Professionalism in Private Philanthropy

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In a letter to Lord Chesterfield in 1755, Dr. Samuel Johnson delivered a scathing indictment of the financial patrons of his day.

> Is not a patron, my lord, one who looks with unconcern on a man struggling for life in the water, and when he has reached ground encumbers him with help? The notice which you have been pleased to take of my labours, had it been early, had been kind; but it has been delayed till I am indifferent, and cannot enjoy it, till I am solitary, and cannot impart it; till I am known, and do not want it.

In my own judgement, the stock of private philanthropy shows little sign of having risen since Dr. Johnson gave vent to his criticism. Canadian foundations, in particular, are generally regarded as cautious and unimaginative in their thinking, arbitrary and idiosyncratic in their actions, and incapable of making any creative contribution to society beyond the lowly and mundane task of giving away money. This attitude, which is particularly prevalent in the universities, is reflected in the sloppiness of many of the applications received by foundations and compounds the difficulty that granting agencies sometimes have in making recipients stick to their commitments.

On the other hand, private foundations are potentially a distinctive and important resource. They can deliberately seek out projects that are experimental and innovative but that would not qualify for public support because of the risks involved, the unfamiliarity of their concepts or methods, or the unpopularity of the causes they represent. Secondly, private foundations can apply their funds with greater discrimination and flexibility than governments. Consider, for example, the administrative problems that bedevilled the Federal government's innovative Local Initiatives and Opportunities for Youth programs which had, of necessity, to grow too fast. In contrast, foundations do not have to respond to public demands that access to the benefits of projects be made immediately available to all social classes, ethnic groups and geographic sections of the country. They can start pilot projects and allow these time to develop and demonstrate their worth. Similarly, without fear of the hostility of vested interests, they can cut off support to programs that have outlived their usefulness. Finally, private foundations are potential sources of creative energy that are unlikely to be dependent on governments. Thus, they can do a great deal to improve the quality of public policy debate by strengthening the capacity of private groups to undertake intelligent analysis and criticism of the actions of governments.

If we want to bring about a wider and deeper appreciation of the role of private foundations, to strengthen the esteem in which they are held, and to exploit

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their hitherto unrealized capacities, then it is extremely important that we should give some careful thought to our grant-making policies and procedures. My own experience has been with a foundation that is national in the geographic scope of its work, that makes grants exclusively in five fields, and that devotes at least half its annual grant budget to universities. These reflections fall, therefore, far short of being a comprehensive manual for private foundations and could undoubtedly be improved by the criticisms and suggestions of others.

Establishing Guidelines and Policy

Eight years ago the Donner Canadian Foundation went through the tortuous process of defining specific fields of activity. This was a trickier exercise than might at first have been imagined. It was essential that the fields have fairly clear boundaries so as to enable us to decide which applications fell inside them and which fell outside. At the same time, we did not want to define our interest too narrowly so as to rule ourselves out of interesting and innovative projects. Actually, two of our fields — law reform and Canadian foreign policy — have themselves evolved in such a way as to take care of the latter problem. The legal system is now generally conceived as encompassing many more individuals than simply judges and lawyers and a far wider range of human behaviour than is mentioned in statutes and cases. Similarly, the subject matter of foreign policy, which used to be the sole concern of cabinet ministers and elite bureaucracies, now relates to almost all the dealings that Canadians as a people, not just the Canadian government, carry on abroad.

We have stated in our annual report that we will, at some future time, consider dropping old fields that appear to be well funded and adding new ones that demonstrate a pressing need of financial support. We have, in fact, dropped three fields and added one since 1970. From time to time we receive representations from groups and individuals asking us to consider new fields — communications, immigration policy, women's studies, parliamentary reform, to name just a few. Changing fields can be an excellent means of re-invigorating a foundation, but there is no denying that it places considerable stress on the staff and evokes horrified protest from those working in a field that is no longer to be funded.

