

Finding Balance: Addressing Grantmaker- Grantee Power Dynamics Head-on

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**NATIONAL COUNCIL OF
NONPROFITS**

National voice. State focus. Local impact.

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Helping organizations build a better New Jersey

Council of New Jersey Grantmakers | December 13, 2019



NATIONAL COUNCIL OF NONPROFITS

National voice. State focus. Local impact.

**25,000+
nonprofit
members
(800+
foundations)**

**42 State
Associations
& Nonprofit
Allies**





Helping organizations build a better New Jersey

njnonprofits.org

Advocacy/Public Education

- Promoting New Jersey's non-profit community
- Public policy
- Research (non-profit statistics, trends)
- Annual statewide conference

Capacity Building

- Management/compliance assistance
- Workshops/seminars/Webinars
- Publications

Member Services

- E-newsletters, resource lists, info/referral
- Free job postings
- Cost saving benefits

*Since 1982, the **champion & go-to resource** for and about New Jersey's non-profit community*

What we'll cover today



NATIONAL COUNCIL OF
NONPROFITS
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Helping organizations build a better New Jersey

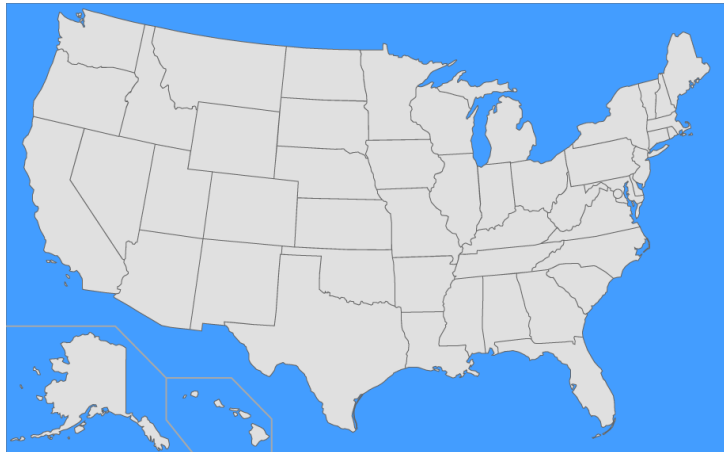
Setting the Context

Exercise – Funder/NP Relationships

How can we reduce the power imbalance?

Parting Thoughts/Next Steps

Setting the Context



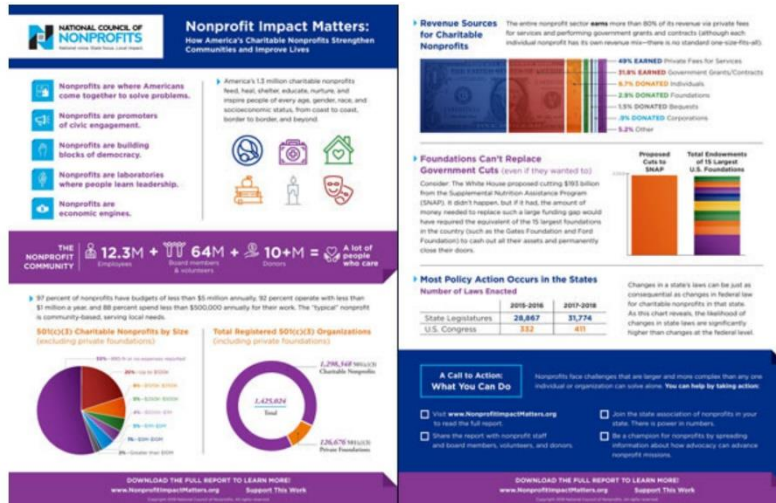
Nonprofit Impact Matters:

How America's Charitable Nonprofits Strengthen
Communities and Improve Lives



National Report

<https://www.nonprofitimpactmatters.org/>



Infographic



Online Interactive

Why This Report?

- **12.3 million** nonprofit employees
- **64 million** nonprofit board members and volunteers
- **Tens of millions** of donors

Sing A Song
close harmony

The Carpenters
arr. John Pals

Moderato

The musical score is for a four-part vocal harmony of the song 'Sing A Song' by The Carpenters, arranged by John Pals. It is marked 'Moderato' and 'close harmony'. The score is written for Soprano, Alto, Tenor, and Bass voices. The first system (measures 1-4) shows the initial chords and melody. The second system (measures 5-8) shows a crescendo. The third system (measures 9-12) shows the final chords and melody.



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- 5** Nonprofit Missions Matter
- 16** Nonprofits at a Glance
- 23** Nonprofits Face Challenges
- 31** A Call to Action: What You Can Do

Nonprofit Missions Matter



Nonprofits are where Americans come together to solve problems.



Nonprofits are promoters of civic engagement.



Nonprofits are building blocks of democracy.



Nonprofits are laboratories where people learn leadership.



Nonprofits are economic engines.



Nonprofits are economic engines.



Nonprofits employ 12.3 million people



Nonprofit payrolls exceed most other U.S. industries



Nonprofits consume goods and services that create jobs



Nonprofits spend nearly \$1 trillion annually



Nonprofits attract other employers to communities

- Charitable nonprofits employ 12.3 million people = **10.2% of the private workforce**
- Charitable nonprofit sector = the **third largest private employer in the country** ... **larger** than manufacturing, construction, finance and insurance, transportation, real estate, and agriculture.



