

# LOOK LEAPing Before LEAPing

BY THOMAS E. BACKER AND JOHN BARE

*"Would you tell me, please, which way I ought to go from here?"*  
*"That depends a good deal on where you want to get to," said the Cat.*  
*"I don't much care where," said Alice.*  
*"Then it doesn't matter which way you go," said the Cat.*  
*"So long as I get somewhere," Alice added as an explanation.*  
*"Oh, you're sure to do that," said the Cat, "if only you walk long enough."*

—ALICE'S ADVENTURES IN WONDERLAND, BY LEWIS CARROLL

**T**he prospect of Alice meandering her way to somewhere—anywhere, really—makes a pretty good case in favor of planning grants. Foundations and their non-profit partners both need some sort of roadmap for action. YogiBerra summed it up his own way: "If you don't know where you're going, you'll end up someplace else."

Despite the apparent utility of a grantmaking device that sets forth an agreed-upon course of action, philanthropy as a field has not done much to organize lessons on what it takes to make plan-

ning grants useful, when they work best and why.

Indeed, this article grows out of a scan, jointly undertaken by the authors' respective organizations, for some science that might back up the notion that planning grants can improve philanthropy's effectiveness. But after an extensive library and Internet literature search, and more than 50 e-mail, telephone and in-person interviews with relevant experts, they key finding is that there essentially is no professional literature on the subject of planning grants, save for relatively brief comments

and evaluation statements in reports published by foundations about their grant-making.

The good news is that the field is rich with anecdotes that, taken together, might be the start of a useful framework. Three of the best examples are discussed in more detail below.

Further, philanthropy's tealeaves point to an increased usage of planning grants. Consider the following trends.

First, foundations' heightened interest in articulating their own strategies is putting a premium on front-end planning.

Second, the national conversation about the need for accountability in the sector makes it more important than ever to set clear implementation and outcome benchmarks.

Third, the growing number of foundations interested in meaningful ways to pro-

**You may have heard about planning grants, and it's easy to find write-ups on more than a dozen of them online. But not much has been written about the ins and outs of planning grants as a deliberate grantmaking strategy. Here's what the John S. and James L. Knight Foundation found when it commissioned a report on the subject.**

vide their nonprofit partners with financial or technical support—capacity building, some call it—are likely to find planning grants useful tools. Finally, planning grants may be particularly appealing for the large chunk of foundations investing in community-based strategies; nothing requires planning like a community collaboration.

#### **Defining the Term**

The bad news is that there is no widespread agreement on the meaning of the term *planning grant*. In general, foundations seem to use the term to describe relatively short-term grants (typically six months to a year) that support activities such as:

- Bringing organizations or community leaders together with the grant recipient to develop a certain set of goals.
- Gathering information relevant to those goals and the needs they are intended to meet.

- Bringing together the entire community in which the need exists to start building consensus for an action plan.

- Developing a plan for a larger activity, which may then be carried out by an *implementation grant* (sometimes awarded by the same funder).

Also, there is no set rule as to whether a foundation is committed to following a planning grant with support for implementation. Sometimes, in fact, the planning phase may be part of a competition in which a select number of nonprofits will be invited to participate in later rounds of funding. Given that planning grants vary so much from one instance to the next, it's no surprise that nonprofits can become frustrated. They need and deserve truthfulness about the prospects for future support. With planning grants, one of the best things foundations can do is

to set clear ground rules and build relationships with nonprofit partners.

Across all of this variation, one constant holds: It takes thoughtful planning to satisfy the thirst for evidence of a relationship between activities in which foundations invest and the hoped-for outcomes.

As evaluator Michael Quinn Patton writes, the sector will never obtain "definitive, pound-your-fist-on-the-table conclusions about causality," but strengthening the logic that underpins foundations' grantmaking can give us "reasonable estimations of probabilities and likelihood, enough to provide useful guidance in an uncertain world."

Thus, planning grants can be particularly useful in helping a foundation and its nonprofit partners reach agreement on the theory of change that they might pursue together.

This process, as evaluator Carol Weiss describes it, "asks program practitioners to make their assumptions explicit and to reach consensus with their colleagues about what they are trying to do and why. Without such a conversation, it is likely that different participants have different tacit theories and are directing their attention to divergent—even conflicting—means and ends."

