American Express Foundation

The foundation also has an instructional video on how to use the tool and a summary that distills the key trends about its grantmaking. In this way, applicants can get a sense of whether they are a good fit for the foundation's work and can view the foundation's grantmaking trends over time.

## PUBLICLY POSTING APPLICATIONS TO A FOUNDATION'S PROGRAM

The Knight Foundation posted applications to its News Challenge online on Tumblr in 2012 and on OpenIDEO in 2013. While staff and trustees make funding decisions, the public can share comments with applicants to help them strengthen and hone their messaging. Applicants can see who they're competing against and follow what submissions qualify in each round. While this level of

transparency might not be appropriate for all programs, it can serve to catalyze greater innovation, promote higher quality applications, and engage new audiences.

## A ONE-STOP SHOP FOR NONPROFITS TO LEARN ABOUT FUNDERS' WORK

When staff at nonprofit organizations want to learn about funding opportunities in a particular focus area or geography, they often search [Foundation Directory Online](#) (FDO), a service of the Foundation Center with more than 3.3 million grant records. One way that this database has grown to include more timely information is through funders who electronically report their grants to the Foundation Center. These eGrant reporters are taking an important step towards transparency by making sure that their data are accessible to FDO users and to the broader sector for research and web-based projects.

Some funders have chosen an additional step toward transparency by joining the Reporting Commitment, an initiative aimed at developing more timely, accurate, and precise reporting on the flow of philanthropic dollars. ➔ Many of the largest U.S. foundations now report their grants on a quarterly basis, using common standards, and in an open data format. An interactive map allows people to see funding in specific geographic areas with ease. It also benefits foundations, as they can see what other funders are doing in similar areas, whether for potential collaboration or to avoid duplication of effort.

being part of this coalition, we thought perhaps we could set an example that others could learn from.”

McKeever also notes that the Bill & Melinda Gates Foundation’s participation in the Reporting Commitment has led to new relationships among staff at other foundations who work in information technology and grants management, as they grapple together with how best to get their data ready to share. Ultimately, those relationships may lead to collaborations on data-sharing or simply connections that will help funders with their own projects.

Large foundations aren’t the only ones to join the Reporting Commitment. Smaller funders, such as the VNA Foundation in Chicago, also joined the coalition.

“The cost for us to get our data in the readable form to participate in the Reporting Commitment was extremely minimal—a few hundred dollars as I recall,” says Rob DiLeonardi, executive director, VNA Foundation. “By participating, we’re finding another way to be transparent that is completely painless for us.”

## CHALLENGES

While publishing clear grantee selection processes and grantee data is one of the first and easiest steps that foundations can take toward greater transparency, those interviewed for the guide noted the following key challenges:

- Taking the time and dedicating the resources to creating clear guidelines can be difficult in the face of competing priorities, though people interviewed said that the investment saves time in the end through more on-target applications.
- Publishing data on grants does not always include the context or reasoning for making grants, which can lead to misinterpretations about the foundation’s work. Foundations can address that challenge by providing a brief context in connection with the grants data they publish.
- Foundations do not have many widely-adopted standards for sharing even the most basic information—especially across countries—though that issue is starting to change with the advent of tools like the Reporting Commitment, the



## ACTION STEP

Join the Reporting Commitment to provide another avenue to share grant information consistently, openly, and frequently.

“We can try to increase the timeliness and accessibility of data on who’s funding what and where,” says Darin McKeever, deputy director, charitable sector, the Bill & Melinda Gates Foundation. “By

Foundation Center’s **grant reporting data standards**, the **WINGS Global Philanthropy Data Charter**, and the **International Aid Transparency Initiative**.

- Determining how close to real time foundations should publish grants data and implementing good processes for maintaining those updates can be tricky.

## DISCUSSION QUESTIONS

You’ll find discussion questions included at the end of this and other chapters. Reflect on them independently and then use them to have conversations with other staff at your foundations and within peer networks.

- What do you see as the greatest benefits to sharing more of your foundation’s grantee selection processes and grantee data?
- What has kept your foundation from taking steps towards greater transparency around your grantee selection processes and grantee data? Is this historical rationale still relevant today?
- What, if any, fears do you have about making your selection processes clearer? What can you do to address those fears?

## Notes

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## ACTION STEP



Dedicate a day of your time to put clear guidelines in writing that you can then share with your team.

- How would you tackle the challenges cited by those interviewed in the guide?
- What is your foundation currently doing in terms of sharing grantee selection processes and grantee data? What are some concrete next steps to take towards greater transparency?
- If you are an executive, how will you get board buy-in for your organization to share more about its grantee selection processes and grantee data? What internal processes would you need to adopt? If you are a communications or program officer, how will you get senior staff buy-in?
- Which examples in the guide spark ideas that your foundation could implement?

# Is the Needle Moving?

## Sharing Performance Assessments

One of the most vulnerable aspects of funder transparency is deciding whether to share assessments of the foundation's work. By doing so, foundation staff may fear that they make themselves a target of criticism and second-guessing. But an increasing number of funders are taking that risk and finding that, in fact, they are respected for doing so. By making themselves more open, these funders say their transparency is catalyzing better relationships with their peers, grantees, and others.

As the trend towards outcome measurement grows, foundations are drawing from these evaluations to inform portfolio choices and funding needs in the community. By sharing assessment findings more broadly with peer foundations and nonprofits, funders have the opportunity to increase their impact with information they have already solicited from grantees or invested in directly.

- Opens the door to dialogue with other foundations, donors, and grantees to build on the knowledge and to collaborate or fund future efforts. ➔
- Assists in demonstrating trust and credibility as a partner to nonprofits, the government, and business sectors.

*“Whenever we are able to behave in a way that tries to lift the veil about how we do our work, it can lead us to be more effective and, ideally, more authentic and candid and honest partners.”*

—James E. Canales

Funders who regularly share assessments of their work say that doing so:

- Helps other foundations as well as grantees learn from the results of often large investments.

### A PUBLIC CRISIS AND INTERNAL STRUGGLE

Sharing foundation performance assessments is a necessary part of transparency because it provides grantees, other funders, government officials, and the public an opportunity to discover what a foundation has learned from initiatives that may have relevance to their own work.

But sharing simply for the sake of sharing is not sufficient. When the funders profiled here decided to share what they have learned, they did so with a deliberate plan. They set goals for what they and others would gain from the sharing; they could be more effectively transparent because they could frame information shared in an accessible, targeted manner.

For James E. Canales, president and CEO of the James Irvine Foundation, helping the foundation become more transparent came out of a combination of public scrutiny following charges of



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excessive compensation to a recently-departed president, internal challenges after a set of staff reductions the previous year, and his own commitment to openness.

