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Key Findings and Recommendations from Headwaters Foundation's 2022 Grantee Perception Report

Prepared by the Center for Effective Philanthropy

In September and October of 2022, the Center for Effective Philanthropy (CEP) conducted a survey of Headwaters Foundation (“the Foundation”) grantees, achieving a 71 percent response rate. The memo below outlines CEP’s summary of key strengths, opportunities, and recommendations from the Foundation’s Grantee Perception Report (“GPR”). The Foundation’s grantee perceptions should be interpreted in light of its goals and strategy.

Throughout this summary, the Foundation’s ratings are defined as higher than typical when it is rated above the 65th percentile in CEP’s comparative dataset, lower than typical when it is rated below the 35th percentile, and typical when ratings fall between those thresholds. Ratings described as “significantly” higher or lower reflect statistically significant differences at a P-value less than or equal to 0.1.

Overview

The Center for Effective Philanthropy is pleased to share the results of Headwaters Foundation’s first survey of its grantees.

Grantees hold strong positive perceptions of the Foundation’s impact on their fields, communities, and organizations, placing the Foundation in the top 15 percent of CEP’s overall dataset for these measures. Grantees note in their written comments that “this has been the best grant funding experience our organization has had to date” and “their trust-based philanthropy approach has been life-changing for our community.”

Many grantees express appreciation for Headwaters Foundation’s streamlined processes and strong relationships with Foundation staff. In their suggestions for improvement, grantees focus on raising the visibility of the Foundation’s work and indicate the types of support from the Foundation that grantees perceive to be most helpful.

CEP ran additional analysis on subgroups and found that there were no significant differences in grantee ratings when segmented by annual organizational operating budget or grant type. Other subgroup differences, where relevant, are noted in the memo.

Strong Perceptions of Field and Community Impact

Headwaters Foundation is rated in the top 15 percent of funders in CEP's dataset for its perceived impact on grantees' fields and local communities.

- ▶ In their open-ended comments, grantees highlight the Foundation's commitment to making a difference, sharing that the Foundation "is always there when needed whether for us or the community," "[builds] trust within our community through meaningful conversations," and "continues to influence supporters within our field."

Fostering Contextual Understanding

One potential driver of these strong ratings in field and community impact may stem from grantees' perceptions that Headwaters Foundation has a deep, contextual understanding of the people and communities grantees serve.

- ▶ Eighty-three percent of Headwaters Foundation grantees indicate that the efforts funded by their grant are primarily meant to benefit historically underserved groups, compared to 73 percent at the typical funder.
 - Importantly, the Foundation receives ratings in the top 20 and top five percent of CEP's dataset for its understanding of the needs of those whom grantees seek to serve, and the extent to which its funding priorities reflect this understanding, respectively.
- ▶ In a custom question, grantees indicate strong agreement when asked whether they found Headwaters staff and board to be culturally sensitive in their interactions.
- ▶ At the same time, grantees who indicate having BIPOC in leadership positions provide significantly lower ratings than other grantees on several survey measures, including the Foundation's perceived impact on grantees' fields and communities.



"Through their work, the Foundation is positively impacting the entire region and state. Empowering local agencies and community driven initiatives is at the heart of the Headwaters work I've witnessed...[and] will influence community outcomes for years to come."



"Through the support of the grant we are receiving from the Foundation, we have been able to bring together the stakeholders in our field in a more collaborative and effective way than has ever been done in the state."

Outstanding Impact on Grantees' Organizations

Foundations can impact their grantees' organizations through direct grantmaking, non-monetary support, grantmaking processes, and funders' perceived understanding of grantees' work.

- ▶ Grantees' ratings place Headwaters Foundation in the top 20 percent of CEP's dataset for their perceptions of the Foundation's impact on and understanding of their organizations.

Grantmaking Approaches

CEP's broader research has shown that grant characteristics can be meaningful predictors of perceptions of impact on grantee organizations, with multi-year unrestricted support being a particularly powerful contribution.

The chart below, drawn from grantees’ self-reported data, illustrates that the Foundation’s two grant types (GO! Grants and Policy/Strategic Initiative Grants) are intentionally structured differently. Importantly, however, there are no consistently significant differences in terms of grantees’ experiences or the ratings they provided throughout the report.

	GO! Grants	Policy/Strategic Initiative Grants	Median Funder
Median Grant Size	\$8K	\$115K	\$100K
Proportion Receiving Multi-Year Grants	24%	74%	51%
Proportion Receiving Unrestricted Funding	55%	48%	21%
Grant Dollars Per Process Hour Over Lifetime of Grant	\$1.7K	\$9.6K	\$2.8K
Proportion Receiving Non-Monetary Assistance	24%	68%	38%

Helpful, Streamlined Processes

In addition to the type of grants made, another factor that may contribute to a foundation’s perceived impact on organizations is the grantmaking process, or the steps involved in the stages of the grant award cycle. Headwaters Foundation’s processes are notable in their alignment with trust-based principles.