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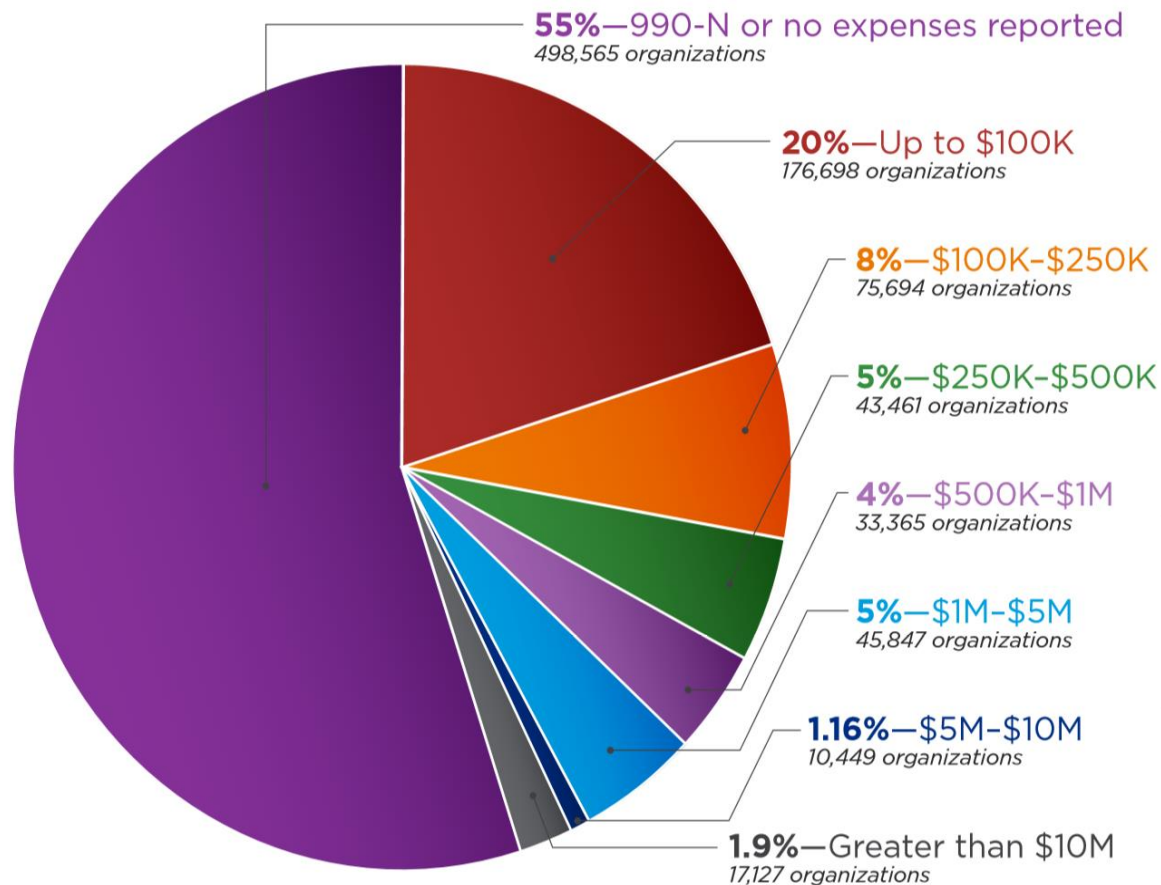
Nonprofit Impact Matters:

How America's Charitable Nonprofits Strengthen Communities and Improve Lives

Adjusting Perspectives: Overview of the Nonprofit Community

501(c)(3) Charitable Nonprofits by Size

(excluding private foundations)



Most charitable nonprofits are relatively small:

- Only 3% spend more than \$5 million annually
- 97% have budgets of less than \$5 million annually
- 92% operate with less than \$1 million per year
- 88% spend less than \$500,000 annually for their work

Adjusting Perspectives: Overview of the Nonprofit Community

Sources of Revenue

49% EARNED
Private Fees for Services



31.8% EARNED
Government
Grants/Contracts



8.7% DONATED
Individuals



2.9% DONATED
Foundations



1.5% DONATED
Bequests



.9% DONATED
Corporations



5.2% Other

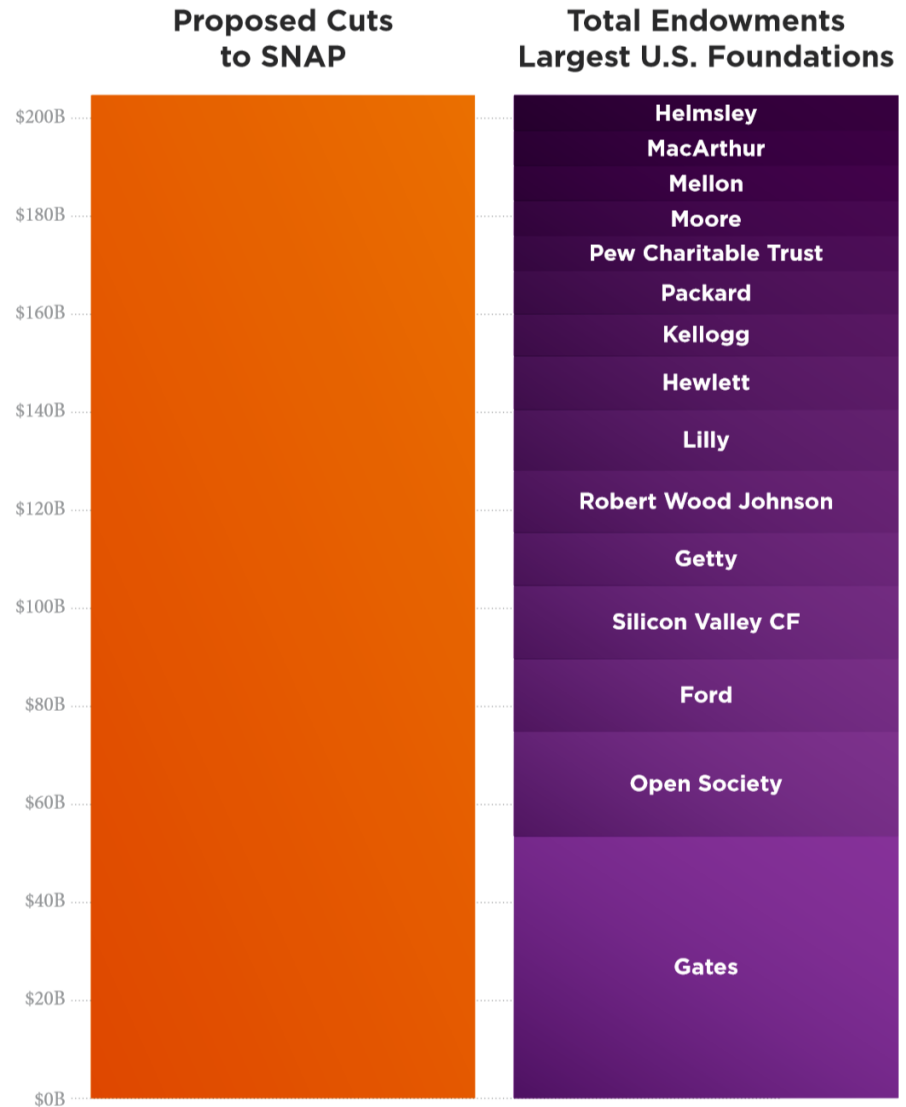


Why This Matters

Foundations Cannot Replace Government Cuts

As the dollar-bill graphic shows, foundations couldn't possibly replace cuts in government funding, even if they wanted to. Consider this comparison: In 2017, the White House **proposed cutting \$193 billion** from SNAP (the Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program) over 10 years. Yet cutting funding doesn't cut the human needs of hungry children, seniors, veterans, and others who depend on receiving payments through the program.

