LESSONS FROM THE FIELD

IMPROVING THE GRANTEE EXPERIENCE AT THE DAVID AND LUCILE PACKARD FOUNDATION

"Quality interactions" and "clear communications" are largely intangible concepts. Yet leaders at the David & Lucile Packard Foundation successfully identified the elements of quality interactions and clear communications with grantees and translated them into concrete criteria that help guide staff's daily work.

These Grantee Experience Standards were created and implemented as part of a larger change effort. Having commissioned The Center for Effective Philanthropy's (CEP's) Grantee Perception Report® (GPR) twice, in spring 2004 and fall 2006, Packard used the CEP grantee survey as a template for developing the standards – and will use future GPRs to measure how well program staff carry them out.

By creating simple, clear rules of engagement and communicating them to staff and to grantees, Packard is strengthening its relationship with grantees in an effort to create more positive impact in the areas it funds.

David and Lucile Packard formalized their passion for philanthropic causes when they established their foundation in 1964. Based in Los Altos, California, the Foundation in 2007 had assets of $6.3 billion and a staff of 92. The Packard Foundation focuses on conserving the earth's natural systems, advancing reproductive health, and improving the lives of children. It pursues these goals through three core grantmaking programs:

- Conservation and Science – "seeks to protect and restore our earth's oceans, coasts, and atmosphere and to enable the creative pursuit of scientific research toward this goal";

- Population – "seeks to slow the rate of growth of the world's population, to expand reproductive health options among the world's poor, and to support reproductive rights";

- Children, Families and Communities – "seeks to ensure opportunities for all children to reach their potential."

The Packards understood and emphasized the importance of treating people well – including grantees. One of the Foundation's core values, "respect for all people," demonstrates that commitment. "Some of the stories that are told about Lucile in particular really elaborate on how she expected the foundation staff to interact with grantees," explains President and CEO Carol S. Larson. "Her entire orientation was one of respect for the grantees and also respect for their leadership." But even when core values are deeply embedded in a foundation's culture,

Grantee Surveys at Packard

Packard has a tradition of soliciting feedback from its grantees. Beginning in 1996, it commissioned periodic third-party surveys to gauge how its grantees thought it was doing. "These surveys had similar categories to the GPR about grantees' relationship with the Foundation and its responsiveness," recalls Packard CEO Carol Larson. "The written comments were most helpful. And the surveys were usually pretty positive, but there were areas to improve. Mostly, though, the process was a safety valve that allowed grantees to provide feedback anonymously, and it gave us a mechanism to learn about ourselves."

The GPR, she says, was a continuation of that process – but the comparative data adds important value. "We are a little competitive, so we love being able to see where we rank against a cohort of foundations like ourselves and whether or not we fall below our peers. It really leads to a good discussion here about ways to improve and helps us think about things we want to emphasize," she says. Packard is also willing to let others see how they rank – the Foundation posts its GPRs on its Web site so that anyone can read them.[1]

Packard will continue to measure its progress on the Grantee Experience Standards and many other dimensions by regularly engaging the GPR. According to Larson, the GPR not only helps Packard assess and compare its performance to other foundations, it provides a vehicle for communicating with the Foundation's staff and Board of Trustees.

"The GPR has identified areas for us to fine-tune and improve on. And the main one is communication about what we are doing," she says. "But more broadly than that it has become a source of information and part of the discussion between the staff and the Board about what we expect of staff vis-à-vis grantees – what grantees appreciate, and what that means in terms of how many staff we need to have."

Packard's changes – spurred by the GPR – appear to be making a difference. When compared with others in CEP's data set, Packard's ratings on responsiveness to grantees moved from the 33rd to the 51st percentile; and its ratings on approachability climbed from the 32nd percentile to the 65th.[2]

[1]Visit www.packard.org, and click on "How We Operate" to view Packard's GPRs.
[2]Packard's 2004 ratings in these two areas were typical for large, national foundations in CEP's data set.

printed in its literature, and posted on its Web site, there is no guarantee that staff members all understand and carry them out in the same way.

