Listening for change
Two sides of the same coin

The relationships between funders and social purpose organisations

Report only

What do you think? Tell us via Twitter   #listeningforchange

66

There must be a better way of doing it. Us humans are a brilliant, clever, inventive lot and it must be possible to do it better. If we were designing this from scratch, I doubt we would end up with the same system.

66

In an era of rapid and radical change, the aspect of work which is unfunded is the developmental period of building trust with organisations and other partners . . . In Japanese, there is a horticultural term: Nemawashi, which means digging around the roots of a plant before you transplant it. I would like foundations to consider how they might institute Nemawashi grants.

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Introduction

What is the role of Foundations in the world of the 'new normal' and are we holding ourselves to the same standards and expectations that we demand from those we fund?

Do we need to establish a different set of behaviours and language, ways of working and have greater expectations to make sure of our legitimacy?

Do we need to re-establish trust through a new set of principles and, if so, how do we create standards against which we can benchmark ourselves to make sure that we are truly effective?

Charitable foundations play a key role in supporting social purpose organisations to create a better and more inclusive society. Yet, there is a strong sense from many working with and within the Trust and Foundation world that there is a need to evolve our approaches and models of working in order to achieve greater impact and to better support the sector as it navigates through increasingly uncertain times.

But the starting point for all of our work is surely how best we can serve and enable the people and communities that we resource. This report shares the findings of a survey that captured the views of individuals working in social purpose organisations on key aspects of their relationships with their funders. It complements the body of existing knowledge and research on independent funders and specifically emphasizes the value and importance of listening to those we fund as partners in social change – a key component of a more open model of philanthropy where we can problem solve together.

The idea for the survey initially arose during the Foundational Thinking two day meeting with approximately 50 social change leaders in 2016. The survey findings were presented and discussed at the Association of Charitable Foundations November 2016 annual conference with a large

group of funders. Our aim with this report is to make the data available in order to stimulate debate and in order that it can inform collective discussions about how the sector can continue to improve and evolve its work.

Methodology and intention

The content of this report is based on responses from over 640 individuals working in frontline social purpose organisations completed over a period of three months at the end of 2016.

In the development of the survey we aimed to ask questions that go to the heart of the relationships between foundations and their partners on topics such as accountability, collaboration, communication, trust and understanding. The data for this research was provided anonymously by individuals working in a range of charities and VSOs. Individuals were asked to complete the survey considering one funder only – their most recent – to ensure consistency of responses and that respondents were not considering multiple funders throughout.

This report aims to enable the reflections and views of those individuals working in social purpose organisations to 'speak for themselves'. For this reason, we have deliberately avoided lengthy narrative or analysis, preferring simply to make some concluding remarks. The quotes you see throughout the report were in response to five free text survey questions (the full respondent responses can be seen in Annex 1 and the full survey questions can be seen in Annex 2). We decided to publish them in their entirety – both positive and negative – throughout and in an annex, in order to let the

voices of the many respondents and their reflections come through clearly.

We would like to thank all the individuals who took time to complete this survey – the volume of responses over a short period of time and with minimal 'marketing' from ourselves, suggests not surprisingly that there are strong views about the relationships with funders; that there is a real appetite for collaborative change; and that those on the frontline have rich insights to share.

Help spread the word
Can you help make this report have an effect? Please disseminate as widely as you can. We have #listeningforchange which is starting to establish itself in the sector.

"

The funders are KEY to the health and progress of charities and social justice, and I'm happy to hear you're conducting this review, because the philanthropic sector should adjust.

"

So when I sit down to another application, making sure we fit all the guidelines, I cant help thinking of that Einstein quote that insanity is doing the same thing over and over again and expecting different results.

Survey Respondents

18% 'other'

37% fundraisers

45% CEOs

0 100 200 300 400 500 600 700 800 900 1m 1.1m
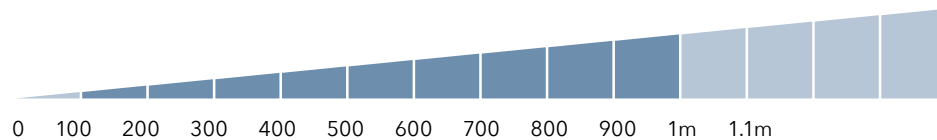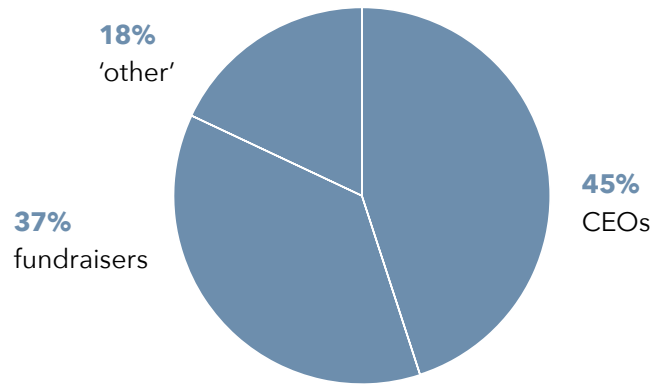
The turnovers of respondents was generally between £100K to £1m, which is in line with national charity composition.

Most of the responses came from organisations based in London and the South East, which is parallel with Trust and Foundation funding.

