

How do others in the philanthropic sector perceive and value The Whitman Institute’s 9 Key Practices in Trust-Based Investment?

This was the question we set out to answer in October, 2014 through two surveys, one administered to a group of The Whitman Institute (TWI) grantees and a second to a pool of TWI peer foundations. In total, 23 grantees and 17 peer foundations completed the surveys (7 anonymously).

Below are some of the insights provided by the survey—all interesting, some surprising.

The 9 practices

Of the 9 practices TWI identified, both grantees and foundations overwhelmingly viewed that providing unrestricted, multi-year funding is the most important.

- Almost $\frac{3}{4}$ (17) of respondents said that providing unrestricted, multi-year funding is the number one most important of TWI’s practices.
- 60% of foundations also said that providing “unrestricted, multi-year funding” is the most important practice for “trust-based investment.”
- Foundations also agreed that being a “partner in a spirit of service” and to “offer open and responsive communication” are important practices.
- “Partner in spirit of service” was consistently ranked as highly important to all respondents.

Peer foundations say that they practice many of the 9 identified by TWI; many of which are “core to all they do” or are practiced “often.”

- Nearly $\frac{3}{4}$ of peer foundations said that being a “partner in a spirit of service” and to “offer open and responsive communication” is core to all they do; the remaining quarter say they practice these behaviors often.
- All foundations said that they “encourage transparency” always or often.
- Nearly 90% of foundation respondents said they “provide unrestricted, multi-year funding” often or that it is core to all they do.
- All but one foundation said that more than 50% of their funding provides unrestricted or general operating support; about half said that this type of funding makes up more than 75% of their funding.

Most grantees reported that a small fraction of their funders (≈5%) provide unrestricted or general operating support, and few of those provide multi-year support. On the other hand, more than 2/3 of foundations responded that more than 50% of their support is unrestricted or general operating support. This discrepancy is likely due to the fact that the foundations surveyed do not necessarily support the grantees surveyed; however, it would be useful to delve deeper into this line of inquiry to see if there are also differences in understanding or definition within different stakeholder communities.

Q1 When considering your relationship with TWI, what is the order of importance of the following behaviors? Please drag and drop to order from 1, most important to 9, least important.

Answered: 23 Skipped: 0

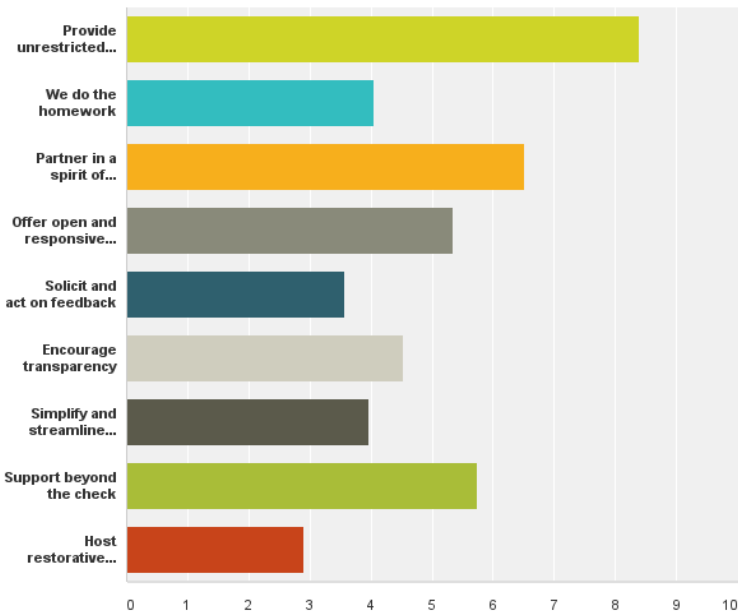


Figure 1 Order of importance of TWI's 9 practices, according to grantees.

Q1 In your experience, what is the order of importance of the 9 behaviors TWI has identified as components of "trust based investment"? Please drag and drop to order from 1, most important to 9, least important.

Answered: 15 Skipped: 2

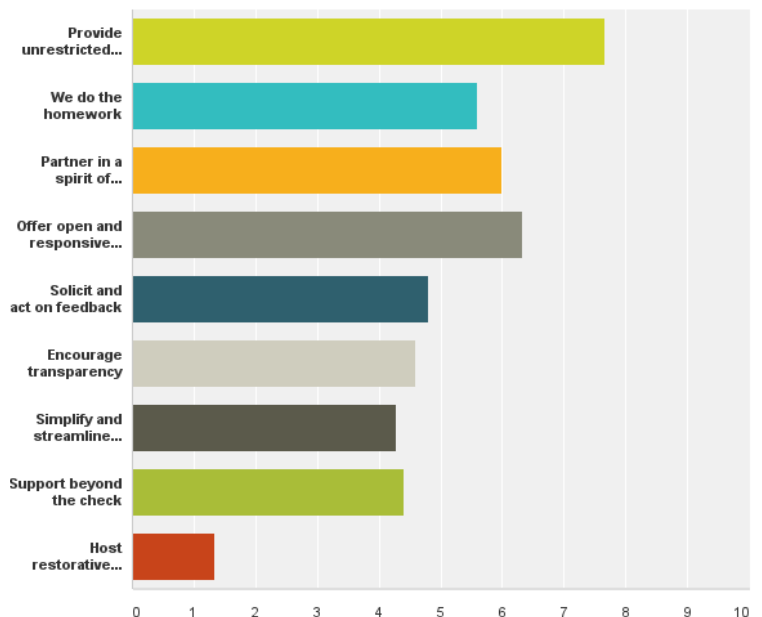


Figure 2 Order of importance of TWI's 9 practices, according to foundations.