Larson joined the Foundation in 1989 as director of research and grants, law and public policy. During that time, she tackled child health and welfare issues, and edited and wrote about them for the journal *Future of Children*. Larson next served as Packard's director of programs from 1995 through 1999 and was made a vice president in 2000. She was appointed president and CEO in 2004 and, in 2005, she began to re-examine specific areas of the Foundation's work. "The Foundation had been through both big growth and downsizing in the early 2000s, so we had a lot of systems in place that weren't very clear. The data we were collecting, the forms we were creating – they weren't all aligned with our size at the time," she says.

Data Points

One source of information that Larson turned to was Packard's 2004 GPR, an assessment tool administered by CEP. The GPR is based on a comprehensive survey of grantees covering a wide range of issues – from interactions during

the grant application and reporting processes to perceived foundation impact. Providing both qualitative and quantitative information, the GPR gives foundations comparative data on its grantees' perceptions – allowing them to see how their ratings compare with those of their peer foundations.

While Packard had commissioned a third party to survey its grantees in the past, the GPR added a new component to grantees' input. Larson says, "The comparative nature of it is terrific, and the amount of analysis that we're able to do is much more sophisticated than anything we were doing before."

For example, Packard's survey includes customized questions asking grantees to indicate which program and program officer they worked with. The resulting

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report enables executive management to assess how individual programs measure up to one another and how individual program officers compare with their colleagues at Packard – and with their counterparts at other foundations. Recognizing the power of this externally collected data, Larson asked her team to focus on the Foundation's GPR results and use them as a basis for pinpointing ways to improve.

Packard's GPR results were generally positive. Overall satisfaction ratings were similar to the ratings grantees gave the median foundation in CEP's data set. On other dimensions – the helpfulness of Packard's selection processes in strengthening grantees' organizations and programs, its reporting/evaluation processes, and its impact on grantees' organizations

and their fields of work – Packard's grantees rated the Foundation more positively than grantees of both the median and the median large foundation.

But two areas of concern emerged: communications and interactions. One of the major findings of Packard's 2004 GPR was that its grantees rated the Foundation less positively than the median foundation on clarity of communication of its goals and strategies. That dimension is particularly significant: When a foundation is clear about communicating its goals and strategies, its grantees are a better fit for its work, which in turn enables the foundation to advance its mission more effectively.

On survey questions related to interactions, Packard's ratings were typical when compared with the averages of the 142 other foundations in CEP's data set, but Larson wanted to strengthen these ratings as well. "I knew from being inside the Foundation that it would be really helpful to our staff as well as to the grantees to be more transparent about what we expected of ourselves and to share those expectations with grantees, so that they would know what they could expect from us," she explains. As a result, she set a goal for the Foundation to establish written standards for how staff should communicate with grantees.

Creating Grantee Experience Standards

Larson assigned the task of creating the standards to Packard's human resources director, Stephanie McAuliffe. Like Larson, McAuliffe has put in significant time at Packard, leaving an HR position at Wells Fargo Bank to join the Foundation in 1998. In addition to directing HR, McAuliffe manages Packard's Orga-

nizational Effectiveness, Special Opportunities, and Philanthropy grantmaking funds, which enhances her perspective and understanding of the Foundation's daily work.

Knowing she would gain greater buy-in from staff by using a participative process, McAuliffe folded creation of the Grantee Experience Standards into an already-existing, tightly structured change program nicknamed Pi-Fi, which had 14 teams tackling a number of areas where internal operations could be improved.[3] Representing a significant percentage of Packard's staff, Pi-Fi team members held a wide range of positions at the Foundation – from administrative staff to senior executives. The team developing the Grantee Experience Standards comprised McAuliffe; Don Lauro, program officer for Packard's Population Program; Kathy Barton, a program associate working with Lauro; and Mary Shipsey Gunn, manager of grantmaking in Pueblo, Colorado.

