Project
Streamline

Project Streamline

Practices That Matter

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What does a streamlined grantmaker look like?

According to one nonprofit executive …

"First, they are so open to feedback. They engage and have actual conversations. They give good instruction—like what, when, how, and who—so we know what to do. Also, they don't make you do unnecessary work before the time is right. They ask for a concept paper that includes some basic goals, timeline, and strategies. They give us feedback and then ask for a proposal based on the concept paper. The proposal instructions are very clear, and if we have questions, we can ask. They then tell us when we can expect an answer … and they give us an answer at that time."

"Oh … and also," she added with a laugh, "their online system actually works."

These practices characterize a streamlined grantmaker—one with a grantmaking philosophy and practices designed to ensure that it gets the information it needs for decision-making without unduly burdening grantseeking nonprofits. This grantmaker has intentionally and systematically eliminated redundant requests for information and requirements that don't add substantively to the grantmaking process. It has implemented a staged process that makes good use of nonprofit time and invested in a high-quality, user-tested online grantmaking system. This is a grantmaker whose core values around respect for grantseekers are aligned with its on-the-ground practices.

Project Streamline has a simple premise: that the cumulative impact of grantmakers' distinct and often laborious application and reporting requirements undermines nonprofit effectiveness, causing grantseekers to

devote too much time to seeking funding (often without payoff) and reporting on grants (often without benefit) to the detriment of their mission-based work.

The streamlining effort has a correspondingly straightforward goal: to help grantmakers understand and reduce the burden of application and reporting on their nonprofit partners, while still getting the information they need to make good grantmaking decisions.

Five years after the research that resulted in Project Streamline's initial report, "Drowning in Paperwork, Distracted from Purpose," and subsequent tools, assessments, and workshops, the leaders and partners of the initiative decided to take stock of progress. We wanted to find out whether the core principles and concrete practices essential to streamlined application and reporting had gained traction in the field of philanthropy. We needed to know more about which application and reporting practices made the biggest difference to nonprofit organizations and grantmakers. And we wanted to chart a path forward with recommendations for where Project Streamline should focus its energies going forward.

> *"I'm glad you are doing this project. The amount of time and energy spent on [application and reporting] processes depletes the leaders of nonprofit organizations and ensures that we will NEVER solve the pressing problems in front of us."*
> *—Grantseeker*

The Bottom Line

Most of the 460 grantmakers who participated in this research were highly aware of and fairly committed to streamlining principles. Many had made or were planning changes to streamline their practices in accordance with the four Streamlining Principles:

1 Taking a fresh look at application and reporting requirements to ask for only what is needed to make decisions.

2 Right-sizing application and reporting requirements to make them appropriate to the size and type of grant and prior relationship with the grantseeker.

3 Reducing the burden on grantseekers by simplifying budget requirements, using effective online grantmaking, and accepting existing materials.

4 Providing clear and straightforward communications about grantmaking.

And yet, most of the 300 grantseekers surveyed had not experienced widespread streamlined practice.

Surveys and interviews of grantseekers told us that they were still burdened by cumbersome and opaque requirements and continued to wrestle with application and reporting practices not commensurate with the level of funding. In short, despite individual incremental changes in grantmaking practices, the experience of many nonprofits remains a frustrating one.

Methodology & Understandings

Methodology

This is a scan of practice based on surveys and interviews of grantmakers and nonprofit grantseekers. Grantseekers and grantmakers were two entirely separate survey samples, so grantseeker responses did not reflect specifically on the grantmakers discussed. In addition, we did not make direct comparisons to the exploratory research that Project Streamline conducted five years ago because this survey asked different questions of a different sample of grantmakers.

Research included:

- A survey of 32 infrastructure groups (associations and research institutions) in philanthropy.

- A survey of grantmakers distributed through Grants Managers Network and other Project Streamline partners; 460 grantmakers responded to the survey.

- A survey of grantseekers distributed through Project Streamline partner organizations; 305 grantseekers responded to the survey.

- Interviews with six thought leaders—individuals with a bird's-eye view on philanthropy.

- Interviews with 10 foundations whose practices were identified as streamlined by colleagues and/or grantees.

- Two focus groups with seven foundations interested in streamlining.

- Interviews with 10 nonprofit leaders who have worked with streamlined foundations.

- Ongoing conversations with a Research Advisory Group comprising representatives from foundations and philanthropy infrastructure organizations.

- A review of recent publications and research with a bearing on streamlining.

For a description of the grantmaker and grantseeker survey sample, please see Appendix A.

The Limits of Streamlining

Even if each grantmaker had a radically streamlined grantmaking process, nonprofits would still encounter a dizzying variety of application and reporting processes, deadlines, and timelines. The solution to this issue would be a radically different funding model based on a repository system or national common application, neither of which has yet gained widespread traction.

Furthermore, Project Streamline focuses specifically and narrowly on application and reporting practices, a focus instrumental to the effort's success. However, streamlined application and reporting have a limited impact on nonprofit health without other strategic changes that are outside the purview of this effort. The grantmaking practices that most affect nonprofit sustainability and health remain large, multi-year grants (preferably general operating support) and capacity-building funding. Even more important is funders' clarity on what they hope to achieve and a shared understanding of what success looks like.

Project Streamline

Streamlining Activity in the Last Five Years

Although dissemination is only a part of the story, much has happened to raise awareness and bring streamlining principles in front of funders. This activity has been a necessary precursor to grantmakers adopting streamlined practices and to those practices making a difference.

- More than 14,000 copies of the "Drowning in Paperwork" report and snapshot were distributed.

- Articles about streamlining appeared in the newsletters and blogs of many regional associations and other philanthropy affinity groups.

- More than 1,000 grantmakers contributed to discussions of the principles and barriers to change.

- Project Streamline presentations, workshops webinars, and website reached more than 83,000 grantmakers and grantseekers.

- 17 full-day workshops engaged more than 400 grantmaking organizations. A Community of Practice at the Donors Forum (Illinois) has convened grantmakers and grantseekers to explore this concept together.

- Streamlining principles have become part of the Essential Skills and Strategies curriculum offered by the regional associations of grantmakers and the Council on Foundations, as well as the curriculum in various university philanthropy programs.

- 193 grantmakers have used the online self-assessment tool developed by The Center for Effective Philanthropy and Project Streamline.