Further, this planning process can identify capacity-building needs foundations might address through technical assistance.

No one likes to plan for planning's sake; there are plenty of examples of tiresome planning efforts that have sapped the energy from practitioners. So if foundations and nonprofits can map out collective action without using a planning grant, all the better. In fact, foundations making long-term grant investments may avoid stand-

alone planning grants and build program development and implementation benchmarks into their first- or second-year reports.

Either way, it's critical to make sure that planning does not occur in place of action.

Borrowing evaluator Donald Campbell's idea that social experimentation requires an "active society," foundation-nonprofit partnerships must be certain that preparation is in service of deeds. As Campbell said: "Faced with a choice between innovating a new program or commissioning a thorough study of the problem as a prelude to action, the bias would be toward innovating."

### What's Known

At the heart of the current knowledge about planning grants are case examples of grantmaking by American foundations, each of which has used planning grant as to build relationship with grantees. Annie E. Casey's "Path of Most Resistance" (see below), Edna McConnell Clark's "Not Like Other Planning Grants" (see page 50) and Wallace-Reader's Digest's "Affordable Luxury"

(see page 52) are the stories of three funders' approaches. These examples focus on how to structure planning grants successfully, what kinds of outputs they produce and what sorts of effects planning grants have in the larger context of grantmaking.

### Recommendations for Foundation Decisionmakers

Most of the foundation personnel interviewed were clear that they believe planning grants have value in their overall philanthropic process. They also said this grantmaking strategy might be improved by the following means:

- *A checklist for desirable planning grant features.* For the development of future planning grant activities, a "checklist for planning grant features" based on the lessons learned (see "Eight Early Lessons," page 53) might be created. Then planning grant awards in the future might be made in part based on the best practices these lessons suggest.

- *Internal and external use of lessons*

## ANNIE E. CASEY FOUNDATION PATH OF MOST RESISTANCE

New Futures, launched in 1988 by the Annie E. Casey Foundation of Baltimore, offered \$10 million in funding over five years to each of five mid-sized American cities. The funding was supposed to help the cities create fundamental systems change for educational, health and other services offered to at-risk youth.

Initially, ten cities each received \$20,000 planning grants to form planning committees that would submit a proposal to the foundation using a format prepared by a technical assistance provider. The foundation then reviewed the communities' proposals and selected five cities for multi-year funding.

The Casey foundation's own analysis and the results of an independent evaluation showed

that the planning period left cities with insufficient time to identify, reach out to and involve important constituencies before committing to a proposed set of actions and goals.

As a result, not only were important insights and points of view not considered, but the planning process excluded many people, who then said they owed no allegiance to the initiative because they were left out of planning decisions. In most cities, the "second-half" planning process was far more inclusive and yielded wiser and more broadly endorsed commitments.

Now, after the New Futures experience, Casey initiatives not only have longer planning periods, but also often have "transition periods" or "capacity-building

periods"—built-in time for states and communities to work together before they and the funder make a final decision to proceed.

In some cases, this transition period identifies problems that could prevent successful implementation of the program, and is followed by a gradual phase-down of funding.

Even the best original plans for complex multi-year change will require ongoing repair, revision, reassessment and recommitment. Casey learned that the need for mid-course correction should not be an excuse for allowing tentativeness in the original plans.

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*learned.* On the external side, evaluations commissioned by foundations should pay more attention to planning grants as a specific part of the philanthropic process. On the inside, foundation staff and trustees can look at their own programs to glean lessons learned about every element.

■ **Community input.** Foundations whose grantmaking focuses on specific communities could benefit from gathering information on the role planning grants have played in a given community. How are planning grants seen by the community at large? Is there some appreciation of their value? Would there be value in a planning grant not tied to a promise of implementation funding?

■ **Organizing meetings on planning grants as a philanthropic strategy.** Foundations working on similar efforts might organize a small meeting to discuss whether planning grants might allow for increased coordination of their respective strategies.