WHEN A FOUNDATION IS CLEAR ABOUT COMMUNICATING ITS GOALS AND STRATEGIES, ITS GRANTEES ARE A BETTER FIT FOR ITS WORK, WHICH IN TURN ENABLES THE FOUNDATION TO ADVANCE ITS MISSION MORE EFFECTIVELY.

"Carol asked for customer service standards, and I had participated in that process many times at Wells. Coming from the corporate world, I knew it required focusing on the customer experience," McAuliffe says. Over the course of a few half-day meetings, the team literally took apart Packard's GPR. "We took out scissors and cut it up. Then we backed into the components of the grantee experience and identified all the touch points the grantees have with the Foundation," she recounts.

Continuing to use the GPR as a guide, the team divided the grantee relationship into six phases. These include:

- Proposal and selection process
- Development, oversight, and evaluation
- Implementation of work
- Final reporting/evaluation on grantee work
- Renewal process
- End of project/relationship

Then they identified the activities – or components – that support each phase. For example, components that fall under the proposal and selection process include articulating program strategy and setting clear expectations regarding process and timing.

After compiling the six phases and their corresponding components into a spreadsheet, the team asked program staff to review them and share their perception of how important each one was to the Foundation in terms of its values and desired outcomes; how important it was to grantees; and how well each component lent itself to a standard. The team also hosted two focus groups – one made up of senior staff not involved in the Pi-Fi program and another with Packard's evaluation experts. "These folks asked really good questions and added rigor to the process," says McAuliffe.

Based on that combined input, the team made recommendations that were reviewed by Larson and program executives. The year-long process, completed in January 2006, yielded four standards that clearly set out what grantees could expect from program staff.

Creating standards that set the bar neither too high nor too low was challenging. In the end, the team opted for basic standards that would truly apply to all grantees *(see sidebar, page 5)*. For example, a standard regard-

ing site visits was eliminated because Packard cannot visit every grantee. "While we think site visits are really important," says Larson, "we didn't want to hold ourselves to doing that for every grantee and every grant to them. And similarly, for final reports

from grantees, the standards allow the program officer to discuss the report in person or in writing with the grantee. We didn't want to overly legislate how a program officer handles that. But we do know from the GPR that if people actually have personal contact and conversation about the report, it correlates with higher satisfaction. So we started with something that was more flexible – but we can continue to evolve these standards."

Putting the Grantee Experience Standards into Action

Because the Pi-Fi process had built-in communication that included weekly updates and the posting of key progress to the intranet, program staff were notified regularly about the development of the standards. Once the Grantee Experience Standards had been finalized, leadership unveiled them to program staff at a meeting in January 2006.

Packard leadership also devised several ways to communicate the standards to grantees. First, they posted them on the Foundation's Web site. Second, a card listing the expectations goes out with every grant award letter *(see card, page 7)*. "I really like that it's sent in every award letter," says Larson. "It's not only important for the standards you set, it's just as important for the tone and communicating the value that we want to reinforce here."

Packard also designed ways to ensure grantees could evaluate the Foundation's fidelity to the standards. The card that comes with each award letter encourages feedback and provides a link to a Web-based ombudsman where grantees can remark upon their experience. The site allows grantees to communicate their feedback on the standards either via email, or by responding to one or two statements about each standard indicating varying degrees of agreement or disagreement. For example, under

Packard's Grantee Experience Standards

1. You will be provided with realistic expectations about the proposal process and timing.

2. You will receive a response to your email or phone inquiry (or a notification that the Foundation staff member you are contacting is out of the office) within three days.

3. When you speak to a program officer, you will receive clear communication about the subprogram strategy and where the work of your organization fits into that strategy.

4. You will receive a response to your final report within 60 days in which we acknowledge and comment briefly on the substance of your work.

"Clear Communication," grantees respond to the following statement: "Foundation staff clearly articulated how my organization fits into the overall strategy of their program." The site also provides space for individual feedback.

