

Principles for Peak Grantmaking
How-To Guide

Leverage Technology to Drive Equity and Efficiency

To transform the practice of philanthropy into the practice of principled grantmaking, we worked with our members to develop five Principles for Peak Grantmaking—Tie Practices to Values; Narrow the Power Gap; Drive Equity; Steward Responsively; and Learn, Share, Evolve. Learn more at peakgrantmaking.org/principles.

**Steward
Responsively**

PEAK Grantmaking calls on grantmakers to reframe risk and to recalibrate their vetting process to make it more transparent, more trust-based, more nonprofit- and community-centered, and less burdensome.

Leverage Technology to Drive Equity and Efficiency

This how-to guide is designed to help funders surface how technology and robust data management practices can help reframe risk, resulting in more responsive and flexible practices that center both equity and the nonprofit.

At the heart of responsive stewardship are several tasks: identifying and managing risks, anticipating and adapting to changes—both within your own organization and for the communities you serve—and serving as facilitators throughout the grantmaking process. The effective use of technology is an ideal means to meet these ends. Technology can and should be used to ease the burden on nonprofits, make internal and external processes more efficient, uplift equity and equitable practices, and manage risk, whether real or perceived.

While many tools and techniques are already being utilized in the field, there's always room for improvement and for more intentionality regarding what's being used and why. For funders that are not utilizing technology tools as extensively, this guide provides tangible examples and guidance for where to get started throughout the grantmaking lifecycle. And, for those who are already deeply steeped in this area, this guide provides insights on designing tools for flexibility so that, as you build trust over time with nonprofits, you can use design systems to stay responsive to the information gathered about a nonprofit over time.

PEAK Grantmaking calls on grantmakers to manage resources responsively in order to reduce the administrative and financial burdens of the grantmaking process, lay the foundation for trusting partnerships, and enable both grantmakers and grantseekers to focus more fully on mission-driven activities. The aim of PEAK's Steward Responsively Principle is to push funders to reframe risk and to recalibrate the vetting process, ultimately making it more transparent, more trust-based, more nonprofit- and community-centered, and less burdensome.

Supporting your technology journey

This guide, and all PEAK tools, are intended to speak to the widest audience of funders and philanthropic staff. As such, we recognize that many funders are still working toward digital adoption and exploring the best options among the software and applications available to support your internal strategy, budget management needs, and external grantmaking processes.

PEAK members, partners, thought leaders in our network, and staff have a high level of expertise in this area and can support your organization as you seek to adopt the right technology for your organization. Even large foundations report staff difficulties with adopting technological solutions, which often results from a lack of intentional learning opportunities where staff can test and fail in a space they trust is safe. Many funders also find it challenging to create opportunities to help train and assist nonprofits that are not yet comfortable using digital tools to apply for funding and report to funders. To help funders understand and navigate the relationships between people, processes, and technology, the Technology Association of Grantmakers (TAG) in 2020 released **The Strategic Role of Technology in Philanthropy**, a report that explores four stages of technological maturity: essentials, enhancements, elevation, and transformation. TAG has a wealth of information on many topics related to technology, and we encourage funders to review this publication and others on TAG's **website**.

Finally, we have to recognize that many places in the US and abroad continue to struggle with broad public access to secure and reliable internet connections. The struggle is real, but there are many routes toward progress, and we cannot transform philanthropic practices without the effective use of technology applications.

Make the Case for Technology Investment

Because grantmaking is a core function of funders, PEAK advocates for the effective use of technology applications of all kinds throughout the grantmaking lifecycle—from initial budgeting all the way to post-award impact measurement. Investing in technology tools is a critical component of an effective grantmaking planning process, whether you are a new funder or one of our oldest community foundations. Our sector is rich with resources to help funders research and identify the right tools, but carving out time to do so amid annual budgeting and strategic planning can be another matter.

Consider the shifts we have collectively experienced in the past few years. The philanthropic sector, which historically has been the most agile in accessing and

distributing financial resources to meet emergent community needs, had to rely on a myriad of technology applications to connect with and support both nonprofits and communities. Those tools may range from a fax machine to get a countersigned agreement, online meeting software to conduct oral reports or gather feedback, or video software to virtually visit the construction site of an emergency housing shelter. When being in-person or on-site was not an option, we relied heavily on technology; however, the tools we had (and even those we needed) were not always up to the challenge. Those funders who were not ready were unable to be as responsive as they desired.

The Results

Responsive stewardship, as well as the ability to tie your practices to your values, can advance when technology is utilized to bridge gaps and improve operational capacity. More importantly, “good” technology can accomplish a number of other goals.

