

FUNDING PERFORMANCE

HOW GREAT DONORS INVEST IN GRANTEE SUCCESS



RISING TO OUR TIMES THE FIVE HABITS OF HIGHLY EFFECTIVE FUNDERS

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Rising to Our Times: The Five Habits of Highly Effective Funders

By Lowell Weiss

Since we first conceived of shining a spotlight on great funding practices, the world has been knocked off its axis by explosive health, economic, and social crises erupting all around the globe. To borrow from the Queen of England, 2020 truly was an *annus horribilis*.

But before we project 2020's horrors into the future, let's acknowledge that we don't know what's to come. Zen Buddhists have expressed this uncertainty with (paradoxically) great clarity in a koan about a boy who receives a new horse. The boy and his family are delighted and celebrate the gift. A Zen master isn't so sure: "We'll see," the master says. When the boy gets thrown and breaks his leg, the villagers conclude that the gift was actually a curse. Again, the Zen master has a different reaction. "We'll see," the master says. When war breaks out and the boy avoids conscription because of his leg, the villagers return to the idea that the horse brought good fortune. "We'll see," the master says again.

The same is true of 2020; we'll see what it means in the long run of history. Might the multiple crises of 2020 be the sharp, painful prods we need to build back smarter and fairer than ever before? Might this be the best opportunity of our lifetimes for foundations to use their wealth, connections, and leadership to advocate for structural reforms of our laws for the 100 million Americans living in or near poverty?

There's no question that the biggest driver of nonprofit success is the internal motivation of their leaders. But even the most motivated nonprofit leaders need forward-thinking funders to support their efforts. Funders who are willing to think big with their grantees and who have the experience, relationships, and competencies to help them do so. Funders who are willing to make flexible, multiyear investments of money and strategic assistance to help them strengthen their organizational muscle and results. Funders who are brave enough to challenge systems from which they have benefited.

It's no surprise that when you peek behind the curtain at some of the most effective work in the social sector, you often find a brilliant, charismatic doer who has earned the respect, trust, and support of a generous, effective donor. For example, one of the most transformative philanthropic efforts in U.S. history was the [creation of more than 5,000 schools](#) for African American children in the rural South. These schools were the product of a remarkable friendship and partnership between Tuskegee Institute Founder **Booker T. Washington** and Sears President **Julius Rosenwald**.

We're encouraged to see that today's funders are placing similarly big bets on great leaders. For example, the Ford Foundation's [BUILD initiative](#) is investing \$1 billion to help up to 300 social-justice nonprofits become strong institutions. The Ford, Packard, Hewlett, Open Society, and MacArthur Foundations are [joining forces](#) to encourage all funders to help nonprofits pay for the true cost of producing strong results and end the "[nonprofit starvation cycle](#)." Building on the pioneering work of **Michael Bailin** and **David Hunter** at the Edna McConnell Clark Foundation, **Nancy Roob** and her outstanding team at [Blue Meridian Partners](#) have pooled \$2 billion to supercharge a diverse portfolio of organizations with massive infusions of capital (often more than \$100 million per organization) as well as many forms of strategic guidance and support. The Ford, Doris Duke, MacArthur, Kellogg, and Mellon Foundations have taken the historic step of [borrowing billions of dollars](#) so they can dramatically increase their payouts at this time of exceptional need. And almost 800 funders have signed a pledge committing to eight practices—from loosening grant restrictions to listening to "those communities least heard"—that will help nonprofits manage through this crisis and maybe even emerge stronger.

This essay highlights a remarkable group of positive-outlier funders that are supporting grantees in ways that fit the urgency of our times. Almost by definition, these foundations are too "camera shy" to show off these practices through their own selfies. That's why we're stepping in to share them as broadly as possible. If every funder were to study these practices, and adapt the relevant ones to their work, our sector would be more effective by an order of magnitude.

