

## Grantor-Grantee Relationships

Tom David  
Marguerite Casey Foundation  
2003

There's been much written lately about the ways foundations can "add value" to the work of their grantees above and beyond making grants. Indeed, the typical non-profit may have many needs in addition to money, but foundations should never forget that's not typically why they come to us. Foundations are in the business of making grants. Organizations come to us because they need money. The apparent simplicity of that transaction can easily become obscured by our rhetoric.

What do grantseekers have a right to expect in that transaction? At minimum, I'd say four things:

- **Clarity** about the foundation's priorities and procedures; what we fund and why; how to apply; and our decision-making process.
- **Respect** in all interactions, including the courtesy of not being kept waiting for an inordinate period of time to get an answer about a funding request.
- **Equity** in treatment, such that each request gets real consideration and there is a level playing field for all applicants rather than favoring "insiders."
- **Integrity** in all dealings, with no favors asked or received and no coercion regarding organizational priorities as a condition for funding. The perception of integrity is just as important as any procedural safeguards that might be put in place.

Is the grantor-grantee relationship a "partnership?" We have certainly used that rhetoric to denote the simple fact that without grantees we don't have a way of fulfilling our mission. We are not an operating foundation, we're a grantmaking organization. We also use the word "partner" to convey that we see applicants as more than mere supplicants. We strive to treat them as peers ... as we would like to be treated were we in their shoes. We also value the quality of relationships we develop with grantees. If we are to be successful in pursuing our mission, part of our work is making connections among people. We also have a genuine concern for the well-being and sustainability of the organizations we fund.

But there's a key difference in that relationship from other forms of partnership (in business, for example) where equals or those of complementary skill sets come together in a spirit of enlightened self interest to accomplish something together that they might not alone. There is a power differential that is unique to the grantor-grantee relationship. Foundations have the power to give and to take away, and if we don't think that's always in the minds of applicants and grantees, we're deluding ourselves. That differential is often further complicated by social class, an often unacknowledged gap between foundation staff and the nonprofits and communities they seek to assist.

The essence of the foundation staff person's job is to make judgements about who will be funded and who will not. In addition to relationship building, the work invariably centers on due diligence, monitoring of grantee performance and evaluation of project impact. That, in and of itself, presents a challenge to partnership, particularly in a highly competitive funding environment.

Consequently, truth is the most elusive commodity in this business. Foundation staff may think of ourselves as capable of candor, as part of being “good partners.” But grantseekers and grantees are not typically going to see it that way. Given the stakes, why should they?

The response of some funders has been to become highly engaged with grantees... in essence so much of an insider in the organization (serving on the board, etc.) that they are privy to all “secrets.” They apparently have no problem in blending the role of funder and day-to-day collaborator.

I have a problem with that, however. I believe it constitutes a fundamental conflict of interest, potentially resulting in loss of objectivity, which is key to the monitoring role. Roles become blurred and what may be sacrificed is clarity of expectations. When one becomes an “active partner” with a grantee, who’s then to blame if things don’t work out as expected? How does one gracefully disengage? We’ve recently seen several examples of funders trying to exit such relationships (perhaps for quite valid reasons) but leaving behind a legacy of rancor (and even litigation in one case).

I also believe that the “active partner” model is often based on the assumption that foundation staff “know better” how to do the work of the nonprofit and have something unique to contribute to the mix. In the vast majority of cases, I would argue that is a faulty premise. While there may be instances where that is indeed true, I would contend that it’s still more advisable to utilize intermediaries or consultants to provide technical assistance, if it is needed.

There’s also a not-so-subtle coercion at play in the “active partner” model, whether foundations care to acknowledge it or not. If “hands on” involvement by the funder is a condition of funding, who is most likely to consent? I would suggest that it’s the most vulnerable organizations, most in need of foundation funding, who are likely to be the first to jump at the opportunity. More powerful organizations may consent, but are in a better position to negotiate the terms of the partnership.

At the Marguerite Casey Foundation, we are striving for a true partnership with our grantees, but we are drawing a line in demarcating the boundaries of those relationships. We are committed to remaining conscious of the power differential at all times. Anything else would simply not be genuine. We intend to foster collegial relationships with our grantees, and we have hired a culturally diverse program staff to enhance our ability to work in communities of color, but we know we’re not friends or family. We are also aiming for candor in interpersonal exchanges, but we recognize the limits that are inherent in grantor-grantee relationships.

We are committed to being good listeners, and plan to incorporate feedback from our grantees into our work, as we have already done with our initial grantee survey. We aim for clarity in our communications efforts and aspire to speak plainly and directly to our audiences in a variety of formats. We will also share our lessons learned along the way, believing that learning is enhanced by being willing to openly reflect on things that did not work out as expected.

We recognize that most nonprofits must raise funds from multiple sources to support their operations, so we aim to minimize the intrusiveness and demands on grantseekers and grantees as much as possible. We are striving to simplify our application process and

to handle payments and reports back from grantees just once a year. By committing most of our funding to core operating support, we are also trying to be responsive to the most pressing needs of the organizations we fund.

As a new foundation, we still have a ways to go to refine our procedures. But we hope to never be satisfied that we have totally met our responsibility to live up to the principles articulated above. Grantseeking is a difficult undertaking, even under the best of circumstances. We need to never forget that simple fact. We want to do what we can to make that process as humane and respectful as possible. Your feedback along the way will help us hold ourselves accountable to that goal.