For Grants Managers Network, which leads the Project Streamline effort, streamlining has become an inextricable part of grants management best practices.

Leaders of philanthropy infrastructure organizations were asked: "Do you intend to continue promoting the concepts of streamlined application and reporting?"

"Yes. It's critical to nonprofit success and endurance."

"Definitely! We are partners in this work and fully support the concepts."

"Absolutely. The concepts of streamlined application promotes efficiency and consistency for grantseekers."

"I think there is continuing interest in this issue as foundations seek to be more efficient and to lessen reporting burdens on grantees."

"Yes! You need to keep beating the drum and repeating the message that funders are KILLING their grantees and actually doing more harm than good."

Streamlining in Context

The last five years witnessed significant shifts in philanthropy and in the larger world. Some of the developments listed below have made streamlining more difficult, while others supported streamlining efforts.

Continued interest in impact, including a desire to tie funding to specific, measurable outcomes, has resulted in the collection of more data from grantees.

Strategic philanthropy has caused some grantmakers to tighten their grantmaking focus and set very specific outcomes for their funding. Although this type of giving can be perfectly compatible with streamlined practice, it can also be implemented in ways that increase grantees' data collection and reporting burdens.

A resurgent interest in co-funding—including capital aggregation and aligned funding—in which grantmakers pool or coordinate their investments in specific projects or organizations,[1] creates opportunities for coordinated application and reporting that may or may not be realized.

Access to technology has greatly increased. Almost every grantmaker and grantseeker in the U.S. now has access to email and the Internet, and a surge in online grantmaking systems means that a wide array of grantmakers now accept proposals and reports online or via email.

The economy's continued uncertainty has left many nonprofits struggling and many grantmakers with fewer assets to give, although some data show that about half the country's grantmakers have maintained or grown their grantmaking in the last two years despite the global economic slump.[2]

Practices that make the most difference to grantseeker capacity have held steady or declined. Foundations continued giving grants for general operating and capacity-building at the same modest levels between 2008 and 2011, according to a study by Grantmakers for Effective Organizations.[3] The National Committee for Responsive Philanthropy reported that, despite findings from various research studies demonstrating the importance of general operating funding to nonprofit sustainability and effectiveness, the proportion of unrestricted grant dollars has remained consistently low at about 16 percent.[4] At the same time, the share of grantmakers that provided multi-year grants fell by half over the last few years.[5]

Why Streamline?

Streamlining Aligns Core Values and Practices

A grantmaker's application and reporting practices are often the first—and sometimes the only—thing that a grantseeker or grantee organization experiences as evidence of what the grantmaker cares about, how it sees the world, and its orientation toward its nonprofit partners. These practices are a visible manifestation of the grantmaker's values.

Unfortunately, application and reporting practices aren't always consistent with values. A grantmaker may believe strongly in supporting nonprofit success, but its burdensome application process may drain resources from the sector by requiring organizations with little chance of receiving funding to spend valuable hours writing full proposals. A grantmaker may believe that it treasures and trusts its grantees, but its quarterly reporting requirements say otherwise. And while a grantmaker may have every intention of saving grantees time and money by putting its grantmaking system online, if it fails to user-test that system, it may in fact introduce more frustration and wasted time into the grantseeking experience.

Streamlining Benefits Grantmakers and Grantseekers

A majority (66 percent) of grantmakers reported that they view streamlining as more important today than five years ago. Most grantmakers (89 percent) pointed to a need for internal efficiency as one of the primary drivers of streamlining efforts. The impact of the economic downturn on grantees was cited by another 68 percent as part of the impetus to streamline. "Many of the NGOs we serve have severely cut staff due to decreasing budgets, so time spent on application materials is even more valuable than it was several years ago," commented one respondent.

Streamlining is about making sure that funders and nonprofits use their time for meaningful work. Grantmakers cite better use of staff time, internal efficiency, and better relationships as some of the benefits they've experienced in-house. One grantmaker described the change, saying, "The office used to go into 'panic mode' at the onset and conclusion of each grant cycle. Now we stay pretty relaxed and never have to rush, and I can't remember the last time anyone had to stay late or come in on a Saturday to finish a project."

> *"We all have enormous respect for the nonprofit organizations we work with, and we understood the importance of not adding to their workload with unclear or unnecessary requests. The beauty of all this was, revising our processes actually wound up reducing OUR workload." —Grantmaker*

Benefits of Streamlining

Grantmakers report significant benefits when they implement streamlining practices.

83% Better use of staff time/more time spent on what matters

80% Greater internal efficiency

67% Better relationships with grantseekers/grantees

58% More salient information in applications and reports

53% More economical processes

47% Our practices are better aligned with our core values

33% Practices are better aligned with field-wide standards
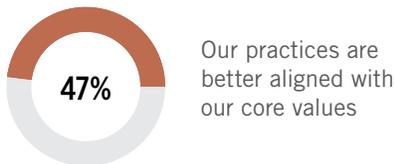
Grantseekers say that streamlined requirements support their success.

81% Reduced time spent applying and reporting

49% More meaningful application process

48% Fewer questions/less uncertainty about the process

37% Higher net grants (more $ towards programs) due to less time applying and reporting on funds

35% More meaningful reporting process
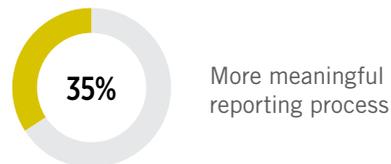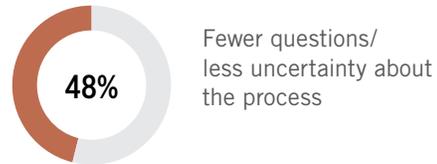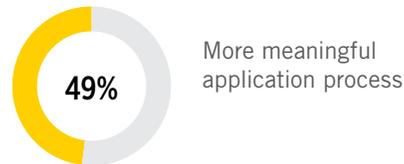
Grantseekers noted that streamlined practices meant less time applying and reporting and more time (which equals money) doing the work of providing the services that keep communities vibrant, such as afterschool mentoring, art and music education, and feeding the hungry. Less time applying and reporting to any given funder also meant more time to seek money from more sources to support and grow their mission-focused work.

