

Lessons Learned From 25+ Years of Grantmaking to Support the Organizational Effectiveness of Grantees

At the Packard Foundation, we believe that well-managed and well-governed organizations are more likely to achieve their programmatic goals, and we invest in projects to develop grantee management skills and organizational capacity. Management challenges are normal and ongoing for all organizations. Management challenges emerge, not necessarily because an organization is weak or poorly run, but often as a result of healthy growth, risk taking, and adaptation to a rapidly changing environment. A commitment to addressing these challenges is a sign of strength, not weakness.

Organizational effectiveness (OE) grants are made to current Packard Foundation grantees to enable them to undertake well-defined projects to develop or refine skills, strategies, organizational systems, or structures. Grants support a variety of projects, ranging from planning and board development to communications and coaching. Since beginning this work in 1983, we have made more than 1,600 of these types of grants totaling over \$61 million.

We summarize a few key lessons that we have learned along the way through a process of trial and error, study and reflection, and—most importantly—direct feedback from grantees who have undertaken OE projects.

LESSONS LEARNED

- 1. Organizational Readiness:** Grantees tell us repeatedly about the importance of being organizationally ready. For capacity building projects to succeed, the organization needs to be capable, and, open to, answering difficult questions honestly.

When asked what advice it would give to another organization that is contemplating a similar project, one grantee wrote in a final report, “*Ask yourself, are you ready for change?*”

Others advised addressing board and senior management issues *before* attempting organizational development projects, or else those issues will surface in the midst of the project and will detract from the project objectives.

- 2. Dedicate Time and Energy:** Organization-building takes longer and is harder than anyone thinks. The amount of energy that is required to engage stakeholders, meet with consultants, and think through the various steps and ramifications, all require patience and dedication. Building organizational capacity is work on top of the mission work of the organization.

- 3. Good Fit with Consultant is Key:** Supporting grantees' development in becoming more sophisticated and savvy consumers of consultants is one of OE's operating beliefs. This principle was highlighted repeatedly in grantee reports. Grantees expressed how important it is to spend time on the front end to look for a consultant who would make a good fit with the organization's culture, values, and learning style.

"Be aware that consultants have their own biases. Observe consultant in action first."

"We were reminded again that consultants are a catalyst, and not always able to provide all the answers. The organization must be ready to change, and willing to make difficult decisions."

- 4. Consider an Organizational Assessment:** Some grantees wished they had started their projects with an organizational assessment. In the case of a membership organization, they learned that they didn't really know what their members needed before launching their technology audit project. Had they started with an assessment of member needs, they would have conducted the project very differently. In another case where a grantee launched a capital campaign, they learned that the board was divided over whether or not to purchase a building after they had commissioned a feasibility study.
- 5. Strategy Clarity Comes First:** For many OE-type projects and especially for communications and fundraising, grantees emphasize the importance of being clear on organizational strategy and primary and/or targeted audience(s) *first* before the project can reap its full potential. All OE applicants for strategic communications are strongly encouraged to take advantage of the Smart Chart Web site before embarking on their projects. www.smartchart.org
- 6. Board Engagement in Fund Development Projects:** Engaging your board in all fundraising projects is critical. Engage them early. Building a culture of fund development needs to include building the board's leadership and skills.

"The greatest learning from this project seems to be the recognition that it needs a different kind of board to boost its fundraising prowess."