A few months later, in May 2004, an evaluation firm that was hired to assess the foundation's largest and most expensive initiative to date—an after-school initiative—issued its first report and gave the initiative low marks.

Communities Organizing Resources to Advance Learning (CORAL), Irvine's \$58 million, eight-year after-school initiative, was designed to improve the academic performance of low-income children in low-performing schools. But the evaluation found that most sites offered little educational programming and the program design was fundamentally flawed. With such devastating findings, Canales could have recommended to the board that they quietly shelve the program and move on. ➔ The report's findings could have easily remained in the Irvine program staff's file cabinet.

Instead, Canales and the board followed up on the evaluators' recommendations to make changes to the program's structure. The foundation then documented the entire process through a series of reports that Canales himself helped to publicize, in part through co-authoring an op-ed in the *Chronicle of Philanthropy* with Paul Brest, the former president of the William and Flora Hewlett Foundation, which had also recently released a similarly critical evaluation report.

## TRANSPARENCY AS A CORE VALUE

Canales, like other foundation leaders, is quick to point out that the foundation did not set out to become more transparent simply for transparency's sake. Rather, its openness in publishing critical assessments of its work flowed from a value that was becoming central to the foundation.

"I think every foundation needs to ask whether they view transparency as something that's an important and deeply held value to the work of the institution," Canales says. "At the time [of the first CORAL report], the foundation was the subject of some pretty unflattering exposés. As a result of that,

we felt a commitment to try and be more transparent about why we were making decisions in certain ways, and I felt that one of the ways that we could make a contribution to the field is to just behave in a more transparent way."

This transparency not only helps a funder to justify their actions, but it also helps other funders and groups with similar interests in education issues to learn from and improve upon well-intentioned mistakes. By sharing more about its decision-making, Irvine lends important lessons to the broader field.

## POSTING AN UNEDITED VERSION OF A GRANTEE SATISFACTION SURVEY

Similar to the Irvine Foundation, the Oak Foundation, headquartered in Geneva, Switzerland, views transparency as a necessary and guiding value in its work. For Oak, being open about what it is learning allows more productive conversations to take place.

"I don't think we've ever said, 'let's be transparent by putting this information on our web site,'" says Kathleen Cravero, president of the Oak Foundation.

❓ "It's more that we're an organization that strives to be consistently respectful of our partners. We're doing the best possible job we can. We have successes. We have failures. Sharing information is the right thing to do and it might help others. It will allow us to have a more open and honest dialogue, both with our grantees and with peer foundations."

As part of encouraging that open and honest dialogue, the Oak Foundation posted the full content of a Center for Effective Philanthropy **Grantee Perception Report**, an anonymous survey of grantees, rather than just a summary, as some foundations do.

## ACTION STEP

The Grantee Perception Report and other tools for evaluation of social impact can be found in the **TRASI** database.



*“Transparency is important so that we do not repeat each other’s mistakes. Every foundation does not need to reinvent the wheel.”*

— GrantCraft Survey Response, 2013

In conjunction with the report, the foundation shared the changes it was making as a result of the findings. Those changes included streamlining application processes and making capacity-building and organizational support a more explicit part of its grantmaking.

According to Cravero, there was no debate among the trustees about whether to post the report—they thought that not doing so would invite questions about why they had not shared the full report. And they saw no reason not to share it.

The report contributed to internal learning as well. Its findings largely informed a global staff retreat and stimulated an organizational improvement process.

“We recognized ourselves in some of what the grantees were saying, and we felt that some of the points they were making were very good,” Cravero says. “We could streamline our processes. We hadn’t looked at our application forms in many years. We said, ‘Let’s make sure we’re respecting everybody’s time.’”

## SHARING AN INTERNAL REPORT TO HELP THE FIELD

The Oak Foundation shared another internally commissioned report—this time in hopes of helping its fellow funders. The foundation had commissioned a report to review its work in international human rights. Because other funders work in the same area, foundation staff thought the findings might be useful.

They went beyond simply sending a copy of the report to their funder colleagues in hopes that they would read it. The Oak Foundation also organized two convenings for funders to attend and discuss the findings. There, staff explained the process of commissioning the report, analyzing the results, and presenting it to their trustees, as well as preliminary thoughts for moving forward.

“We felt that the information in the review, even when it was saying that we could be more strategic, might be helpful to the field of international human rights, in which there aren’t a lot of funders,” Cravero notes.

Then the Oak Foundation staff opened up the floor for discussion. Both convenings had lively, thought-provoking conversations about specific issues in international human rights that all of the participating funders wrestle with in their work.

“I have to say, the first part of those convenings was largely consumed by peer foundations saying how unusual it is for a report like this to be distributed,” Cravero recalls. “But the meetings were really useful.”

## “BEST FAILURE” AWARD

Not all foundations, however, are comfortable with transparency as a default like the Oak and Irvine foundations. Transparency sometimes needs a more modest, internal start. That is, foundation staff need to become more comfortable sharing with one another what they are learning in their work before sharing those lessons outside their foundation.

The King Baudouin Foundation in Brussels, Belgium, embraced the idea of internal learning



### ACTION STEP

Post complete results of grantee satisfaction surveys along with a note about changes your organization is making as a result of the feedback.



by launching a “best failure” award within the foundation. The idea behind the award was that learning is much more constructive and richer when people can learn from failures or projects that did not go as expected. Staff from each of the foundation’s 10 activity fields were invited to submit at least one project for the best failure award.

From that process and learning, the foundation organized a staff workshop called, “Dare to Stop.” The workshop focused on a common theme that emerged from the best failure submissions—project managers can feel responsible for seeing their programs through to the end, even when it becomes clear it is not yielding the expected outcomes. The workshop focused on a staff discussion of when, why, and how to stop a project. ➔ This internal award is an important way that the foundation is transforming their culture to one of information-sharing, which is an important step towards transparency.

Discussing failure publicly is difficult for foundations, because it could make them vulnerable and could do damage to the grantee with whom a strategy or grant failed. However, finding ways to frame public conversations about failure appropriately is possible and can add significantly to foundation transparency and learning in the field. Kathy Reich, director of organizational effectiveness grantmaking at the Packard Foundation, explained, “We aren’t discouraged from talking about failure at all. I would say that there is a difference between talking about your own failure—so taking a risk, falling on your face, and picking yourself up again—and talking about the failures of your grantees. Individually, I’ve talked pretty publicly about failures I’ve experienced as a grantmaker. For example, with the **Community Leadership Project**, which we funded jointly with the Hewlett and Irvine foundations, I made some mistakes early on. There were too many grantees, too many layers of bureaucracy, and we spread money too thin. By being open about these observations, we were able to make corrections, and I’m now very proud of the project.”