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Support deeper, better relationships with grantee partners. If your organization is a generalist funder, you know that, no matter how much time you spend in a community or researching mission-aligned organizations, you are bound to hear about another great organization that your organization could have considered for funding. Even if your organization is resourced with the staffing levels needed to directly engage with grantees, portfolios and relationships grow over time. When you utilize tools and technology that ease the grantee burden and help you to better prioritize the needs of your grantee partner,

it strengthens the relationship you have with them, allowing you as a funder to be more responsive.

Help automate, streamline, and rightsize processes. Efficiency is key for both overworked nonprofit partners as well as for funders. Finding ways to streamline your practices by reducing redundancies and lightening the load for nonprofit partners will allow you to focus on strategic impact areas and relationship-building—both key aspects of stewarding responsively.

Accelerate more innovative, flexible, and responsive practices. Flexibility is a key priority for funders who seek to uplift equity by centering nonprofit and community needs. Why? Because every nonprofit is different. Though funders endeavor to have documented, streamlined grantmaking practices, applying a one-size-fits-all approach means that the grantmaking process is tailored only to the funder. However, the point is not that you have to create 20 different applications or report types. Rather, discern the core data needed for making decisions and measuring impact, then ask for any additional information you need to be more responsive to community needs. Understanding that there will be shifts in expectations, outcomes, and performance will allow funders to be more people-centric—and responsive.

Technology Utilization Across the Grantmaking Lifecycle

So how do funders ensure they are using technology applications and data management tools to manage risk, uplift equity, and center nonprofit experience? You have a wide variety of options in your toolbox. Being a responsive steward is not about using the most sophisticated technology available, but rather having and accessing the right tool for each process and each stage of the grantmaking lifecycle.

Being transparent and clear in your communications with prospective applicants and current grantees can help a funder reframe perceived risks that a nonprofit may be concerned about. For example, a nonprofit with a fluctuating financial history may not be forthcoming with a funder for fear that the funder may not support them. Imagine, however, that the nonprofit knows from the funder's communications that the funder is open to supporting organizations that may have experienced a shortfall in the past. How different would their relationship be?

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The list of tools that follows is not meant to be all-inclusive or prescriptive. Remember: The goal is being responsive to nonprofit and community needs. Over time, the tools you need to deploy may shift. The following resources can be used as a springboard, helping you meet your functional needs by linking tools to different stages of the grantmaking lifecycle.



Communication tools: Sometimes, a phone call is innovation in action. (And more efficient!) Utilize email, chat technology, social media, and video conferencing platforms to keep lines of communication open throughout the grantmaking process and to keep potential applicants informed of opportunities. Additionally, ensuring staff prioritize being available to answer questions in real

time is important to steward the relationship between the funder and the nonprofit organization. Be mindful of the types of organizations you are trying to reach, and devise a strategy that uses the best communication tool to reach their community.

Just as important is transparency regarding what happens once the grant has been awarded and throughout the grant period. Do nonprofits know who to contact if they need to? Being accessible to your partners is critical to nurturing the relationship, and clear lines of communication can help ensure they will come to you if they encounter any issues with the grant-funded project or program, or within their organization.

How you handle communications as the grant period ends is equally essential. Grantees need to know if there is an opportunity to renew the grant and if there is a different process for subsequent grants. A simple calendar reminder created when the grant was issued can be so beneficial. Nonprofits are often juggling both individual contributors, government funds, and reporting deadlines for many funders simultaneously. Be sure you are communicating clearly and often. Clear communications at this stage will help manage any assumptions your grantees may make about future support.



Funder websites and marketing channels: When it comes to applying your values, mission, and goals to your grantmaking, transparency is key. Utilize websites to share and communicate pertinent details about your institution.

Websites should be easily discoverable and designed as a resource for potential grantee partners and the communities you serve, as well as other funders seeking to collaborate with mission-aligned peers. Clear and accessible data that reflects what you will ask nonprofits to share is a best practice highlighted through our **Drive Equity Principle**.

Just as important are intentional marketing channels to ensure communities and nonprofits are made aware of a planned funding round. When nonprofits are surveyed, the majority report a desire for funders to allow for

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applications outside established grant processes, such as accepting unsolicited proposals from organizations whose work falls within the funder's mission or strategic priority areas. However, data shows that the vast majority of funders do not accept unsolicited requests and prefer an invitation-only process. Up to date, accessible websites, in addition to robust marketing and communication channels—positioned so that potential grantees might best see opportunities—are an essential first step in building trust and better relationships with nonprofits.