Those cuts to SNAP didn't happen, but if payments had stopped, those individuals would have turned to nonprofits for help to meet their ongoing needs. Nonprofits, in turn, would have turned to foundations for funds to provide food. But generating the amount of money needed to replace the proposed cuts to SNAP would have consumed the equivalent of cashing out all the assets and forever **closing the doors** of the nation's 15 largest foundations—and that's just one example.



Source: Publicly available audited financial statements for fiscal year 2017, where available; fiscal year 2017 990s where financial statements were unavailable; estimated size of endowment based on earlier years otherwise.

Nonprofits Face Challenges



Nonprofits improve the lives of individuals, add vitality to American communities, contribute to local and national economies, and enhance the overall health of our democracy. But the ability of nonprofits to continue doing so faces challenges.



MANY NONPROFITS STRAIN TO MEET INCREASING PUBLIC NEEDS.



POLICY PROPOSALS AT ALL LEVELS OF GOVERNMENT THREATEN THE WORK OF ALL NONPROFITS.



WORRISOME TRENDS HAVE BEEN DEVELOPING REGARDING CHARITABLE GIVING.



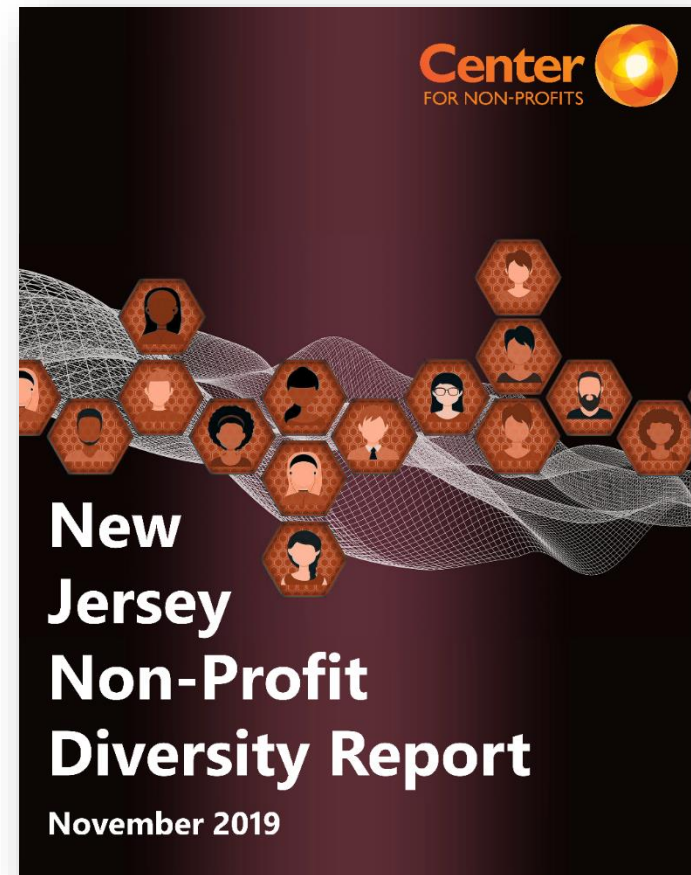
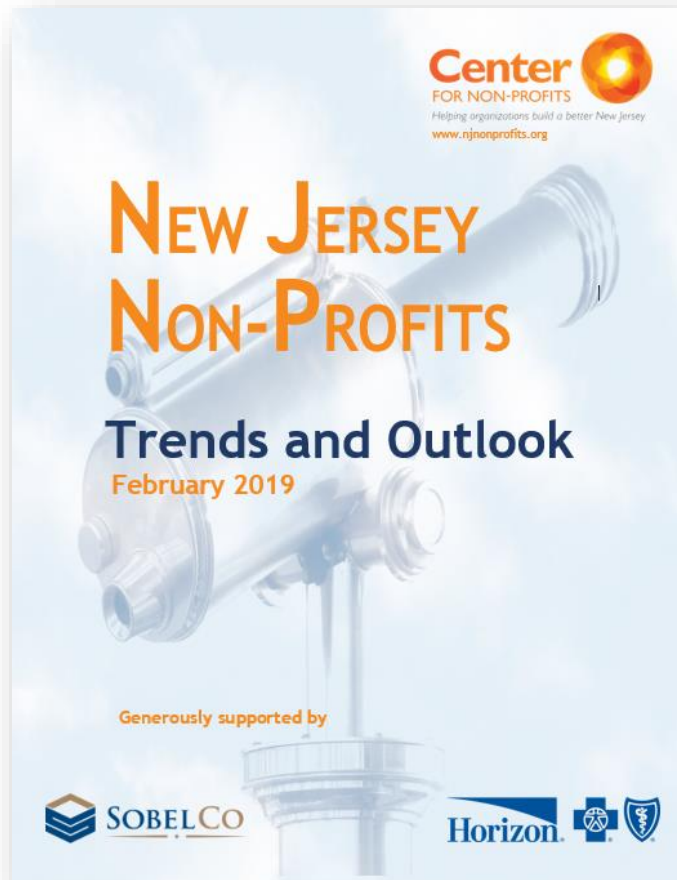
THERE IS A CONTINUED LACK OF DIVERSITY, EQUITY, AND INCLUSION.



**WORRISOME TRENDS HAVE
BEEN DEVELOPING REGARDING
CHARITABLE GIVING.**



1. Total household giving was **DOWN** in 2018.
2. Mega-gifts from billionaires have been masking fact that giving by small/medium donors is **DOWN** over the last 15+ years.
3. Wealthy tend to give to huge institutions; small/medium donors tend to give to local nonprofits.