## ACTION STEP

Share an internally commissioned evaluation of your foundation’s grantmaking with other funders who could benefit from its insights, using a platform like **IssueLab**.

*“We have to make deliberate efforts to sustain transparency. It is difficult to set up processes that help ensure our ongoing reporting to the public of our processes and the decisions we make. Sometimes, in the interest of expediency or because we simply forget, we make decisions and move on, without fully reporting to our grantees the decisions and the thinking behind the decisions.”*

— GrantCraft Survey Response, 2013

For funders that prepared to take the next step toward admitting failure publicly, the web site **Admitting Failure** collects stories of organizations that have already shared projects that went wrong, and it is easy to submit a story of your own.

## CHALLENGES

Foundation staff pointed to the following challenges in sharing program assessments:

- It can be difficult for foundation staff to embrace the idea of admitting failure or flaws, both for themselves and out of fear of hurting the non-profits they fund. Failure is a loaded word and means different things to different people. But the idea of publicly admitting that a large-scale initiative did not work as planned is a daunting proposition, no matter what word is used to describe it.
- Not every evaluation and assessment contains enough useful information to be shared publicly, which means that foundation staff must spend time sorting through such reports to choose the ones that are most valuable to disseminate.
- Simply sharing assessments is not enough to meet the goals of a transparent organization; long, dense evaluations may never be read, even if they are posted on a foundation's web site.

## DISCUSSION QUESTIONS

- What do you see as the greatest benefits to sharing more of your foundation's program assessments?
- What types of assessments mentioned in this chapter resonate as ones that you could share, too?
- What do you see as the biggest risks in sharing assessments more publicly? How could you address those risks at your foundation?
- How could you share assessments to promote ongoing dialogue with grantees and others? What are some concrete steps you could take to help encourage that dialogue?
- In what ways could you work with evaluators and other consultants to produce program assessments that could better engage key audiences?
- What broader discussions need to take place in your foundation about the purpose and value of sharing assessments?

## Notes

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# Improving Relationships

## Strengthening Engagement with Grantees and Other Stakeholders

**W**hen funders and grantees pool their collective knowledge, they increase their opportunities for impact. But, a persistent obstacle is that knowledge often rests in silos, with foundations and nonprofits rarely engaging in a frank dialogue to promote sharing and listening in an ongoing way, leading to missed opportunities to improve their work.

Frank dialogue is especially difficult because of the power dynamics between funders and grantees that are always at play, along with the need to achieve measurable outcomes and secure or maintain funding. Increased transparency is a means to break down those silos and forge a route to greater dialogue. By sharing more about their activities and asking for input, funders can work more closely with nonprofit organizations to become more effective. Funders who work to improve transparency around lessons learned and participation by grantees and other stakeholders say they do so because:

- Nonprofit organizations are generally the primary vehicle through which foundations make an impact. Improving transparency and participation leads to dialogue, which allows funders to play a stronger supporting role at all stages (planning, implementation, and post-grant).
- Foundation program staff and nonprofit staff have a set of skills and knowledge that are often complementary. Establishing ongoing ways to share their knowledge can lead to greater synergies and prevent repetitive mistakes.
- Nonprofit organizations working on similar issues that rarely talk to one another learn of one another's work and begin collaborating, which may lead to accelerated or more lasting, systemic change.

### ASKING GRANTEES FOR HELP IN SHAPING A NEW INITIATIVE

The Greater New Orleans Foundation, a community foundation with a \$275 million endowment and 700 donor funds, has a long-standing practice of seeking input from the nonprofit community, its donors, and other key audiences to improve its programs. For years, it has hosted "Circle Talks," during which staff meet with subsets of stakeholders to ask how the foundation can improve its work. Foundation staff take notes at the meetings and publish reports about what they hear from the community.

*"It's extremely important for us to test our assumptions so that we're not creating programs in a void. Being transparent about our assumptions helps us to get input from others in a meaningful way, and that helps us improve our work over time."*

— Albert Ruesga

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When the foundation decided to launch an organizational effectiveness initiative, they used a similar participatory approach with a cross-section of non-profit leaders to shape it.

Staff held one-on-one meetings with key grantees to learn about the organizational development needs of the community. They then surveyed 175 area nonprofits—not only their grantees—to gather more quantitative data. Foundation staff followed up the survey with several focus groups to probe the needs of the sector more deeply. ➔ Finally, they created a “design team,” consisting of 11 executive directors to directly help the foundation shape the initiative.

When the Greater New Orleans Foundation released a report on its survey of nonprofits, it highlighted two troubling findings: the reliance of many organizations on one or two funding sources and the scant financial reserves of a number of organizations, often 30 days or less. The design team urged the foundation to provide practical assistance to address these issues. In response, the foundation created **two short primers** that provide guidance on how to have internal conversations about these financial issues and steps to addressing these challenges. The overall purpose of the primers was to strengthen nonprofit leadership as well as promote learning in that community.

## **SERVING AS A CATALYST FOR GRANTEES TO LEARN FROM ONE ANOTHER**

One funder who shares information about grantees to generate awareness is the San Francisco-based Bella Vista Foundation, which focuses on two key areas: early childhood learning and ecosystem restoration. As a relatively small family foundation, its approach is to share learning that will benefit its grantees for years after the monetary investment has ended. Mary Gregory, executive director, plays a hands-on role with grantees and is in frequent conversation with them about applications and their work.

As a direct result of these conversations, Gregory developed tools that she shares with grantees and

more broadly on the foundation’s web site. One such tool is a **matrix** of 20 different assessment tools for adult mental health. Next to each tool is the name of the grantees that are using them. For both a new grantee or an existing one thinking of changing their assessment, there is an easy-to-use list and contact information for peer nonprofits.

Gregory developed the list because most nonprofit organizations are so busy providing services to their clients that they do not have the luxury to step back and take a broader view of the tools available to their field, or to connect with others doing similar work. Even if they do have the time, it is daunting to know where to begin such exploration. “As foundation staff, we can be useful in that way to say, ‘Hey, did you know that this program is complementary to yours?’ or ‘They’re doing the same thing and they’re using this tool.’”

## **BRINGING NONPROFITS TOGETHER, THEN STEPPING ASIDE**

Another way that funders can facilitate transparency is by acting as connectors or conveners. By bringing nonprofits together, they enable organizations to comment on and help strengthen one another’s work. Funders are well positioned to play this critical role because of their capital and connections, and doing so visibly can encourage collaboration that otherwise might not happen due to competitive pressures, time, and lack of knowledge. It also provides stakeholders with valuable insight about a foundation’s agenda.