- ▶ When asked whether the grant award process was a helpful opportunity to strengthen the efforts funded by the grant, grantees provide ratings which place the Foundation at the very top of CEP’s dataset. Headwaters Foundation’s grantees also report feeling a lower amount of pressure to modify their organization’s priorities in order to create a grant application that was likely to receive funding.
- ▶ Grantees also provide higher than typical ratings for the reporting process being straightforward, adaptable, and a helpful opportunity to learn and reflect, placing the Foundation in the top two percent of CEP’s overall dataset for these measures.
- ▶ In addition, grantees report spending seven hours at the median on Headwaters Foundation’s requirements over the lifetime of their grant, which is less time compared to grantees at almost all other funders in CEP’s dataset.
- ▶ Many grantees express deep gratitude for the streamlined and flexible nature of the Foundation’s grant award processes, writing that they “deeply appreciate your [processes] and consciousness of organizations’ limited time and resources,” and that they “really appreciate the opportunity to provide reporting through interpersonal connections.”



“We were very grateful for this source of much-needed support during a critical time in our development. Overall, even though it was a smaller grant, it had a significant impact on our ability to grow and serve. It also required minimal input during the application process, which was helpful given our bare bones staff.”

Offering Valuable Non-Monetary Support to Grantees

Finally, the support that grantees receive beyond the check is valuable. A typical proportion of Headwaters Foundation's grantees (34 percent) report receiving non-monetary support from the Foundation. This proportion includes both GO! Grant recipients and Policy/Strategic Initiative grantees.

- ▶ In a custom question, grantees indicated that the most common types of support used were thought partnership (58 percent) and communications support (42 percent), and that the types of support the Foundation provides are very helpful.
 - Grantees who received non-monetary support from the Foundation provide significantly more positive ratings on several measures throughout the report, including relationship measures.
- ▶ When asked in another custom question about unmet needs in the community in which Headwaters Foundation should play a role to maximize impact, the largest proportion of grantees selected "collaborating with other funders on joint funding initiatives" (47 percent), followed by "creating collaboration with stakeholders across the nonprofit, public, and private sectors" (34 percent).

High Quality Relationships

Grantees' perceptions of Headwaters Foundation's impact are perhaps in no small part influenced by the kinds of relationships Foundation staff have with grantees. Oftentimes, the quality of these relationships is influenced by the frequency and quality of interactions as well as how the funder communicates with grantees.

- ▶ Indeed, grantees provide ratings which are higher than the typical funder in CEP's comparative dataset on all the report's relationship measures, with ratings for grantees' comfort in approaching the Foundation and the Foundation's openness to ideas about its strategy placing Headwaters Foundation in the top five percent of CEP's overall dataset.
- ▶ Headwaters Foundation also receives higher than typical ratings for the survey's trust-based philanthropy measures, including the extent to which the Foundation exhibits:
 - Trust in grantees' organization's staff
 - Respectful interaction during the grant
 - Compassion for those affected by grantees' work.
- ▶ Grantees overwhelmingly express appreciation for interactions with Foundation staff in their comments, stating that "individuals working for the Headwaters Foundation are super responsive, professional, and engaged" and "the willingness of Foundation staff (including officers and directors) to LISTEN to grant applicants and subsequent successful grantees is wonderful."

Importantly, how Headwaters Foundation interacts and engages with grantees matters, and there were a few practices that may be associated with perceptual differences.

- ▶ Grantees who report most frequently initiating contact with the Foundation rate significantly lower on several survey measures spanning themes of relationships and understanding compared to those who report reciprocally initiated or funder-initiated contact.
- ▶ A typical proportion of grantees (18 percent) report a change in their main contact in the past six months. These grantees provide significantly lower ratings across many survey measures, including

understanding of grantees fields, communities and organizations, in comparison to those who did not experience a contact change. One grantee writes “communications are fine but there seems to be a lot of turnover in that area.”

Strong Foundation Communications

By extension, foundation-wide communications represent another opportunity to connect with grantees and orient them within the context of the Foundation’s strategic priorities.

- ▶ Grantees provide higher than typical ratings for Headwaters Foundation’s communications, rating the Foundation’s transparency and clarity in communicating its goals and strategy in the top 10 percent of CEP’s dataset.
 - In a custom question, 70 percent of grantees indicate strong agreement (rating 6 or 7 on a 1-7 scale) that Headwaters has clearly communicated changes that impact grantees’ work with the Foundation.
- ▶ However, six grantees provide suggestions to further improve the Foundation’s communications and increase the Foundation’s visibility in the community, sharing “[we] would love to know more about other grant programs and priorities for the Foundation,” “[the Foundation should] tell their story and the outcomes from the community to a broader segment of the population,” and “we would love to be able to share more about the Foundation with the people we work with.”



“It is refreshing to have a foundation like this with such an open door to questions, concerns and our work in the community.”



“Because of the consistent conversations and trust with Headwaters’ resourceful program officers, our organization is able to move forward with confidence and innovation.”

CEP Recommendations

Based on its grantee feedback, CEP recommends that Headwaters Foundation consider the following to build on its strengths and address potential areas for improvement:

- ▶ In light of the Foundation’s strong impact on grantees’ fields, communities, and organizations, identify and codify the practices that have contributed to these strong perceptions.
 - Maintain the helpful and streamlined nature of the Foundation’s processes and explore providing the types of nonmonetary support grantees perceive to be most helpful and impactful, such as opportunities to collaborate with other funders and stakeholders.
- ▶ Similarly, celebrate and maintain the practices contributing to Headwaters Foundation’s strong relationships with grantees.
 - Continue to identify opportunities to clearly communicate about the Foundation’s goals, strategy, and accomplishments to grantees as well as the broader community.
 - Consider how to mitigate the impact of contact changes, perhaps by creating practices that guarantee smooth transitions upon a staff member’s departure.

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