What do you think? Tell us via Twitter   #listeningforchange

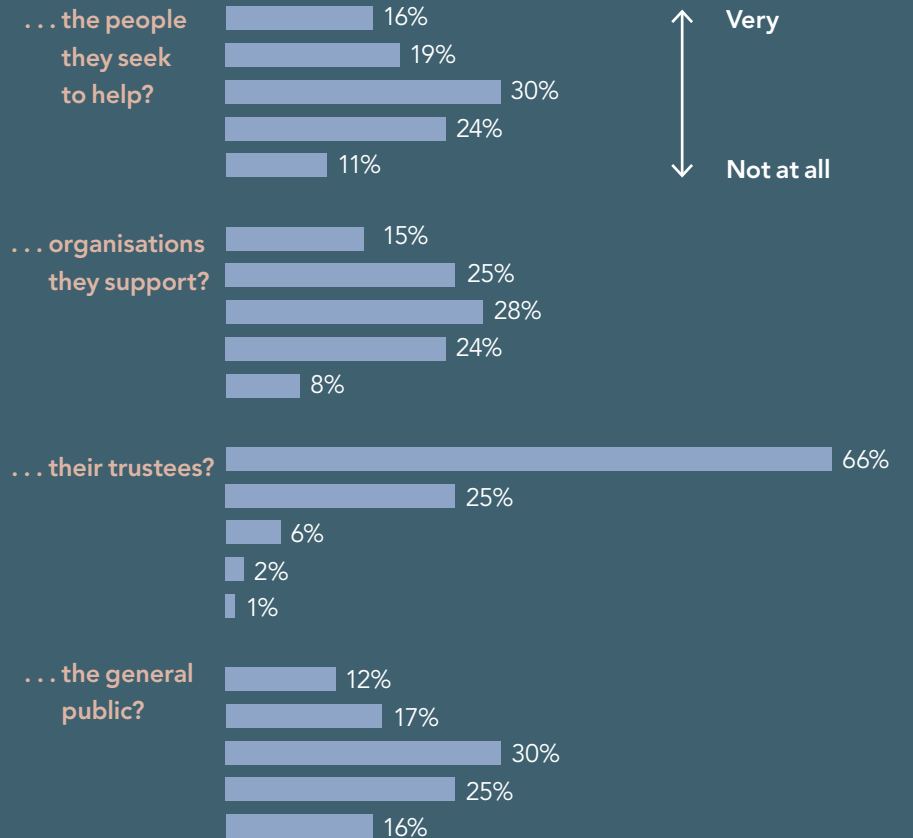# Survey results and respondent comments

Accountability

What people said . . .

'I also worry that as a nation a large part of our social policy is being determined by a small group of people, probably people who have access to money and resources. I think its really important that funders listen to charities.'

'Giving honest feedback to Foundations can feel daunting to small organisations. Foundations themselves often appear to grassroots organisations as part of the Establishment which can't be penetrated or needs to be rebalanced. This is not true of all Foundations but mechanisms do seem difficult to penetrate in a society which is increasingly dealing in transparency and accountability.'

Do you think funders are accountable to . . .

. . . the people they seek to help?
- 16%
- 19%
- 30%
- 24%
- 11%

Very

Not at all

. . . organisations they support?
- 15%
- 25%
- 28%
- 24%
- 8%

. . . their trustees?
- 66%
- 25%
- 6%
- 2%
- 1%

. . . the general public?
- 12%
- 17%
- 30%
- 25%
- 16%

Communications

'Most funders communicate via paper and never meet an organisation or its beneficiaries face to face. This means that it is virtually impossible to create trust and understanding.'

'A lack of engagement before a grant application. A lack of feedback in order to learn.'

'Funders have unrealistic expectations . . . There is an expectation that every single element of the project can be defined and will remain the same for the duration of the project. The reality is that we live in a dynamic world and things do change.'

'I have literally never seen a funder own publicly, or even privately, that a piece of work didn't really come off as expected and that that is FINE because a) what we're trying to do is really hard and b) we can learn from it. Failure is currently toxic – as such grantees are incentivised to play a game rather than enter real relationships.'

'Feedback on rejections. SO important and hardly ever done. Please introduce it as the norm! Fundraisers are only human and we wish to learn from rejections – of which there are many!'

'Many of our funders have little interaction with us aside from the grant application and report, despite us often reaching out to meet them or inviting them to witness the projects they fund.'

Who starts the conversation?

59%
My organisation

37%
50-50

4%
Funder
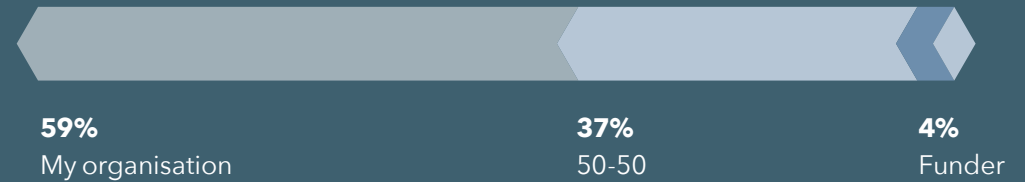
Does the funder talk to beneficaries before funding?

11%
Yes

68%
No

21%
Don't know

What about after?