The great merit of clearly specifying policy goals is that this enables a foundation to meet its applicants on equal terms. Given a more manageable area to cover, the foundation is able to build a range of important contacts within that area and to develop its own expertise. Not only does that permit much shrewder assessment of applications and much more effective follow-up of projects; it also makes it possible for the funding agency itself to suggest initiatives and to play a part in actively shaping the field. Ideally, a funding agency should come to be regarded as itself a source of creative energy, imagination and leadership as well as money. To my mind, that would lead to the outside community taking a more intelligently critical and more constructive attitude towards foundations.

In addition to setting out our fields of interest we have decided that there are certain types of grants that, as a matter of policy, we cannot make — for example,

professors' sabbatical leave grants, conference grants, and grants to capital funding drives. If we were to undertake such projects we would, in many cases, duplicate the role of the Federal government funding agencies and we would require a larger staff than we can afford. We aim instead for projects that have a more substantial and ambitious purpose, such as developing an undeveloped field of scholarship, altering government policy or making it possible for a group of concerned citizens to play a greater part in public affairs. I do not, however, mean to imply that our policy making has gone as far as it can go and that we could not benefit immensely from the opinions of others. To take just one example of a highly confused issue that could stand a great deal of clarification: *should a funding agency provide research stipends to university teachers, in addition to their normal salary?* The same rules are clearly not being applied uniformly to all academic disciplines in this respect and it would be helpful, I think, if private foundations were to take a hard look at the principles that should apply.

The Decision-Making Process

I have tried to reflect on the criteria that should be used in assessing a grant application and to set down some of them here. This is by no means an exhaustive list but I think it includes some of the significant tests of a project's merit.

(1) *The Calibre of the Application*

There is a very common view among applicants that "grantsmanship" — the ability to extract funds from granting agencies — is a highly specialized art. It is frequently implied that this has absolutely nothing to do with the real ability of the applicants to carry out a successful project or the merits of that project. Whether this is true or not, it has become a conventional wisdom and, in consequence, the application process is widely regarded as chiefly a cosmetic exercise.

The best way to defeat this pernicious viewpoint is to emphasize strongly that the application process is, in fact, an integral part of the project. If the methods and purposes of the applicants have been clearly articulated, if the budget has been worked out in detail, and if the necessary formalities have been completed, then the project is already well on its way. The time that an applicant takes in dealing with a funding agency should contribute directly to the success of his endeavour. Indeed, the applicant can only be grateful to the funding agency if it forces him to define, to redefine and, if necessary, to redefine again, exactly what his goals are, exactly how he proposes to go about achieving them and exactly how much time and money this will require.

I am, therefore, inclined to think that funding agencies should have no compunction whatsoever in demanding the fullest possible documentation from their applicants. Personal interviews are often a useful method of following up a project proposal but they can also be a means of glossing over some of its serious deficiencies. Reading a proposal is much more likely to reveal its weakness than talking across the table with an enthusiastic applicant. It is also easier to put embarrassing questions in writing than in person.

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(2) *The Need for the Project*

This is not always too difficult to assess but it is frequently very hard to balance against other factors. A typical situation that arises time and again in our own decision-making is one in which the need is pressing but the project itself is of dubious merit. That is a characteristically Canadian problem. One reason that it arises is that we measure our needs by the standards of American society of which we are always tremendously conscious. There is a perfectly natural tendency among Canadians to want to translate every seemingly successful American experiment to this country, despite the fact that our much smaller population base cannot really support such a wide variety of endeavours.

There is always a temptation in such situations to fund a second-rate project because the need for it is so overwhelmingly apparent. It can, after all, be argued that only through experience can individuals be made to see that their standards should be raised and only through experience will their creative energies be properly exploited. I am inclined to agree with that argument in certain circumstances. If, for example, the deficiencies of a project are clearly due to the regional disparity of talent in this country or to the fact that the field is totally new, then I think there is a good case for taking a risk. If, however, the project comes from a context in which there are clearly and widely understood standards of performance, such as the university community, then I think we have to withstand the temptation to support it simply on the ground that it fills an urgent need.