Rob DiLeonardi, executive director of the VNA Foundation in Chicago, says that one of his “absolute pet peeves” is the idea of people taking the same approach to issues without finding ways to work together. ? Starting in 2004, the VNA Foundation and the Michael Reese Health Trust convened about 50 people from agencies that specifically provided health care for homeless community members. Over the years, he had noted proposals from these organizations asking for essentially the same thing, such as money to fund a part-time nurse, and sensed that connecting these groups could yield an effective program solution that met



their shared needs. The entire cost for each meeting was around \$250 to cover the costs of refreshments and office space, and minimal amounts of staff time.

"Our primary goal was just to get them to talk to each other and share information," DiLeonardi recalls. "And what started out as a very sort of cautious conversation—where they would share the most basic bits of information about their programs—eventually became a conversation where people openly and frankly shared their challenges and successes. The more open that people got and the more they shared, the more we felt we were contributing pretty dramatically to the efficiency of their operations."

After about the third convening, the funders bowed out and the agencies continued to meet regularly. There was a direct outcome: several of the member agencies eventually banded together to form the West Side Collaborative, a group with a newly honed strategy to tackle the issues that formed the basis of the convenings, which the VNA Foundation later funded.

In addition, the foundation noticed that participating nonprofits showed a greater understanding of outcome measurements in later applications. For example, rather than a proposal promising that, if funded, 300 people would be seen by a doctor, a proposal will now say that if funded, at least 75 percent of people seen by a doctor will show control of their diabetes as measured by their blood tests six months after their first appointment.

## FOUNDATION ASKS FOR FEEDBACK ON A STRATEGY—AND RECEIVES LITTLE

Not all foundation attempts to encourage two-way dialogue with grantees are successful. In 2013, the James Irvine Foundation published an initial framework for a new arts strategy. The foundation asked for feedback on its web site from grantees and others but received little response. It was not the first time the foundation had sought response to a strategy and heard little. Such low response is an example of the difficulty that even the most transparent founda-

### ACTION STEP

Convene nonprofits working in a similar area and then let them carry on the conversation while you step back.

### ACTION STEP

To get around the power dynamic when seeking feedback on strategies, allow anonymous commenting on your web site or seek opinions on "neutral" platforms, such as popular blogs.

tions face in trying to overcome the power dynamic between funders and the nonprofit sector.

"The fact that we're the funder may mean people are worried about saying something negative because that would risk offending us," notes James E. Canales, president and CEO of the James Irvine Foundation. "I understand those dynamics and I'm not trying to diminish them. That's a place where we still have more work to do."

In addition to the power differential that may have inhibited responses, two other reasons may explain the low response: comments couldn't be anonymous and they had to be posted publicly on Irvine's web site. However, the proposed new direction in Irvine's art strategy did receive a fair bit of notice, and critical feedback on other [blogs](#), which may be a more productive avenue to look for responses.

## MAKING IT EASY TO FIND OUT WHAT FOUNDATION CEOS EARN

Sometimes improving the practice of philanthropy simply means figuring out what stakeholders want and then making it easy to find the information that people are most interested in. Canales made sure it would be simple to learn about the foundation's compensation practices on its web site. ➔ He reasoned that most people read a U.S. foundations' form 990-PF to find out how much the CEO





## ACTION STEP

Publish executive compensation on your web site and the process by which you set it.

and other top staff are making. Irvine began posting its 990 with a **section** on the web site that explained its compensation policy and provided additional context. Then, readers could click on a direct link to learn exactly how much Canales and other senior executives earned.

“Why have someone spend 10 minutes going through a 350 page report to find the three pages they are looking for?” Canales asks. “Let’s make it easy for them to find these pages and let’s also use that as an opportunity to provide some context. To me, that makes manifest your institution’s commitment to transparency.”

European foundations are similarly making financial information easy to find. For example, Realdania, a funder in Copenhagen, Denmark, posts detailed **information** about its commercial and philanthropic investments. The Wellcome Trust makes similar **details** available. For all of these funders, looking for ways to share the financial side of their work and learn from others is crucial to improving the practice of philanthropy.

## CHALLENGES

Foundation staff pointed to the following challenges in improving dialogue and learning between funders and grantees:

- Dialogue and engagement can be difficult because of the power dynamic between foundations and nonprofits.
- Not all nonprofit organizations are receptive to hearing about alternative approaches used by similar organizations because they feel that the context of their own work is unique.
- Greater engagement with grantees leads to closer relationships, which then can make exiting the funding relationship more difficult.  
➔ While these conversations can be tough, funders say the most effective way to broach them is to be as transparent as possible about reasoning and decision-making.

## DISCUSSION QUESTIONS

- What do you see as the greatest benefit to strengthening engagement with grantees and other nonprofits?
- Which of your foundation’s program areas or processes could benefit most from increased dialogue with grantees or applicants?
- The power dynamic between foundations and nonprofit organizations can make it tricky at times to develop an open dialogue. How could you address this dynamic so that your foundation can have a meaningful dialogue with your grantees or applicants?
- Do any of the examples described in this case study seem like ones you could explore at your foundation to encourage greater learning between you and your grantees?
- By being more transparent about what you do, how can you help grantees to communicate better with peers?

## Notes

# Peers Helping Peers

## Improving the Practice of Philanthropy

**F**oundations understand that the problems they seek to solve are too big and complex for any one funder to address on its own. When foundation staff are transparent in sharing their goals, lessons learned, and challenges with funder colleagues, they increase philanthropy's overall impact.

"Oddly enough, the key stakeholder [for foundation transparency] that comes to mind is...foundations. It is us," writes Lisa Jordan, executive director of the Bernard van Leer Foundation, on the Transparency Talk [blog](#). "We could actually benefit the most from sharing our basic information...it makes us smarter in our daily actions as we can more easily share knowledge on common themes and lastly, it keeps us from wasting scarce resources by eliminating duplication of efforts."

Funders that make it a priority to share information with colleagues and contribute to shared knowledge-bases say they do so because it:

- Prevents foundations from reinventing the wheel by learning what other funders are supporting in similar areas.
- Provides opportunities for foundations to meet, share knowledge, and potentially collaborate.
- Helps foundations working in similar areas develop a shared understanding and metrics for grantees, which saves nonprofits both time and energy.
- Contributes to a more transparent sector by making it easy for interested groups to learn about foundation work in one place.

