

The Insider's Guide to Grantmaking:

How Foundations Find, Fund, and Manage Effective Programs

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Chapter Two

Grantmaking: The Human Factor

Above all other aspects of foundation work, I would put the human factor. I mean by this the attitudes and behavior of foundation staff members. If they are arrogant, self-important, dogmatic, conscious of power and status, or filled with a sense of their own omniscience-traits which the stewardship of money tends to bring out in some people-the foundation they serve cannot be a good one. If, on the other hand, they have genuine humility, are conscious of their own limitations, are aware that money does not confer wisdom, are humane, intellectually alive and curious people-men and women who above all else are eager to learn from others-the foundation they serve will probably be a good one. In short, the human qualities of its staff may in the end be far more important to what a foundation accomplishes than any other considerations. Pifer, 1973

The passage of more than a quarter-century has not eroded an iota of truth from Alan Pifer's insight that grantmaking is ineluctably a human enterprise. It follows from this truth that the quality of any foundation's work, and the amount of positive change that it can effect in the world, is directly dependent on the capabilities of its employees. And of all these employees, no position matters more than that of the program officer. Everything that the foundation knows of its grantees-and everything that the grantees know of the foundation-ultimately filters through this individual. Program officers are truly at the vital center of the entire enterprise.

Because all roads in philanthropy lead to (and through) program officers, it matters greatly what kind of people they are, how well they can resist the peculiar temptations of philanthropy, how they treat applicants and grantees, and what kind of qualities they need to excel at their position. Surprisingly little attention has been paid to these matters, and philanthropy has suffered from this oversight. It is time-in fact, past time-that such issues receive the consideration they deserve.

It must be acknowledged at the outset that the sheer number of foundations and the bewildering variety of their interests render it all but impossible to come up with a universal set of best practices that will fit all program officers, in all settings, at all times. There are, nonetheless, a certain number of generic challenges and a certain level of general skills and aptitudes that characterize efficient, ethical, and humane ways to conduct grantmaking. Perhaps by laying out some tentative definitions of these challenges, skills, and aptitudes, we can work toward generally accepted guidelines for good practice for program officers.

The Temptations of Philanthropy

In his study of the Ford Foundation, author Dwight Macdonald puckishly defined a foundation as "a large body of money completely surrounded by people who want some"

(1956). To change the metaphor, a foundation, to most people, is the pot of gold at the rainbow's end, and program officers are its guardian leprechauns. This means, of course, that everyone wants to catch-or at least, catch the attention of-grantmakers. The competition to capture the interest of program officers is intense, which ensures that their paths will always be strewn with numerous snares and temptations. If you are taking on the role of program officer, your first test is to avoid the blandishments of seven temptations: philanthropy's version of the Seven Deadly Sins. Surrendering to any one of these can utterly destroy your effectiveness as a grantmaker.

Believing the Flattery

Clearly some grantseekers feel that flattery will get them everywhere-or, at any rate, somewhere. Grantmakers actually receive letters with opening lines that read like this one: "What a delightful, sincere, knowledgeable individual you are!" A little flattery does wonders for anyone's self-esteem, but a steady diet of it distorts the perspective and raises the danger that the recipient may actually begin to believe it uncritically. To be a successful program officer, you must learn to discount a large proportion of the praise that you will receive from those outside the foundation. You need to equip yourself with an internal gyroscope to allow for self-assessment of performance. After all, those who want a grant or who have gotten a grant have a vested interest in praising the grantmaker. Even those whose grant requests have been declined have a vested interest (the hope of securing a grant in the future) in avoiding overt criticism of the program officer. As a result, all feedback you receive is highly likely to be skewed unrealistically to the favorable side, thus making the internal gyroscope an indispensable tool.