16%
Yes

65%
No

19%
Don't know

Understanding

'I feel funders trust us to deliver, and understand part of the work that we do that they fund, but not always aware of what we do as a whole, and sometimes its important that they understand the whole of the organisation.'

'It wouldn't do grant givers any harm for their staff to do some work experience at a small charity to understand the problems and some of the over the top demands they make.'

'We trust our funders but due to huge competition it is difficult to ensure that they understand our organisation completely. In other words, because funders are so snowed under with applications, I don't often feel they have the time to really understand us as an individual cause and organisation.'

'I think there is little understanding from funders around just what we now need to seek funding for, especially in the social care/health sector.'

'We regularly invite funders to events to meet beneficiaries – they rarely turn up but don't give us feedback on the type of event that might interest them.'

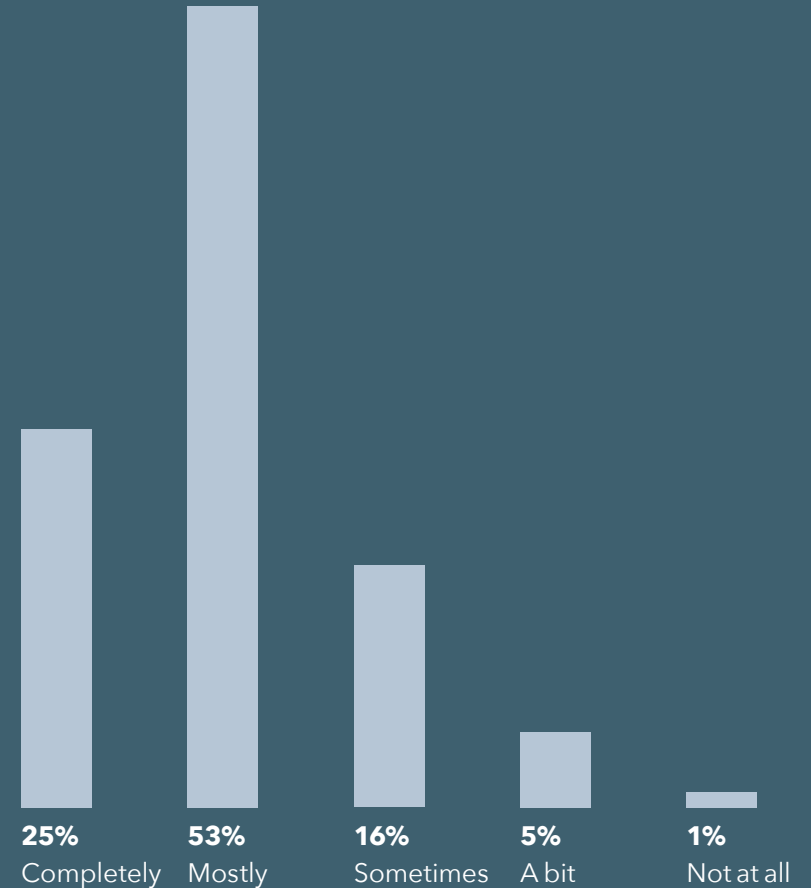| 17% Completely | 44% Mostly | 27% Sometimes | 10% A bit | 2% Not at all |
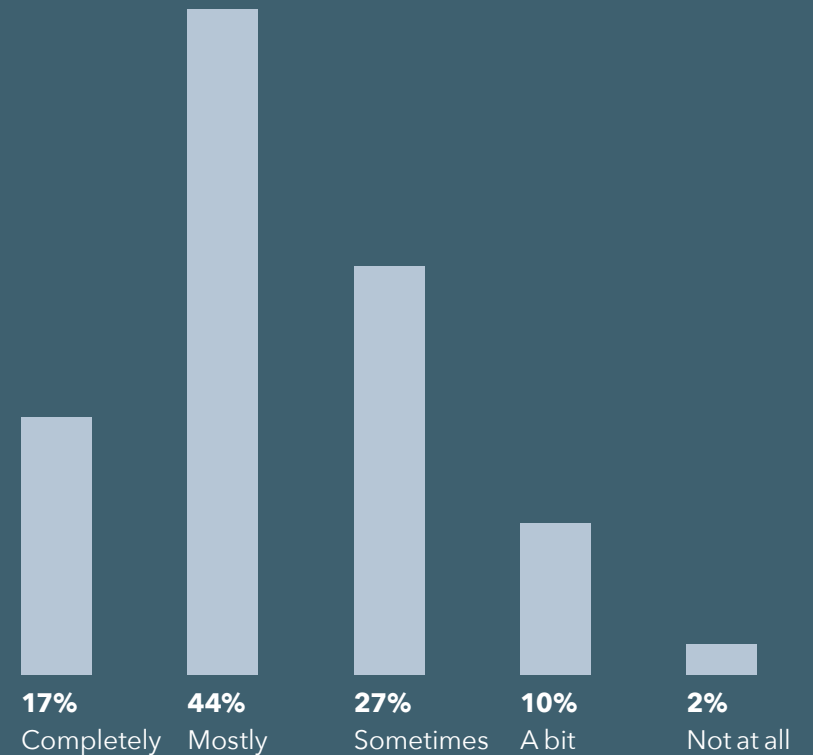
Understanding continued

'Electronic systems cannot substitute for dialogue.'

