

IMPROVING THE RELATIONSHIP BETWEEN GRANT MAKERS & GRANT SEEKERS



PERPETUAL IMPACT

19/06/2018

What are the policies and processes that govern grant choices? What does best practice mean for Australian philanthropists? How well do they really understand the needs of the organisations they fund? These questions were at the core of research carried out by the Asia Pacific Social Impact Centre at Melbourne Business School, as part of its report “Philanthropy: Towards a better practice model”.

A questionnaire was developed that aimed to gather the views of both grant makers and grant seekers to better understand how they operate, but also, to gauge perceptions of their place in the sector. We’ve pulled together some findings that we think are particularly interesting for not-for-profits and philanthropists.

SELF-PERCEPTION AMONG PHILANTHROPISTS

As philanthropic methodologies evolve, there is a philosophical trend away from conventional philanthropy, towards **venture philanthropy** (scaling-up impact and capacity building) and **catalytic philanthropy** (multi-sector campaigns relying on cooperation to achieve measurable impact).

The research does not endorse a particular approach; however, it does indicate that while philanthropists are labelling their approach as venture or catalytic, the reality of their funding remains, in many instances, more closely aligned to conventional philanthropic giving.

CONVENTIONAL, VENTURE AND CATALYTIC PHILANTHROPY

	CONVENTIONAL PHILANTHROPY	VENTURE PHILANTHROPY	CATALYTIC PHILANTHROPY
What is the key question?	Which organisations should be supported and how much money should they be given?	How can we scale up effective non-profit organisations?	How can I catalyse a campaign that achieves measurable impact?
Who is responsible for success?	Non-profits	Non-profits	Funders
What gets funded?	Individual non-profits	Capacity building at individual non-profits	Multi-sector campaigns
What tools are used?	Non-profit programs	Non-profit programs	All possible tools and donor resources
How is information used?	To compare grant requests	To increase organisational effectiveness	To support the campaign and motivate change

At the heart of the shift away from conventional philanthropic models, is a desire to move away from one-off projects and towards a more strategic “outcomes” focus. These approaches intrinsically require a higher level of engagement and resourcing which can go beyond the capacity of many philanthropists.

This desire by some philanthropists to be more engaged must be kept in balance by NFPs who need to ensure that engagement is meaningful. There is a threat of mission drift and other fall-outs from the sometimes evident power imbalance that exists between those that provide the funding and those that need it.

Today, NFPs must not only understand this evolving landscape, but they must also become attuned to which grant-makers have implemented these new approaches.

FUNDING BEYOND PROGRAM SUPPORT

Another comparison between what philanthropists do and how they are perceived by NFPs, was in the types of support they offered.

As can be seen in the diagram below, both groups believe program funding is the type of support most regularly offered and received. Conventional philanthropic approaches have long seen support directed towards programmatic funding that has clear start and end dates.

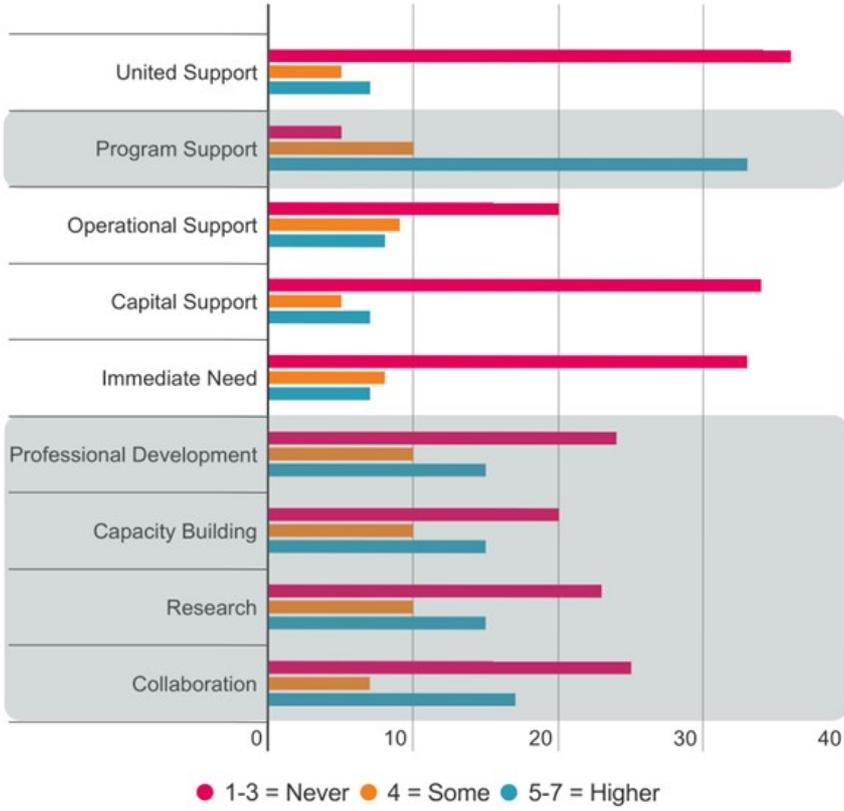
Evolving from this are the ‘venture’ or ‘catalytic’ philanthropists whose approaches are more likely to support requests from NFPs to build their organisational capacity or invest in boosting active collaboration.