Surrendering to the Whims of Arrogance

The unending flattery leads directly to this second temptation. Few grantseekers are so bold-or so foolhardy-as to disagree with you to your face. A prolonged drought of constructive criticism, coupled with the ongoing cloudburst of flattery, leads almost inevitably (unless you strenuously resist) to a growing sense of entitlement and infallibility-in short, arrogance. Pifer (1984) framed the problem perfectly: "These are the individuals-and we all know some-who go around exuding an air of self-importance and apparent infallibility, who have fallen into the habit of pontificating rather than listening, who have become name droppers, who surround themselves with an aura of wealth, power, and prestige, and who are patronizing toward grantseekers and are largely insensitive to their feelings and inconsiderate of their needs. These people would be shocked if they were charged with such faults because they quite genuinely believe that simply being part of a profession as worthy as philanthropy automatically makes them worthy people too."

It is difficult, indeed, to resist this overblown sense of self-worth when so many people, day after day, line up to proclaim your worthiness. People toiling in more feedback-rich environments (an umpire perhaps, or a public school teacher) experience no shortage of those willing to be critical, whether constructively or otherwise. In contrast, you will only rarely find anyone so bold. One solution to this problem comes from the David and Lucile Packard Foundation, which in 1996 and again in 1998 mailed anonymous surveys to their grantees and those whose grant requests they had turned down. The cloak of anonymity served to protect the respondent while providing the foundation with valuable unfiltered feedback on its performance. As a result of this approach, the foundation received constructive criticism-including specific ideas for improvement-that they could have received in no other way. Such anonymous responses are a powerful corrective to the flattery and fear that prevents honest feedback from occurring naturally.

It is worth noting, however, that there is another, cheaper method of receiving candid criticism. It is also a somewhat older approach, having been in operation as long ago as a.d. 43. In that year, the Roman emperor Claudius returned from his successful campaign in what is now Great Britain. The Roman Senate voted him the exceptional right to make a triumphal entry into Rome at the head of his legions. Mindful of the dangers of arrogance, however, the Senate prescribed that the slave who stood behind the emperor, holding the laurel wreath above his head, repeatedly whisper the words "Remember, you are not a god." You should have at least one friend who is empowered specifically to provide you with such timely and unminced words.

Before leaving this topic, it is worthwhile to note that, in larger foundations in particular, there is a different twist on the problem of arrogance. Grantmakers in such settings are often tormented by the disjunction between how they are treated outside the foundation and inside. Externally, they are lionized. Internally, they are just another employee in the hierarchy. One program officer advises that there is a mathematical formula that balances it all out: "I find that I'm only half as good as they think I am out there, but I'm twice as good as my supervisors think I am in here." Here, again, the internal gyroscope is an essential tool.

Surrendering to Cynicism

The third temptation of grantmaking is really an overreaction to the first two. It is entirely possible for you to overdiscount the flattery and to overestimate the amount of criticism you might receive if only people dared to offer it. A program officer can become tempted to consider every compliment, no matter how sincerely meant or well intended, as immediately suspect. "They only love me for the money I might get for them" becomes the mantra of this poor soul. After a while, it may occur to the suspicious grantmaker that the only reason that she or he is treated with respect is because of employment with the foundation. The program officer therefore slides into a cynical Catch-22. To stay at the foundation is to be inundated with praise that is insincere and unmerited, but to leave the foundation would mean risking being treated as a nonentity.

To avoid this situation, again you must be able to assess your self-worth. If you are able to walk the line between arrogance on the one hand and cynicism on the other, you must have a self-generated sense of just how many of the compliments are truly earned.

Regarding the Foundation's Money as Your Own

Grantseekers report this as a widely indulged peccadillo among program officers, complaining that their requests for grants are sometimes treated as if they were pleas for personal loans. This attitude toward grantseekers is fundamentally unkind, but more than that, it is dead wrong. The corpus of the foundation, of course, is not your property. Nor is it any longer the property of the donor or donors of the corpus. It is not, strictly speaking, even the property of the foundation that employs you. U.S. foundations exist as a result of a social contract: the U.S. government has agreed to forego taxes on the donor's capital in exchange for the donor's irrevocably dedicating that capital to projects that will advance the common good. Thus the corpus ultimately belongs not to any single entity but to the public. Ironically, the money belongs just as much to those who are seeking it as to those who are dispensing it.

The fifth and sixth temptations of grantmaking are mirror images of each other, and were identified in a jocular vein some years ago by a California community foundation executive named Jack Shakely (1988).