■ **Web site on planning grants as a philanthropic strategy.** The National Endowment for the Arts maintains "Lessons Learned: A Planning Toolsite" on its Web site. The purpose is to help nonprofit arts organizations and their funders learn more about the process of planning and how to carry it out. Similarly, one or more funders could support a Web site intended to share lessons about effective use of planning grants.

## EDNA MCCONNELL CLARK FOUNDATION NOT LIKE OTHER PLANNING GRANTS

After 30 years of grantmaking designed to promote reform in several public-sector systems, the Edna McConnell Clark Foundation formally reviewed what it and other grantmakers had accomplished. The foundation concluded that it was "no longer the best use of [its] limited resources to support additional system reform efforts" and that it couldn't continue the past practice of spreading resources among five simultaneous programs.

As a result, Clark is now committed to providing long-term support for a select group of youth-development organizations, negotiating with each grantee a growth plan that will specify outcomes for young people (and the indicators to assess them) for which the organizations agree to hold themselves accountable.

The foundation also provides substantial and ongoing nonfinancial support to grantee "partners." This, in turn, contributes to another larger goal—helping develop an alternative philanthropic strategy focused on achieving demonstra-

ble outcomes and strengthening the nonprofit sector, and sharing with other foundations both the strategy and the results it achieves.

The new strategy begins by scanning the environment for candidate youth-development organizations and engaging in a thorough due-diligence process to learn about the organizations (including a significant investment in on-site interviews and program analysis).

When Clark decides to invest, it awards a \$250,000, six-month grant to support creation of a five-year business plan that stabilizes the quality of the organization's programs or services if that needs to be done, and strengthens the organization's core capacities to improve sustainability. This is a "planning grant" in the broad sense used in this article, but Clark staff are adamant it must be seen as one part of a much broader philanthropic strategy.

In addition to the grant, Clark also pays for the services of BridgeSpan, a spin-off of manage-

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ment consultant Bain, Inc., which provides consultation. And Clark pays for senior nonprofit evaluation consultants to help the organization think through a theory of change for its service operations and come up with a theory-based evaluation strategy.

Finally, Clark foundation staff members themselves provide a good deal of hands-on consultation to each youth-development organization; helping shape their five-year plans and make good use of the available supportive services. The completed business plan is then reviewed by the foundation, and if all goes well, the foundation makes a long-term

funding commitment to help the grantee achieve its stated objectives.

The Clark foundation has undertaken this process with six grantees so far. Eventually it plans to support about ten such grantees each year.

Already, Clark's experience with this planning process has led the foundation to conclude that it is not enough just to give a traditional planning grant—even a large one—with such significant organizational transformation goals. Planning activity must be set in the larger context of supportive services and of strategic direction from the funder.

Most nonprofits don't come into the planning process with much experience about how to successfully complete a large-scale planning project. Many are uncertain about how to best use the high-level technical support Clark provides. Thus, the intense facilitation provided both by Clark foundation staff and by the outside consultants is critical to the success of this process.

■ **Planning grants knowledge base for coursework on philanthropy.** Universities teaching nonprofit management courses could include cases on planning grants in curricula. Training programs for new foundation staff, such as those offered by the Council on Foundations, also could benefit from such coverage.

■ **Tie-in to capacity building.** Foundations with capacity-building programs could explore how these relate to their planning-grant activities.

### **Challenges and Ways to Meet Them**

There are some challenges foundations and nonprofits face in approaching planning-grant initiatives. Just as one example, many respondents reported that planning grants simply took longer to complete successfully than was originally conceived. This track record might lead other foundations to consider more flexibility in the duration of a planning grant. At the same time, several respondents reported that the longer planning

period also created problems in maintaining consistent community involvement. In some cases, nonprofits had to stop and start operations due to the length of time it took foundations to respond to a proposal from a planning phase.

The suggestions above are intended to diminish such difficulties and to increase the utility of planning grants by improving grantmakers' professional expertise. Corresponding efforts to educate grantees and nonprofit communities would also strengthen acceptance of this philanthropic strategy. ■

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## **WALLACE-READER'S DIGEST FUNDS AFFORDABLE LUXURY**

Ten community foundations across the country received four- or five-year grants, ranging in size from \$500,000 to \$1.5 million, as part of the Wallace-Reader's Digest Funds Community Partnerships for Cultural Participation Initiative. Each community foundation first received a one-year \$55,000 planning grant that led to the preparation of a proposal for the implementation phase of this program. The fund commissioned an outside evaluator to appraise the initiative, and the first report from the evaluation concerned the planning grants and other startup activities.