### DISCUSSING TRANSPARENCY AND TECHNOLOGY

One project where funders are coming together to connect and learn from each other is [Markets for Good](#). This initiative is a collaborative project of the Bill & Melinda Gates Foundation, the William and Flora Hewlett Foundation, the F.B. Heron Foundation, and Liquidnet and is a platform to improve the

system for generating, sharing, and acting upon data and information in the social sector. It is essentially a capacity building effort for funders.

Darin McKeever from the Gates Foundation sees the Markets for Good web site as a hub for funders to find ways to collaborate. "We're trying to create a community that is discussing the opportunities and the pitfalls around some of these issues related to transparency and technology," he says. "We hope that this will lead to collaborations to work on some of these issues of knowledge sharing."

*"By providing information about our activities, we can make it easier for others to learn from, to help inform, and to potentially join our individual efforts."*

— Darin McKeever

A number of projects have been influenced by this conversation as more funders seek to support "information infrastructure"—the technology that supports sharing data and information in the sector. For example, the Aspen Institute studied how basic nonprofit data collected by the U.S. government—especially via 990-PF forms—can be shared more efficiently and effectively. Recommendations of its report ["Information for Impact: Liberating Nonprofit Sector Data"](#) include that nonprofit organizations should be required to file 990-PF forms electronically, rather than on paper, and that

*“We require transparency from public institutions and we can’t do that unless we ourselves are transparent.”*

— Katrin Enno

the IRS should publish those returns in formats that make it easier to do aggregate analysis of data and create data visualizations, among other uses.

### **A PLACE WHERE FOUNDATIONS CAN ADVANCE DIVERSITY, EQUITY, AND INCLUSIVENESS**

Many foundations are becoming more transparent about their staff composition, which helps nonprofits and the public to understand who is making philanthropic decisions. By reviewing and sharing diversity data about their staff, board, and grantee organizations, funders have a heightened awareness of and can better address gaps in staffing, board composition, and funding. ➔

**The D5 Coalition** is a five-year effort to advance philanthropy’s diversity, equity, and inclusiveness. A key goal of D5 is to improve data collection and transparency as it relates to these issues. Says Kelly Brown, director of the D5 Coalition, “Collecting and sharing information about [foundations’] leadership reflects a level of transparency that builds confidence in foundations, as well as respect with the constituencies their grants serve.” To help reach that goal, D5 has commissioned research to identify the most effective inclusion policies for funders to adopt.

### **OPEN LICENSING TO FACILITATE TRANSPARENCY AND KNOWLEDGE SHARING**

The report “**Foundation Funding: Open Licenses, Greater Impact**” shares that when foundations copyright their work, the copyright owner must give permission for others to copy, publish, redistribute, remix, or otherwise reuse that work. One goal for foundations that fund assessments, policy reports, and white papers is to spread ideas and best practices. Standard copyrights create a barrier to this knowledge sharing; however, open licensing with international applicability, such as Creative Commons or General Public licenses, allows broader dissemination of this work by allowing organizations to easily use and adapt materials.

The Shuttleworth Foundation, based in South Africa, is at the forefront of open licensing. The foundation is committed to opening intellectual resources created or co-created by its staff, fellows, projects, or foundation funds. Those resources include software, project reports, manuals, research results, and others that can be communicated to the public. This means that most of the foundation’s agreements involving the creation of intellectual property stipulate that those resources will be freely available to whoever might make use of them.

“Open licensing is just a means to an end when it comes to transparency,” says Jason Hudson, the foundation’s chief information officer. “We have a mildly aggressive obsession with being transparent. We open up our financials and share our planning, learning, and relationships as we go along. It’s not easy and at times quite uncomfortable, but by doing things like this, we hope to have partners who come with better ideas, offer improvements, and even run with things on their own. That’s what we want.”



### **ACTION STEP**

Put open licensing into practice by sharing simple tools like templates.

## FOUNDATIONS BAND TOGETHER TO DEVELOP SHARED APPROACH TO ADVOCACY EVALUATION

A common complaint among nonprofit organizations is that foundations pursuing similar objectives require dramatically different metrics and reporting requirements. To address this issue, healthcare foundations in Kansas and Missouri created the Advocacy Evaluation Learning Initiative in 2010, which brought together six funders, 13 high performing advocacy organizations, four local evaluators and two national technical assistance firms. Together, they are developing a shared approach to evaluating the work of advocacy organizations. Eventually, the funders hope that this standardization will lead to improved coordination and collaborative funding in advocacy, transparency for advocacy organizations, and better showcase the impact of their collective advocacy efforts.

The results so far: participating foundations and their advocacy grantees adopted a framework that connects advocacy strategies to measurement approaches, which the advocacy organizations use as well. Participating foundations are also noting that advocacy organizations now include a theory of change or logic model and demonstrate alignment between strategy, advocacy objectives, and evaluation methodology in their proposals to better explain how their efforts will lead to their ultimate outcomes.

## AMPLIFYING FUNDER TRANSPARENCY THROUGH CONFERENCES AND REGIONAL ASSOCIATIONS


Conferences can also serve as a venue for funders to talk about transparency itself. In 2013, the Open Estonia Foundation held a conference on transparency and accountability where 50 European funders explored trends and discussed best practices.

"It's very inspirational to hear that there are people who have the same worries and the same thoughts, and you can share them," says Maris Jõgeva, former program coordinator at the Open

## Funders Share International Aid Data Through Global Standard

The International Aid Transparency Initiative (IATI) is a voluntary, multi-stakeholder initiative that aims to make international development assistance more transparent to increase overall effectiveness in addressing poverty. In collaboration with donors, IATI developed a common, open standard for publicly sharing aid information, now known as the IATI standard. The common format allows for clearer understanding and analysis of aid data. Stakeholders continue to contribute data because it is in a format that meets their needs, too. Since its launch in 2008, more than 200 entities have shared data through the standard.

IATI **frames** its work quite prominently through the lens of transparency. By being transparent about aid data, foundations offer a user-friendly window into how much money is earmarked to aid developing nations and what precisely each contribution is designed to achieve. Giving in this area becomes more visible on a wider scale not just to recipients, but to the donors themselves, who can then be more efficient overall by coordinating efforts.

Estonia Foundation who organized the conference.  "What we saw is that many people started to think about small steps that they could do to improve their work."

The following day, attendees participated in a roundtable where each talked about specific steps they planned to take to make their organizations more transparent based on what they learned at the conference. Changes included setting up forums on their web sites where applicants could ask for information, and collecting feedback from grantees via a neutral party to learn about the funder's processes.