500 Legs to Stand On

[The Leap Ambassadors Community](#) is a learning and advocacy community made up of more than 250 nonprofit leaders, funders, and other social-sector thought leaders. It got its inspiration from **Mario Morino's** 2011 book [Leap of Reason: Managing to Outcomes in an Era of Scarcity](#), a plea for nonprofits and funders to embrace rigorous management and learning practices so they can create more social good.

In 2015, the community published the first large-scale, collaborative effort to define what it means to be a high-performance nonprofit and what it takes to get there. [The Performance Imperative](#) provides a North Star for nonprofits on a journey to high performance. In the words of a nonprofit leader in Overland Park, Kansas, “The Performance Imperative is the best organizational tool for nonprofit excellence I’ve found, and I keep studying it. My personal notebooks have many pages of my handwritten notes summarizing the seven pillars.”

In late 2016, we went deeper, in the form of the [Performance Practice](#). For each of the Performance Imperative’s principles, we defined one or more specific practices or behaviors that represent manifestations of that principle in action. We call these specific practices “proof points.” Each proof point is a prompt to help users assess their organization’s progress, advance organizational learning, and identify improvement steps. “What I like best about the Performance Practice is that it’s non-judgmental and opens the door for candid conversations,” said **Kevin Jones**, former executive director of the Urban Coalition for HIV/AIDS Prevention Services. “It helped us discuss organizational strengths and weaknesses openly and honestly.”

Three years ago, the community expanded its lens. In addition to looking at the nonprofit side of the equation, we began turning to the funder side. Our goal: provide funders with well-informed insights into the indispensable role they can play in advancing their grantees’ learning-and-improvement journey.

A Flashlight, Not a Hammer

In our work to influence funders, we're shining a light on donors who are working creatively to enhance their grantees' ability to learn, adapt, and improve. The core content for this effort is a series we call [Funding Performance: Profiles in Philanthropic Courage](#). We've now published profiles of nine positive-outlier funders with thoughtful practices and uncommon results:

- [“A Better-Angels Funder Practices What It Preaches: A Profile of the Einhorn Family Charitable Trust”](#)
- [“Invested in Empathetic Challenge: A Profile of Impetus-PEF”](#)
- [“We’ve Walked in Your Shoes: A Profile of the Weingart Foundation”](#)
- [“Brain + Heart + Ears: A Profile of The Blgrave Trust”](#)
- [“Blunt Talk, Sharp Thinking: A Profile of the Mulago Foundation”](#)
- [“Meaning, Purpose, and Joy: A Profile of Philanthropist Duncan Campbell”](#)
- [“Network Effect: A Profile of Venture Philanthropy Partners”](#)
- [“Growth Mindset: The Evolution of Tricia and Jeff Raikes’s Philanthropy”](#)
- [“Ecosystems Thinker: A Profile of Rose Letwin and Wilburforce Foundation.”](#)

These funders vary widely in terms of their issue interests, geography, and size. And yet we found five common denominators among this positive-outlier group:

1. **They all have inclusive, empathetic leaders.** [The Performance Imperative](#) calls “courageous, adaptive executive and board leadership” its preeminent pillar. The same thing is true for foundations. The foundations we profiled have leaders who are as inclusive and empathetic as they are smart. It’s probably not a coincidence that many of them came to their foundation roles after years of living, working, and building trust in the communities they aim to serve.
2. **They all exemplify a “growth mindset.”** These foundations have developed expertise in the issues they care about, and they also have

the humility to recognize that they have a lot to learn from those working at the ground level, those whom they hope to benefit, and researchers testing hypotheses about what works. They see their opportunity to learn and improve as one of the most energizing parts of their privileged jobs. And they recognize that learning and improving means being bravely introspective about the ways that systemic biases—historic and present-day—distort our own institutions and society at large