While the research indicates many philanthropic respondents see themselves as being open to support for those fields, NFP respondents indicate that, in reality, they struggle to convince philanthropists that these investments are worthwhile despite

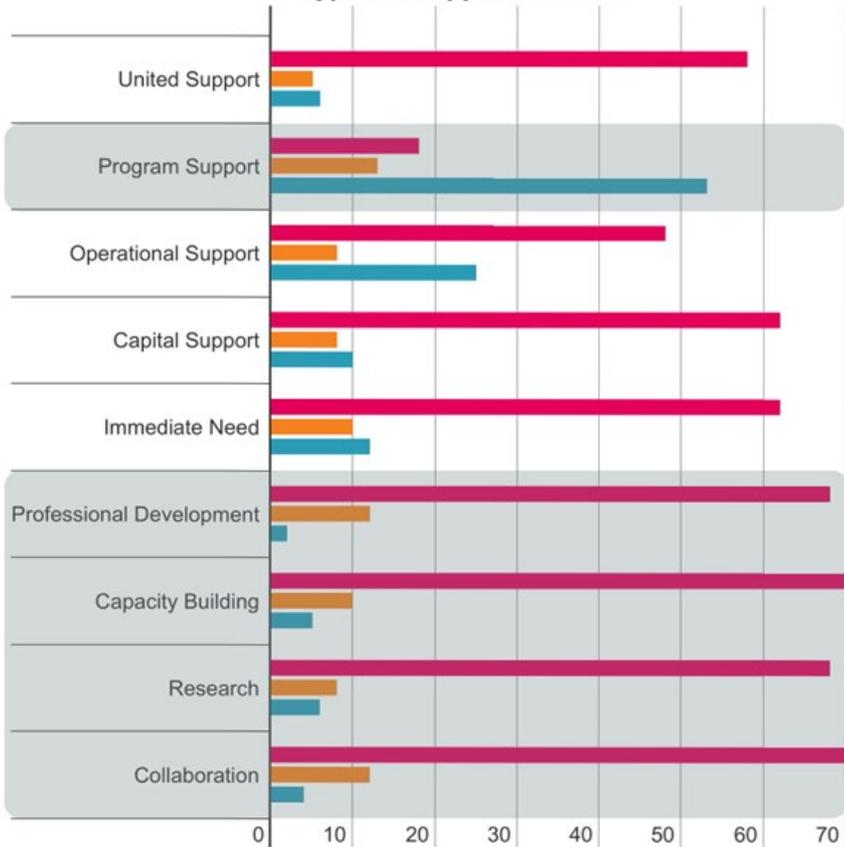
being highly valued.

PERCEPTION GAP: WHAT PHILANTHROPISTS PROVIDE VERSUS WHAT NFPS RECEIVE

Philanthropy Types of Support Provided



Not for profit Types of Support Received



This disconnect between what philanthropists say they are willing to support and what NFPs actually see as being the reality should give all parties pause to reflect.

Is this a case of NFPs being unable to appropriately articulate a case for support towards the less tangible aspects of capacity building? Or is it an indicator of philanthropic intent not matching action?

WHICH CAPACITY BUILDING ACTIVITIES ARE MOST IMPORTANT?

The report further interrogates the alignment of priorities between NFPs and philanthropists; and the results show some clear disconnects.