Packard also added customized questions to its 2006 GPR asking grantees to rate Packard's performance on each of the standards. Administered several months after the standards were implemented, the 2006 GPR provides a baseline against which future GPR results will be weighed as the Foundation tracks progress in key areas of perceived impact and satisfaction – and whether the standards are helping to improve those ratings.

In addition to the online ombudsman and measuring the standards' impact through future GPRs, Packard is also holding individual program staff members accountable for adhering to them. Like all of the other Pi-Fi initiatives, the Grantee Experience Standards were given an accountability component. "There was a superstructure that made it easier for us to get staff to support this plan and integrate it into all the program performance plans," says McAuliffe. And because Packard's GPR results are segmented by program officer, that feedback also informs program officers' performance reviews.

Program officers having trouble adhering to the standards would be given informal coaching, development opportunities – and, if they failed to improve – warnings. "It's the same process we'd use for any other performance issue," says McAuliffe.

Questioning the Standards: Staff Reactions

As Larson noted, Packard's GPR revealed that its grantees were as satisfied as those of other foundations – and the Foundation was rated positively for its impact on fields in which grantees work. So some staff members were understandably perplexed

Codifying Culture at Packard

Although treating people with respect always has been an important value for the Packard Foundation, the Grantee Experience Standards give staff concrete ways to put that value into action. The standards also heightened staff focus on interactions with grantees, fostering the clear communications so essential to a productive relationship. Packard leadership made the intangible tangible by taking the following key steps.

- They added creation of the standards to an already existing change program, providing defined structure and built-in credibility.

- They used a participative process. Soliciting feedback from on-the-ground staff resulted in realistic, manageable standards and enhanced buy-in during implementation.

- They dealt with resistance by providing more information. Clarity on why the standards were necessary promoted their acceptance.

- They made it clear that staff was accountable for adhering to the standards, and were explicit about how progress would be measured.

The David and Lucile Packard Foundation

The David and Lucile Packard Foundation wants all grantees to have a positive experience working with us. We promise the following:

1. You will be provided with realistic expectations about the proposal process and timing.

2. You will receive a response to your email or phone inquiry (or a notification that the Foundation staff member you are contacting is out of the office) within three days.

3. When you speak to a program officer, you will receive clear communication about the subprogram strategy and where the work of your organization fits into that strategy.

4. You will receive a response to your final report within sixty days in which we acknowledge and comment briefly on the substance of your work.

We value grantee communication directly with our program staff to provide feedback on any part of the grantmaking process. If you would like to provide feedback to us directly, please email your comments to granteefeedback@packard.org.

If you prefer to offer feedback confidentially, we invite you to complete an online evaluation administered by Ethicspoint, a third-party ombudsman. To take this short survey, please visit the Web address below.

Your feedback will be reviewed by our staff and, when appropriate, you will receive a response from us that addresses your concerns.

We encourage your feedback

https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=12445

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as to why these standards were receiving such focused attention. Program Operations Manager Curt Riffle oversees the day-to-day operations of the Conservation and Science Program, manages a portion of the program's staff, and is responsible for the program's PRI (program related investment) monitoring and evaluation. He says that many of the program assistants he manages felt that the standards encompassed things they were already doing. "So some people were feeling a bit uncomfortable and began asking, 'Is there a problem? And if there is a problem, how is that going to be handled?'" he recalls.

Riffle dealt with his staff's resistance to the standards by acting as an intermediary, relaying their questions and concerns to leadership and then providing them with answers. "I think the one thing that helped the most was just clarifying why we are doing this," he says. "We weren't doing this because there was a problem. We weren't doing this because Carol wanted to spy on us. It was something that we do anyhow. It's just good practice to give grantees informa-

tion and the vehicle to complain if there's an issue."