'Funders need to give clear information about when they meet so that bids can be planned accordingly. I have a number of bids outstanding that I don't know what to do with as I don't know if I was in time for Trustee meetings or if I have been unsuccessful.'

'Every funder is totally different. The most frustrating ones are closed, un-transparent, and not humble. They need to find the information just as much as we need to be clear in providing it. Collaboration and face-to-face is key in making true connections, as people still give to people. It would be nice for a funder to understand the sector, the difficulties in fundraising, and aim to want to trust the organisation. Staged applications are great, as are meet-ups.'

'Anything that enables you to put your work in front of them and have more open discussions would be useful. Some foundations have had regional sessions where you can talk to them about their interests, your work and the possibilities – these are extraordinarily helpful.'

How well does your organisation understand what your funder wants?

25%
Completely

53%
Mostly

16%
Sometimes

5%
A bit

1%
Not at all

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Being open

'It's very hard to try to improve the relationship from the position of the people applying for funds. We don't want to rock the boat, we need to play by the funders rules, we generally feel in the subservient position. I am heartened by this survey and hope we can shift the dynamic to really work more collaboratively.'

'Relationships need to work both ways, and organisations need to feel like they can approach funders with problems and potential solutions without feeling like they will damage a good relationship beyond repair. As a fundraiser I don't trust many funders to take the view that sometimes a project can go wrong without it forever colouring the funder's view of the entire organisation.'

'The funders definitely call the shots and we (as organisations seeking funding) will jump through any hoops set by the funder.'

'We would probably not tell a funding organisation if we had a problem with their practices in order to avoid damaging the funding relationship. The only reason we would do so is if we were unable to meet their expectations in some way eg if they required statistics that we were unable to provide.'

'The funder has a set agenda and dictates what we have to do to meet the criteria.'

12%
Certain

24%
Probably

20%
Maybe
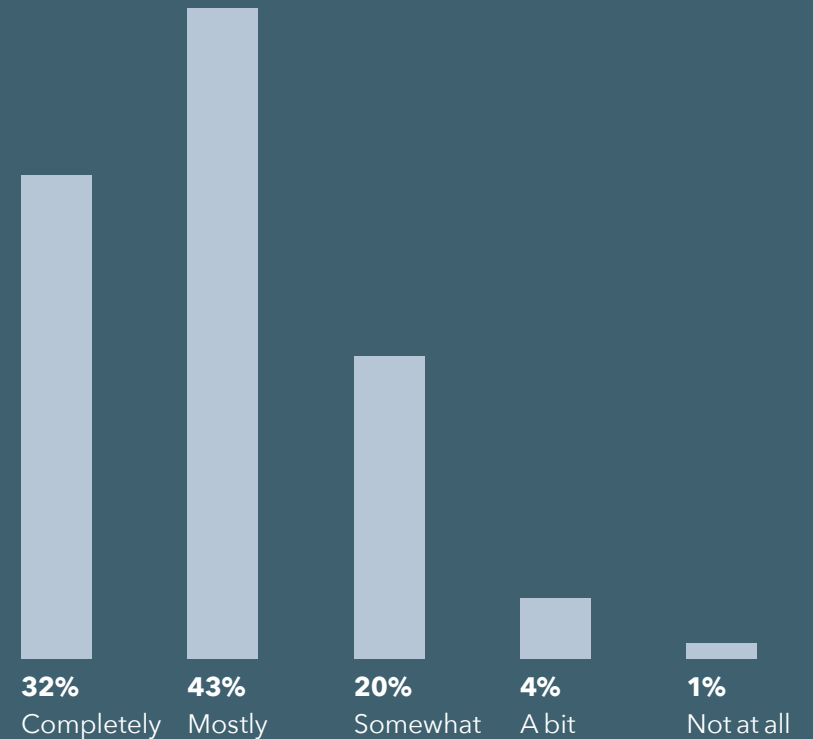
33%
Unlikely

11%
Not at all
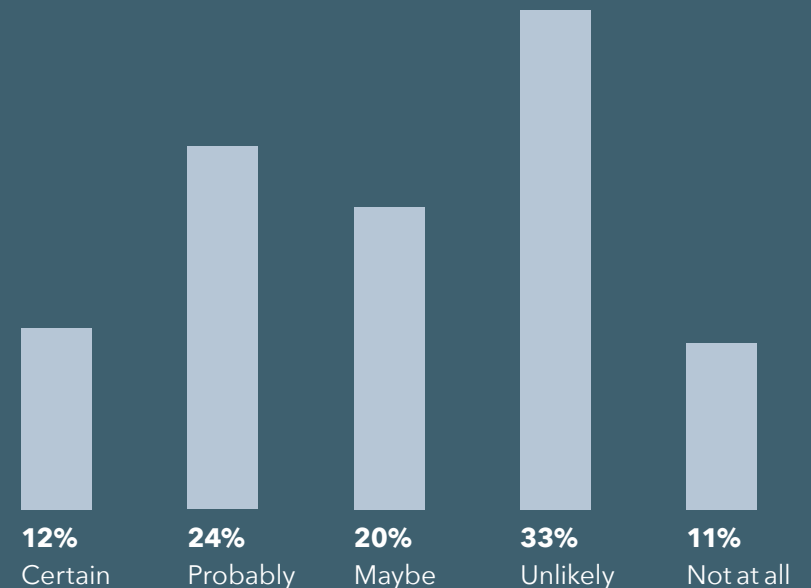
Trust

'I am not sure if funders trust us or not. They certainly give us large amounts of money so I assume they do.'