Grants management system (GMS)

Grants management system (GMS):

The GMS is often used to gather information from applicants through an online portal. Funders should design an application that is not onerous, asking only for information that is required—not desired—to make decisions. Consider not requiring applicants to enter information that can be sourced automatically from public sources (e.g., from GuideStar) or that applicants have already provided the funder in a previous grant application.

The GMS should also be the tool funders use to present data and information to the individuals who make funding recommendations and decisions, alongside any tool used to make those recommendations (e.g., an evaluation rubric). An effective GMS allows a side-by-side view of the application information and evaluation rubric, if one is used. Additionally, the GMS can capture any narrative information the funder's staff or volunteers need to take the funding recommendation to the final stage. The GMS can also be used to capture flagged concerns or questions that reviewers—staff or volunteers—may have about the applicant, as well as notes from conversations with the applicant and any next steps to be taken to address those concerns.

An effective GMS will also include the capability to communicate with all applicants seamlessly and quickly should any questions arise during the review process, and to communicate the funding decision. Additionally, the GMS can integrate with a tool to securely capture electronic signatures from grantees to facilitate the processing of grant awards and payments.

Budget and accounting software

Budget and accounting software:

Ideally, your accounting software will integrate with your grants management system and facilitate grant payments, allowing staff to ensure that all grantees have been paid in an efficient manner.

Through your accounting software or budget process, the annual allocation can be released to a specific funding area or grantmaking program, allowing program staff to monitor and determine future funding recommendations without delay. Accounting software can also help ensure all funds are allocated as required by law.

Electronic funds transfers (EFTs)

Electronic funds transfers (EFTs):

EFT is an umbrella term for a variety of digital payments—automated clearing house (ACH) payment is one of the most well-known types. Through an EFT, funders are able to transfer payments quickly and securely to grantees, who usually receive those funds within one to three business days. This reduces the delays (and potential losses) often encountered when grants are paid via printed checks delivered through the mail.

Data analysis and impact assessment tools

Data analytics and visualizations: Key decision-makers and boards can be best kept informed by dashboards and data visualization tools, which allow for easy sharing and capturing point-in-time data.

In the review stage, the data dashboard can be laid out with narrative, programmatic, and financial details on the slate of applications for that cycle. Dashboards can also include assessments of different aspects of the applicant's organizational health, allowing your board to easily see different characteristics among the docket of recommended organizations. The most effective grants management systems have dashboards incorporated within them. If yours doesn't, you should be able to extract data and information from your GMS to create your dashboard using another tool. And, if your organization is not yet there, Excel can be manipulated to provide simple graphics to help tell the data's story.