Project Streamline

Grantmakers Get It …

But Grantseekers Don't Feel It

Almost all grantmakers (93 percent) who responded to this survey said they were moderately or extremely familiar with the impact of grantmaking practices on a nonprofit organization. Similar percentages were familiar with Project Streamline's principles of clear and straightforward communications about grantmaking (90 percent), taking a fresh look at application and reporting requirements (87 percent), and reducing the burden on grantseekers (86 percent). And 81 percent reported that they were moderately or extremely familiar with the concept of "right-sizing," in which application and reporting requirements are scaled to be proportionate to the size and type of grant given.

Almost all reported that they have made streamlining changes or were planning changes.

Unfortunately, changes in individual practices take a long time to result in field-wide culture change. The average nonprofit organization with multiple funders still spends time responding to application and reporting requirements that are poorly designed, redundant, inappropriately scaled, or mystifying.

For each Project Streamline principle, our research showed some good progress from grantmakers and brought to light issues that remained for grantseekers.

Grantmakers Report Streamlining Changes

Yes, within the last four years (77%)

We are in the planning state (12%)

No (8%)

Yes, more than four years ago (3%)

3%

8%

12%

77%

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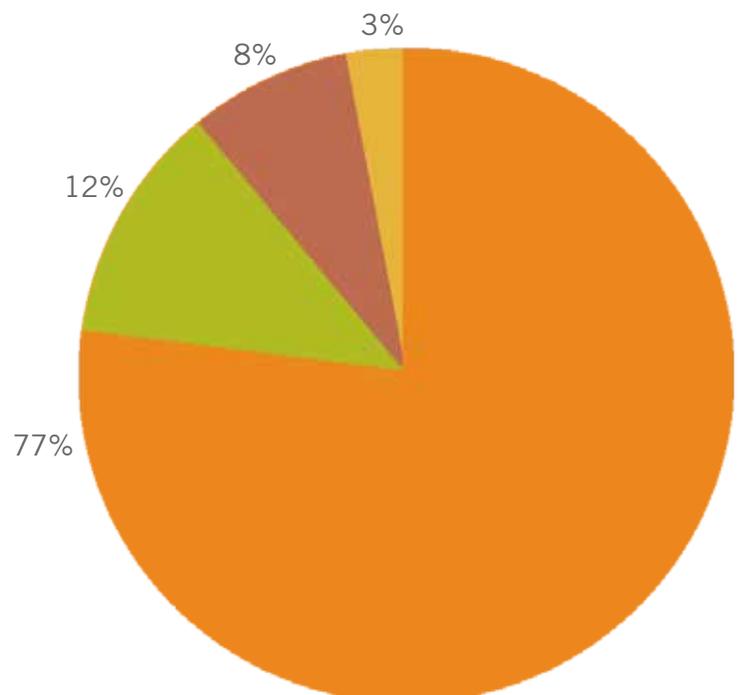
Principle 1: Take a fresh look at information requirements.

More than 80 percent of grantmakers surveyed reported that they have revised application and/or reporting requirements to ask for only what they use in decision-making.

On the other hand …

In general, grantmakers still do not like to accept information that's not specifically developed for them, and this shows in the grantseeker experience. Most grantseekers (84 percent) said their grantmakers rarely[6] or never accept the common applications developed in regions around the country, and most nonprofits (62 percent) rarely or never encounter a grantmaker who accepts standard annual reports or no reports.

Grantmakers continue to require unnecessary paperwork for due-diligence purposes. More than half of grantseekers said they always have to send in the IRS letter of determination, even when grantmakers are verifying current tax status online.

> *"We have made changes but are evaluating our processes and procedures on an ongoing basis to see where there are additional areas that we could make improvements. There is not yet consensus among all staff on some of the information we should be collecting and how to best use the information we do collect."*
> *—Grantmaker*

Principle 2: Right-size expectations.

Grantmakers reported that they are paying attention to the relationship between what they require and the size and type of the grant.

More than half of respondents have made a change to revise application (55 percent) or reporting (59 percent) to be "appropriate to the grant size or type." This seems to be an increase from Project Streamline's 2007 survey, in which 35 percent said that requirements varied depending on the size of the grant, and 41 percent said requirements varied depending on the type of grant. Such change is also reflected in Grantmakers for Effective Organizations' 2012 study of grantmaking practices, in which half of the foundations surveyed reported that their application requirements were often or always proportionate to the size and type of grant—an increase from 41 percent in 2008.[7]

Grantmakers have also added filters so that only those grantseekers most likely to be funded needed to complete full proposals. More than two-thirds (69 percent) have added a way to filter applicants prior to requesting a full proposal. In 2008, this figure was 60 percent, according to research conducted for Project Streamline's first report: "Drowning in Paperwork."

On the other hand …

Right-sizing—although an increasingly well understood concept among grantmakers surveyed—is not experienced by many grantseekers. Most (72 percent) of grantseekers surveyed said that applications for small grants are rarely or never "right-sized" or proportionate to the funding. The same percentage said that they rarely or never have a simplified application for repeat or renewal grants.

For most grantseeking respondents, staged processes, in which full information is requested only from organizations with the best chance of receiving funding, remained rare. One grantseeker articulated the right-sizing issue, saying "The grantmakers that expect 'hoop jumping' reports for small amounts (although we are grateful for them) are not allowing us to be good stewards of time and money."

Principle 3: Reduce the burden.

Grantmakers have implemented online systems and simplified requirements for budgets and financial information to create a less cumbersome process for grantseekers.

- A move online: Grantmakers surveyed overwhelmingly (91 percent) shifted to using an online system or accepting applications via email.
- Multiple copies increasingly rare: With the shift toward accepting electronic submissions, 84 percent of grantmaker respondents have stopped requiring multiple copies of applications or reports.
- Simplified financials: 72 percent of grantmakers reported simplifying their budget and financial requirements, and 57 percent said that they have started to accept nonprofits' own budget and financial information.

On the other hand …

Going online doesn't equal streamlining. Poorly designed and untested online systems—all too common, according to grantseekers—remain one of the biggest sources of aggravation and unnecessary administrative hours. Comments from grantseekers cited many specific issues related to online systems, including forms where data cannot be cut and pasted but must be input one item at a time, forms with stringent character limits, forms that don't allow users to review all questions in advance, save work, or go back to previous responses, and myriad other bugs. Furthermore, half of the grantseekers surveyed said that paper systems are still prevalent among their funders.