3. **They all help grantees strengthen their organizations, not just programs.** They typically provide grantees with flexible, multiyear funds, because these are the precious resources that enable grantees to strengthen the organizational muscles they need to deliver meaningful, measurable results over the long term. They provide this type of funding not only to “likely-suspect organizations led by people with fancy resumes but also to lesser-known organizations led by people with strong community credentials.”
4. **They all cultivate strong relationships with grantees.** Whether or not they use the term “partner,” they don’t see grantees as mere contractors. They treat all of their grantees as valued colleagues whose professional and lived experiences are critically important for fulfilling the foundation’s own mission. They allow grantee leaders working at the ground level to drive the agenda in their own communities. “Trusting, supportive, honest relationships are what make it possible for us to be true partners to organizations that are working to become higher-performing organizations,” Einhorn Collaborative Executive Director **Jennifer Hoos Rothberg** said. “And high performance is what makes it possible for them—and, by extension, us—to achieve more impact in the world toward our shared vision and goals.”
5. **They all go to bat for their grantees with other funders.** Nearly all foundations encourage their grantees to become more “sustainable,” but only the best roll up their sleeves to help their grantees—especially those who don’t already have entrée to the wealthiest and most privileged members of society—to line up additional resources from other public and private donors. In the

words of Mulago Foundation CEO **Kevin Starr**, “We always felt that funders have a unique platform to reach out to other funders [on behalf of their grantees]. We came to see that we had an obligation to do it.”

To help funders who want to learn more about these five habits, we’ve unpacked each of them below. We want to provide you with enough specificity that you can use this essay to spark good conversations at the board, executive, and staff levels—and with your grantees. We hope you’ll take pride in the good habits you’ve already developed and think deeply about ones you’d like to cultivate.

Habit One: Effective Foundations Have Inclusive, Empathetic Leaders.

You can get an inspiring dose of this type of leader at the [Center for Effective Philanthropy’s](#) (CEP) every-other-year conference, which attracts a disproportionate share of CEOs and program directors who not only have great résumés but also the “eulogy virtues” of genuine humility and a heartfelt connection to the people and causes they serve. They’re talented, empathetic leaders “in a field that has historically been awash in a paradoxical mix of arrogance and insecurity,” to quote the late philanthropic advisor and mensch **Peter Karoff**.

One such leader is **Anthony Richardson**, the executive director of the [Nord Family Foundation](#). Richardson’s desire to build stable communities is driven not just by great academic and professional credentials; it also comes from his lived experience as a child who never knew his father and whose mother left him to fend for himself at age 10. Although Richardson doesn’t include any of these life experiences on his bio, there’s no question they’re powerful qualifications for understanding the complexities of community breakdown. “I know what it’s like to feel isolated, powerless, with no control of your own destiny,” he explained.

A donor who exemplifies these traits is **Rose Letwin**. Her [Wilburforce Foundation](#) is a star in the CEP constellation, based on its literally off-the-charts results on CEP’s Grantee Perception Report. At the CEP conference, Letwin described the first philanthropy conference she attended. “I went to the [name

removed] conference. One funder told me that he insisted on having grantees submit 14 copies of their proposals! The funders seemed so arrogant, like they knew better than their grantees. I was appalled.”

In the [Funding Performance](#) series we share many other stories of inclusive, and empathetic leaders. For example, in “[Meaning, Purpose, and Joy](#),” we explained the ways that philanthropist **Duncan Campbell’s** childhood experience of abandonment and neglect allows him to understand at a visceral level the struggles of the young people he aims to serve. In “[Network Effect](#),” we shared the story of how [Venture Philanthropy Partners](#) became a more inclusive and empathetic organization when its white founders with technology backgrounds put their trust in **Carol Thompson Cole**, a Black woman who has served in top roles in three sectors and has deep ties in the DC community going back three generations. In “[We’ve Walked in Your Shoes](#),” we described the early, alienating experiences of [Weingart Foundation](#) leaders **Fred Ali** and **Belen Vargas**—and how those experiences ignited their passion for improving equity in Southern California.

