One core belief has driven our Organizational Effectiveness (OE) grantmaking since David Packard began what was then called the Management Assistance Program in 1983: Organizations are more effective when they are equipped with thoughtful strategy, strong leadership, sound operations, and compelling communication. Ignore these fundamentals and risk failure.

But, along with the constants, nonprofits contend with a landscape that has evolved enormously. Nonprofits today contend with the challenges of tackling tough social and environmental issues, while navigating economic and political instability, technological advances, intergenerational leadership changes and new business models.

Challenges and Opportunities

Economic instability poses an increasing challenge. Reduced government funding in many nations, at the same time that growing numbers of people are relying on social services for basic needs, places strains on NGOs. In the U.S., with $2 trillion in federal spending cuts projected in the next 10 years, the impact on nonprofits relying on government funding will be felt from the national to the local level of government.

With new technologies and means of communication, organizational models and ways of working are shifting, facilitating networks beyond cultural and geographic boundaries. The democratization of information has empowered social movements, encouraged new collective funding and investment models, and opened doors for new forms of leadership.

As the population ages, younger generations are making up an increasing percentage of the nonprofit workforce. Couple this with reoccurring challenges NGOs face in recruiting and retaining talent—a recent Chronicle of Philanthropy survey found that nearly 40 percent of nonprofit employees said they are dissatisfied with their work—and there is the potential for massive turnover in nonprofit leadership.

Tomorrow’s nonprofit leaders, both in the U.S. and abroad, are likely to be younger and from more diverse socioeconomic backgrounds than their predecessors. They also are increasingly likely to embrace more distributed models of leadership than in the past, sharing power throughout their organizations and networks.

Finally, the boundaries of the NGO sector itself are blurring. Nonprofit organizations are far from the only ones working on social and environmental issues for the common good. Social venture organizations, B corporations, and for-profit corporations that emphasize the double or triple-bottom line are re-defining where social impact happens (and where foundations invest).

Our Strategy

The central goal of the OE program has long been to increase the effectiveness of grantee organizations and networks, to enhance their capacity to meet the Foundation’s goals. Today, we believe that our fundamental theory of change is still valid:

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Our primary areas of support are:

1) **Individual and team leadership**: leadership development, management training, executive coaching, executive search/succession planning, and board development.

2) **Organizational planning and development**: organizational assessment, strategic planning, business planning, fund development planning, strategic communications, evaluation capacity building, and cultural competency/diversity training.

3) **Network development**: network strategic planning, governance, peer learning communities, and mergers.

OE characterizes our approach to grantmaking as “strategically responsive.” Although any current grantee can apply for a grant, we work closely with other programs to set priorities for which grantees should receive OE grants. Generally these grantees are critical to achieving program goals, and are at significant growth or inflection points. They also tend to be long-term Foundation grantees.

Once we determine that a grantee is a high priority for an OE grant, we work hard to be responsive to their needs. We never say, “We think you need a strategic plan, and that’s the only thing we’re going to fund.” We listen to the grantee’s assessment of their strengths and challenges, and serve in a coaching role to help them develop the OE project that best meets their needs.

OE grants primarily cover the cost of outside consultants. These consulting engagements provide outside expertise that the organization lacks, but also build capacity within the organization for the future.

**Partnership Projects**

OE Partnership Projects are grants focused on groups of leaders and cohorts of grantees. Building capacity in groups allows grantees to learn from and connect with peers, and creates a positive “network effect” where learning extends beyond the curriculum. Partnership Projects are developed as a collaboration between OE and Programs at the Packard Foundation, grantees and, when possible, other funders.

Projects can benefit grantees within one program of the Packard Foundation, or help develop skills among grantees across programs. Examples include:

- Leadership development grants made to support the training of nonprofit leaders in group settings, including on the ability to adapt to rapidly changing environments.

- Grants made to cohorts for capacity-building efforts done in groups, including the creation of peer-learning communities, online platforms, and building of networks.

While OE already has experimented with this approach in the past, the actual designation of Partnership Projects is new. We are in a learning and adapting mode for refining these types of grants. We will invest in these projects if they are well designed. Otherwise, our limited funds will continue to be used for traditional OE grants—to one organization, to build one to two capacities at a time.

**Learn More**

Visit our [Organizational Effectiveness Wiki](#) to see our “see-through file cabinet” full of resources and lessons we’re learning through our work.