The Web-based ombudsman also unnerved a few staff members. "But as people thought more about it, they asked themselves, 'Why am I worried?' We have good relationships with our grantees. If something did come in, it would either be from a misunderstanding or from a very disgruntled grantee," Riffle says.

Sandra Bass, a program officer who works on special projects for Carol Larson, was instrumental in setting up the ombudsman portion of Packard's Web site. In that role, she also fielded questions from staff who were worried about the possibility of anonymous feedback on their work. Like Riffle, Bass suggests that clear communication is the best antidote to staff concerns – not just for Packard, but for any organization. "I think you need to think about, as a culture, as an organization, whether you are really saying that this is your core value. Because we do – and I think that helps deal with some of the fear," she says. "It's not about trying to find the people who aren't doing their jobs. It's about what is important to us. We are going to start measuring it. Not so we can

make people feel bad, but because we want to understand as an organization how we can embed this in our culture."

Although he played a major role in creating the standards, Senior Program Manager Don Lauro wishes that they were a bit more demanding. "I don't think we went far enough. I think they are meant to be exceeded. I don't think you should be happy if you're getting back to grantees [about a report] within 60 days – but that's not bad. At least you are getting back to them, which may not have always been the case. They're things to work for, and if we are going for excellence, something to really exceed."

Reaping the Benefits

According to McAuliffe, one benefit of the standards is that they give new program officers a tangible way to put Packard's values into action. "It's one of the nice, concrete pieces that they get, and it's probably one of the more comforting things because it's specific," says McAuliffe. "These jobs are sort of confounding, because so much of what they're doing is not spelled out – like figuring out how to get consumers to only want to eat certified fish or how to have pre-school for all 3- to 4-year-olds in California within 10 years. They have these very big, very audacious goals to shoot for."

Although some at Packard may have felt that the Grantee Experience Standards simply codified what people were already doing, Riffle, Larson, and Lauro find they help keep staff on track. According to Riffle, "It did reset us in that we may have been getting a bit lax on some of these things." The standards have helped even Carol Larson sit up and take notice – her assistant now flags emails from grantees in her inbox that are in danger of going unanswered within the three-day timeframe specified by the standards. "I

know I still have some red flags that don't get taken off fast enough," she admits, adding that her assistant often will provide a timely response when she cannot.

"IT'S JUST GOOD PRACTICE TO GIVE GRANTEES INFORMATION AND THE VEHICLE TO COMPLAIN IF THERE'S AN ISSUE."

Larson says the standard for responding to final reports from grantees within 60 days has been particularly effective. "That was a big area where it was very easy for someone to get so focused on making the grant and staying in touch with the grantee while they were applying. But when that's over and the report comes in, I think that was an area that we put less attention on. We were on to the next grant. It wasn't something that was a red flag for us. And I think that that's wrong because we shouldn't be asking for reports if we're not going to value them or read them."

Lauro concurs, noting that the standards have given him an iron-clad rationale for spending time on something he had always felt was important. "It's made me more sensitive to timely responses. I think there is a tremendous unevenness at the Foundation in terms of giving substance and feedback to grantees on reports. And that was a particular priority with me because I had been a grantee. I had poured my heart into a final report to sum up this great project I had done – and then nothing. So when I came to Packard, that was the standard I wanted to maintain, but I certainly wasn't always able to keep to it. Other things had intervened. It's now high on my priority list. If I have 10 to 20 things to do in a day, I might not get to the report that day, but I'm certainly going to get to it that week. And I'll really go through it and give a substantive response."

The standards appear to have already contributed to improvement in the grantee experience. The survey for Packard's second GPR was conducted in September and October of 2006, nine months after the standards were implemented. The Foundation made statistically significant improvement from its 2004 report in ratings on two out of three grantee interaction dimensions covered on the survey: responsiveness and approachability.