At the CEP conference, *Winners Take All* author **Anand Giridharadas** got a knowing laugh from the audience when he dismissed uber-wealthy philanthropists as “the biggest swinging checkbooks of our time.” But some of Giridharadas’s rapier witticisms fell flat when he was parrying with philanthropist **Jeff Raikes**. Raikes just doesn’t fit a black-and-white caricature of the self-aggrandizing capitalist turned philanthropist. As we shared in “[Growth Mindset](#),” Jeff and **Tricia Raikes** have worked very hard to examine their own privilege and then use it for reforming the biased systems that have blocked opportunity for the most-marginalized people in this country. They and the rest of the leadership team of the [Raikes Foundation](#) are, to anyone who has spent time with them, the epitome of talented and empathetic leaders.

Based on these examples and many more, it’s clear that inclusive, empathetic leadership matters more than pedigree. Whether your inclusivity and empathy come from difficult personal experiences or bearing witness to others’ struggles, they are core competencies for all of us who aspire to use philanthropy to serve, heal, elevate, reform, and repair.

Habit Two: Effective Foundations Exemplify a “Growth Mindset.”

For those of you who aren't educators or haven't followed the work of Stanford psychologist **Carol Dweck**, a growth mindset is a non-negotiable prerequisite for learning, growth, and improvement. It's based on the scientifically valid belief that intellect and talents are like muscles you can develop through your efforts. “The belief that cherished qualities can be developed creates a passion for learning,” writes Dweck in her seminal book [*Mindset*](#).

A “fixed mindset,” the deterministic view that one's intellect and potential are pretty much set at birth, has the opposite effect on learning. If you believe your traits are fixed and immutable, you don't spend your time trying to get better. You typically surround yourself with friends and colleagues who shore up your self-esteem instead of ones who push you to grow. You live in fear of challenges that might possibly reveal to yourself or others that you're holding a pair of fives, not a full house.

We've all had meetings with foundation leaders in which it was immediately apparent whether the leader was showing up with a fixed or growth mindset. We'll share a few representative stories that illustrate just how easy it is to tell the difference:

- Leader A, who had just received tough feedback in a Grantee Perception Report, used the first half of a two-hour meeting to pick apart the findings (“This methodology is flawed!”) and the second half explaining why the results weren't meaningful (“Why should I care what my grantees think? I'm not trying to win a popularity contest!”).
- Leader B, who was commissioning a lookback on her foundation's practices, was quick to insist on including the voices of former staff members who didn't have good experiences and applicants who were rejected for grants after long, drawn-out courtships.
- At her foundation's board meeting, Leader C hosted a discussion of lessons learned from family foundations that have had the most success in addressing community needs. At least a dozen times during the session, she extinguished lively discussions with some version of, “We just don't do it that way.”

- After being challenged respectfully by a staff member, Leader D acknowledged that he probably had a blind spot on his racial-equity lens and quickly agreed to bring in a well-respected, speak-truth-to-power consultant to challenge his assumptions.

Our purpose isn't to cast stones. After all, everyone commits fixed-mindset sins. Instead, we're eager to convince you that one of these mindsets leads to learning and improvement—while the other leads to false feelings of validation (“I didn't realize how funny, smart, and good looking I was until I became a funder!”) and missed opportunities for growth.

If you're a grantmaker, please take a mindfulness moment to think about these questions when you open your next meeting with an applicant or grantee: In this moment, am I in a growth mindset or a fixed one? Do I feel gratitude for an opportunity to learn from someone with lived experience—or am I fixed in my beliefs of what works? Am I truly open to taking in insights on where I can do better—or am I only seeking validation that my view is smart or right?

Habit Three: Effective Foundations Help Grantees Strengthen Their Organizations, Not Just Programs.