(3) *The Contribution that the Project Makes to Institutional Growth*

One of the greatest problems that we have with our grant recipients is in getting them to see that we measure their success in long-run, institutional terms. They themselves are inclined to measure success in terms of solving the practical problems that confront them at the moment. Yet it is not enough to publish a widely-read book, hold a well-attended conference, carry out a successful defence of tenants' rights in a low rental housing complex, or elicit a pile of testimonials from prominent citizens. We want to know how a particular project will enhance the capacity of an individual or an institution to carry on public service long after our funds have been spent. Will the recipients' abilities be strengthened? Will they make themselves more widely known? Will they be in a stronger position to attract a permanent source of financial support?

(4) *The Qualifications of the Individual*

We are particularly anxious to ascertain whether the individual applicant is seriously committed to the success of the project. There is no better test of such commitment than to ask whether his career will be affected one way or the other by the project's outcome, in other words whether he will have a strong incentive to see the job through. Thus, we are inclined to be sceptical of applications coming from individuals who are already burdened with a number of activities and who, in addition to being over-extended, are in a position to let one or two of their endeavours fail without personal loss of prestige or career advancement. By the same token, I think it is particularly important to ensure that projects of university research require a clear and specific contri-

bution to be made by the senior researchers, in addition to that being made by their graduate student assistants.

(5) *The Administrative Arrangements for the Project*
It is, of course, particularly important that the organization undertaking a project should have the capacity to carry it out. A number of untried community groups, having enjoyed some initial success, are inclined to be over-ambitious in their future planning. Some, for example, become very enamoured of survey research techniques, which are exceedingly expensive to apply and much trickier to manipulate than is sometimes realized. Similarly, inexperienced groups frequently make little effort at long-term financial planning and, in consequence, find themselves half way through a project with their funds already expended.

Perhaps the most frequent failing that we discover in applications is an absence of any reference as to whom the project director will report or, if there is more than one project director, how they will divide the work and responsibilities among themselves. Community groups, in particular, tend to want to avoid rigid allocation of responsibilities and profess a rather naive faith that personal relationships will overcome any future problems of leadership. Such faith is frequently unjustified. Even university research projects can come to terrible grief because of misunderstandings or vagueness about the division of responsibilities at the outset.

Grant-Making Strategies
There are a number of different ways of evoking initiative from the community with which a foundation works. The following is a partial list of alternative funding strategies, each one of which possesses its own advantages and disadvantages.

(1) *Funding Projects of Community Service*
Almost all foundations receive a multitude of applications from groups of citizens interested in starting community centres, recreation projects, half-way houses, programs for youth and senior citizens and the like. There is often a stronger spirit of innovation and greater energy in such local, informally structured groups than in some national associations. The major disadvantage in funding them however, is that their impact is limited to the local area unless, of course, their experience is so successful that similar groups elsewhere are prompted to follow their example.

(2) *The Establishment of University Centres*
A well-tried method of concentrating the energies of an inter-disciplinary group of scholars on a specific problem area is that of setting up a centre or institute within a university. Taken at random, the Native Law Centre of the University of Saskatchewan, the Pontifical Institute of Mediaeval Studies of the University of Toronto, and Dalhousie University's Institute of Oceanography are three examples of such centres. The large grants required to set them up can have substantial multiplier effects, since the influence of successful university centres

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is radiated through academic scholarship, policy criticism, policy advice, public education, secondary school programs and so on. The main disadvantage of this funding strategy, however, is that universities are, on account of their current financial problems, wary of committing themselves to such long-term endeavours.

