



**Principles for  
Peak Grantmaking**

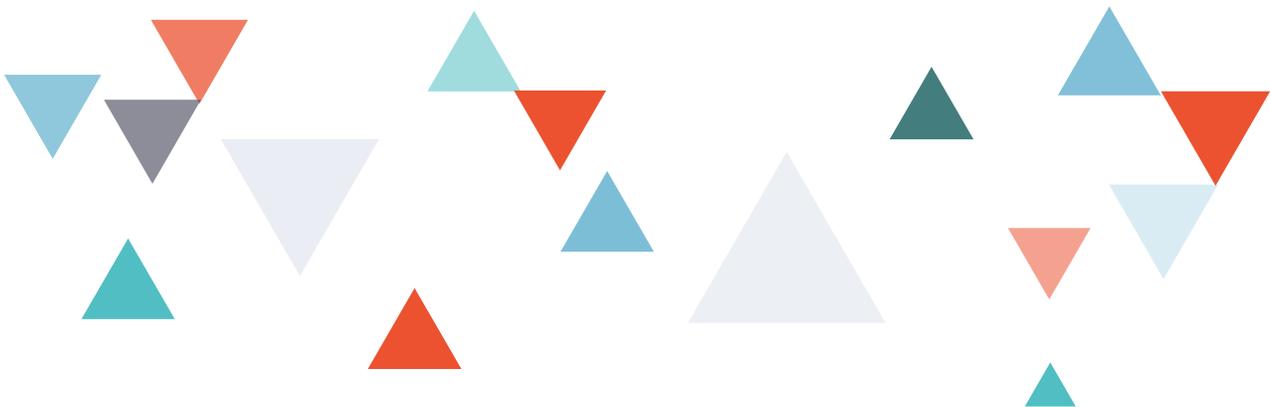
**SUCCESSFUL STRUCTURES:  
RETHINKING THE ROLE OF GRANTS MANAGEMENT**



## **Tie Practices to Values**

**Effective grantmaking organizations deliberately connect the “how” of grantmaking to values, strategy, and impact.**

In these organizations, the practices, processes, and systems that get money out the door to support important work in communities are informed, assessed, and strengthened using timely data about grantmaking effectiveness. In these organizations, thoughtful conversations about how to make grants most effectively are everyone’s business: programs, operations, finance, and executive staff work together to analyze and improve grantmaking practice.



Why don't all organizations make these connections? A well-integrated and internally aligned foundation can be easier to envision than to realize. Siloed structures and systems still exist across many philanthropic organizations, thwarting meaningful collaboration among departments. Nevertheless, many foundations are now seeking more flexible and integrated structures that offer the kind of rapid feedback, learning, and informed decision-making essential to today's strategies. These funders are rethinking the relationships between their programs and grants management, finance and operations, executive leadership, and organizational systems. These foundations are on the leading edge of connecting how grants are made with strategy, learning, and impact.

Today—and even more so, in the future—the role of grants manager is shifting to meet the needs of the 21st century foundation. Grants managers are perfecting the due-diligence, record-keeping, monitoring, and customer service elements of their work while embracing new roles as process specialists, data analysts, relationship experts, troubleshooters, and quality control officers. Many serve on the frontlines of organizational learning and strategy. As foundations adapt and expand grants management—while preserving critical aspects of its traditional function—a number of foundations have created successful structures to scaffold this shift.

***“We are not the do-ers, we are the fund-ers. Our role is not to change the world, it is to make grants that help others change the world. So if our unique contribution is grantmaking, how we make grants must be just as strategic, just as focused on outcomes, as anything else we do.”***

—Mandy Ellerton, Community Innovation Director, Bush Foundation

## **COMMON CHARACTERISTICS OF SUCCESSFUL STRUCTURES**

In our exploration of successful structures, we studied organizations of different sizes, types, missions, and cultures. We identified a set of common practices supported by certain organizational characteristics and behaviors that, over time, are building successful structures. These characteristics and behaviors boil down to five essential guidelines for realizing a successful grantmaking structure designed to integrate the “how” of grantmaking with foundation strategy and impact.

Integrating grants management with strategy requires (and goes along with) organizational change. In other words, the shift is bigger than simply adding a new position or responding to an edict from above; cultural and organizational change is also involved for new systems and practices to stick. Often, staff point to a catalyst that motivates their organization to reconsider its practices and assumptions: growth, leadership change, a wake-up call from grantee feedback, or even a new grantmaking system can spark reflection and change.