'There is always room for negotiation when it comes to 'understanding'; and 'trust' is only ever built over a period of time. Both are subject to the natural power relations between funder and recipient. It could be said that there will always be a certain level of disconnect between the two – but that's where negotiation comes in, with a hope that funders are open to it. Because conception of a project and the actual delivery always throws up unexpected challenges and outcomes – learning from what doesn't work is most useful. Funders need to 'trust' organisations to learn.'

'It's often difficult to develop trust and understanding with funders when the opportunities to build a relationship are quite limited. Personal contact is vital for this but the framework within which both charities and funders are working often doesn't allow much time for this.'

'On a face to face level, there feels like a great deal of trust. However we have a face to face meeting once a year, if that. We are always trying to guess what the funder wants beyond the conditional reporting of the grant. Invites are never accepted and often not responded to, so that lack of engagement doesn't help to build trust. We want a dialogue, and we hear thats what the funder wants – but I question their capacity to deliver that.'

How much does your funder trust your organisation?

32% Completely	**43%** Mostly	**20%** Somewhat	**4%** A bit	**1%** Not at all

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Consistency

One theme that arose within the free-form boxes is a lack of consistency across simultaneous funders

'We have a broad range of funder, none of whom have consistent practices. Every one is unique and demanding in its own way.'

'We work with a wide range of funders (approximately 25 each year) and the vast majority of our funders, both private and statutory, are flexible, supportive and engaged in our programme, without overreaching.'

'Some are responsive and open; and others seem to enjoy being elusive and not engaging with organisations at all. On some occasions, it has also felt like the funder (or key contact) has almost played games with us – said encouraging things in meetings about applying but then become quiet and unresponsive, then arranging other meetings but sending another person to the meeting, and then after a year+ of effort tells us that they don't want to fund us anymore (it would have saved us a lot of time if they had told us this at the start). Some funders are notorious within our networks for being challenging and elusive to deal with, and have had similar experiences.'

'Funders vary so much I don't know how I should behave with them – like a colleague, like a friend or like a defense barrister?'

'Sometimes getting large grants can be an easier process than small amounts. Some smaller funders want an extraordinary amount of detail. It would be great to have some kind of methodology where small amounts of money is a light touch application.'

How many trusts and foundations are currently funding your work?
The median number of funders respondents work with is six.

Mode 3 | Median 6 | Average 15.7
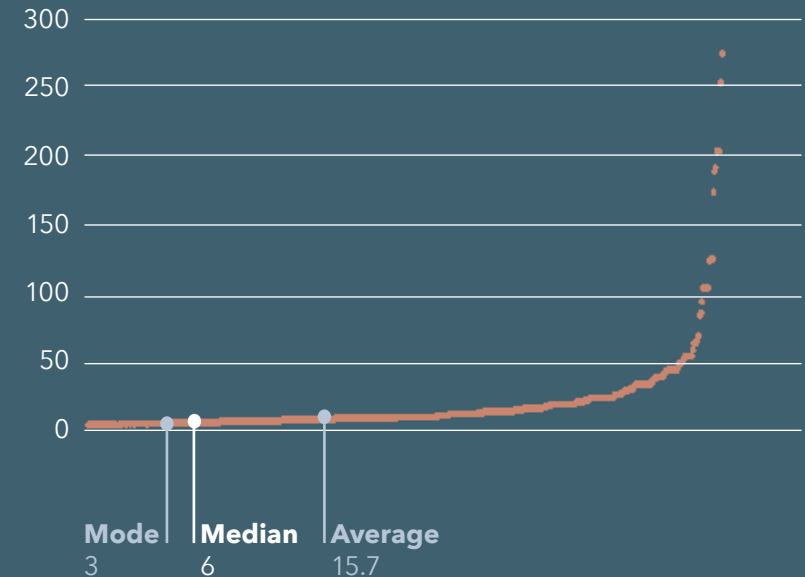
'We are a small charity that receives funding from 60+ funders of various sizes each year. The monitoring requirements for these grants vary wildly from funder to funder, meaning we report back different information to different funders in different depth at different times of the year – which in some instances can take a disproportionate amount of time compared to the grant given. We collect all the monitoring information required: but re-packaging it time after time in slightly different formats is draining.'
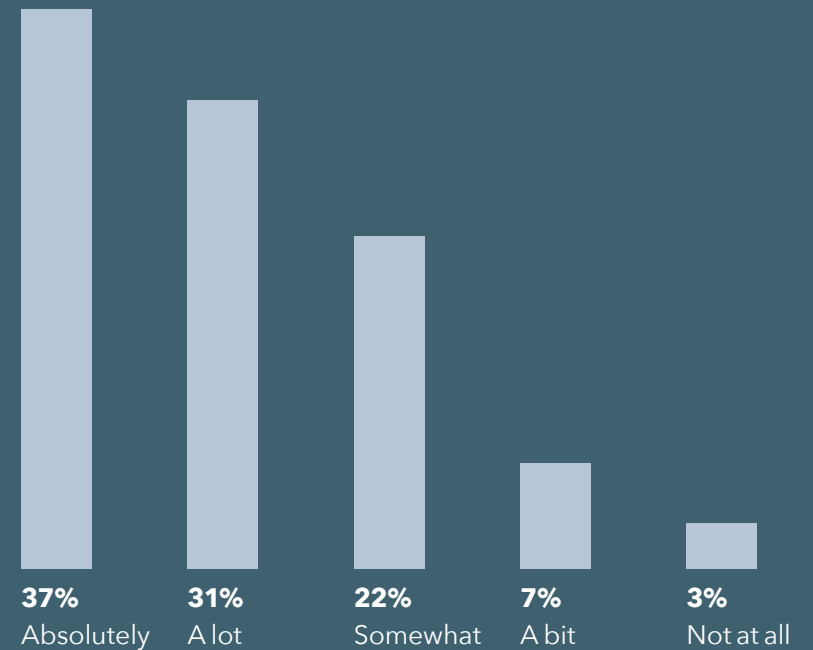
Collaboration