Funders can also organize roundtables to meet and discuss their work at conferences that they frequently attend. Recently, the VNA Foundation organized a roundtable of health funders at the American Public Health Association's annual

## ACTION STEP

Create a group of funders working in the same areas to establish shared metrics and understandings of outcomes.



*“Our ability to communicate about advocacy is much more refined than it was before. This initiative will ultimately lead to funders across the region better understanding and communicating their return on their investments in advocacy and policy work.”*

— William Moore, REACH Healthcare Foundation

conference that, in part, sought to identify methods in which funders could share ideas and best practices that would increase their creativity, leverage their dollars, and strengthen the practice of public health. One outcome that the VNA Foundation hopes will emerge from this and other meetings is an opportunity for large, national funders and local funders to meet and openly talk about how they can collaborate on major initiatives.

Regional associations of grantmakers and shared interest affinity groups, too, are excellent networks that cultivate learning, engagement, and community among foundations. Participation by funders in their hosted meetings, forums, and discussions are prime opportunities to share various aspects of their work and to learn from others.

## CHALLENGES

Foundation staff pointed to the following challenges in sharing information among foundations:

- Shared agreement among foundations on metrics such as common reporting standards can be difficult because each funder has long-standing approaches and may be reluctant to make changes.
- Letting go of long-standing copyright practices can be difficult for foundations that believe they are protecting not only their work but that of their grantees.

## DISCUSSION QUESTIONS

- What are the biggest benefits for your foundation to sharing information with other funders?
- Have you had an experience of sharing information with another foundation that resulted in a new collaboration, an insight, or the beginning of an ongoing, productive relationship? How did that experience come about? What worked about it?
- What experiences have you had in sharing information about your diversity practices? What came out of that sharing? What challenges did you experience?
- What fears, if any, do you have about adopting open licensing to the products you fund?
- Could your foundation adapt or join any examples in this chapter?
- What is a concrete first step that would make sense for your foundation to take to share more information with other funders?

## Notes

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# Communicating Well

Connecting Using Every Opportunity

When a foundation seeks to become more transparent in its work, a natural question becomes: Where? Web sites? Blogs? Infographics? Podcasts? Webinars? Radio and TV appearances? What might be a more interesting exploration is *how* these platforms can help further a foundation's transparency efforts. When foundations commit to using any of the various mediums that exist—and to using them thoughtfully—to both communicate their work and engage publicly, it contributes to greater understanding about the foundation's work.

**Foundation Transparency 2.0** on the Glasspockets web site lets visitors explore the online communications tools that foundations are using every day and links to more than 1,600 foundations' blogs, social media profiles, YouTube channels, and other digital platforms. An accompanying **infographic** reveals what's trending with foundations and social media.

Funders who spend time exploring stronger communication of their work through multiple platforms say they do so because:

- People access information in different ways.
- Providing a variety of paths through which to communicate messages increases the reach and strength of a foundation's transparency.
- Some mediums lend themselves to informality and a human voice, which builds trust and understanding that the stilted jargon of long research reports and calls for proposals do not.

## A WEB SITE WITH THE PREMISE THAT "EVERYTHING SHOULD BE POSTED"

In 2003, the Meyer Memorial Trust in Portland, Oregon adopted a set of organizational values that included being "open, accessible, and transparent."

*"If you show your human side by communicating like a human being, chances are good you will be seen as accessible and approachable. Then you are on your way to establishing a relationship and building trust."*

— Marie Deatherage

At the same time, the trust was undertaking a complete redesign of its web site. Marie Deatherage, director, communications and learning, says, "My working assumption was that everything should be posted on the web site unless there were clear and compelling reasons not to. And I'm quite sure, if you ask around the office, that I was a bit of a nuisance about it."

The Meyer Memorial Trust's new web site is inviting, casual, and easy to navigate. The overall approach is to show the human face of the foundation by being



## ACTION STEP

Find one internal document that would be useful to an outside audience, such as a program officer's guide to making grants, and post it on your foundation's web site.

transparent in all of its communications. Content on the site includes:

- A "What We Look For" section that shares contents of the program officer training manual about the process for evaluating proposals and applicants.
- Blogs, videos, photos, stories, forums, Twitter feeds, and other ways for people to connect with the work of the foundation.
- A searchable and filterable database of every grant the foundation has made.
- A high school picture of staff members with answers to a series of questions about their high school selves.

## PUSH BACK FROM PROGRAM STAFF

Deatherage notes that she did get push back about publishing material that had been previously only for internal use, such as the program officer training manual. "When I first mentioned that we should post this on our web site, the program director at the time quickly responded, 'That's a terrible idea. If we do that, applicants will write their proposals to match our criteria,'" Deatherage recalls. "My thinking was, 'You do realize that many are already trying to do that, right? Only they have to guess what our criteria are. If we just flat out tell them, maybe it will help with planning and proposal quality because I'm assuming our criteria are well reasoned and valid.'"

While Deatherage is proud of the openness of the Trust's web site, she also notes that not every idea has worked. She created a "Less Frequently Asked Questions" section that included a compilation of all questions ever directed to the funder with answers,

that over time, became long, unwieldy, and time-consuming to update. "As it turned out, many of answers were pretty boring and I had seriously overestimated the interest anyone would have in reading them," she says.

Still, the Trust is a firm believer that much more information can be posted to a foundation's web site than many program staff may initially feel comfortable with. "I feel a personal sense of success when we post something on our web site that some staff members balked at, and when nobody dies, they start to believe it was actually a good thing," Deatherage says. "I think posting *What We Look For* has turned out to be a helpful thing for applicants, so I consider it successful."

## FOUNDATION STAFF SPEAKING IN THEIR OWN VOICE

The Robert Wood Johnson Foundation (RWJF) has been a pioneer in the use of social media to communicate its work in clear, timely, and accessible ways. While some foundations may seek to tightly control staff blogging, tweeting, and other social media activity through a centralized communications office, RWJF does just the opposite. "Our first social media policy—and it's the one we largely have today—starts with the words 'We encourage you to use social media,'" says Stephen J. Downs, chief technology and information officer at RWJF. ➔ "We've pushed really hard to have our staff engaged as individuals, and not purely as foundation mouthpieces, but to be real and to be human and to be curious." The foundation has few guidelines around the use of social media, other than essentially, "Don't write something you don't know about and don't be a jerk," Downs says.

Three quarters of the 75 person program staff have individual Twitter accounts, with many posting regularly to ask questions of followers or to share something they've learned. Foundation staff also make regular use of blogging to explain what they are thinking, what they hope to accomplish, or to signal an interest in an upcoming area. Downs, who regularly **blogs**, notes that the blog format lends itself well to transparency.