(3) *The Support of University Research Projects*
Many foundations are involved in supporting university research. There is no question that they are filling a potentially important role, since Canada's research resources are woefully weak and there is always a serious problem of keeping standards high. Yet their job here is, in many cases, duplicated by the major federal funding agencies — the Social Sciences and Humanities Research Council, the Natural Sciences and Engineering Research Council and the Medical Research Council. Whether a private foundation can do this job effectively depends on its staff's capability for evaluating proposals and the number of its contacts in the academic community, on which it must rely for critical assessments of those proposals.

(4) *The Establishment of Institutes Outside the Universities*
The postwar era has witnessed a proliferation of "think tanks", lobby groups and voluntary agencies, each concerned with a specific issue or set of issues and subsisting largely on foundation grants and contracts obtained from governments and private enterprise. The number of such groups in Canada has recently been enlarged by, for example, the Institute for Research on Public Policy, the Canadian Arctic Resources Committee, the C. D. Howe Institute and the Canada Studies Foundation. The rationale for helping such bodies come into existence is that most university academics are not primarily interested in policy issues or in community service and that only a group that is privately funded and exclusively oriented to these tasks can do the job effectively. A major drawback here is that the overhead costs of non-university institutions are usually extremely high and thus, in the absence of substantial endowments, their survival is always doubtful.

(5) *Holding Public Competitions for Project Grants*
The awarding of grants by means of advertised competitions enables a foundation to exert a direct influence on its field of interest. This can be an excellent strategy for concentrating scarce resources to meet a newly emerging priority and for getting specialists to combine their individual kinds of expertise in a coherent and purposeful endeavour. As a side benefit, the consequent publicity increases the community's awareness of the foundation's role. A strategy of holding competitions can also, however, lead to considerable disappointment and resentment among the unsuccessful applicants and it does demand a considerable investment of time, energy and expertise on the part of the funding agency.

(6) *Commissioning Studies*
A foundation can also promote its policy aims and enhance its public image by commissioning studies of significant public questions, such as a recent reassess-

ment of energy issues that was initiated by the Ford Foundation. By pursuing this strategy, however, the funding agency runs the risk of becoming closely identified with the findings of its commissioned research, which may be highly controversial. An even greater potential problem is that those who have been contracted to execute a project do not feel the same responsibility for its successful completion as when they themselves have initiated it. Activism on the part of private foundations is not, therefore, without its perils.

(7) *Awarding Unconditional Grants of Support*

When a grant is awarded without any strings attached whatsoever, a funding agency is, in effect, telling the recipient that it trusts him to make his own decisions as to needs, goals and methods. It is actually surrendering a good deal of its leverage, having presumably been convinced that the recipient is able to do his own planning and should be given a degree of financial security so that he can devote his energies to his central task. Such a strategy represents, of course, a throw-back to the earlier days of private philanthropy in North America. Andrew Carnegie, and many of those who sought to emulate him, believed in funding the man and not the project, in seeking out the inspired and gifted individual and then providing him with the resources to get on with the job. The risks of this strategy are obvious. Yet it is salutary for a foundation staff to reflect upon it, for they should not burden a grant recipient with heavier requirements than can be justified in terms of strengthening his project.

(8) *Awarding Planning Grants*

Another strategy that should be considered is that of providing a small amount of preliminary funding to finance the planning stage of a project on the understanding that, if a detailed long-term plan is worked out, the funding agency will consider an application for a larger grant. The exercise of arriving at a clear and detailed statement of a significant problem is often the best means to obtain a purchase on the enthusiasms and career ambitions of potential participants. This model permits wide consultation, and perhaps a few trial runs, before taking the risk of mounting a major endeavour. The foundation must, however, avoid becoming so committed to the project at a preliminary stage that it can no longer be objective when the time comes to make a final decision.

The Monitoring Process

A foundation's staff cannot be satisfied that their job is done once a grant has been made. Indeed, their continuing involvement may be crucial to the success of a project. Their constant goal must be to impress upon the grant recipient that it really does matter that his initial commitments are fulfilled. This can be accomplished by requiring periodic reports and financial statements and by visiting projects whenever possible. In our foundation we also find it extremely helpful to subscribe to a number of newspapers and periodicals that are likely to cover activities that we have funded. The most effective grant monitoring, however, is achieved when there is open, easy communication between recipient and foundation.