NJ Non-Profits MATTER

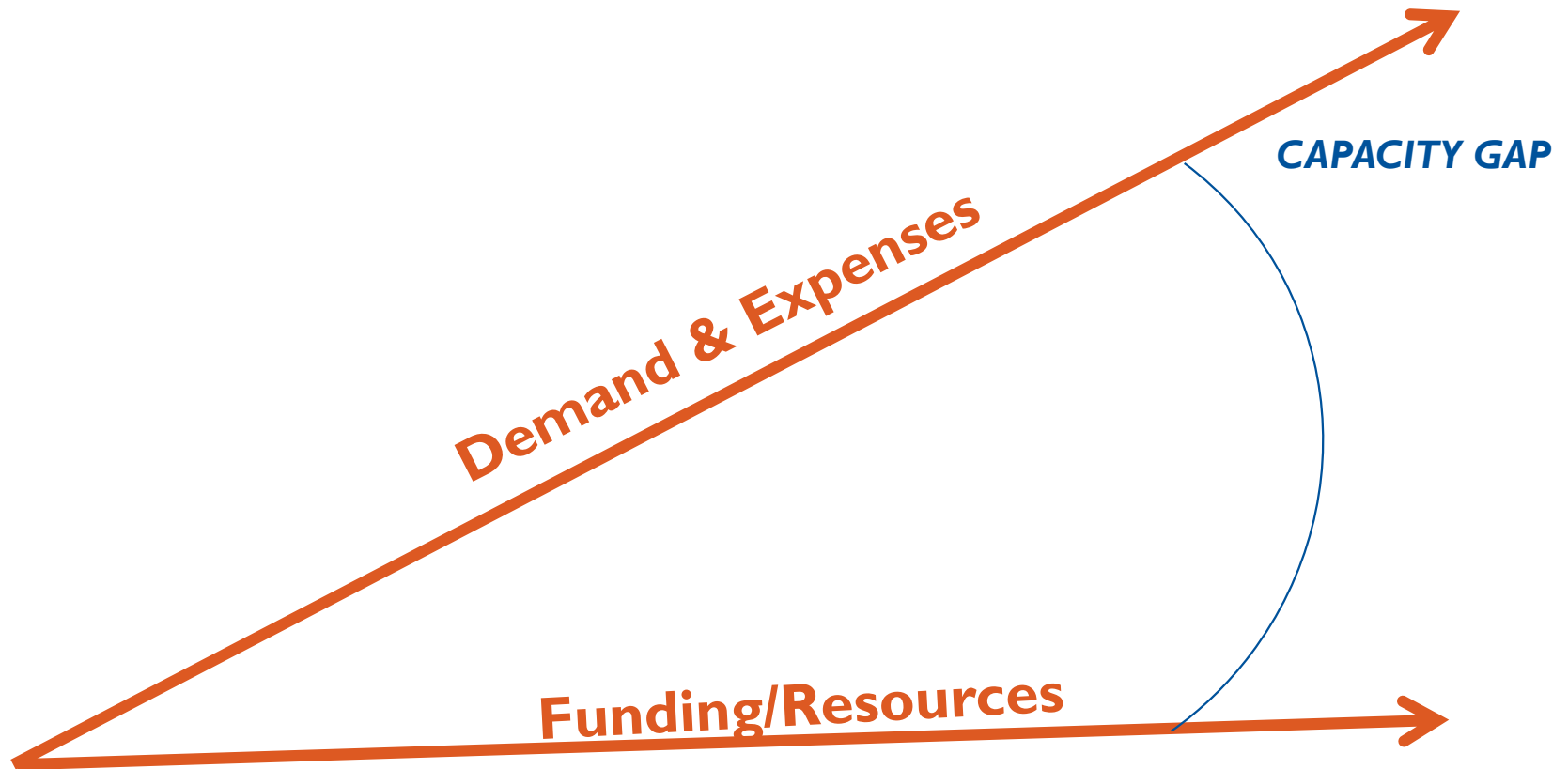


- **34,000+** 501(c)(3) orgs in NJ
- **324,000** employees
 - **9.7%** of the state's private work force
 - More than construction, transportation, public utilities, finance and insurance industries
- **\$42 billion** in expenditures annually
- **1.6 million** volunteers providing **\$5.3 billion** in service

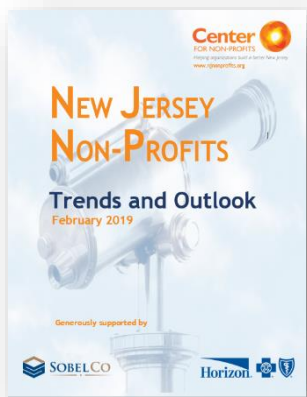
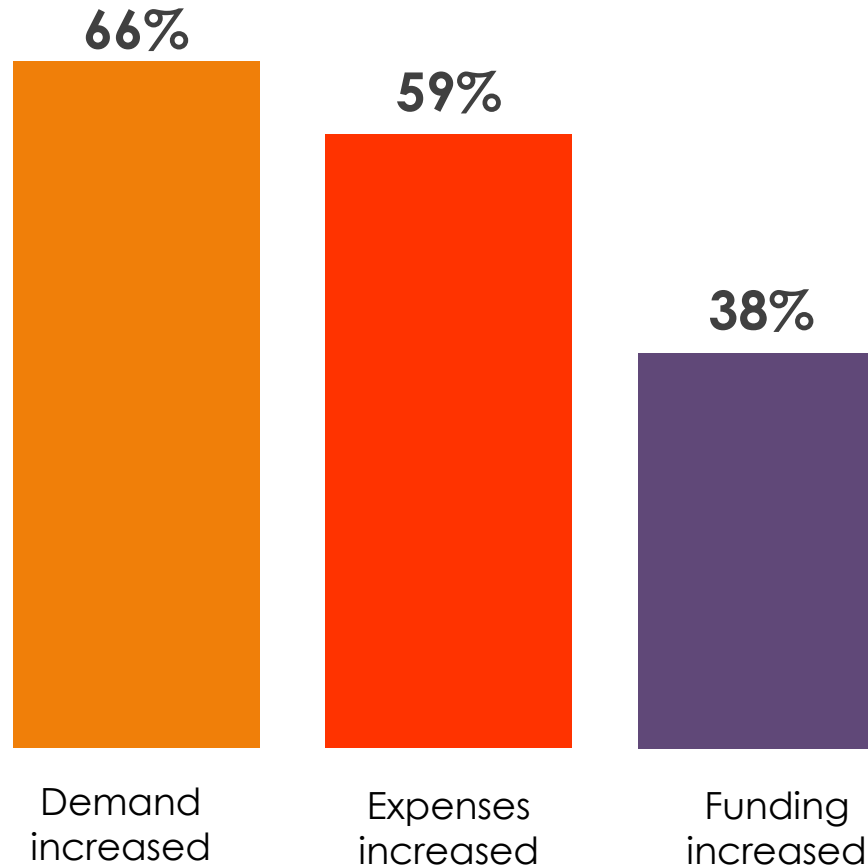
Sources:

IRS Business Master File of Exempt Organizations; Urban Institute National Center for Charitable Statistics; U.S. Bureau of Labor Statistics; Corporation for National and Community Service; Independent Sector

Resource Squeeze



More nonprofits reported increased demand for services and expenses in 2018 than funding increases



Center for Non-Profits, *New Jersey Non-Profits: Trends and Outlook, 2019*
(n=193)

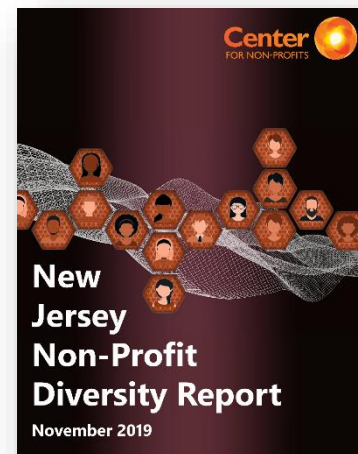
Volatile Policy Landscape



People of Color are Significantly Underrepresented among New Jersey Non-Profit CEOs and Boards.

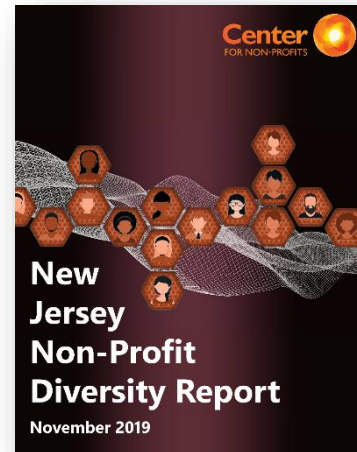
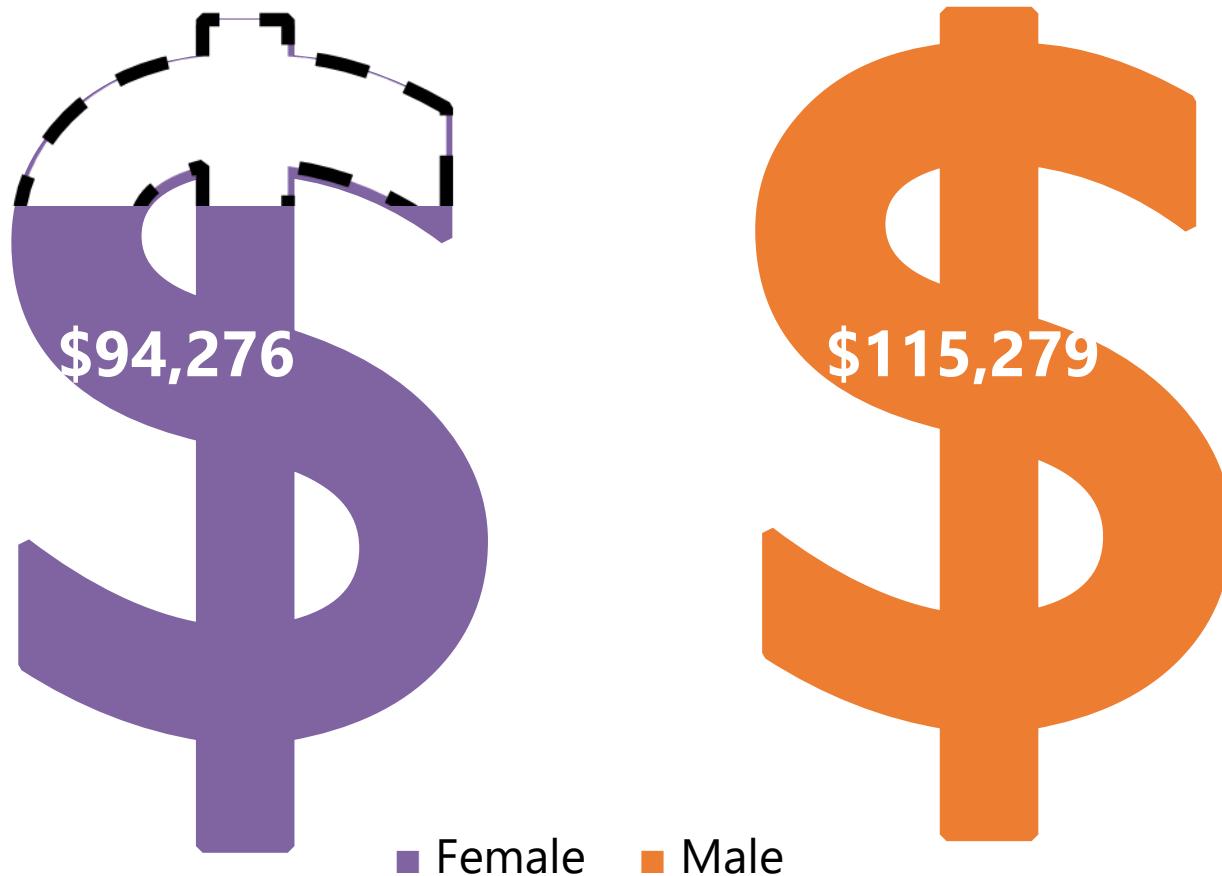


- **79%** of CEOs in our survey were white, compared with 64% of staff overall.
- **79%** of board members in responding organizations were white.