In June 2019, the leaders of Ford's [BUILD initiative](#) convened a meeting on this very theme. Their premise: “Multiyear, unrestricted funding, coupled with support for organizational strengthening, works. It creates greater impact for grantees and for the sector.” The meeting's purpose was to identify ways of spreading the gospel to other funders who care about grantee effectiveness but nonetheless maintain funding practices that perpetuate a [“nonprofit starvation cycle.”](#)

It's not a coincidence that several of the leaders who attended the meeting were from foundations we've profiled: **Jenn Hoos Rothberg** from the Einhorn Collaborative, **Fred Ali** from the Weingart Foundation, and **Stephanie Gillis** from the Raikes Foundation. These funders have come to realize that short-term project grants have their place, but we're not going to solve society's wicked problems if we fail to help our grantees plan, hire, and build for the long term.

Ford's **Hilary Pennington**, **Kathy Reich**, and **Chris Cardona** acknowledged that when Ford examined its own practices a few years ago, it saw that it was

providing mostly one-year, restricted grants. As a result, Pennington shared, “We were harming grantees, making it impossible for them to do long-term planning.” In addition, the foundation had low reimbursement rates for grantees’ overhead expenses, which meant that grantees had a hard time investing in their talent base, learning practices, and other core elements necessary for high performance.

This realization sparked real change. In 2015, 36 percent of Ford’s grant funding was in the form of flexible support. By 2018, the percentage had soared to 71 percent. “We now give our core grantees five-year grants, with a certain negotiated percentage for organizational strengthening,” Pennington explained. Ford is conducting an evaluation of 239 BUILD grantees to help our sector learn from these grants. Are these organizations getting stronger? Is this type of funding making any difference for the grantees’ programmatic work? Is this funding having a positive impact on the field in which the organization works?

This research won’t prove (or disprove) the hypothesis that investing in organizations helps nonprofits and their funders achieve greater impact. After all, we have no way to know how these grantees would have fared with more-traditional forms of funding.

But let’s face it: We already have plenty of reason to institute these kinds of practices, including the fact that foundation CEOs say that strengthening grantees is important to them, and yet research demonstrates they’re not doing so. According to a [2018 study](#) published by CEP, nearly all foundation CEOs say that they feel responsible for strengthening grantees and care about grantees’ organizational health. Their grantees report the opposite: “The majority of nonprofit CEOs say their ... funders feel no or little responsibility for strengthening their organization, [and] most foundation funders do not care about strengthening the overall health of their organization.”

When COVID-19 hit, this same Ford team mobilized quickly and issued a call to action for all funders: Give your grantees the kinds of monetary and non-monetary support they’ve been telling us they need (when we’re open enough to ask). “As the COVID-19 pandemic evolves day by day, it is hard to say what implications it will have on our society and our economy,”

Pennington [wrote](#). “That’s why we all must commit to a long-term, collaborative approach to funding that can help our grantee partners weather

this crisis today and forge ahead to address the challenges that await all of us tomorrow.” As I mentioned above, almost 800 funders have now made this pledge. Ford is now in the process of monitoring these commitments, identifying which foundations make the biggest strides, and making sure that the benefits accrue not just to the biggest nonprofits but also to those with the deepest roots in the communities they serve.

Habit Four: Effective Foundations Cultivate Strong Relationships with Grantees.

In a [2017 TEDx talk](#), Edna McConnell Clark Foundation (EMCF) and Blue Meridian Partners CEO **Nancy Roob** described a formative moment in her early career when she was asked to assess an ambitious proposal from a respected community leader. The plan didn’t fit her foundation’s narrow strategy, so Roob wrote him a letter suggesting ways he could scale back the plan to fit the foundation’s criteria for smaller projects. Then the reveal: “I was the naive young person—the Rube, if you will—who tried to convince **Geoff Canada** not to expand the Harlem Children’s Zone.”

The hedge-fund billionaire **Stanley Druckenmiller**, an individual giver not bound to any foundation protocols, took a very different approach. The same year Roob joined EMCF, Druckenmiller met Canada and agreed to join his board. While EMCF was giving small, one-year grants for specific projects, Druckenmiller was taking the time to understand Canada’s vision and getting to know him as a person. “I knew I had to back this guy. I knew I had a winner,” Druckenmiller remembered. He was willing to do whatever it took to help Canada realize that vision.