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Many recipients are, of course, sensitive to interference on the part of the funding agency. Yet if the conditions of the grant are set out very clearly at the outset, then a foundation does have a legitimate reason to inquire from time to time as to how well they are being met. It is also a fact of human nature that if a grant is payable in instalments, and one or more of the instalments is made conditional upon a certain level of performance, the recipient is going to make an even greater effort to stick to his original undertaking.

The most serious problem that arises after a grant has been made is an, often unavoidable, alteration of circumstances that makes necessary a radical revision of the original scheme. At this point the foundation has already surrendered much of its psychological leverage by committing itself to the project. There can be no absolute rule as to how to handle such a situation but there is clearly a strong argument for insisting that, if a project is to be radically transformed, the funding application process be repeated.

Assessing a Foundation's Performance

How do we judge the impact of our efforts? In the first place, who are best qualified to assess a foundation's performance, its own staff or a group of outside consultants? Insiders, having themselves been involved in making grant decisions and bearing the responsibility for those decisions, are in danger of being encouraged by grant recipients to believe that their projects have gone well and can fall prey to the illusion that no more was intended than was, in fact, accomplished. Outsiders, on the other hand, not knowing all the circumstances of each grant decision, are apt to swing very wild in their criticisms. The best answer, I think, is a committee of individuals who are experienced in grant making but who are not directly involved with the foundation whose performance is being evaluated.

The criteria that should be employed in evaluating grants can, I would suggest, be grouped under three headings:

(1) *The Grant Decision*

Firstly, the evaluator should put himself in the position of the foundation officer at the time when the grant was made. To what extent did it appear to fill an important need? Were the foundation's resources being applied to an endeavour that was unlikely to be funded elsewhere? What was the degree of risk involved in funding the project? To what extent could it have been termed innovative, in the sense that it both broke new ground and was likely to be replicated elsewhere? Was sufficient information about the project available to the foundation at the time that the application was considered? How accurate was the initial assessment of financial needs?

(2) *The Impact of the Project*

Secondly, the consequences of the grant can be measured against a variety of standards, depending on the circumstances. What was the geographic extent of the project's impact? What was the project's effect on public policy? Did it help bring about changes in legislation, administrative regulation, or in insti-

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tutional structure? Did it contribute new ideas or arguments to public policy debate? What contribution did the project make to undergraduate and post-graduate teaching? What contribution did it make to scholarly research? Did it develop new analytical tools or yield any theoretical benefit? What were the social and cultural benefits of the project? Did it, for example, help to solve ethnic differences or enable disadvantaged groups to exert greater control over their own lives? Was the project carried on after the conclusion of the grant or was there any prospect that its benefits would continue to be felt?

(3) *The Administration of the Project*

Finally, the evaluator must examine how the project was carried out. How effectively was it administered? How closely was it monitored by the foundation? Did the project directors make the necessary efforts to disseminate the results of their work? To what extent did the results of the project correspond to the foundation's original expectations? If it was not as successful as had been anticipated, what lessons can be learned from the experience?

Professionalism and Creativity

There is implicit in the foregoing suggestions the argument that we need to professionalize our operations, be able to articulate principles on which our decisions are based, and be rigorous in our application of these principles. As I have mentioned, I think that would lead to a more effective use of our resources and increase the confidence that outsiders have in private foundations. It would not, of course, necessarily engender daring and imagination, the lack of which Dr. Johnson so much deplored in his would-be patron. These essential attributes of an effective foundation can, in fact, only be kept alive by a determination not to become the slave of systems and procedures. None of the rules of grant making should be considered sacrosanct, except perhaps that which ordains that all the others should periodically be broken. Otherwise, the triumph of professionalism among foundation administrators will deal a sorry blow to their creativity.