Only a third of grantseekers reported that they are able to submit their own financial information regularly (more than half the time). For most, budget templates are still common. The financial contortions required to transpose budget information from formats that work for a grantseeker into templates and new categories required by grantmakers remains a time challenge and source of considerable frustration during the application stage and reporting phases.

Principle 4: Provide clear and straightforward communications

Good communications goes a long way toward a positive and streamlined experience on both sides.

Almost all (91 percent) grantmakers responding to this survey reported that they have revised communications to make them more clear and straightforward. Another 84 percent said that they have specifically revised communications to be clear across all platforms, including website, print material, and other media.

On the other hand …

Getting clear guidance and reaching a real person are challenging for the grantseekers we surveyed, who reported confusing, inconsistent, or insufficient communication. Grantseekers noted that online systems often stand in for telephone or other more direct communication with grantmakers—forming an unintentional barrier to building relationships.

> *"I really appreciate funders who are very clear on what types of groups they fund and don't fund, so you don't waste of lot of time on doomed requests."*
> *—Grantseeker*

Still Many Sad Stories

About hard copies …

"The application deadline was the Monday after Independence Day, which was on a Friday that year. They were closed the day before the holiday and they had a P.O. box so I couldn't use FedEx or UPS. In order to get the package (with about 10 copies of everything including audited financial statements) to them for the 7/7 deadline, it needed to be in the mail by 7/1. They ended up throwing away everything because it got to them a day late."

About reporting …

"We received a small grant of $1,000 … that required 3 (Yes! THREE!) follow-up reports.

About online systems …

"For the online form, you have to input one item at a time for a collective group (like board members or top five funders); it takes a lot of time to input one name, click "add to list," then keep doing that over and over. A text box where you could copy and paste would be much quicker."

About budgets …

"One funder was meticulous enough to ask us to provide a detailed multi-year budget in MS Word (I don't think they knew Excel), minding specific margins, column widths, and font. Of course, the budget ended up being edited as the proposal was developed and negotiated, the totals then wouldn't automatically recalculate in Word, numbers were transposed, and ultimately the budget became a mess for everyone concerned."

Hard Habits to Break

Some of the ingrained qualities of the philanthropic field encourage grantmakers to build and keep burdensome practices. Grantmakers often work in isolation, their priorities and preferences rooted in individual histories and values. At other times, new grantmakers replicate systems that they've seen in other funders, whether or not the model is streamlined or right for them. Because nonprofits need grantmaker dollars, they rarely provide critical feedback (even when asked), and they keep coming back regardless of their dissatisfaction—creating a near absolute lack of market pressure that might prompt change.

> *"The foundations that have asked for feedback are foundations whose application/reporting practices I think are exemplary, so the feedback given to them was very positive. It's the foundations that I think could be doing a much better job—those are the ones that are not asking for feedback." —Grantseeker*

Seeking feedback about practice remains the exception.

Project Streamline has maintained that the onus is on grantmakers to understand the costs of their practices. This survey revealed that most grantmakers still do not seek feedback about their requirements and processes from grantees, let alone from grantseekers.

- Among grantmakers who responded to the survey, 54 percent either hadn't considered adding a way to get candid feedback or had considered, but rejected, this idea.
- Forty-one percent of grantees reported that they had never had a funder ask for feedback. On average, grantees reported that only 14 percent of their funders sought feedback in one way or another.
- Grantmakers who sought feedback often requested it casually in conversation or as a question on an application or report (both of which are less likely to garner candid responses), rather than via an anonymous survey or a third party.
- Grantseekers reported that they were reluctant to offer feedback to grantmakers, sometimes even when asked. Indeed, half of those surveyed said they had never provided feedback. The 36 percent who said they had offered feedback had varying experiences. Some noted that their feedback had an immediate effect. Others commented that, while the feedback was graciously received, they never learned what was done with it. And several noted that the foundations that asked for feedback were the ones that already had a strong culture of customer service and streamlined practices.

How Do Funders Seek Feedback, According to Grantseekers

None of our funders have requested feedback	40.8%
Used an anonymous survey	27.3%
Requested it casually in a conversation or via email	26.3%
Asked as part of a report	16.4%
Asked as part of the application	11.5%
Had a third-party consultant ask us	10.5%
Used a focus group or other group conversation	9.2%
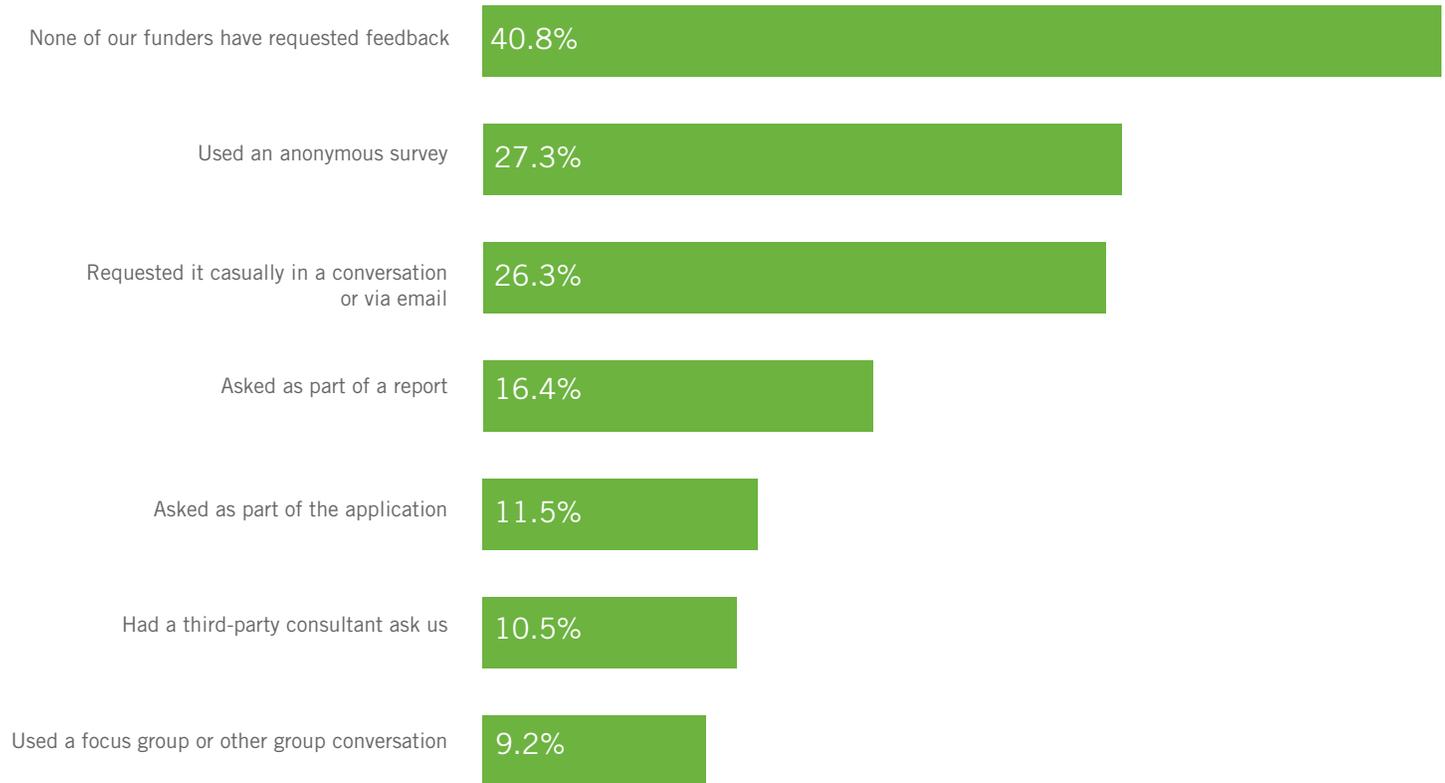
Many funders don't track the time-cost of internal operations.