"Writing a blog post explaining why we're launching a new program is a lot closer to being transparent than not saying anything at all, or saying something that's very carefully crafted," Downs says. "The more that people can use social media to explain their ideas, what their questions are, what maybe their biases are, I think you get closer to transparency."

**Blogs and Twitter** can serve as helpful tools to curate or present content from a foundation's activities and strategies in an interactive, and easy-to-find way.

As an example, here is one of Downs' tweets:

@stephenjdowns: See what's guiding us at @RWJF -- this year's President's message from @risalavizzo #health #philanthropy <http://www.rwjf.org/en/about-rwjf/annual-reports/president-s-message-20131.html> ...

**Think about what you might be able to share about your foundation's work in 140 characters.**

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## FACING AND COMMITTING TO THE TRUTH

It can be hard to leave the safe confines of calls for proposals and annual reports to write more conversationally through blogging. Downs remembers clearly the fear he felt the first time he set out to

write a blog. "I remember thinking, 'I'm going to get ridiculed for this.' Or people are going to say, 'Oh my God, he knows so little. He doesn't even understand the basics of X and Y. And then I remember having that moment where I thought 'I will just embrace all of this.' It's actually quite liberating. You can start to feel like you don't have to be right, you just have to be committed to the truth."

*"Practice can only improve when it is public. Transparency can help us become better at what we do."*

— GrantCraft Survey Response, 2013

RWJF also monitors social media as another way to gain feedback on its programs, and at times, make changes. For example, Project HealthDesign, a program around personal health records and patient-generated data, received a blistering critique from a blogger. The blogger said that the program was too divorced from what was happening in the private sector, and that it was too academic. As a result, in the second round of grantmaking, RWJF put a stronger emphasis on working with companies that had already built personal health records as opposed to funding more universities designing new systems.


## ONGOING UPDATES ON MISTAKES AND LEARNINGS


Technologies enable foundations to quickly update their audiences about project progress and setbacks in real time rather than just at the end of a project. When the California Endowment

## ACTION STEP

Currently tweeting? **Tweet us** @grantcraft and @glasspockets so we can follow you.



embarked on an ambitious effort to improve the health of 14 California communities, staff knew that the 10-year effort would include missteps and corrections along the way. "We knew that this community change effort is complicated. It's not linear. And we are going to make mistakes along the way," says Gregory Hall, director of program quality and effectiveness at The California Endowment.  "And so, we committed early on to be transparent, and also to acknowledge when we goofed."


In this case, their primary audience was the participants in the initiative, known as Building Healthy Communities (BHC). Foundation staff began regularly posting open letters on blogs and on its own web site, in which they owned up to their mistakes, such as poor responsiveness to feedback from community residents, nonprofit partners, and elected officials. 

In one of the letters, the Endowment acknowledged feedback from grantees that the funder's "one-size-fits-all" process requiring all communities to start and finish the planning process at the same time did not offer enough flexibility. The foundation outlined steps it was taking to respond to that feedback. This and other letters are posted on a section of The California Endowment's web site that also includes evaluation reports and summaries of the community change initiative's work.

## TAKING A MORE DYNAMIC APPROACH TO ANNUAL REPORTS

Cedric Brown, managing partner of the Kapor Center for Social Impact (previously the Mitchell Kapor Foundation), admits that he rarely spends more than 30 seconds looking at annual reports.

While attracted to the glossy design and interesting stories, he simply isn't willing to put in the time required to delve into the substantial content in most annual reports. As a result, Brown wanted to create something that reflected the Center's values, style, and approach to work that would be simple to digest.

In 2011, Brown oversaw the production of one of the first foundation video annual reports.  The video was relatively short (about 10 minutes), and told a story with a narrative thread that encompassed the foundation's work over the previous year. Writing on the Glasspockets' blog, [Transparency Talk](#), Brown said that he quickly received enthusiastic responses. "When we distributed the video through emailing it and posting it on the web site's home page, I hadn't expected to get the kind of positive, WOW! reviews that came back to us," Brown wrote. "Some of our community partners expressed appreciation for getting the pithy information in an entertaining format (and a little hip hop beat in the background never hurts)."

The Kapor Center has since produced two more [video annual reports](#). Brown wrote that he's now a believer that video is the way to go for annual reports. He offered these tips to other foundations who might want to connect with stakeholders using video:

- Write a narrative that outlines your organization's mission and framework.
- Use video or photos of grant recipients and partners to help tell your story.
- Make use of the technology you have. Videos do not have to be fancy or polished. Funders can do interesting work with freeware and flip cam or similar video cameras. It is just important to be neat (aesthetically) and tell a good story.

## FROM WIKI TO WORDPRESS: INVITING INPUT ON STRATEGY

Embracing the mentality that they had nothing to hide, the David and Lucile Packard Foundation Organizational Effectiveness program started a



### ACTION STEP

Look for creative ways to re-package long, dense evaluation reports into shorter summaries, infographics, videos, and podcasts.

**wiki** in 2010, which shared key internal strategy documents and resources that foundation staff used. They wanted staff and the public to be able to contribute directly to the wiki.

In 2011, the foundation took a second step toward transparency by communicating with the public throughout a program evaluation process. They put all of the collected raw data online and invited people to dive into the data set, which TCC Group was analyzing at the same time. When TCC posted its draft findings to the wiki, Packard invited comments. Blog posts were also authored by TCC throughout the process, which shared both positive and constructive learning, including that the program was not being as effective as it could be. According to Kathy Reich, “Some pushback came publicly, including comments from a member of Packard’s own team. It felt risky for us to put everything online before it was final, but ultimately, all of this open sharing of data and asking folks to make meaning of it led to stronger findings and recommendations. We certainly had deeper interaction with colleagues and grantees, too.”

As Reich learned, making data available doesn’t mean that everyone is suddenly going to use it. But, people appreciated that information was available. Building off of the wiki-based transparency, Packard took another step towards transparency during its strategic planning process. Using a **WordPress-based site**, the foundation—with approval from foundation leadership—conducted much of their planning online. They shared notes from interviews with other funders (generalized to preserve confidentiality), key assumptions about where they were headed, and questions they were asking. While input was solicited online, most feedback was actually given privately to staff offline, but those sharing their perspectives might not have done so if the process were not so transparent.

“If I were doing it again, I’d do it the exact same way,” Reich says. “It’s hard to think about not running an open process. It was more fun and democratic, and added significant clarity to many parts of the plan. Grantees were less stressed out and staff was less guarded, too.”