Doubting the Worthiness of All Applicants

The fifth temptation, says Mr. Shakely, is to believe that no applicant is worthy of funding. As a program officer, you are essentially in the business of making decisions about who gets money and who does not, and for every applicant who gets money there is a long line of those who do not. Your critical faculties must be sharp, you must make hard decisions, and people (unfortunately, many very good people) must be disappointed. Every program officer must have a strongly analytical streak and must be decisive in making the call as to which proposals are funded and which are rejected. If taken to excess, however, a purely analytical approach will miss many of the most creative and daring ideas. Compassion, imagination, and a generous spirit must also come into play. As Shakely notes, you can reach a point at which you find fault with everything. Overanalyzing proposals, if taken to its logical conclusion, results in the foundation being unable to fund anything. Grantmaking requires you to have a good head, but that is not enough; you also need to have a good heart.

Finding Value in All Applicants

If all head and no heart is a problem, so too is its mirror image, all heart and no head. Bighearted grantmakers see worthiness in every proposal and try to nurture them all to funding. Such an approach cannot work, for foundations get more proposals than they can possibly fund, and some are much more worthy of funding than others. As a program officer, you simply must make hard decisions and disappoint good people. Bighearted grantmakers frequently respond to this hard truth by dithering—that is, they defer making decisions and neither decline nor fund proposals. Typically, the proposal does not fit the foundation's guidelines, but the submitting organization is so admirable or the people leading it are so likable that the program officer cannot bear to say no, so the proposal goes into limbo. The grantmaker might hope that a change in foundation priorities or a need to pay out more funds due to endowment growth (to take but two rationalizations) will allow him or her eventually to slip the proposal through. What almost always happens instead is an endless, inconclusive wait for the grantseeker, and frustration for all involved. It seems safe to say that neither the pure head approach nor the pure heart approach works in philanthropy; these are two temptations that must be strenuously resisted.

Taking the Easy Way Out

The life of the average program officer is nothing if not hectic. Grantseekers continually clamor for meetings, both face-to-face and by telephone. Projects must be visited, both prior to and after funding. Colleagues within the organization require attention, as do colleagues working for other foundations or potential funding partners. And there is always a mountain of material to read: proposals, annual report narratives, reports from evaluators, and background material needed to keep current in fields of the foundation's interests. Add to this imposing workload the knowledge that most grantmakers are driven by a desire to serve good causes, and it all totals overload. "None of what I do is rocket science," commented one program officer, "but the sheer volume of it all is overwhelming." The typical program officer works very hard. It is commonplace for grantmakers to take home work at night, put in hours on weekends, even to toil on holidays and while on vacation. Against this background of sheer busyness, there is sometimes an overwhelming temptation to cut corners. Phone messages are easy to ignore, general correspondence can be tossed in the circular file, long proposals can be skimmed or not read at all. Grantseekers are unanimous in complaining that too many program officers are unresponsive, not even giving the simple courtesy of a civil reply to

a polite inquiry.

Such behavior on the part of grantmakers, no matter how busy they might be, is simply inexcusable. It is, for starters, unprofessional. It is also a train wreck in the making. Sooner or later one of these ignored applicants will turn out to be a key player in a critical field, or a friend or relative of a foundation trustee, or, worse, a prominent constituent of a member of the House Ways and Means Committee. Any ephemeral savings in time or spurious increase in efficiency realized by ignoring grantseekers will be more than counterbalanced by the damage that discourtesy and unprofessional behavior inevitably cause.

This discourtesy, it should be noted, too often crosses the line into rudeness. Grantseekers have horror stories to tell of repeated phone calls that are never returned, urgent letters that are pointedly ignored, contemptuous and dismissive behavior during meetings, and broken promises of follow-through. Regrettably, this boorish behavior is probably the most common failing among grantmakers. Again, there can be no possible justification for such performance on the part of program officers, for though grantmakers must deliver bad news regularly, there is no reason why they must deliver it badly.

