

# FUNDING PERFORMANCE

---

## HOW GREAT DONORS INVEST IN GRANTEE SUCCESS



## WE DEPEND ON WELL-LED AND WELL-MANAGED GRANTEES

Daniel Stid, Program Director of U.S. Democracy  
William & Flora Hewlett Foundation

---

An essay from *Funding Performance*,  
which is available in full at [leapambassadors.org](https://leapambassadors.org)

© 2021 by Morino Institute

This document, developed collaboratively by the Leap of Reason Ambassadors Community (LAC), is licensed under a Creative Commons Attribution-No Derivatives 4.0 International License. We encourage and grant permission for the distribution and reproduction of copies of this material in its entirety (with original attribution). Please refer to the Creative Commons link for license terms for unmodified use of LAC documents.

## We Depend on Well-Led and Well-Managed Grantees

*By Daniel Stid*

The [Hewlett Foundation's U.S. Democracy Program](#) is addressing three big challenges. We seek to strengthen Congress, improve campaigns and elections, and combat digital disinformation. While these are distinct objectives, they all depend on our having well-led and well-managed grantee organizations that can take full advantage of our funding. Leadership is typically not a problem for our grantees, but management often can be. We're striving to help them close this gap.

I should begin by fleshing out our definitions of leadership and management. Following Harvard Business School's [John Kotter](#), we believe leadership and management are very different things, and that effective organizations need to have both. Leadership provides a compelling vision and the ability to change, innovate, and grow in fruitful ways. Management, in contrast, provides stability for the ongoing work of problem-solving and building up essential systems, processes, and disciplines (e.g., careful budgeting and performance measurement).

Several factors have led to leadership generally being stronger than management among our grantees. For starters, we primarily fund advocates, think tankers, litigators, and media outlets. In these areas, the ability to convey a vision and adapt in response to new developments are the coins of the realm.

Because there are real returns to these attributes in our field, visionary leaders—often the founders of their organizations—can make a lot happen and carry on despite having underdeveloped management muscles. However, the longer this imbalance persists, the more likely it is that problems arising from not having necessary systems and processes in place (e.g., blown budgets, missed deadlines, or high staff turnover) will crimp the organization's potential.

Grantees are further hampered in developing their management chops because some penny-wise-pound-foolish funders balk at paying for it. They insist they won't pay for "overhead," or cap it at arbitrarily low and flat rates, because they

want their funding to go straight to grantees' programs. They fail to recognize that the management capacity of grantees is what will enable them to sustain and improve their impact over time.

We use several [grant practices](#) in the U.S. Democracy Program to counteract the field's chronic underinvestment in grantees' management capacity. First and foremost, like other teams at the foundation, we provide the bulk of our funding in the form of multiyear, unrestricted general support grants that leave our grantees free to allocate costs to and invest in management capacity as they see fit.

When we do make project grants, we encourage our grantees to account for and request their full or true costs, [a practice the Hewlett Foundation now encourages](#) across all programs. Our [peers](#) at the Ford, MacArthur, Open Society, and Packard Foundations are striving to do the same.

In addition, through Hewlett's [Organizational Effectiveness](#) program, we make supplemental grants to meet prosaic but mission-critical management needs that are otherwise hard for grantees to undertake, such as those for strategic plans; website overhauls; executive searches; performance-measurement systems; program evaluations; succession plans; and diversity, equity, and inclusion training.

These grant practices are helpful but still at times insufficient to help grantees gird their management capacity. Often, they need a senior manager with the experience, responsibility, and authority to complement their visionary leadership. These [chief operating officer](#) (COO) roles, or senior positions with similar job descriptions, can serve as much-needed counterweights in grantee organizations. We've encouraged and supported several grantees to hire COOs, then underwritten coaching to help the leader and the newly hired COO craft a productive working relationship and align their roles.

A first-time COO can encounter and generate a lot of turbulence. A few such attempts by grantees to establish the role have quickly flamed out. It is a fraught task to begin balancing the leadership vision and change that have enabled an organization to prosper since its founding with the management continuity and discipline required for success in the longer haul, especially as the organization

scales up. Striking this balance is challenging even for organizations that had the good sense to hire a COO from the outset.

With this in mind, we have begun underwriting a community of practice among COOs from 11 of our grantees. The premise is that, given their unique responsibilities and challenges, these senior managers have a lot to learn from and offer to each other. Once a month, experienced advisors at [Community Wealth Partners](#) convene the COOs virtually and engage the group in confidential conversations on topics its members have identified as pressing in their work, from navigating the CEO/COO relationship to managing staff and formalizing systems and processes.

During the initial disruption caused by the COVID-19 crisis, the COOs scrapped their planned agendas and dug in together on how to help their organizations transition to collaborating and working remotely. Looking ahead, the COOs will be sharing and learning from each other on the challenges of whether, when, and how to have their teams reconvene in the office. The goal of all these conversations is to share not only lessons learned and experience with specific tools but also the perspectives and support of colleagues who are tackling the same difficult tasks in different organizations.

We will continue to evaluate and gauge whether these efforts are making a difference. The acid test is always whether grantee leaders and managers find them helpful. Our work to help grantees become well-led and well-managed will continue to evolve. Given what's at stake, neither we nor our grantees can afford to be complacent about it.

---

*Daniel Stid is the Program Director of U.S. Democracy at the William & Flora Hewlett Foundation.*