Source: Center for Non-Profits, *New Jersey Non-Profit Diversity Report*, 2019

On average, female CEO salaries are
22% less
than salaries of male CEOs



Source: Center for Non-Profits, *New Jersey Non-Profit Diversity Report*, 2019

SOME UNIVERSAL TRUTHS

- We're all in this together.
- Funding for nonprofits is lagging behind the rising demand for their services.
- Foundations & corporations can't fill the gaps in government funding.
- A strong relationship will almost always improve outcomes.
- Being human, missteps are inevitable, and learning opportunities endless.

“Everyone Deserves a Fair Slice”

View the video at

<https://www.youtube.com/watch?v=-gELZnORV4U>



Hallmarks of a good relationship

- ❖ Mutual Trust
- ❖ Humility & Empathy
- ❖ Proactive Communication
- ❖ Joint Mentorship
- ❖ Tolerance for Discomfort
- ❖ Consistency



Below are potential hallmarks of great funder-nonprofit relationships that can help you identify opportunities for improvement. For each statement, place an **X** in the column that best describes the frequency with which you demonstrate the behavior.

HALLMARK	NEVER	SOMETIMES	OFTEN	ALWAYS
MUTUAL TRUST				
I work to build a genuine relationship with others.				
I assume the best intentions in others.				
I follow through on requests in a timely manner.				
I care about others' personal and professional well-being.				
HUMILITY				
When making decisions, I seek to include the perspectives of those we serve.				
I seek to truly understand, and not assume, how others view issues.				
I consciously check my ego.				
PROACTIVE COMMUNICATION				
I encourage and enable regular communication within and outside of the grant process.				
I actively listen to others' ideas and concerns.				
I set and share realistic expectations for the relationship.				
I am clear and direct in my intentions and needs.				
SHARED EXPERTISE				
I seek out and share relevant knowledge and information, as well as opportunities and challenges, in a timely manner.				
I strive to become more knowledgeable by learning from others' experiences and perspectives.				
I welcome and acknowledge the value of others' knowledge and experience.				
TOLERANCE FOR DISCOMFORT				
I acknowledge to others when I have made a mistake or when priorities/expectations are misaligned.				
I seek feedback on ways I can improve the relationship, and act upon it.				
I acknowledge the existence of the power dynamic and actively work to minimize it.				

POLL

WHICH OF THESE RELATIONSHIP
FACTORS DO YOU FEEL IS YOUR
STRONGEST?



TRUST



HUMILITY/
EMPATHY



PROACTIVE
COMMUNICA
TION



SHARED
EXPERTISE



TOLERANCE FOR
DISCOMFORT

POLL

**WHICH OF THESE RELATIONSHIP
FACTORS DO YOU FEEL YOU NEED
THE MOST IMPROVEMENT?**



TRUST



**HUMILITY/
EMPATHY**



**PROACTIVE
COMMUNICA
TION**



**SHARED
EXPERTISE**



**TOLERANCE FOR
DISCOMFORT**

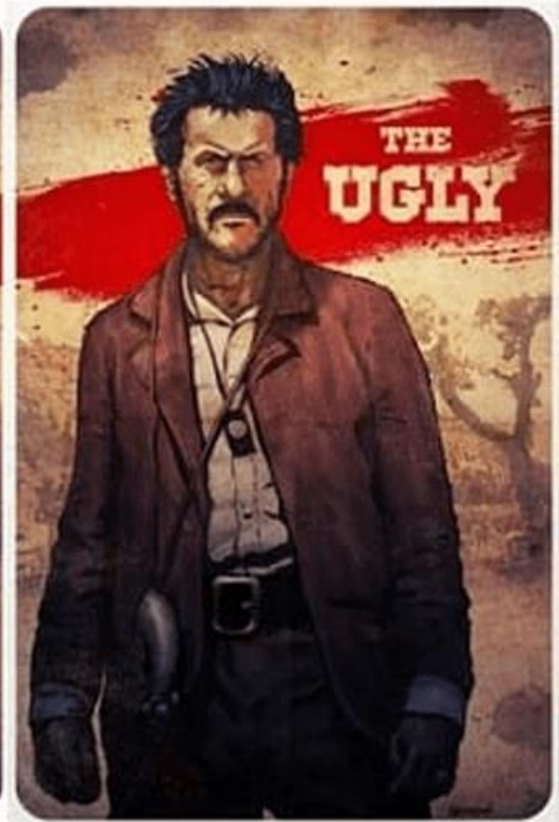
What's the negative impact of the power dynamic in the real world?



Appreciating different perspectives: *“walking in the other person’s shoes”*



What nonprofits see ...



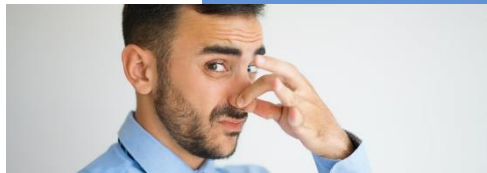
Hero stories about grantmakers!



Horror stories to avoid repeating



How Grantmakers Can Help





How ***nonprofits*** can help ***funders***

Provide vital programs and services

Expertise on a wide range of issues

Grounded in the community

Partner on mission-focused programming

Facilitate connections to key stakeholders

Encourage communication/dialogue

Grantmakers and Nonprofits Can Help EACH OTHER



**Additional
thoughts**

Fund General Operations

General support:

- Provides organizations the flexibility to address their most pressing challenges.
- Allows organizations to be nimble to respond to unanticipated needs.
- Provides resources needed for “un-sexy” items like audits, insurance, technology – **and salaries.**
- Demonstrates a level of respect, trust and confidence in the grantee’s expertise.

Real-Cost Funding

Report: New Jersey “Worst” at Paying Non-Profits Full Cost of Services

FOR IMMEDIATE RELEASE

May 15, 2014

According to the Urban Institute report, 76% of New Jersey non-profit survey respondents, ***the highest percentage in the country***, indicated that contracts that don't cover the full costs of providing services is a problem.