## ELEMENTS OF SUCCESSFUL STRUCTURES:

**1 Senior leadership values effective practice and demonstrates that how grants get made matters.** Most senior leaders that we surveyed told us they believe that grantmaking process and structure affect the ultimate success of the grant—which makes effective grantmaking practice everyone’s business. To strengthen grantmaking, executives must be willing to delve more deeply into how grants get made. Although the nitty-gritty details of grantmaking haven’t always been a focus of foundation leadership, a successful structure requires foundation CEOs and senior staff to care deeply and concretely about how grantmaking practice reflects foundation values and strengthens the impact of grants on nonprofits and communities.

With that senior leadership focus on practice in place, there’s no magical organizational chart for where grants management is situated within an organization: reporting directly to the CEO, operating under the oversight of the VP for Administration or Operations, or supervised by the VP of Programs, for example. Almost any structure can work if communication across functions is strong and well integrated, grants management retains its independence to serve as an objective voice across programs, and organizational leadership believes that effective practices are integral to programmatic success.

**Leaders believe that how grants are made matters.**

90 percent of staff and leaders from grantmakers of all sizes believe that grantmaking process and structure very much (65 percent) or moderately (25 percent) affect the ultimate success of a grant.

*“We had a president who really wanted to understand how we were operating our grants and managing our programs from beginning to end. We could lead the charge, but that question was coming from the highest level. And urged us to achieve greater consistency and alignment.”*

—Marc McDonald, Director of Grants Management, AARP Foundation

**2 Grants management expertise is “upstream” in the decisionmaking process.** In a successful structure, leaders continually think about the connection between the aspirational vision for their funding’s impact and the operational implications of that vision. Many funders recognize the process expertise held by grants managers and want to take advantage of it on the front-end of decision-making or “upstream.” Effective organizations make sure that consideration of operational realities is part of the planning process, rather than an afterthought. Conversations about practice are part of staff and board meetings, strategic plans reference effective practice, and grantmaking processes are assessed and strengthened using data.

Having grants management upstream means that at moments when key strategic or programmatic decisions are made, someone with a keen understanding of grantmaking practice is at the table, participating with standing and authority. Grants managers can weigh in on potential complexities, recommend effective ways to structure grants, alert leadership to situations that will require additional staff time, and prepare their team to effectively manage

special cases. Without this upstream engagement, grants managers can find themselves in the position of gatekeeper or nay-sayer, always saying “no, we can’t do that because...” or—worse—needing to “mop up” when programmatic decisions create complicated situations for due-diligence, compliance, or legal documentation.

*“We view GM as a key partner in the development of strategy. They can identify where there’s risk, where there might be obstacles in a plan we’re considering. There are strategic flags that they can wave if they’re brought in at the right point in the process.”*

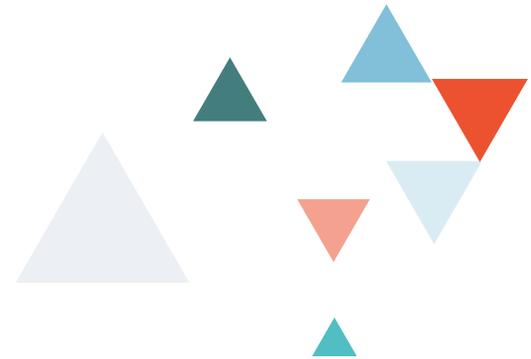
—Fay Twersky, Director, Effective Philanthropy Group, Hewlett Foundation

**3 Deliberate cross-functional structures increase empathy and communication.** Grants managers serve foundation leadership, grantees, and colleagues by offering timely information and resources while upholding policies and acting in accordance with laws and regulations. They serve the interests of the whole organization. To be most helpful and effective, grants management needs frequent, trusting, and open communication with colleagues from across the organization.

*“We are shifting perceptions. When people here think about grants management, we want them to think: ‘GM is anything but a guarantor of status quo. They are always moving us toward greater efficiency and saving us time so that we can focus on the programmatic work.’”*

—Marcus McGrew, Director of Program Operations and Information Management, The Kresge Foundation

Organizations with successful structures develop internal systems and routine practices that allow staff to understand and value the priorities and contributions of every department—and to collaborate most effectively. In some foundations, grants managers are embedded within program teams, ensuring that they are conversant in the issue area, aware of priorities, and alert to developing



**Organizations with grants management at the leadership table:**

- Include goals for strengthening grantmaking in strategic/annual plans
- Discuss the process by which grants are made at staff meetings and board meetings
- Include grantmaking practice in organizational “dashboards” or other data-review tools
- Assess the effectiveness and/or efficiency of how grants are made

plans that might be complex from a grants management perspective. In other organizations, grants management is structured as its own department or sits within administration or finance. When this is the case, structural integration with programs can be achieved through regular meetings and standing or ad hoc cross-functional teams authorized to identify and address issues that affect the whole organization.