'Would like to see more collaboration that supports the charities wider objectives rather than emphasis on discreet pieces of work as they do not happen in isolation, "the whole is greater than the sum of its parts".'

'It would be good if the funder could introduce charities that they have funded who might be able to collaborate on projects and share ideas and experience.'

'It would help if more funders could collaborate over core content/questions in application forms and impact measurement and reporting requirements.'

'Funders should work together (with other funders) to develop a standard stage one application form. The wasted time filling in the same info over and over and over again is astonishing.'

37%
Absolutely

31%
A lot

22%
Somewhat

7%
A bit

3%
Not at all

Collaboration continued

What would you most like your funder to do in order to improve their relationship with you in the future?

'I would like them to champion the role of the sector more, especially local, smaller orgs who are at risk of disappearing.'

'We are trying to move into collaborative working across the sector, and would like to see funders follow and foster this kind of approach.'

'Do more linking up with other charities (especially those working in very different fields), other funders, policy organisations, media etc!'

'Too often 'opportunities' to collaborate looks like the funder wanting fewer applications so they don't have to make hard choices. Sector organisations are continually asked to both compete and collaborate with the same organisations – what other sector is asked to do this?'

'Our funders encourage collaboration, but without understanding that there are fundamental barriers to making this happen and successful. Just because you have 4 arts organisations, doesn't mean they should be collaborating. '

Does your funder encourage competition or collaboration with peers and potential partners?

45%
Collaboration

22%
Competition

33%
Neither

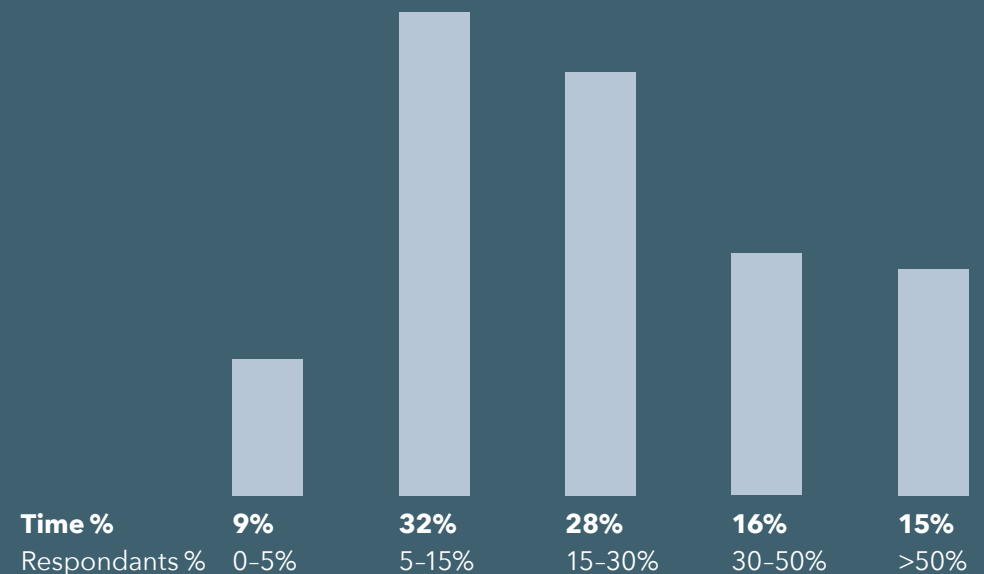What do you think? Tell us via Twitter   #listeningforchange
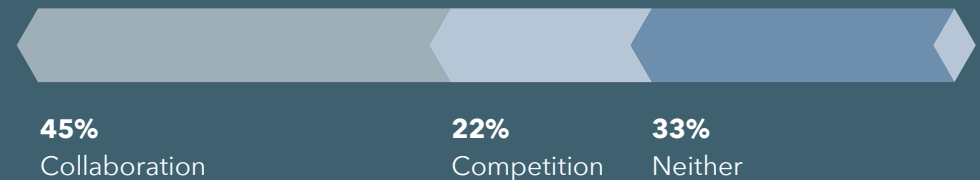
Capacity

'Small funders that demand completion of a 6-page form and lots of additional documentation for a grant of £1000 drive me bananas.'

'If you multiply all the small charities across the country chasing the same small pots of money; well, I hate to think of all the hours, resources and ultimately cash that is wasted on grant applications.'