Multi-Year Grants

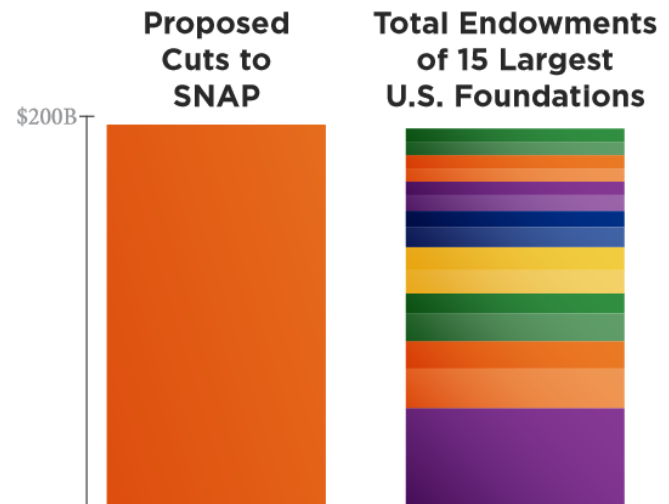
Similar to general support, multi-year grants:

- Boost financial stability of grantees
- Allows “breathing room” and greater room for strategic thinking.
- Recognize that many problems that non-profits are tackling are long-term and complex, and require a commensurate investment and patience.
- Convey respect, trust and confidence in the grantee.

Fund Advocacy

▶ **Foundations Can't Replace Government Cuts** (even if they wanted to)

Consider: The White House proposed cutting \$193 billion from the Supplemental Nutrition Assistance Program (SNAP). It didn't happen, but if it had, the amount of money needed to replace such a large funding gap would have required the equivalent of the 15 largest foundations in the country (such as the Gates Foundation and Ford Foundation) to cash out all their assets and permanently close their doors.



Funding advocacy is LEGAL, it leverages the impact of your grants, and fosters systemic solutions to complex social problems.

Streamline Applications & Reports



[Photo: Christa Dodoo, Unsplash.com]



Foster Honest Dialogue

A word cloud featuring the word "YES" repeated numerous times. The words are rendered in different sizes, orientations (horizontal, vertical, and diagonal), and colors (black, white, and grey). They are densely packed against a black background, creating a complex, abstract visual texture. Some words are larger and more prominent, while others are smaller and less distinct. The overall effect is a sense of constant affirmation or a chaotic, repetitive pattern.

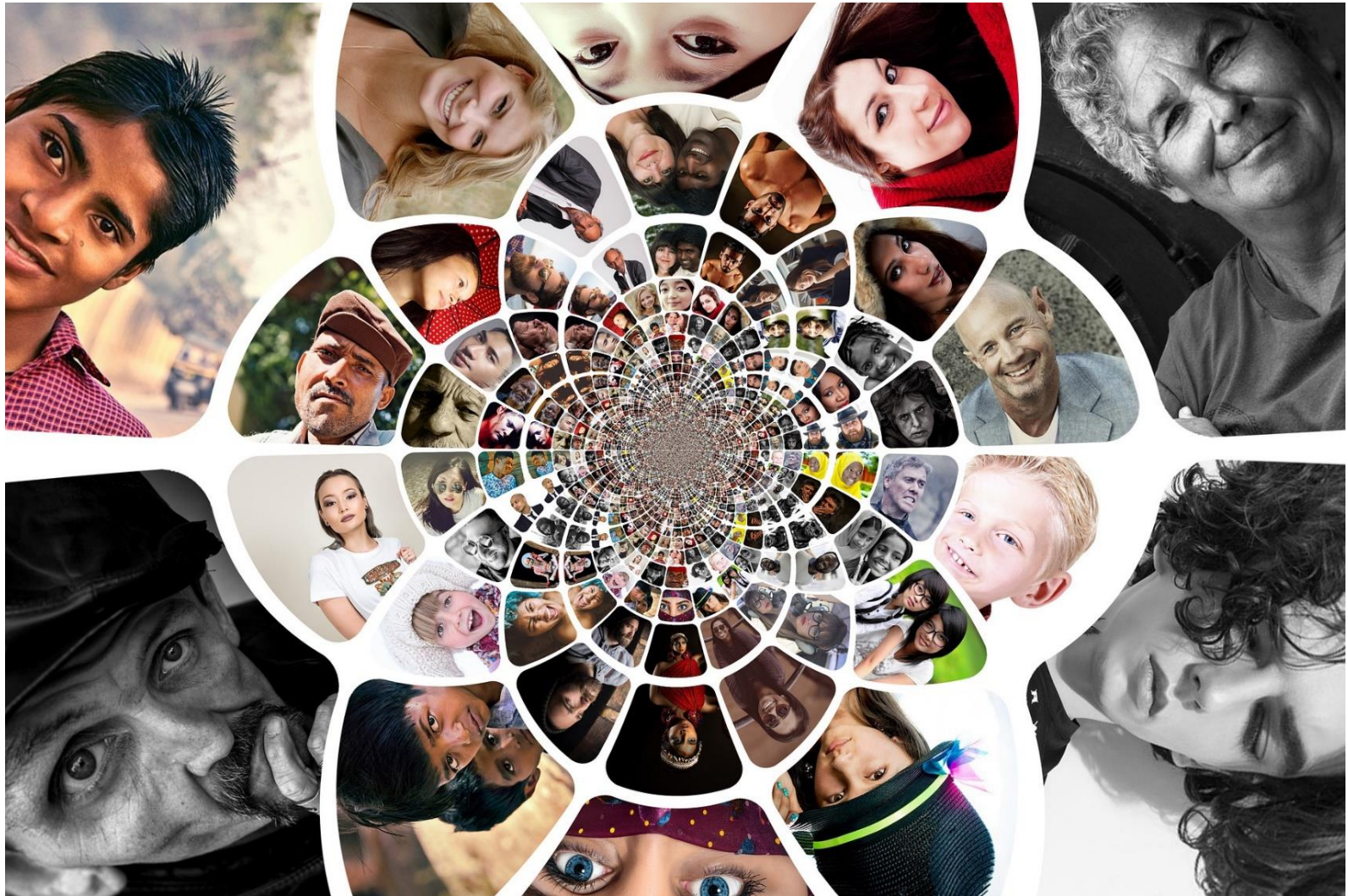
A word cloud in the shape of a heart. The word "YES" is the dominant word, appearing in many sizes and orientations to form the heart's shape. The word "NO" is also present, appearing in various sizes and orientations, primarily in the lower right area of the heart. The words are densely packed, creating a textured, pixelated appearance.