Even if you don’t have the money or influence of a Druckenmiller, you have every opportunity to build trust with your grantees. Based on what we’ve learned from the funders we’ve profiled, here’s what we believe it takes.

You need relevant expertise. In the words of former Raikes Foundation Executive Director **Erin Kahn**, “You have to demonstrate value to grantees, or they just see you as an accountability enforcer.... The biggest value add is knowing their work, fields, and ecosystems well enough to be a strategic partner.” [CEP research](#) backs this up: The biggest determinant of a strong

funder-grantee relationship is the extent to which funders understand grantee organizations and the context in which they work. You can read much more on this point in our profiles of the [Raikes Foundation](#), [Venture Philanthropy Partners](#), [Impetus-PEF](#), and [Mulago Foundation](#), all of which hire executive-level talent to help grantee partners navigate complex organizational and systems challenges.

You need high emotional intelligence. The best trust-builders exemplify empathy, integrity, humility, and a willingness to make oneself vulnerable. Keystone Accountability CEO **David Bonbright** shared a lovely quotation by the aboriginal activist **Lilly Watson** which frames this point in spiritual terms: “If you have come to help me, you are wasting your time. But if you have come because your liberation is bound up with mine, then let us work together.” For case studies that emphasize high-EQ work with grantees, take a look at our profiles of the [Einhorn Family Charitable Trust](#) (now called the Einhorn Collaborative), [Weingart Foundation](#), and [Blagrave Trust](#).

You need relevant life experiences. In the profiles of [Weingart Foundation](#), philanthropist [Duncan Campbell](#), and [Venture Philanthropy Partners](#), you’ll meet team members whose diverse racial and socioeconomic backgrounds often mirror those of the people the foundation aims to serve. The profiles of [Einhorn](#), [Weingart](#), and [Blagrave](#) illustrate another type of relevant life experience: having sat on the grantee side of the equation. Funders who have walked in the shoes of their grantees often have a different level of respect for grantee expertise and a different level of understanding of the ways funder behaviors (positive and negative) affect grantees.

You need to give your staff the right tools and structure. This means encouraging and rewarding relational values. For example, when **Chip Edelsberg** ran the [Jim Joseph Foundation](#), he asked grantees to share, in one-on-one meetings and anonymous surveys, how their point person was doing on trust-building—and then made this feedback an important component of performance reviews. It also means creating a staffing model that provides time for relationship building rather than simply engaging with grantees in “discrete transactions made in a linear fashion,” in the words of former [Surdna Foundation](#) CEO **Ed Skloot**.

You need to communicate well. Grantees [consistently tell CEP](#) that trust depends on good, two-way communication, and of course this makes intuitive sense. Grantees want funders to be clear and transparent about goals, strategies, and processes; good listeners rather than just good talkers; and responsive rather than prone to ghosting.

But even if you have all of the above hard and soft skills, funders still need to put in the painstaking work to earn trust bit by bit—that is, to overcome grantees’ inherent skepticism of funders who say, “I’m here to help.” In our experience, this process takes a lot of time. It takes meeting grantees on their turf, with an open heart and mind. Sometimes it even requires surviving a major disruption; as with all relationships, when you run into a serious conflict and then find your way through it, that’s the kind of real-life test that can give both partners more confidence that the relationship is real and reliable.

If you’re truly committed to this path, then you, like Einhorn, will have grantees say glowing things like, “We have an honest, authentic relationship with each other. I trust that they care about my success as much as I do. We have had challenges, but I have not felt judged because of that. I’ve experienced empathy.” You, too, will build the kind of trust that’s a gateway to effective philanthropy.

Habit Five: Effective Foundations Go to Bat for Their Grantees With Other Funders.