Trust-based investment and organizational capacity

Nearly all respondents said that their relationship with TWI had prompted their organization to behave differently with other funders; many said that they had more confidence to be transparent and speak with more candor.

Grantee and peer foundation respondents all believe that "trust-based investment" allows organizations to do things they wouldn't be able to do otherwise; however, there

is a discrepancy between organizations and foundations about what exactly this type of investment allows to happen.

- More than one quarter of grantee respondents (6) emphasized that they were able to either hire new staff or invest in existing staff because of TWI's support.
- Foundations emphasized that in their experience, "trust-based investment" practices allow their grantees to take risks and be flexible, dynamic, and innovative.

Constraints to trust-based investment

All but one foundation said they would like to practice more behaviors associated with "trust-based investment." However, they identified three constraints.

- Foundations pointed to budget uncertainty.
- They reported a shortage of staff.
- A few foundations pointed to the imbalance of power in decision making between the family/donor/trustees and those working with grantees directly.

Q5 Removing all constraints, would you like to practice more behaviors associated with "trust-based investment"?

Answered: 15 Skipped: 2

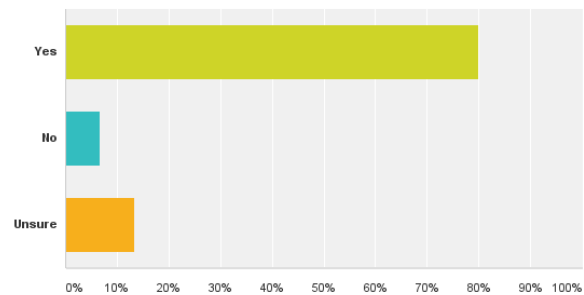


Figure 3 Only one foundation would not like to practice more of TWI's 9 behaviors.

From the perspective of grantees, there were two major (and related) challenges to building and sustaining trust-based relationships with funders.

- It takes time and energy to build trusting relationships, and time is often a commodity in short supply
- The relationships are often built with program officers or others who don't actually have the institutional power to make final funding decisions.

From the perspective of foundations, there were three challenges identified in building and sustaining trust-based relationships.

- Some foundations said that grantees have a hard time believing they are unlike other foundations.
- Open communication can be difficult.
- There is a lack of time to work closely with grantees.

Building and sustaining trust-based relationships

Both grantees and peer foundations emphasized that face-to-face meetings and open communication are important factors for building trust.

- Grantees said that they enjoy working with foundations that communicate openly, trust the work of their organizations, and that are supportive of their organizations' work and mission.
- Foundations said that connecting grantees to other funders and/or information helps to build trust with grantees.

Foundations identified that practice all of some of the behaviors of “trust-based investment”:

Abundance Foundation
Arcus Foundation
Ashoka*
Atkinson Foundation
The Christensen Fund
Compton Foundation*
David and Lucile Packard Foundation*
The Dean Witter Foundations
The Durfee Foundation*
Einhorn Family Charitable Trust
Eveyn and Walter Haas, Jr. Fund*
The Fetzer Institute
Foundation for a Just Society
Gaia Fund*
Garfield Foundation
Gary and Mary West Foundation
General Services Foundation*
Gerbode Foundation
The Germanacos Foundation*
Hemera Foundation
Hidden Leaf Foundation
International Development Exchange - IDEX
The Isabelle Allende Foundation
The Jenesis Group
John D. and Catharine T. MacArthur Foundation
The Kresge Foundation
Leo M. Shortino Family Foundation
Liberty Hill Foundation
The Marisla Foundation
Mayer Foundation
Metcalf Foundation
The Mulago Foundation
Napa Valley Community Foundation
Open Society Foundation
The Overbrook Foundation
Panta Rhea Foundation
Peery Foundation*
Philanthropy Ventures Foundation
Rockefeller Brothers Fund
S.H. Cowell Foundation*
Startup: Education

S. D. Bechtel, Jr. Foundation
Swift Foundation
The Tecovas Foundation
Thomas J. Long Foundation
Tipping Point Community
Van Loben Sels Rembe Rock Foundation
Veatch
Vista Hermosa Foundation
Walter & Elise Haas Fund
The Walter S. Johnson Foundation
Wilburforce Foundation
W.K. Kellogg Foundation
Wyncote Foundation
Z. Smith Reynolds Foundation

**Foundations that participated in the survey and self-identified.*