Technology Utilization Across the Grantmaking Lifecycle

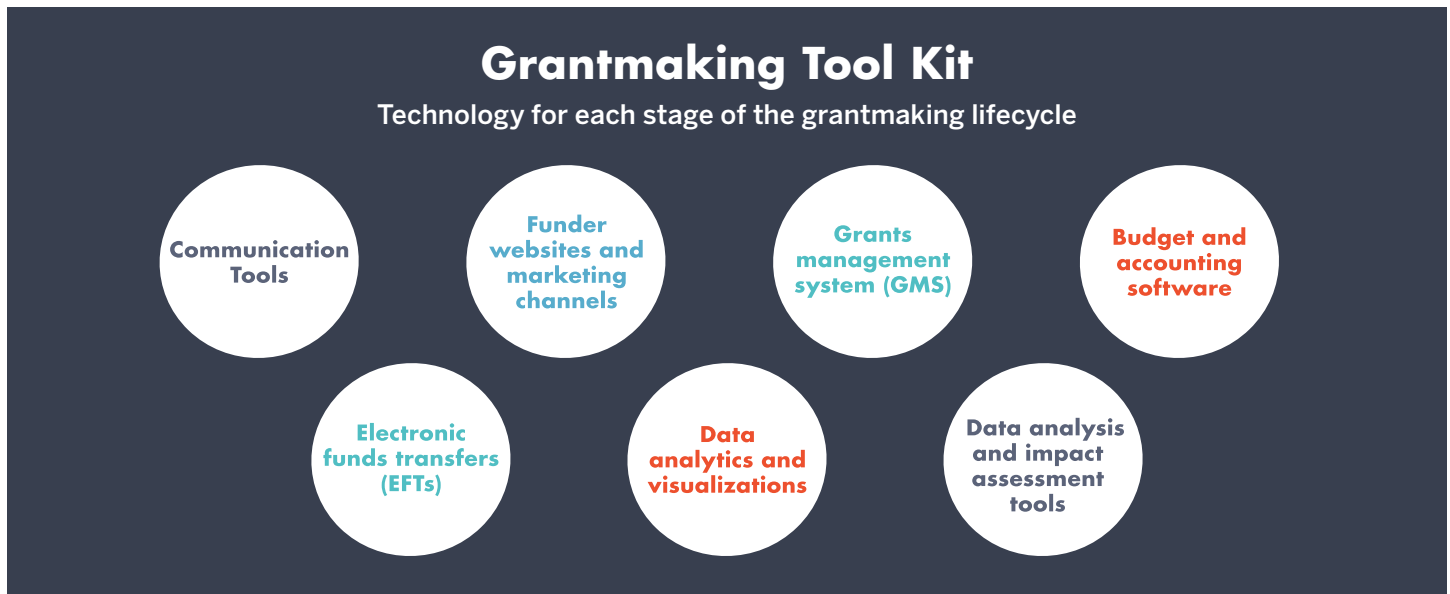


Data analysis and impact assessment tools: Once funders have awarded grants, they typically want to monitor and measure the effectiveness of their investments. Some grants management systems

include data analysis and impact assessment tools, in the form of modules, to capture data. Gathering data from your grantees with the same system used to apply for funding will allow your staff to present the most

robust impact data possible to your stakeholders. This data can also be shared with your board in the form of a dashboard, thereby closing the loop on grant investments.

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Centering Equity Through Technology

There are some significant opportunities for utilizing technology applications as a primary tool for equitable, effective, responsive grantmaking practices. Here are a few to consider.

Use systems and structures that are already established. It's important not to reinvent the wheel and end up with various systems that are duplicative and onerous—both on the grantmaker and on the nonprofit partner. Streamline your processes by using established tools, such as GuideStar and Demographics via Candid.

Use systems that can easily be integrated. As you're assessing what systems you may want to use, explore how different systems can be used together to create an easy and efficient user experience. Can your customer relationship management system pull data directly into your grants management system (GMS)? Can you automate your communication with nonprofits by getting your GMS and communication tool working together directly?

Centering Equity Through Technology

Adaptability is critical. As flexible as technology can be, software and applications aren't always designed with ease-of-use and adaptability in mind. Funders should anticipate and be prepared to adapt technological tools depending on the types of organizations they aim to reach. Flexibility is key in responding to the varying needs of different constituencies. For example, a sophisticated cloud-based application may not be accessible to neighborhood groups or grassroots organizations, while some organizations may not trust that banking information shared through an online platform is safe from hackers.

Consider all parties. For each of the tools that you select, be sure to identify all users—inside and outside of the organization—that will have to utilize your technology. Technology must be accessible to individuals with disabilities and those with less or no access to these tools. Ample time and training should be provided so that users in different roles have the capability to complete their work, and so that external users like your board, community reviewers, and grantees have clear and easy access as needed. If your organization is technology forward, but your applicants are not, equip them with the skills and resources to adopt and learn new tools so they are better able to secure resources from other funders.

Allot time for assessment, planning, implementation, and training. Assembling your project team and engaging stakeholders is critical to ensuring you choose the platform that best meets your needs. But also remember that implementing a new technology platform means investing the time to clean and migrate data as

well as test and validate the new system. In addition, factor in time and space for technology training, ensuring everyone who will use the platform will be well-versed in how to use it, and will understand why and how it will be beneficial in the long run. Include time and space for early adopters versus late graduates. Some may struggle with these shifts, and it's important to have patience and be supportive of them.

Only ask for what you'll use. Funders often sit on data and information that is not used for decision-making or knowledge sharing. The advent of innovative technology tools can encourage this as well. Be strategic as you plan around the tools you will adopt, and which information you want each to hold, considering how your data needs might change as well as what information is required (as opposed to optional). Just because there's an open field in your application, survey, or report form, it does not mean it needs to be filled in! After implementation, check in regularly to ensure that the data collected is really the data that's needed.

Communicate and be transparent. We encourage funders to aim for a no-surprises environment with your communities and nonprofit partners. Communication throughout the grantmaking lifecycle is critically important, both for transparency's sake and to support the trust you have established. If your technology or processes are shifting, prior or prospective grantees should be the first to hear about them so that they can be prepared and trained accordingly to respond to funding invitations.



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PEAK Grantmaking is a national nonprofit organization whose mission is to transform philanthropy by elevating the field of grants management and empowering grants professionals to lead the way in operationalizing equity-centered, values-driven grantmaking practices. To learn more about PEAK and its vibrant community of members who come together as emergent learners to drive change, visit peakgrantmaking.org.