Even the world’s largest funders realize that they can’t accomplish very much with their dollars alone. **Melinda Gates**, for example, once noted that the annual budget for California’s public K-12 schools is significantly larger than the entire endowment of the [Gates Foundation](#). In other words, even the combined philanthropic resources of **Bill Gates** and **Warren Buffett** couldn’t fund one state’s school system for a single year, much less have any hope of improving educational outcomes for students around the country or fighting disease around the world.

Fortunately, the Gates Foundation usually doesn’t go it alone—and neither do effective foundations with much-more-modest resources. These funders are finding good ways to leverage their own networks for the benefit of grantees.

Sometimes they do so in relatively simple but meaningful forms. For example, a foundation officer might strategize with a grantee about other funders who might be relevant and then make introductions. It could mean a program officer calling another prospective funder and sharing due-diligence materials. It could mean giving a grantee a featured speaking slot at an event, so the grantee can “march in front of the grandstand.” All of these are standard operating procedure at the [Einhorn Collaborative](#)—and its grantees are deeply grateful. “They have had our back any time we have asked them,” one Einhorn grantee told us. “They help us figure out how to open doors with other foundations. . . . They’ve done everything they could to elevate our profile. They want to make our organization successful.”

Leveraging one’s network can also take more sophisticated forms. Some foundations, like Gates, have invested time and money to help grantees understand what public funding streams might be available and then advocate for resources with various government entities. Others, like [Mulago Foundation](#), have built a funding consortium of like-minded funders. This consortium, called [Big Bang Philanthropy](#), is a lightweight structure (just one part-time staffer), funders don’t pool their money, and each funder makes its own decisions. Other models are more formal and robust. [Venture Philanthropy Partners](#) makes large, multiyear investments in a small number of DC-area nonprofits by raising capital from wealthy individuals, foundations, and governments; it also engages its funders in a community of investors who are learning from a diverse set of leaders who understand the challenges in the DC region at the ground level.

[The Edna McConnell Clark Foundation](#) (EMCF) is the ultimate example of going to bat for its grantees. To ensure success for the high-performance organizations it funds, EMCF is now sunsetting so that it can build [Blue Meridian Partners](#), a funding consortium capable of making truly transformative investments. “These days I’m spending about half my time working as a fundraiser, talking to wealthy donors about joining forces to supercharge the highest-performing nonprofits,” Roob explained. “Personally, I have found fundraising hard, frustrating, and sometimes humiliating. But if we’re going to solve these huge social challenges, we felt we had to do it.”

Today, money trickles to what works. We have to make it flow if we're serious about solving our social problems at scale. And that means funders need to work together whenever possible, rather than going it alone.

Conclusion

In their 2011 book [Give Smart](#), philanthropy giants **Tom Tierney** and **Joel Fleishman** wrote that the “most terrible truth of all” is that “philanthropy has no built-in systemic forces to motivate continuous improvement.... Excellence is self-imposed.” The five habits we've outlined here are the bull's eye for those funders willing to do the hard work to impose excellence on themselves.

There are plenty of other practices that these positive-outlier foundations have in common—from engaging in rigorous due diligence to ensuring reasonable reporting requirements. But the five core disciplines above are bigger than “best practices.” We believe they're fundamental for funders who aspire to truly be effective—to solve, not just salve, systemic problems.

We believe that any donor with even a very small staff is capable of adopting all five habits. As the [Funding Performance profiles](#) illustrate, you don't need stratospheric wealth. Far more important than money is mindset. If you approach philanthropy with what Zen practitioners call Shoshin or “the beginner's mind”—a spirit of openness, curiosity, and humility—these habits become quite intuitive. Of course it makes sense to open yourself to powerful learning experiences ... to bring on staff with the skills and lived experience to add intellectual value for grantees ... to build grantee relationships that encourage truth-telling rather than happy talk ... and to help find like-minded donors to help your grantees extend their reach and impact. If this is the kind of excellence you're willing to impose on yourself at a time when the world needs it more than ever, please [let us know](#).

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