## CHALLENGES

While there are many mediums available that seem ideally suited to communicate a foundation’s work more transparently, funders also pointed to the following challenges:

- Social media can be seen as an easy way to be transparent, but if foundations use it only as a one-way broadcast mechanism, they are not taking full advantage of its ability to engage with others in dialogue and conversation.
- Communicating through social media does not work as well if done in a highly centralized “foundation voice,” as is observed often in traditional forms of communication, because it runs counter to purpose of these avenues, which encourage a more informal, interactive, and human voice.
- Mediums that allow for public comment and dialogue require people to make themselves vulnerable. The nature of these mediums removes a wall between the content author and others, which can create open channels for criticism.
- Simply making information or a commenting function available does not mean that people want it.

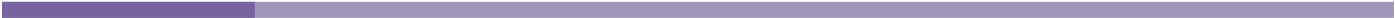
## DISCUSSION QUESTIONS

- What are the biggest benefits to your foundation’s transparency efforts in improving communication and connection through various mediums?
- Think about the words *communication* and *connectivity*. What do they connote to you, and how can using different channels improve your ability to do both?

## ACTION STEP

Make the most of the promise of social media by encouraging staff to blog, tweet, etc., with minimal restrictions.



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- What do you see as the challenges for your foundation in using new communication platforms to help it become more open and accessible?
  - How can you democratize your grantmaking by incorporating new ideas or input from outside stakeholders, particularly using technology?
  - What is a good, first (or next) step to making use of some of these tools at your foundation?

## Notes

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# Conclusion

**L**arge and small foundations worldwide are taking steps to become more transparent, which both increases their effectiveness and makes them more responsive to stakeholders. These foundations are finding that it is not so much one particular tool or approach that matters as much as a mindset—the idea of sharing everything unless a good reason exists not to.

“We have a role and responsibility in the democratic system that we play,” says Larry Kramer, president of the William and Flora Hewlett Foundation. “And to play it best, and to play it in the way that is most responsible, we should be transparent.”

## AN UNWARRANTED FEAR

Taking the steps to become a more transparent organization might seem like a risky and vulnerable decision. A foundation that is more transparent could face criticism from the media, public, other funders, nonprofits, and the government by being open about how it works, what it does, and what it is learning. But leaders at foundations that are known for their work in transparency say that those fears are basically unfounded. It is much more risky, they say, to hide behind a veil of secrecy with the possibility that a reporter or watchdog group will publish damaging and incomplete findings.

## “APPROPRIATE” TRANSPARENCY

Foundations do not, in fact, have to share everything to be transparent. Several foundation leaders have spoken about “appropriate” transparency, which helps better meet both the mission and obligation of a foundation. These leaders reminded us that certain aspects of foundation work don’t need to be open and accessible, because privacy will enable better work and efficiency.

“Transparency sometimes gives you the idea that you are expected to bare all,” says Albert Ruesga, Ph.D., president and CEO of the Greater New Orleans Foundation. “I think that would be

extremely destructive to an organization if it bared all. Take board meetings, for example. I would not in a million years record the deliberations at one of our board meetings and publish them on the web. If it’s a good board meeting, the conversations are sometimes very difficult. And what people say in those meetings needs to be protected and they need to be encouraged to be as open and candid as possible.”

*It takes less energy to be transparent! It frees up my time and energy to actually focus on the work at hand. It increases effectiveness overall.*

— GrantCraft Survey Response, 2013

Similarly, some foundations fund sensitive work, such as that carried out by human rights groups. Being open about the work these groups are doing could put them and the people they serve in danger. On the whole, it is important to make information about all aspects of a foundation’s operations open and accessible, but only to the point that being transparent doesn’t do harm to its programs or operations.

## SURMOUNTABLE CHALLENGES

There are, as with anything, challenges in becoming more transparent. Those challenges include getting over the fear of admitting failure, feeling vulnerable, finding authentic ways to engage in real dialogue with grantees and others, and setting up sustainable systems for sharing information publicly. The foundation leaders who we interviewed shared that while they wrestled with one or more of these challenges, they are surmountable and worth surmounting.

For example, doing transparency work requires some extra time, but foundation staff say that it becomes a routine part of their efforts to do their job better and meet their foundation's mission, so the time investment is not nearly as big as people may fear.

"The classic question that we get [about participating in social media]: 'Oh this sounds great, but when am I going to find the time?,'" notes Stephen Downs of the Robert Wood Johnson Foundation. "The way that I tend to respond, particularly with program officers, is to say, 'Look, do you need to stay current in your field? Do you need to know who the most interesting thinkers are on particular topics? Well, there's probably no more efficient way to do that then spend some time on social media.'"

## ENLISTING LEADERSHIP SUPPORT

For a foundation to become more transparent, we heard unanimously how essential it is to enlist the support of leadership. All foundation staff interviewed noted that their boards and executive leadership not only supported the idea of transparency efforts, but actively encouraged them.

"First and foremost, [transparency] starts with a conversation with your board," says Belen Vargas of the Weingart Foundation. "How comfortable are they with this? Provide them with some examples of the spectrum of transparency so that it's not zero to 60 right away. You can do this incrementally."

The advantages of becoming a more transparent organization are many: staff will spend less time explaining their goals, grant applications will be

more on target, grantmaking will be improved, staff will have stronger relationships and increased trust with key stakeholders, and internal and external learning will be facilitated. Both the foundation and the field of philanthropy benefit.

We'll end with some valuable advice from an executive director:

"Don't hesitate to undertake efforts to become more transparent," says Rob DiLeonardi of the VNA Foundation. "Proceed at your own comfort level. Start small but do *something*. The more that foundations can be transparent, the better it is for all of us in the field and the better it is for the foundation that's becoming more transparent. I just don't see a downside."

## ACTION STEPS

Take these steps to start guiding your foundation to greater transparency:

- Go to [glasspockets.org](https://glasspockets.org) to learn more about foundation transparency efforts as well as review the "[Who Has Glass Pockets?](#)" transparency indicators to gauge how transparent your foundation is.
- Review our [infographic](#) for action steps that follow from topics covered in this guide.
- Read and listen to these sources to learn more about transparency and accountability:
  - Center for Effective Philanthropy [study](#) on importance of foundation transparency to grantees
  - European Foundation Centre [report](#) on transparency and accountability
  - [Webinar](#): Creating a Culture of Transparency at Your Foundation

# Credits

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Established in 1956, the Foundation Center is the leading source of information about philanthropy worldwide. Through data, analysis, and training, it connects people who want to change the world to the resources they need to succeed. The Center maintains the most comprehensive database on U.S. and, increasingly, global funders and their grants—a robust, accessible knowledge bank for the sector. It also operates research, education, and training programs designed to advance knowledge of philanthropy at every level.

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