Even beyond seeking feedback from grantees, responses suggested that many grantmakers don't have good mechanisms for tracking the impact of their practices on internal operations or the extent to which changes to grantmaking affect the flow and simplification of work.

Awareness may not always equal action.

Awareness of Project Streamline and the importance of streamlining do not always result in changes. As one leader bluntly put it, "I think funders are aware of the concerns and issues, but no one thinks that they are guilty of it themselves. It's always 'everyone else's' fault."

Countervailing trends.

Grantmakers responding to this survey noted that a streamlining push can be countered by an opposing push for more data, greater due diligence, or increased risk mitigation. As one wrote, "If only staff awareness were equivalent to foundation action. We are caught in the middle, with our board requesting more and more information and metrics."

"The sector's ongoing push for transparency and 'justifiable' decisions makes it hard to streamline without seeming to be 'cutting corners' and shortchanging due diligence. Funders are increasingly concerned with 'covering their butts' in all cases as well." —Philanthropy infrastructure leader

Streamlining isn't always for grantseekers.

Certain changes and efficiencies—such as new on-line grantmaking systems—may be designed mainly for grantmakers, without a deep investigation of their impact on grantseekers. Responses from grantmakers suggested that, when it comes to motivation, internal efficiency is by far a bigger driver (89 percent) than reducing the burden on grantseekers (68 percent). Grantseekers had the same impression, according to many comments:

"I still feel that the bulk of changes I've seen have been implemented to simplify the process for the grantmaker without as much concern for impact on grantee organizations."

Grantmakers' Motivations for Streamlining

| Motivation	Percentage
Grantee feedback	45.9%
Goal to refocus how staff spends its time	42.8%
Desire to build better relationships	43.1%
We need to do more with fewer resources	44.8%
New technology available	51.4%
Reducing the burden on grantseeking organizations	68.1%
Making internal processes more efficient	89.4%

Project Streamline

Streamlining isn't easy.

Most grantmakers (72 percent) didn't identify a "downside" to streamlining, but those who did noted that it was harder to do than they'd anticipated. Several mentioned that the burden shifted from the grantseeker to the staff of the grantmaking organization. For others, resistance from colleagues, grantseekers, or the board of directors made streamlining feel like an uphill battle. Grantmakers also commented that it's hard to find time to make changes. And even when things go smoothly, long-standing systems don't shift easily. "When it comes down to it, it's much more difficult than we anticipated simply because change is hard!" said one grantmaker.

> *"The idea that this makes more work for grantmakers—isn't that part of the point? After all funders tend to have more resources than grantees." —Philanthropy infrastructure leader*

Downsides to Streamlining, According to Grantmakers

- **11.7%** Board members who preferred the old way are unhappy
- **14.1%** We are not getting the information we need in order to make strong grant decisions
- **15.6%** The burden that has shifted from grantseekers to us is too heavy
- **25.8%** Grantseekers and/or grantees who preferred the old way are unhappy
- **32.0%** Staff members who preferred the old way are unhappy
- **50.8%** Making change has been more difficult than we anticipated

Streamlining Requires a Constant Drumbeat

An Internal Champion

Streamlining requires grantmakers to take time from their busy schedules to gather information about their practice and make changes. Without a champion, this extra work is unlikely to take root. In larger foundations, streamlining often originated with the people responsible for collecting and managing information. Grants managers were most frequently reported to be the champions of streamlining, but leadership's active support of streamlining efforts was essential, according to respondents. Unless the organization's leadership can be brought on board, change may be slow and uncertain.

Streamlining Champions

Grants management staff (71.9%)

Executive director/CEO (39.0%)
Program officer/s (39.0%)

Program director/vice president of programs/CPO (30.7%)

Administrative manager (14.9%)

Board member(s) or founder(s) (12.9%)

CFO/vice president of finance (8.6%)
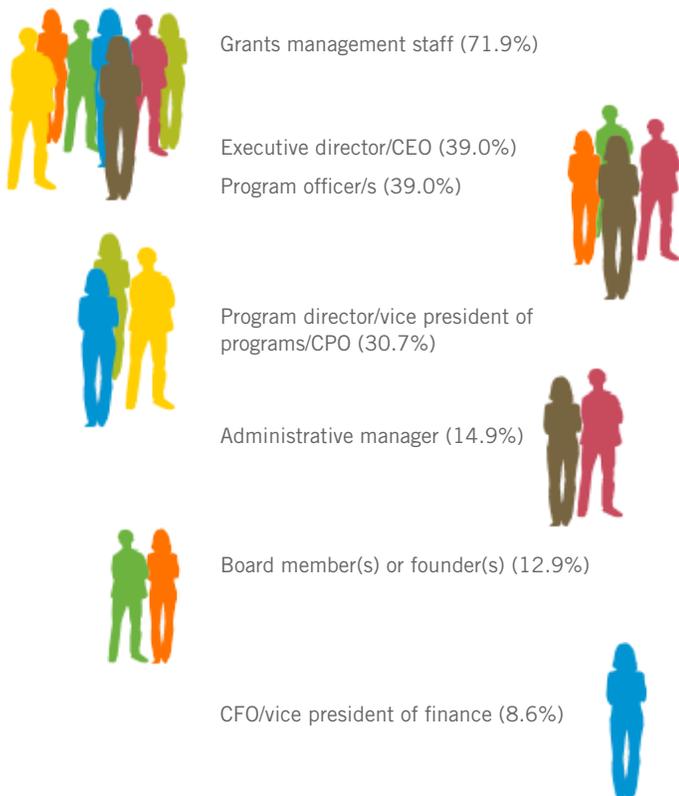
Effective champions invited or charged staff from all quarters to be part of the streamlining effort. Grantmakers said that champions who catalyzed and made streamlining stick:

- Proved the economic and time benefits of streamlining.
- Discussed streamlining at board meetings.
- Introduced the topic at multiple staff meetings.
- Compared practices with respected colleagues.
- Reviewed best practices in the field.
- Completed the streamlining self-assessment and discussed results with all staff.
- Advocated transition to an online system.
- Publicly tested new systems and processes.
- Reviewed application and reporting materials annually with staff.
- Budgeted for the desired changes.
- "Just did it—gently and graciously."

"There's been huge awareness built among grants managers, but not a ton at the executive level. But nothing will change until more senior people are willing to buy into streamlining … because it means initial investments of time and money and willingness to do things differently." —Grantmaker

Project Streamline

And External Pressure

One sure-fire way to guarantee that grantmakers continue to get the streamlining message is to make it part of what they hear—repeatedly—from the sector's membership, research, and educational organizations. A survey of 32 philanthropy infrastructure organizations found that many of the sector's membership and research organizations were knowledgeable about Project Streamline, its findings, and its principles, although— like grantmakers—they had less knowledge of the specific tools and resources that Project Streamline offers.

Among the groups that responded, nearly two-thirds had promoted streamlining principles in publications or electronic communications, and most said they'd had conversations with grantmakers about the burdens of application and reporting. All respondents said that they intended to continue promoting streamlining, especially if they had support and materials from Project Streamline.

The survey also identified room for growth. Although most of these supporting organizations believed that the idea of streamlining was more or equally important to grantmakers than it was four years ago, most respondents acknowledged that they did not know whether their members or constituents were focused on the need to streamline, planning streamlining activities, or adding additional requirements.

Colleague Organizations Have Promoted Streamlining

✔ *76% had conversations with grantmakers about the burdens of application and reporting.*

✔ *62% promoted streamlining in electronic news- letters, on their website, or in other written materials.*

✔ *41% incorporated streamlining concepts and content into publications and trainings*

✔ *37% encouraged members to access the Guide to Streamlining series*

✔ *31% encouraged members to use the Streamlin- ing Self Assessment*

All respondents said that they intended to continue promoting streamlining, especially if they had support and materials from Project Streamline.

Put On Your Streamlining Hat

Focus on Practices that Matter Most

In "Drowning in Paperwork," Project Streamline identified four principles for streamlining. These principles still stand as a framework for thinking about grantmaking, and the most recent study further clarified specific practices that make the biggest differences to grantseekers and grantees. Nonprofits said that when these practices are in place, they spend less administrative time on application and reporting—and more on their strategic and mission-based work. Nonprofits identified five specific practices that matter most.

1. **Online application and reporting systems that work well, gather the right information, and store information from application to reporting, and from year to year.**

2. **Budget and financial reporting requirements that allow grantseekers to maintain their own financial categories.**

3. **Clear and regular communications, including responsiveness to phone and email inquiries.**

4. **Staged processes with techniques like a brief and simple letter of inquiry (or online inquiry form) prior to inviting a full proposal from groups most likely to receive funding.**

5. **Simplified application for repeat or renewal grants.**

1. Online application and reporting systems that work well, gather the right information, and store information from application to reporting, and from year to year.

The last five years have ushered in a new era of online technology for grantmaking. While grantees are generally pleased that funders have gone online, there are still kinks in many systems. The issues documented in "Drowning in Paperwork"—systems that timed out without saving, mysterious character limits—are still present, along with some new ones.

Grantseekers reported that the overwhelming prevalence of online systems can, at times, have the effect of preventing them from reaching a real person for a real conversation, a consequence that may be unintended. A few also suggested that some funders have taken brevity too far: "… online systems are configured in such a way as to SIGNIFICANTLY limit the amount of information we can provide, almost to the extreme. We then find that it's difficult to provide or report meaningful information to the grantmaker."

Nonprofits reported that they value well-functioning online systems. They also appreciate funders that allow emailed applications and reports and said this approach works better for them than poorly designed online software.

2. Budget and financial reporting requirements that allow grantseekers to maintain their own financial categories.

In 2008, "Drowning in Paperwork" reported that 'slicing and dicing' budget and financial reporting information for grantmakers' unique templates was a significant cost in time and effort for nonprofit organizations and a source of both frustration and error. Grantseekers responding in this round reported that many of their funders still require templates and specific formats for financials.

Grantmakers seem to require detailed budget templates for several reasons. Some lack facility with understanding financial data and see a template as a way to render all financial information into an easy-to-use format. Others are attempting to compare "apples to apples" across multiple grantee budgets. And, finally, grantmakers mentioned that they use templates as a way to help low-capacity grantseekers who may not have strong financial skills. But templates have significant drawbacks for nonprofits, like the one quoted below:

"Any funder that requires the use of a prescribed template for reporting operating expense and revenue numbers tends to make our finance people nervous. They spend so much time rearranging numbers that they have to keep an extra Excel spreadsheet as a guide to how they split up our audited financial data in order to fit the prescribed template."

Unfortunately, templates tend to promote error, mask important capacity issues, and ignore the fact that a budget's main purpose is as a management tool for the nonprofit itself.

3. Clear and regular communications, including responsiveness to phone and email inquiries.

"Clear communications" covers a multitude of sins. Grantseekers commented that they particularly value clear, specific, and revealing guidelines that help them determine whether it is or is not worth their time to apply for a grant. Other comments focused on their appreciation of (or desire for) up-to-date websites, clear application processes, real guidance about funding priorities, and examples to clear up potentially confusing requirements (such as objectives).