According to Larson, the multi-pronged approach to implementing the standards has had definite, positive cultural benefits. "To put it into people's performance plans that they're expected to meet these standards. To make it a basis of conversation between a supervisor and employee about how this goes. To know that it's going to be part of the GPR and that it's on our Web site and that there is an ombudsman who is a third party that one can report to. It just orients everyone to the notion that these are just very important values – to be responsive and to help the grantee have a good experience with the Foundation. And, we're going to pay attention to them, through lots of different methods."

Judith A. Ross is senior research writer for CEP.

What Grantees Value in Their Foundation Funders

In *Listening to Grantees: What Nonprofits Value in Their Foundation Funders* (2004), CEP sought to go beyond comparisons of individual foundation grantee perception data and address findings more globally through analysis of our Spring 2003 survey round, which included 3,184 grantees of 30 foundations. We identified three factors – which we refer to as the three dimensions of foundation performance that grantees value in their foundation funders – that best predict variation in overall grantee satisfaction.

1. Quality of interactions with foundation staff: fairness, responsiveness, and approachability

2. Clarity of communications of a foundation's goals and strategy: clear and consistent articulation of objectives

3. Expertise and external orientation of the foundation: understanding of fields and communities of funding and ability to advance knowledge and affect public policy

According to the study, these characteristics carry more weight than others – such as type of support – that are often posited as the keys to optimizing the relationship between funders and grantees. "In fact, it is evident that foundations that have a wide range of grantmaking patterns – in terms of size, type, and length of support and degree of administrative requirements – can have very positive relationships with grantees. But it is essential to perform well in each of the three dimensions for a foundation to receive the highest rating."

Listening to Grantees explores these three dimensions and their implications. Each of the three dimensions requires investment: adequate staff to be responsive to grantees, effective communication tools, and development of program staff expertise.

About the Center for Effective Philanthropy

The Center for Effective Philanthropy (CEP) is a non-profit organization focused on the development of comparative data to enable higher-performing foundations. CEP's mission is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness and impact.

This mission is based on a vision of a world in which pressing social needs are more effectively addressed. It stems from a belief that improved performance of funders, and in particular foundations, can have a profoundly positive impact on nonprofit organizations and those they serve.

CEP pursues its mission through data collection and research that fuel the creation of research publications, assessment tools, and programming.

• Research

Since receiving initial funding in 2001, CEP has produced widely referenced research reports on foundation strategy, performance assessment, foundation governance, and foundation-grantee relationships. CEP has created new data sets relevant to foundation leaders and provided insights on key issues related to foundation effectiveness. All of CEP's reports can be downloaded or ordered on our Web site.

• Assessment tools

We have developed widely used assessment tools such as the Grantee Perception Report® (GPR), Comparative Board Report (CBR), Staff Perception Report (SPR), and Stakeholder Assessment Report (STAR). Nearly 175 foundations, most among the largest in the country, have used the CEP's assessment tools – most implementing significant changes on the basis of what they have learned.

• Programming

CEP offers programming for foundation trustees, CEOs, senior executives, and trustees. CEP's programming features our latest research and highlights exemplars in the field. Conferences are candid, hard-hitting, and practical, bringing foundation leaders together to learn from each other and set a higher standard for foundation performance. Conferences feature sessions on strategy development, performance assessment, governance, and leadership.

Although our work is about measuring results, providing useful data, and improving performance, our ultimate goal is improving lives. We believe this can only be achieved through a powerful combination of dispassionate analysis and passionate commitment to creating a better society.

For more information on CEP, including a list of staff, members of the Board of Directors, or members of the Advisory Board, please visit www.effectivephilanthropy.org.

Our Case Studies

This case study is the first in a series. CEP hopes the stories shared through these cases will both help and inspire funders to improve their performance.

We would greatly appreciate your comments and suggestions. Please send your feedback on this case study to comments@effectivephilanthropy.org.

Our Funders

CEP's foundation funders are crucial to our success, supporting research initiatives, the development of new tools, and programming. Funders in 2007 include:

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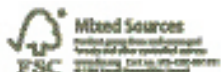The Edna McConnell Clark Foundation
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