

Commentary by Rip Rapson:

Grantee Perceptions Essential to the Philosophical and Programmatic Expansion of our Grantmaking

Kresge's recent Grantee Perception Survey discussed in an open letter to the community.

March 3, 2008



In speeches, President's Corner letters such as this and in the 2006 annual report, I have talked at length about the expansion under way at The Kresge Foundation. We are an 84-year-old national philanthropic organization that took the bold and appropriate step in June 2007 to extend our reach and develop new funding tools to better address society's pressing issues. This expansion, which is both philosophical and programmatic in nature, is affecting what we do and how we do it.

Any expansion of our grantmaking would not be successful without taking into consideration the opinions and needs of our nonprofit partners. To embark on this process with a well-rounded understanding of where we stand within the grantmaking community, I commissioned the Center for Effective Philanthropy to survey our recent grantees, along with those applicants who have been declined, about their perceptions of the foundation.

I hoped the survey would yield important findings that would inform our thinking and our decision-making processes. Most important, I wanted our partners to help us serve them better. This is the only way we will realize our desire to innovate and improve the bedrock conditions and long-term opportunities for individuals, families and communities in need.

Before I begin a discussion of the perception-study findings, I do want to thank the many Kresge grantees and declined applicants who made time to participate in the survey. For both groups, the response rate was 10 percent higher than is typical. We not only appreciate your efforts, but also have taken to heart the many valuable suggestions you have made.

- And now to the findings: The data show grantee and declined-applicant perceptions of our foundation for the period of 2003-06 relative to grantee and declined-applicant perceptions of other foundations. We have data and commentary on how we affect positive change within fields, communities and grantee organizations as well as how we manage our interactions with grantees and foster grantee satisfaction, among other measures. Here is what we have learned:
- Kresge ranks at or below the 25th percentile in five of 11 key indicators, including impact on the community and overall satisfaction with the foundation.
- Grantees said Kresge showed very little evidence of understanding their goals and strategies and that they have little comfort approaching us when a problem arises.
- Regarding sustainability or the ability of a Kresge grant to build an organization's long-term capacity – the basis of all Kresge grantmaking – grantees rated us below the 25th percentile in the years 2003-05 and just below the median in 2006.

It is never easy to publicly admit, dare I say advertise, criticism. But, for us, this criticism, while sobering, is highly constructive. I would like to discuss in detail several key findings and comment on actions taken to date.

Impact on the Field

Kresge historically has worked in six fields – health, the environment, arts and culture, education, human services and community development. As we expand our efforts, we have committed to continuing our work in these fields. It was revealing to learn, however, that respondents ranked us just below the 50th percentile for impact on grantees' fields. This confirmed our belief that providing reliable funding for facilities projects – while valuable – does not bring about wider change.

We believe we have a moral obligation to use our resources and influence on the macro or field-building level. As a result, I have restructured our program staff into field-specific teams and charged them with acquiring deep knowledge in their respective disciplines. It is an understatement to say these staffers have embraced this change. Kresge has fast become a learning institution. Site visits have increased significantly as have networking activities. Many of the teams have discovered natural synergies such as the interconnectedness of health with the environment. This commitment to fostering positive change at the field level will eventually enable us to influence public policy – another vital component of our expansion.

Impact on the Community

Grantees ranked Kresge's understanding of their local communities below the ratings of 90 percent of surveyed foundations. They ranked Kresge's impact on their local communities just below the 25th percentile. This is disappointing in view of the fact that one of our major goals is to increase the visibility and impact of grantee organizations within their home communities.

That said, the findings also provided incontrovertible evidence that Kresge must expand its grantmaking toolbox beyond the challenge grant. Sometimes organizations need support in forms other than facilities capital. For several months now, we have been exploring new forms of funding such as growth-capital grants and program-related investments. We will continue to look for opportunities to develop and apply these new tools. Meanwhile, we are piloting them; our last grant cycle included numerous "special" grants.

Impact on Grantee Organizations

We were ranked just above the 50th percentile for impact on grantee organizations. One grantee wrote: "Sometimes it feels as if the foundation is too wedded to its processes and systems and unwilling to consider individual circumstances of grantee organizations. ... I often wonder how much the program officer 'hears' about the process and the good efforts that are being made."

In defense of my program staff, all of whom are passionate, thoughtful grantmakers, the Kresge model of old didn't allow them to extend themselves or their work beyond the processes and systems. That has changed – and changed dramatically. We have elevated the nine values that had quietly guided the foundation and made them the centerpiece of our grantmaking. Our values criteria, rather than an organization's fundraising prowess, have become the lens through which we evaluate proposals.

We also have done away with Kresge's daunting and rigorous application process. This has been replaced with an initial five-page letter of intent and supporting gift chart and fact sheet. Within four to six weeks, a grantseeker will know if his or her letter has been accepted. This is vastly different from the previous five-month response rate.

Why does this matter? It matters because time has been redirected so that program staff can devote their energies to understanding and assisting grantee organizations. It also means small and medium-size organizations with thinly stretched staff are much more likely to partner with us because of our values

criteria and time-efficient letter-of-intent process. These changes improve our ability to support organizations and the communities and fields within which they reside.

The Role of Customer Satisfaction

Customer satisfaction is not a term often used when discussing the work of private foundations. We learned from the survey, however, that grantee satisfaction with the foundation is low and that grantees rate their interactions with us poorly. So we are talking quite a bit these days about grantee satisfaction and how our grantees are both our partners and our customers.

To date we have taken several steps to jump-start our grantee-satisfaction efforts:

- We have launched a new website that provides programmatic and application information in a simple, straightforward manner.
- The website features a steady stream of new content in the form of grantee stories, press releases, speeches and program updates in an effort to increase transparency and improve understanding of all facets of our expansion.
- Every page of the site includes the phone number and an e-mail link to our grants inquiry coordinator, who works full time to answer grantseekers' questions.
- Grantees may apply for challenge grants online.
- Program staff devote their time to working with grantees from the time the letter of intent is accepted.

How You Can Help

The Center for Effective Philanthropy survey findings have been analyzed and discussed at length by Kresge staff. They have been presented to and discussed by our Board of Trustees. This is my opportunity to offer and discuss the findings with you. Through our multiyear expansion, we will become a strategic, transparent organization. Over time, our mission will gain new and well-defined muscle. With strength and power, the foundation will foster the social benefit S.S. Kresge envisioned and our board and staff are working so hard to achieve. Through all of this, the survey data will serve as an important, initial benchmark as we chart our progress.

This is just the beginning. We hope you will continue to let us know how we are doing and how we might improve. You are our partners, and with you we will succeed.

Sincerely,
Rip Rapson