A word cloud featuring the words "ON" and "NO" in various sizes and orientations, creating a dense, abstract composition. The words are arranged in a way that they overlap and fill the space, with "ON" appearing more frequently than "NO". The font is a clean, sans-serif typeface. The overall effect is a visual representation of a binary choice or a constant state of being.

A word cloud in the shape of a heart, composed of the words "NO" and "ON" in various sizes and orientations, representing the "No on 11" campaign. The words are arranged to form the outline and internal structure of the heart, with "NO" and "ON" being the only words used. The words are in different sizes and orientations, creating a dynamic and visually appealing composition. The heart is centered on the page, and the words are arranged to fill the space within the heart's outline. The overall effect is a clear and powerful visual statement of the campaign's message.

Are we sending mixed signals?

Diversity/Equity



Open Communications

“Keeping the bridge open between foundations and nonprofit organizations is critical to effective grantmaking and communication about the successes and failures of nonprofit goals and strategies.”

Phil Buchanan, Center for Effective Philanthropy

A Call to Action: What You Can Do

Although the challenges can seem daunting, nonprofits can overcome them by sticking to the basics. In our view, these are:

Michael Weekes, President and CEO of the Providers' Council, addresses a rally of the Caring Force at the Massachusetts State Capitol (image courtesy of Providers' Council).



**PROTECT THE
PUBLIC TRUST**



**AMPLIFY THE POWER OF
NONPROFIT NETWORKS**



**EMBRACE DIVERSITY,
EQUITY AND INCLUSION**



**ADVOCATE FOR
YOUR MISSION**



Some Resources



Finding Balance: Addressing Grantmaker-Grantee Power Dynamics Head-on

A Program for the Council of New Jersey Grantmakers - December 13, 2019

RESOURCES

Trust-Based Philanthropy Project

- *An Overview of Trust-Based Philanthropy* – <https://trustbasedphilanthropy.org/resources-index>
- *Trust-Based Philanthropy: An Approach* (a two-page guide) <https://static1.squarespace.com/static/5c12acc8af209676c74c9961/t/5dceec66ab89427a158c55f/1573842121644/TBPP-two-pager-111419.pdf>

Exponent Philanthropy

- *Great Funder-Nonprofit Relationships Toolkit* – www.exponentphilanthropy.org/publication/great-funder-nonprofit-relationships-toolkit/

National Council of Nonprofits

- *Recipe for the secret sauce of great funder/nonprofit relationships* – www.councilofnonprofits.org/thought-leadership/the-secret-sauce-of-great-funder-nonprofit-relationships

Grantmakers for Effective Organizations

- *We Are In This Together: A Letter to Philanthropy* – <https://www.geofunders.org/about-us/perspectives/we-are-in-this-together-a-letter-to-philanthropy-33>

Center for Effective Philanthropy – “CEP exists to help foundation leaders and major donors by providing resources to help them maximize their effectiveness.”

- www.cep.org

Vu Le, Nonprofit AF (blog) – numerous posts, such as:

- *Foundations, how aggravating is your grantmaking process? Use this checklist to find out* – nonprofitaf.com/2017/01/foundations-how-aggravating-is-your-grantmaking-process-use-this-checklist-to-find-out/
- *Grantseekers, how irritating are you to funders? Use this checklist to find out* – nonprofitaf.com/2017/01/grantseekers-how-irritating-are-you-to-funders-use-this-checklist-to-find-out/

PEAK Grantmaking

- *Courage in Practice: 5 Principles for Peak Grantmaking* – www.peakgrantmaking.org/wp-content/uploads/Courage_in_Practice-Principles_for_Peak_Grantmaking.pdf

GrantAdvisor.org – “A safe way to anonymously give and receive feedback on grantmaking.”

- www.grantadvisor.org

(over)

Great Funder-Nonprofit Relationships

THE HALLMARKS OF GREAT RELATIONSHIPS

Often in the complex funder-nonprofit relationship, it seems that nonprofits do the asking, reporting, and proving, while donors sit in positions to say yes or no, how much, when, and what's required.

Achieving a different, deeper relationship takes more than just good intentions—it takes flexibility, finesse, and a sincere desire to acknowledge and address the power dynamics at play.

Our time spent with funders and nonprofits revealed these hallmarks of strong relationships:

- ✓ **Mutual trust**—Trust is the cornerstone of any great relationship—in philanthropy or elsewhere. Trust increases over time as you get to know the other person and develop a clear sense of who they are and what motivates them.
- ✓ **Humility**—In a relationship, having humility and empathy for your partner opens the door for open and honest feedback.
- ✓ **Communication**—Communication is essential in building healthy, long-lasting, and open relationships.
- ✓ **Shared expertise**—Both funders and nonprofits can benefit from by taking a step back and listening to one another's insights.
- ✓ **Tolerance for discomfort**—The power dynamic between funders and nonprofits can be burdensome for both. Each side must be willing to do the work necessary to build a strong, healthy relationship.

Creating space to explore these competencies with those involved in your philanthropy will set you on a path to transform your philanthropy from transactional to transformational.

In the following pages, you'll find a diagnostic meant to assess the state of your relationships with nonprofit grantees. Since every relationship is different, we encourage you to take the diagnostic with a specific relationship in mind.

You'll also find benchmarks based on hundreds of diagnostics collected from your fellow funders, as well as tactics for improving aspects of your funder-nonprofit relationships.

2

~ excerpt from *Great Funder-Nonprofit Relationships Toolkit*, Exponent Philanthropy ~
www.exponentphilanthropy.org/publication/great-funder-nonprofit-relationships-toolkit/

Connect with the National Council of Nonprofits

- Through the Center for Non-Profits
- On Twitter @NatlCouncilNPs
- By signing up for *Nonprofit Advocacy Matters* and *Nonprofit Knowledge Matters* at www.councilofnonprofits.org/connect



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in
touch!



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@njnonprofits

njnonprofits.org



“Thanks to you both for serving as such outstanding role models, not only for state associations of nonprofits and regional associations of grantmakers around the country, but for all community leaders.”

*Tim Delaney
President & CEO,
National Council of Nonprofits*

THANK YOU!

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Blog:

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