When describing grantmakers whose practices they appreciated, grantseekers nearly always commented on being able to communicate via phone or email with a real person who is willing to discuss a proposal before it is submitted or offer honest feedback. And many, like the nonprofit executive quoted below, just want to understand the rationale behind requirements.

"The Foundation requires use of its own spreadsheets for some data reporting. They're not easy to use. When I asked why, staff explained that they use the information to advocate for state and federal funding. The spreadsheets allow them to easily dump data from multiple grantees into one master document. I still don't love the requirement, but their explanation made sense. And it's in our shared interest, so completing the forms is definitely more tolerable now."

4. Staged processes with techniques like a brief and simple letter of inquiry (or online inquiry form) prior to inviting a full proposal from groups most likely to receive funding.

Streamlined grantmakers minimize the number of organizations that do a lot of work when they have a small chance of success. They are aware of the proportion of proposals they are declining and work to keep it low. They use clear funding guidelines and eligibility screens that reduce the number of unfitting requests submitted. They talk with applicants prior to submission. And they filter with a letter of inquiry that is truly shorter and requires less work than a full proposal.

The letter of inquiry is a terrific streamlining tool, said grantseekers, if it is really brief and allows the grantmaker to filter applicants early in the process. In contrast, letters of inquiry that are nearly as demanding as the full proposal can be quite burdensome.

5. Simplified application for repeat or renewal grants.

A simplified application for repeat or renewal grants—like other types of right-sizing—adjusts requirements for the actual information needed, rather than defaulting to a one-size-fits-all strategy. It is a boon for grantseekers, who can continue devoting energy to their work, rather than to pro forma application requirements. Multi-year grants are best for this, of course, but funders who might otherwise offer multi-year grants are continuing to hold back until assets rebound. The simplified application can keep the re-application or renewal process from taking undue time from nonprofit activities. It also saves time for grantmakers who are familiar with their grantees or can easily review a previous, lengthier application.

"A staged process is the most important thing to me, assuming that the questions asked at each stage are no more than necessary and will prove truly indicative of a fit. Also, many foundations ask for work disproportionate to grant size, but with streamlined applications, this problem could be largely relieved." —Grantseeker

It's Not About Easy …
It's About Supporting Success

Based on the results of this study, Project Streamline knows more about the specific practices that make the biggest difference to grantseekers and grantees. We also know that many grantmakers continue to make decisions about their application and reporting practices based purely on their own impressions, foundation priorities, and historical precedent (which may or may not work for anyone).

As with any other strategic effort, streamlining is a process to be championed by senior leadership, supported with resources and information (internal and external data), and regularly reviewed, refreshed, and refined. We urge all grantmakers to put on their streamlining hats and look at their practices in light of the effect on grantseekers.

The point of streamlining has never been simply to "make things easy" for grantseekers. Funders and nonprofits alike understand the importance of careful stewardship and discerning grantmaking. The point of streamlining is to ensure that processes meet grantmakers' needs and gather information from grantseekers in ways that support grantseeker success rather than detract from it. A streamlined application and reporting process that makes the best use of everyone's time is central to effective grantmaking.

> *"It seems to me that the funders that have developed sensible and streamlined processes tend to see themselves as partners with their grantees. The funders that have added layer upon layer of complexity and barriers tend to see themselves as gatekeepers or guard dogs for their funds, are distrustful of grantees, and want ever-increasing amounts of documentation to prove that we're not wasting their money." —Nonprofit executive*

What's Next for Project Streamline?

Based on what matters most to grantseekers, as well as our understanding of what keeps grantmakers from implementing streamlining and the context of other pressures on grantmakers, we plan four primary areas of focus going forward:

- Better define streamlining
- Focus attention on good practice
- Make seeking feedback and evaluating systems essential
- Embed streamlining message and activities into partner work

Better Define Streamlining

We may have believed that the field is saturated after five years of discussing streamlining. We now know that this isn't the case. Even among grantmakers who are engaged enough with their membership organizations to complete a survey, awareness of the specific practices and tools promoted by Project Streamline remains modest, and streamlining is too often equated with simply going online. Streamlining needs a clear, pithy, and powerful definition and a campaign to ensure that this definition is well understood.

- **Strengthen the message.** Develop a webinar/conference session focused on the practices that matter most. Partner with colleagues to take it on the road with a goal of reaching 14 regions in 2013.
- **Empower the messengers.** Equip streamlining champions to make the case to executive leadership and boards with targeted materials, such as talking points, tools for assessing the cost of current systems, and the Project Streamline Assessment Tool.

Focus Attention on Good Practice

Many of the silliest practices (requiring typewriters, requiring multiple copies, unnecessarily frequent reporting) are almost extinct, but not quite. Others, like not user-testing one's online system, are very much alive. Project Streamline will take a hard line on silly practices, while focusing attention on the practices that make the biggest difference to grantseekers.

- **Develop online systems that work.** Partner with TAG and Idealware to update and enhance the "Consumers' Guide," folding in the "Online Systems Guide" to embed streamlining principles and information about what works. Strongly promote the importance of user-testing online systems. Look into the possibility of a trained cohort of grants managers or grantseekers who could be available to test and give feedback on systems.
- **Provide alternatives to budget templates.** Project Streamline will continue to promote this message because we know that being able to submit their own budget and financial information is a top priority for grantseekers. In addition to reviewing the budget and financial reports guide, Project Streamline will make available samples of budget guidelines that demonstrate flexibility and user-friendliness.
- **Filter.** Grantmakers need examples of what funding guidelines, eligibility quizzes, and letters of inquiry should look like and do. Project Streamline will develop guidelines for LOIs based on field input and assemble sample documents that are effective filters without being burdensome.

Make Seeking Feedback and Evaluating Systems Essential

Grantmakers often make decisions about their grant-making practices without information from stake-holders or a complete understanding of their current practice. Few seek anonymous and candid feedback about their application and reporting requirements and processes. Project Streamline, with its influential partners, will strive to make seeking feedback and evaluating grantmaking systems a hallmark of an effective grantmaker.

- **Update and promote the Assessment Tool.** The Assessment Tool developed by The Center for Effective Philanthripy (CEP) and Project Streamline has been in use for more than two years now, but it is underutilized. Project Streamline will review the tool, test and improve usability, and market it aggressively.