As can be seen below, philanthropists put **Advocacy Capacity** and **Board Development** as the top priorities, but for NFPs these were both far down their list.

IT development was at the top of the NFPs' list, but for philanthropists this was well down the line. The second most important activity for NFPs, **fundraising**, came in dead-last for philanthropists.

For NFPs, the daily realities of operating in a digital environment, coupled with growing resourcing costs, are top of mind. Unfortunately, both fundraising and IT infrastructure are hard things to get philanthropists excited about. Philanthropists need to consider how they can contribute to funding these key core requirements when the performance gains can be clearly demonstrated by the applying NFP.

THE DISCONNECT BETWEEN WHAT NFPs AND PHILANTHROPISTS THINK ARE IMPORTANT

Philanthropy

1. Advocacy Capacity
2. Board Development
3. Strategic Planning
4. Strategies for Management Growth
5. Evaluation Capacity
6. Leadership Support
7. Communication and Media relations
8. IT Development
9. Budgeting and Financial Management
10. Volunteer Management
11. Succession Planning
12. Fundraising

Not for profits

1. IT Development
2. Fundraising
3. Leadership Support
4. Communications and Media Relations
5. Strategic Planning
6. Evaluation Capacity
7. Board Development
8. Strategies for Management Growth
9. Succession Planning
10. Advocacy Capacity
11. Budgeting and Financial Management
12. Volunteer Mangement

Capacity Building Activities - Ranked in order of importance

FRIENDLY ASSUMPTIONS

For many of these misaligned perceptions, the obvious solution is to improve communications. However, insights from the survey suggest that even within the realms of relationship building, feedback and communications there's a troubling level of inconsistency.

In questions related to relationships, the philanthropists were far more positive about interactions than NFPs.

When it comes to feedback, 80 per cent of philanthropists feel they provide sufficient feedback. Yet only 21 per cent agree on the NFP side.

While almost all philanthropists feel they are suitably open to communication; less

than half of NFPs shared their view.

PHILANTHROPY HAS BLIND SPOTS

QUALITY OF INTERACTIONS

ASPECT	PHILANTHROPISTS			NFP ORGANISATIONS		
	Disagree	Neither	Agree	Disagree	Neither	Agree
Build Strong Relationships	4%	12%	84%	32%	30%	38%
Communicate regarding grantee needs	9%	12%	79%	40%	22%	38%
Communication regarding grantee goals and strategies	4%	12%	84%	37%	22%	41%
Filter grants through an EOI process before submission of the full application	48%	12%	40%	35%	33%	32%
Streamlined grant application process	24%	13%	63%	32%	26%	42%
Provide sufficient feedback in regards to the success of applications	13%	7%	80%	58%	21%	21%
Provide assistance during the term of the grant	25%	10%	65%	35%	38%	27%
Are approachable when problems arise				20%	32%	48%
Availability by email, telephone and face-to-face	6%	0	94%	31%	22%	47%

These insights show much room for improvement. However, if these two crucial groups can meet at the table in a more regular and productive dialogue, then perhaps both sides – and the communities they serve – will benefit from this greater alignment.

YOU MUST PAY TO PLAY

Another source of divergence was how likely a philanthropist would be to support project evaluation.

While philanthropists were split 50/50 on whether they would or wouldn't fund evaluation; there was a large portion (86 per cent) of NFPs who felt there is a low likelihood.

It's a reminder that if philanthropists want quality information on their impact, they must be willing to help fund that analysis.

TURNING INSIGHTS INTO ACTION ITEMS

While the findings did reveal some asymmetries in how different groups viewed themselves, it is clear that all groups are united by their tireless efforts to address social problems.

Bridging this divide is vital for continued growth in philanthropic impact. Respondents identified this would be best achieved through building and expanding strategic relationships between NFPs and philanthropists.

At a more granular level, it was felt that philanthropists have a responsibility to be more strategic about their projects; to be clear about their intentions, and to measure and report on their own success and failure.

The report has set a benchmark, which it hopes will be a strong foundation for continued growth and greater impact across the sector.

➤ [DOWNLOAD "PHILANTHROPY: TOWARDS A BETTER PRACTICE MODEL"](#)

Asia Pacific Social Impact Centre, part of the Melbourne Business School. Perpetual is proud to continue to support the growth of the NFP sector by funding research projects and capacity building initiatives.

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