There is, moreover, a subtler form of the seventh temptation. Every program officer knows the dilemma of reading a proposal that describes a potentially great idea but that has significant problems. It might be poorly written, or the applicant may be an unknown quantity, or possibly the organization doing the asking is new and fragile. All of these things are fixable, but all of them take lots of time to fix. Concurrently, there are requests on the table to support ideas of middling potential, but the proposals are well written, or the applicants are old reliables, or the organizations are seasoned in the arts of grantseeking. The temptation is to reject the highly promising but enormously time-consuming proposal and to embrace the humdrum but easy-to-process idea.

As easy as it is to settle for supporting mediocre requests that are easy to fund, you should never tolerate such a lazy approach. Excellence in grantmaking is no accident, and it is achieved by a lot of hard work. This is the value that effective program officers add to the grantmaking process. Anyone can process a blah proposal; if that is all grantmakers do, they could (and should) be replaced by a cash machine.

There is no effective way for a foundation to keep watch over you to ensure that you return all phone calls, answer all letters, or take on the promising but complex requests. You must ultimately be self-accountable in ensuring that you see to these tasks. Much depends on this. The image of the foundation-as open or arrogant-and the impact of the foundation's work-whether its outcomes lead the wave or founder in the backwash-will largely be determined by the integrity (or lack of same) of its program officers.

It is worth noting that a promising effort to improve the behavior of program officers emanates not from inside but rather from outside the foundation field. Foundation News and Commentary, the journal of the Council on Foundations, reported that Michael H. Shuman, former executive director of the Institute for Policy Studies, has designed a survey titled "A Report Card on Progressive Funders," which he mailed during summer 1998 to thousands of progressive activists (White, 1998). Shuman intends to disseminate the results in a publication to be titled "The Insider's Guide to Progressive Foundations." Interestingly, Shuman noted in the article that the initial response rate was disappointing, a fact that he attributed to grantees' concerns about disclosing their full level of dissatisfaction-even anonymously. However, he has vowed to make this report card an annual event, and if he succeeds, it will bring-at least to the progressive spectrum of

funders-a measure of much-needed accountability.

A Grantseeker's Bill of Rights

A straightforward way to systematize this kind of "right behavior" for program officers is to draw up a bill of rights for grantseekers. A number of attempts have been made over the years to do just that, with the number of grantseekers' rights ranging from less than ten to more than twenty. The list that follows takes into consideration its predecessors (most of which, over the years, have been published in Foundation News and Commentary) and adds a few new twists. My choice of offering ten rights is a deliberate one. Not only is this pleasing historically, but my aim is to present a concise statement of the most important things that all program officers should honor in their dealings with applicants:

1. The right to receive a clear statement of the foundation's funding interests
2. The right to have all communications answered
3. The right to an explanation of, and timeline for, the foundation's proposal review process
4. The right to a prompt acknowledgment of receipt of a proposal
5. The right to have all proposals read in full and seriously considered
6. The right to a timely and unambiguous funding decision
7. The right to receive an explanation of the reasoning behind funding decisions
8. The right to have all requirements for the grant relationship clearly spelled out, in writing (including the right to have any components of the grant required by the foundation paid for by the foundation)
9. The right to have all reports completely read and carefully considered
10. The right to be informed if continued funding is a possibility

For the most part, with apologies to Mr. Jefferson, these truths certainly are self-evident, but this does not mean that they are universally honored. In fact, many foundations fall short of completely respecting this bill of rights. For example, there are still a number (a minority to be sure, but a significant minority) of foundations that publish neither an annual report nor a brochure explaining their programming interests. Grantseekers are thus forced to do considerable detective work before they can even determine whether the foundation might be interested in receiving a proposal. This is a waste of their time and resources, and it could easily be prevented by the issuance of a simple brochure.

The third right is often violated by review processes that are shrouded in as much mystery as the fate of Amelia Earhart. Such foundations seem determined to appear as a black box, in which proposals are inserted at one end, and grants-or more likely, rejection letters-emerge at the other end in a totally inexplicable fashion. A foundation need not share every detail of the grantmaking process, but an explanation of its broad outlines and an estimate of its likely duration would be of significant help to the grantseeker. Unfortunately, even something as simple and painless as acknowledging receipt of proposals by return mail is not universally practiced.