- **Develop a grantseeker survey template for grantmakers** to adapt and use (themselves or via a third-party service), focusing on gathering specific feedback on the issues that matter most.

- **Promote tools to understand current practice and its cost.** Project Streamline will distribute and/or develop tools and checklists to help funders map their current practice and its costs. Review, revise, and market the "Making Streamlining Stick" guide.

- **Explore with The Center for Effective Philanthropy adding a streamlining module to the Grantee Perception Survey.** CEP's Grantee Perception Report (GPR) is a gold standard for foundations seeking to understand and improve their work. By adding an op-tional streamlining module to the GPR, CEP can encourage foundations to learn more about their application and reporting practices and their impact on grantees. CEP's constituents tend to be the largest foundations in the world, and their attention to these issues could have a powerful influence on the field.

Embed Streamlining Message and Activities into Partner Work

The concepts of streamlining will only survive if they are embedded in partners' messages and materials. Project Streamline will work with partners to build appropriate streamlining messages and activities into their work.

> *"When asked, we appreciate the opportunity to provide feedback to foundations about the process of working with them, from the original inquiry and review process to the grant award communication and subsequent reporting requirements." —Grantseeker*

Profile of Survey Respondents

Grantmaker Profile

There are more than 100,000 grantmaking entities in the U.S., and just 460 of them responded to Project Streamline's survey. (460 started and 376 completed the survey.) Foundations responding to this survey reported giving across a wide spectrum, with about 9 percent reporting grantmaking under $500,000 and 13 percent reporting grantmaking over $50,000,000 in the last fiscal year.

The number of grants given annually also varied widely and was divided fairly evenly, with approximately a quarter of respondents giving fewer than 50, 50 to 100, 101 to 250, and more than 250 grants per year.

The grantmakers who responded to this survey differ from the total universe of grantmakers in the U.S. in two key ways. First, while the greatest percentage of respondents were independent and community[8] foundations (58 percent and 29 percent, respectively), compared to the country as a whole, this data set over-represented community foundations and corporate foundations/giving programs (9 percent) and under-represented independent foundations.[9]

Second, the Foundation Center's 2009 data show that only 27 percent of foundations in the U.S. have staff, but our survey responses came primarily from staffed foundations (96 percent in our sample).

A large proportion of the foundations responding had a small staff: 47 percent of respondents reported having just one to five employees. On the other end of the spectrum, 13 percent represented the sector's biggest foundations with more than 50 staff.

Foundations from 43 states and the District of Columbia responded to the survey. The most responses came from three states: California, Illinois, and New York—the states with the most foundations.

Education, health, and human services were the top focus areas of respondents.

Grantmaking in Last Fiscal Year

< $250,000.. *5.7%*
$250,001 - $500,000 .... *3.5%*
$500,001 - $1,250,000 .... *11.3%*
$1,250,001 - $2,500,000........................ *11.9%*
$2,500,000 - $5,000,000........................ *19.9%*
$5,000,001 - $25,000,000...................... *27.0%*
$25,000,001 - $50,000,000.................... *8.1%*
Above $50,000,000 .... *12.7%*

Grantmaker Type

Federated giving campaign.................................. *0.3%*
Giving circle.. *0.3%*
Funders collaborative *0.6%*
Operating foundation *4.2%*
Corporate foundation or giving program *10.0%*
Public or community foundation......................... *23.9%*
Family foundation *26.8%*
Independent foundation *33.9%*

Grantseeker Profile

There are 1.5 million grantseeking organizations in the U.S., and just over 300 of them responded to Project Streamline's survey. Grantseeking organizations surveyed represented the smaller end of the budget continuum, compared to all U.S. public charities filing 990s.[10] They ranged from tiny (11 percent with budgets under $50,000/year) to very large (13 percent with budgets greater than $25 million/year). The greatest number of respondents (23 percent) had budgets between $2 million and $10 million/year.

Of grantseekers surveyed, 40 percent claimed five or fewer full time employees, and 19 percent had more than 100 full time employees. More than a quarter of the organizations had no dedicated fundraising staff.

Respondents ranged greatly in the number of proposals submitted to grantmakers. While 39 percent reported submitting 1 to 15 proposals per year, 17 percent submitted between 50 and 90 proposals. And 10 percent reported that they submit between 100 and 200 proposals each year. Grants received varied greatly, from less than $1,000 to $2 million, with a reported annual average of just under $36,000. The majority of grantseekers responding to this survey received less than 30 percent of their support from foundation grants. Nonetheless, the sample represented organizations receiving a higher percentage of foundation grants than the national norm.[11]

Human services, arts and culture, and education were focus areas for between 30 percent and 40 percent of the nonprofits in the survey sample. Health was a focus of 22 percent of the nonprofits.

End Notes

1. Gair, "Strategic Co-Funding: A Working Definition" in *Out of Philanthropy's Funding Maze*, accessed February 9, 2013.
http://www.socialimpactexchange.org/sites/
www.socialimpactexchange.org/files/publications/
Strategic%20Co-Funding%20A%20Working%
20Definition.pdf

2. *Patterns and Trends in Grantmaking: A National Field Study of Grantmaking Practices—2011*, **Grantmakers for Effective Organizations and TCC Group**, p. i.

3. *Patterns and Trends in Grantmaking*, p. i.

4. Jagpal and Laskowski, *The State of General Operating Support*, p. 1.

5. *Patterns and Trends in Grantmaking*, p. ii

6. In the survey, grantseekers indicated the approximate percentage of their grantmakers with specific streamlined practices. For this summary, "rarely" refers to the response "about 25%."

7. *Patterns and Trends in Grantmaking,* p. iv.

8. Including public foundations that do not file a 990-PF.

9. Foundation Center, 2010.

10. Roeger and Pettijohn, *The Nonprofit Sector in Brief: Public Charities, Giving and Volunteering*.

11. *The Nonprofit Sector in Brief.* According to this 2012 Urban Institute report: 13.3 percent of revenue came from contributions, of which foundation grants are a part (15 percent). So foundation grants represented 2 percent of all revenue of the reporting public charities.

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- "What Philanthropy Can Learn from Bankers about General Support and Multi-Year Grants," by Sean Dobson: http://www.ncrp.org/files/rp-articles/Responsive_Philanthropy_Spring2011-Dobson.pdf

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