When staff work across departments toward a shared vision of effective grantmaking, they gain empathy for the challenges and priorities of their colleagues. When program staff understand the priorities of grants management, they are better able to respect the role grants managers play in facilitating good grantmaking. The more grants managers understand where colleagues are coming from, the more they can facilitate solutions that best serve the whole organization. When grants managers understand the work and challenges of nonprofit partners, they are more likely to promote sensible and streamlined grantmaking structures that respect grantseeker time.

*“We need to develop greater empathy for the priorities and responsibilities of the other roles—rather than seeing them as burdens to be worked around. And we all need to be focused on an aligned understanding of what is best for the whole foundation’s work.”*

—Marissa M. Tirona, Program Director, Blue Shield of California Foundation

**Assessing The How of Grantmaking** Grants Managers can play a critical role in helping their organizations ask and answer important questions about their grantmaking. PEAK Grantmaking’s practical resource, *Assessing The How of Grantmaking*, walks funders through five core questions that every grantmaker should be able to ask and answer, and presents key concepts for evaluating and measuring the data you already have access to. [www.peakgrantmaking.org/assessingthehow](http://www.peakgrantmaking.org/assessingthehow)

**4 Grants management is positioned as a “hub” for data analytics, leading to learning in real time.** Grantmaking and grants management technology have enabled funders to shift from data buried in reams of paper and archived files to easily accessible data fed directly from online application and reporting systems. This treasure trove of information has incredible potential to inform grantmaking practice and effectiveness, but only when it is designed and managed thoughtfully. In fact, we found that implementing a new grants management and grantmaking system often can be an opportunity to prompt deeper questions and exciting opportunities for organizational change and improvement.

In organizations with successful structures, grants managers often serve as the data hub, making sure systems are set up to collect the right information in the right format. They take the lead in analyzing and displaying that data to help the organization determine whether grantmaking is streamlined, effective, and strategic. In some organizations, grants management works in concert with the evaluation and learning function to help all staff continually assess, learn from, and improve the way grants are made.

*“We see grants management as critical to the integration of our work. They need to lead the analytics. The role becomes the hub of the organization—not just a transactional piece.”*

—Peter Long, CEO, Blue Shield of California Foundation

**5 Grants Management 2.0 emphasizes a different kind of “talent” and professional development.** Highly effective and efficient grantmaking processes don't just happen. They are the product of thoughtful design. To get there, grants managers need to gather data, make a compelling case for change, navigate organizational culture, redesign business processes that may be deeply entrenched, communicate internally and externally, test and assess new processes—all while simultaneously making grants. Today's grants management professionals need the skills and attributes to tackle this kind of complex and sensitive work. Finding and keeping grants managers with both hard and soft skill sets may require adjustments in salary scale, management level and other disruptions in the traditional “org chart.”

*“Talent is a hot button issue. Grants management needs to have a process re-engineering mentality and strategic vision. Knight decided the Grants Management position required new skill sets like process management, process efficiency, technological expertise. My biggest piece of advice is to have someone at the top who looks at the whole system strategically—not just trying to maintain it, but iterating, always flexible, always looking at system improvements.”*

—Dan Schoenfeld, Director, Grants Administration, Knight Foundation





*Successful Structures is a series of case stories highlighting the connection between organizational values, strategy, organizational structure, and the role of grants management. PEAK Grantmaking is releasing the stories to illustrate the organizational characteristics and behaviors that support successful grants management structures and organization-wide attention to effective practice. Rather than heroic tales or a fait accompli, each case story offers a practical, real-time, and in-process picture of grantmakers taking deliberate steps toward more integrated and strategic grants management practices — including what got them started, what they have learned so far, and how efforts will continue to evolve in the future.*

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#### **ABOUT PEAK GRANTMAKING**

PEAK Grantmaking is a thriving national association of almost 4,000 philanthropy professionals whose work makes up the “how” of grantmaking. PEAK Grantmaking works to maximize philanthropic impact through grantmaking practices that are effective and streamlined, and by educating grants managers. By increasing the knowledge of grants managers and the efficiency and effectiveness of funders, PEAK Grantmaking helps grantmakers deliver more resources directly to mission-driven activities, leading to better outcomes for grantmakers and grantseekers alike. Learn more at [www.peakgrantmaking.org](http://www.peakgrantmaking.org).



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