During the one-year planning period, community foundations convened diverse participants—ranging from large institutions to

neighborhood associations—to develop plans to study cultural participation issues and then to help community foundations come up with programs to respond to them. This participatory planning process was useful to these community foundations in exploring the arts and culture community, as well as non-arts organizations that are active participants in cultural life (ethnic associations, youth development agencies, faith-based institutions, and so forth).

The process also helped the arts and culture community learn more about the community foundations' goals. All of the community foundations reported that they do not usually have the "luxury" of this kind of planning period, though some of the diagnostic

research has taken longer than anticipated and has overlapped the implementation period.

The planning year also was used to search for partners, develop plans and begin to raise matching funds, since the establishment of an endowment is part of the funder's requirement for participation in this initiative. These steps helped the community foundations assess their own level of readiness.

The planning year raised enthusiasm among arts and culture providers and supporters in the ten communities, but it also raised expectations, which the community foundations could respond to because they had the latitude to create a process that made sense for the community.

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# EIGHT EARLY LESSONS

*A handful of lessons emerged from our study of the use of planning grants. Among them:*

## 1. TIMING

Planning grants often end too soon. The typical duration of such grants is one year, but experience shows that 18 months may be necessary to develop community support for a possible intervention and to develop a strategic plan. While extensions are frequent, approving them can be inefficient because grantees may already have invested valuable resources in attempting to comply with the original timeframe.

Further, when a funder has made multiple grants in an initiative, timing problems may arise when some grantees complete their activities earlier than others. If there's an implementation phase, do all move forward as a cohort even if it means delays for some? If there's an evaluation, how will its design need to be adjusted?

## 2. MONEY

Planning can be costly, especially if it involves getting the attention of busy community leaders and groups that have many other priorities. Many of the grants we analyzed for this article were more than \$100,000.

Cash payments for planning-grant steering-committee participants or their respective nonprofit organizations create ticklish issues. We found that funders usually don't give guidance about whether such payments are allowed or encouraged. Yet many believe that people participating in an extended planning process need to receive at least token compensation for their time, both to keep them engaged and to promote ongoing support of their organizations.

## 3. HELP

Most planning grantees freely admit that they need several types of technical assistance to be able to do their jobs properly: on the planning process itself, on how to engage community leaders, for example; on how to write a strategic plan, as this is something new for most community organizations; and on the technical aspects of the larger effort they're planning for. Funders need to set aside money to support technical assistance in these areas and perhaps assist grantees by funding experts to help them on these matters.

## 4. CONTEXT

Planning grantees need clear messages from foundations to understand the larger context in which their planning efforts fit. Understanding the context means knowing the strategic aims of the funder and understanding the relationship between the planning effort and likelihood of future support.

## 5. CAPACITY BUILDING

Planning grants often identify unmet capacity-building needs in the participating nonprofit organizations. These needs include board or staff training and technology infrastructure.

In some cases, foundations are allowing for a stage between the planning and implementation phases in which capacity-building support is offered to organizations that may become implementation partners.

## 6. EVALUATION

Planning grants present at least two challenges to evaluators. First, planning-grant activities are likely to be less formal and their outcomes less tangible.

Second, planning grant projects are often evaluated along with an entire program, so it's hard to tease out whether the planning effort added value.

## 7. DIAGNOSIS

Planning grants offer excellent opportunities to diagnose problems related to the ultimate success of an intervention. For instance, the planning process may cause the foundation to lower its expectations for desired change, or it may reveal new barriers to implementation.

It is important for funders to recognize that some problems can be fixed, but some others can't.

## 8. REPLANNING

Funders need to be aware themselves that the need for thoughtful planning does not end with the planning grant. The process may, in fact, raise more questions than it answers.

A foundation-nonprofit partnership must include a feedback and monitoring system that gives stakeholders information they need to mark successes and, when things are not working well, to make midcourse corrections that can improve performance.

—T.E.B. & J.B.