'I think we have a serious problem in this country where organisations are being forced to use precious time and resources writing proposal after proposal to countless trusts because they don't have enough information to choose those most likely to support them.

'It's great that foundations are asking for clear project outcomes, but some foundations are expecting highly complex reporting and receipts for every little expense; this creates a feeling of distrust, and takes charities a way from delivering vital work.'

Percentage of staff time taken to resource funder relationships

Time %	9%	32%	28%	16%	15%
Respondants %	0–5%	5–15%	15–30%	30–50%	>50%

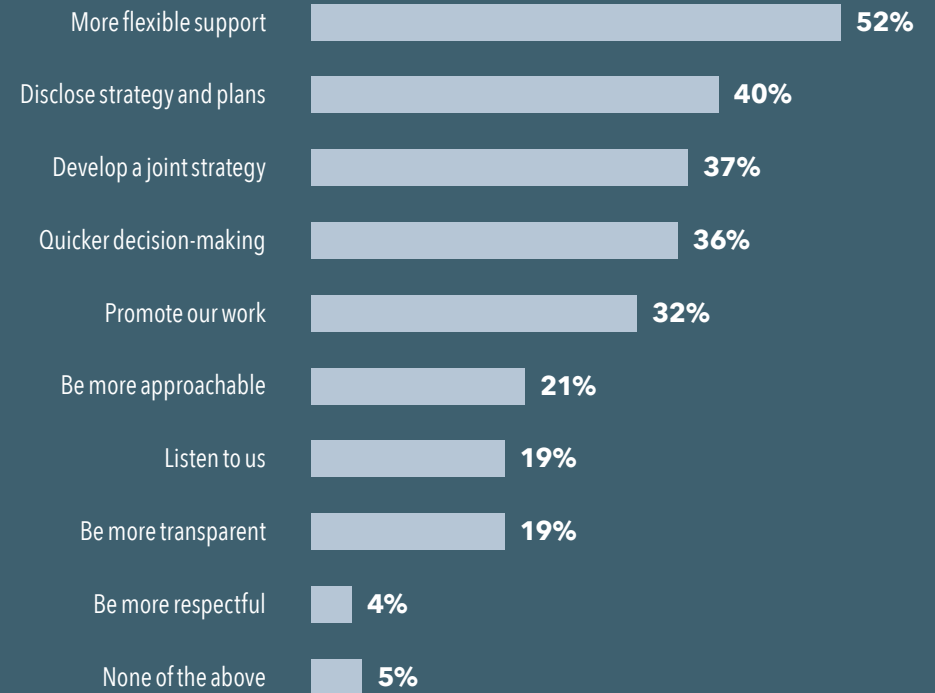What do you think? Tell us via Twitter   #listeningforchange

Over to you

'I know funders are stretched but individual feedback on applications would be so valuable. We can sometimes spend weeks on applications and then receive generic feedback. This can make it challenging to improve our applications through understanding where our weaknesses/strengths lie.'

'Genuine reciprocity would be appreciated and an acknowledgement that funded organisations hold real expertise and experience. Too often there is a sense of arrogance and a 'we know best' attitude from funders.'

'I would find it helpful to know about the criteria against which an application is being judged. We operate some strong core services but it is can be difficult to fund these services. I put in a huge amount of time in addition to what I am paid for to ensure funding bids get written, and sometimes I feel like I don't know if what I am doing is going to hit the mark. I find it quite soul destroying, I took the job to deliver a service but find myself spending more and more time trying to get funding.'

'The overall relationships with our funders are good, in some instances excellent; in others they would benefit from a coherent agreed longer-term strategy to which we both commit.'

What would you like your funder to do to improve your relationship?

More flexible support	52%
Disclose strategy and plans	40%
Develop a joint strategy	37%
Quicker decision-making	36%
Promote our work	32%
Be more approachable	21%
Listen to us	19%
Be more transparent	19%
Be more respectful	4%
None of the above	5%

'We have one big event a year: it would be really nice if a representative from the funders attended, or if unable to attend, made an active and personal attempt to find out how it went, how we are doing etc, instead of just waiting for us to fill out reports.'

'The sector faces a tough time and in order to provide a sustainable future, it needs to review its work and how it delivers activities within a financially sustainable and viable operating environment. Funders needs to help us with infrastructure costs which will enable us to future proof the sector in order to carry on the valuable work it does in meeting needs in our communities.'

Conclusion

66

68% and 65%

of funders don't communicate with service users before or after funding.

66

44%

would not express any concerns with their funder if they had a problem with their practice.

The survey findings and the comments cover a wide array of both broad and specific issues and concerns, ranging from process to deeper reflections on the state of the sector. Nonetheless some clear themes immerged including but not limited to the following:

Good will and commitment Despite obvious frustrations, which will likely not surprise readers of this report, the comments reflected the huge value of Foundation funding in the overall funding ecosystem. A real desire to be part of a shared conversation as partners in common purpose, as well as the huge potential that such an approach could promote, came through strongly.