Perhaps the most inexcusable lapse occurs when foundations require a certain component as a condition for receiving a grant but refuse to cover its cost. This is the moral equivalent of the unfunded mandate in government. Some foundations are notorious for requiring, for example, that projects they fund be evaluated by a third party-but they are unwilling to pay for evaluation. Foundations should require nothing unless they are willing to pay (at a minimum) the lion's share of the costs for the requirement.

Living up to the bill of rights outlined here is an essential element of professional

practice for any foundation, and not an onerous task. All that is needed is a commitment to open and honest communications with the public. Any foundation that aspires to a professional level of operations-or that simply values its integrity-should not find it difficult to comply with these ten rules.

What Qualities Should Grantmakers Possess?

Given the temptations of philanthropy, and given the imperatives for right treatment of grantseekers, what are the necessary qualities for fitness as a grantmaker? This question has been considered many times over the years, most often in the pages of Foundation News and Commentary. Large numbers of lists have been compiled, each containing many traits in common and a few that are distinctive. Of these dozens of potentially valuable qualities, there seem to be six that are irreducible requirements.

Integrity

Some wag once remarked that "the most important thing in life is integrity. Once you have learned to fake that, you've got it made." Facetiousness aside, as a program officer you must possess and model trustworthiness. All transactions between grantmakers and grantseekers ultimately depend on trust. Any program officer who cannot be trusted cannot ultimately be effective. Not only is it wrong to lie, but it is also bad policy. Grantseekers form a surprisingly small and well-connected society, and their grapevine functions well. Lies are soon discovered. The consequences of these lies hurt more than just the program officer; they affect the reputation of the foundation itself. And, because program officers are the foundation to grantseekers, a mendacious program officer is tantamount to a mendacious foundation.

People Skills

The story is told of a Civil War surgeon who was amputating, without benefit of anesthetic, limbs of wounded soldiers. A concerned observer asked, "Isn't that terribly painful?" The surgeon quickly replied, "Only if I carelessly cut my thumb." More than a few grantmakers are the spiritual descendants of that surgeon: brilliant but insensitive. Philanthropy being an eminently human enterprise, it is absolutely essential that you be an empathic and respectful listener, articulate speaker, clear writer, and intuitive and sensitive observer. A program officer who cannot listen is quite simply useless; one who cannot communicate is quite simply dangerous. As a program officer, you must listen without unduly raising expectations, communicate interest without making unfounded implications or empty promises, and, above all, say no without crushing spirits or making enemies.

Many program officers were hired for their penetrating intellect, their impressive scholarship, or their valuable experience, all without regard to their ability to communicate or their respect for others. In a foundation context, brilliance without humanity is not just unfortunate: it crushes good ideas and makes lasting enemies. An anecdote related by a program officer underlines the importance of empathy: "I brought along a half-dozen proposals to a conference I was attending," she said. "One evening I skipped the host event and read them all. None were competitive, so I dictated letters declining each request. As I finished the last one, I felt great because I had gotten so much accomplished that evening. Then it suddenly hit me. That pile of rejected proposals represented the hopes, the aspirations, and the dreams of hundreds of people who wanted to help thousands of other people. I had just crushed those dreams-and here I was feeling great about it. I suddenly felt ashamed of myself." There should be no shame in turning down uncompetitive requests, but there should be no pride in inflicting pain-even

unavoidable pain-on applicants. And always there is a danger of what might be called "creeping numbness": a loss of sensitivity for the impact on others of the decisions made by the foundation. The responsibility of deciding who gets money and who does not is one that should never be taken lightly and one that requires a healthy respect for the dreams and feelings of others.

Analytical Ability and Creativity

A cynic, as defined by Oscar Wilde, is one "who knows the price of everything and the value of nothing." The post of program officer requires a healthy balance between "knowing the price" (having the ability to analyze ideas, test their internal logic, and rate their external value) and "knowing the value" (having the ability to grasp the possibilities of ideas, to envision how they might develop and change society). As mentioned before, you must possess a balance of "head" and "heart"-must at once be logical and passionate. Too much "head," and you will analyze promising ideas to death. Too much "heart," and you will fund ludicrous or embarrassing ideas. In short, the ideal program officer is a mixture of equal parts accountant and entrepreneur, with a dash of coach and a pinch of cleric added to the mix.

Spirituality

Genius, Thomas Edison once explained, "is 1 percent inspiration, and 99 percent perspiration." In philanthropy, these proportions should not exactly be transposed, but inspiration should play a greater role in your work as a program officer than a mere 1 percent. People who wish to make money tend to be drawn to the commercial sector. People who wish to wield power tend to be drawn to the government sector. People who wish to make positive change in the world tend to be drawn to foundation work. Making money and wielding power are essentially rational ambitions, proceeding from the cognitive side of people's lives. The desire to transform society, however, issues from a different part of people's lives, one that is less logical and more affective. In fact, for many, foundation work becomes a secular expression of spirituality. It demonstrates love for fellow humans, provides an avenue to transform faith into action, and satisfies a craving to connect to others in a profound way. Rob Lehman (1998), president of the Fetzer Institute, has eloquently defined this phenomenon as "the heart of philanthropy": bringing into balance and into a conscious relationship the inner life of the spirit and the outer life of action and service.

Ironically, foundations as organizations are usually uncomfortable with these impulses, often in the mistaken belief that spirituality equates with conventional religion. Indeed, sometimes it does, but more often it transcends any particular organized system of faith. "Spirit," as Robert Greenleaf (1977) noted, "represents the divine behind the urge to serve." Spirituality should be seen as a source of strength to the foundation and to philanthropy as a whole, for when the spirit is exorcized from foundation work, such work becomes indistinguishable from any other calling: making grants becomes pretty much the same as making widgets.

Sense of Balance and Proportion

Few things in life are more potentially dangerous than an overzealous person, particularly one with lots of money and an urge to do good works. New program officers are highly likely to experience the "kid in the candy store" problem, being unable to resist each new opportunity, making too many commitments, overextending their calendar, and ultimately sapping their physical and mental energy. It would be simpler, of course, if there were a dearth of good opportunities, which would make it easier to

choose only the best. As it is, there are more opportunities to do good than any one person can possibly pursue. You must have the self-discipline to bring balance to your life. If you are to do things well, you will have to sacrifice many good opportunities (or at the very least, hand them over to others). The program officer who is overcommitted, overstressed, and overwhelmed does nothing well. In foundations, almost universally, program officers report that the responsibility for keeping that sane balance between work and family, between internal and external responsibilities, and among professional, volunteer, and personal commitments falls squarely on their own shoulders. The officers of the foundation do not take on such tasks, nor should they be expected to do so. Effective grantmakers pace themselves, working steadily and working hard, but also controlling the amount and the intensity of that work. And always, the hardest part is passing up exciting and promising chances to do good.

Compassion

Grantmaking is more than the making of grants. It is also the breaking of hearts. Declining proposals is a weekly, if not daily, part of the routine. Moreover, many of the proposals that must be declined represent good ideas from good people and are a good fit with the foundation's priorities-and yet must be declined because the grantmaking budget is not large enough to support everything. The last thing an applicant needs is for the program officer to heap insult on injury by being disrespectful or insensitive while delivering disappointing news. As a grantmaker you need to keep this in mind always and to practice compassion constantly. This is not to say that you can avoid hard decisions; rather it is to say that you should not be unnecessarily hard on applicants when you deliver and explain the foundation's decisions to decline requests. Without compassion and empathy, you become part of the problem that your foundation is trying to overcome.

Conclusion

Alan Pifer was right: in foundation work, the human element is all-important. No one type of personality, no one sort of profession, produces the kind of people who become good program officers. The best grantmakers have the strength of character to resist philanthropy's manifold temptations; they have a strong respect for the rights of their opposite numbers among grantseekers; they possess innate integrity and the ability to listen carefully and communicate well; they are able to be at the same time creative and critical; they are imbued with a spirituality that informs and renews them; and they have an internal gyroscope that keeps all these elements in an effective balance. If a foundation hires people like these and treats them well, it will succeed. As Russell G. Mawby, the retired CEO of the W. K. Kellogg Foundation, is wont to say: "Only people are important, because only people make things happen."