Communication between Foundations and the organisations goes to the heart of productive and constructive relationships. Much communications is initiated by the organisation rather than the funder, and the people using services are generally absent from discussions – 68% and 65% of funders don't communicate with service users before or after funding. Not surprisingly therefore, respondents do not see Foundations as accountable to beneficiaries but rather to their own Foundation Boards. Whilst the majority of organisations (78%) feel that they understand what their funder wants, 44% would not express any concerns with their funder if they had a problem with their practice. Many individuals expressed frustration at not receiving feedback on failed applications in order to learn and improve. There was a clear sense from all the comments of the huge value of open communication, the time to meet face to face to explore and discuss issues and share organisational strategy more broadly than projects.

"

30%

of total organisational
resource was spent
simply managing
funding contracts.

Knowledge sharing A strong theme was the
value of promoting learning; putting partners
in touch with each other; coming to events to
listen and learn; and the appreciation of funders
that for example provide meeting rooms and/or
also bringing real knowledge and expertise to
the table.

Acting as advocates for the sector There were
a number of comments that reflected on the
wish and potential for funders to speak out more
on behalf of the sector, acting as champions for
those who are serving excluded, marginalised
and poor communities, at a critical time for
the sector.

Acknowledging failure was another theme
that was repeated in comments, as well as the
importance of being able to change approved
and existing plans, when context requires
adaptation.

Inconsistency The survey speaks to the huge
inconsistency across funders practice including
perennial problems such as the need for
proportionality in terms of application and
monitoring processes; the huge importance of
core costs and more flexible support generally;
and concerns over prioritizing innovation over
sustaining existing services. There were many
reflections on the use of language and lack of
clarity around terminology relating to impact
measurement. This plays directly into issues of:

Capacity The findings show for the first time the
huge volume of organisational resource spent

on servicing relationships with funders – for 31%
of respondents, over 30% of total organisational
resource was spent simply managing funding
contracts. Whilst many of the comments went
beyond issues of process, the reality of how
bureaucratic processes absorb organisational
time and energy away from deeper discussions,
is striking.

Collaboration There was a sense that whilst
funders are encouraging joint approaches
it is crucial that they recognize the cost and
time needed for VSOs to develop meaningful
collaborations and that conversely organisations
value and want funders to collaborate with each
other.

As stated in the introduction, this report aims to
enable the powerful insights of those working
on the frontline day to day to come through. We
hope that it is a useful new addition to the existing
body of knowledge that touches on relationships
between funders and their voluntary sector
partners, challenges funders to hold a mirror up to
themselves, and that at a time of great complexity
and fluidity for the sector, it stimulates further critical
thinking and provokes debate.

We have deliberately avoided making lengthy
recommendations because the feedback rightly
speaks for itself. Each of the thematic areas
outlined in the conclusion point to areas where
funders and VSOs could enhance their working
relationships. **However, if we had one overriding
recommendation, it is that funders and VSOs
now more than ever must see themselves as**

part of a system working for some of the most disadvantaged in society. Together we must find ways to enable a culture of collaboration, open dialogue and trust that enables us to problem solve some of the pressing issues facing our sector.

Attached to this report is an annex containing all those comments that survey respondents made but that have not included in the main body of the report. We hope you take the time to have a read through them.

Please use the hashtag **#listeningforchange**

"

Funders should act like investors in impact. They shouldn't be seeking out grantees to act as subcontractors of a highly defined mission that the funder decides. Funders should be clear about the outcomes they care most about, and then using the grant making process to seek the most credible strategies for achieving that impact at scale, selecting the right mix of low risk, medium risk and high risk investments for getting there. This would help remove some of the discrete game playing going on, where charities have to create a product or service that they think fits the discrete interests of certain funders. Instead, you would have cash markets for different social outcomes, with all of the entrepreneurialism taking place within those markets. Our best funders have had grant makers who could essentially join our Board, they had that much to offer in terms of how we could succeed better. Our worst funders, or unsuccessful grants, have tended to be funders who had picked out the kind of delivery that they liked and wanted to see more.

The following initiatives are relevant to the findings of this report and provide opportunities for further engagement:

As part of its new strategy, the Association of Charitable Foundations (ACF) is committed to initiating the development of a set of aspirational foundation principles; giving a clear message of commitment to continuous learning and improvement, and also providing ACF with a framework to create a strategy of learning, as well as data to develop its policy work and better understand its membership. **www.acf.org.uk**

Local Giving are launching a report in April 2017, the 'Smarter Grants Initiative' – this is based on research with 500 charity fundraisers focused on grants application procedures and provides key recommendations for funders – it has clear synergy with the survey findings of this report. **www.localgiving.com**

360Giving supports organisations to publish their grants data in an open and comparable way, and helps people to understand and use the data in order to support decision-making and learning across the charitable giving sector. At the time of writing, £8 billion of grants have

been published. It is also developing tools – such as the online search platform, GrantNav (**http://grantnav. threesixtygiving.org/**), that allows easy access and use of the information available, and Beehive (**http://www. beehivegiving.org/**), which helps grant seekers check their eligibility and matches them to potential funders. See **http://www.threesixtygiving. org/** for more information.

Independent Inquiry into the Future of Civil Society. This is an initiative that a number of charitable foundations are supporting, chaired by Julia Unwin CBE. It will be supported by NCVO and four civil society consortium members. It commenced in January 2017 and will run until the end of 2018. The ambition for the inquiry is broadly to develop a clear vision for the role of civil society in England over the next ten years. Further details of the nature of the inquiry can be found at **https://opendemocracy. net/files/FOCS_Summary.pdf**