**Case 90**

Grantmakers for Effective Organizations  
*David and Lucile Packard Foundation, 1996*

Scott Kohler

**Background.** In the early 1990s, there were a handful of foundations providing significant support for the organizational—as opposed to programmatic—effectiveness of their grantees. One of these was the David and Lucile Packard Foundation, which had, as one of its program areas, an interest in Management Assistance. When Barbara Kibbe was hired in 1996 to direct that program, she organized a gathering at the annual conference of the Council on Foundations to discuss the role of funders in supporting the organizational capacity of their grantees—making them stronger institutions in the hope that they could then achieve better and more lasting results in their fields. The roundtable discussion was a success, and Kibbe, along with her counterparts at the James Irvine Foundation and the Ewing Marion Kauffman Foundation, decided to take the lead in coordinating an effort to build something from that day’s discussion.

**Strategy.** Those three foundations provided the initial funding—which totaled $710,000— for the inaugural conference of Grantmakers for Effective Organizations (GEO). A sixteen-member steering committee led the new institution, which aimed to promote dialogue among funders about how best to strengthen the organizations they support. This has been a growing movement in the foundation sector, which has traditionally been far more focused on program strategy and the achievement of demonstrable outcomes. The early supporters of GEO were concerned that a range of impending pressures—from the inevitable end of the economic boom of the 1990s to the aging of the baby boom generation—would soon strain the not-for-profit sector enormously. Strong institutions, with competent leadership and a clear sense of mission, would be those best able to survive these pressures.

To that end, GEO—which is now an affinity group of the Council on Foundations—engages in a variety of activities designed to build organizational capacity and strengthen the nonprofit sector as a whole. These include supporting research into what steps can promote institutional strength, and developing programs for grant-receiving organizations interested in building capacity, as well as the dissemination of information to help such organizations. GEO also works to bring together networks of people and institutions, creating a “community of practice” that can put into effect the knowledge gained through GEO research, scholarship, and discussion. One of its primary activities is the sponsorship, every other year, of a GEO Conference for foundation and nonprofit leaders concerned with increasing their organization’s performance and resilience. GEO is not, however, focused solely on grantee organizations. As its executive director, Kathleen Enright, says, the group, composed entirely of grantmakers, “wisely realized that they didn’t have a lot of credibility [with not-for-profits] if they didn’t look at their own performance.” So GEO research also looks for metrics of achievement and best practices that can be used to strengthen foundations.

**Outcomes.** GEO has grown rapidly. It now has over 600 dues-paying members, who represent more than 400 grantmaking organizations. Its last national conference, held in March 2004, was attended by some 500 people working in the not-for-profit sector and featured panels and lectures on issues of how to improve the work of grant making and grant receiving nonprofits. Since its founding, GEO has become one of the most important organizations working to strengthen organizational capacity in the nonprofit sector.

**Impact.** It will take years to observe and document the full measure of its impact, but its early results are very promising. Paul Light, Vice President of the Brookings Institution, has conducted extensive research, in collaboration with GEO, which “suggests that the increased emphasis on
organizational effectiveness among grantmakers has already had an impact on the nonprofit sector." For instance, 78 percent of the 500 experts and nonprofit executive directors Light interviewed agree “that nonprofit organizations are better managed today than they were five years ago.” Cole Wilbur, former president of the Packard Foundation, has said that he thought the Foundation’s funding for organizational effectiveness was, “dollar for dollar,” the best money the Foundation spent in his tenure. 

Grantmakers for Effective Organizations has received continuing support from Packard and other foundations, and widespread acclaim from the foundation, which is coming more and more to realize the importance of building strong grantees, not just strong programs.

The scope of the civic sector is enormous. It accounts for some 8 percent of the U.S. gross domestic product, and some 10 percent of all American jobs. With annual expenditures approaching $1 trillion, the not-for-profit sector clearly makes its influence felt throughout society in countless ways every single day. Without a doubt, it is very much in the public interest that this money be well spent. We know that the civic sector has served as the launching pad for some of the greatest successes in American history. Yet we must also concede that it has, at times, been the stage for bitter disappointments, cases where funding and good intentions simply were not enough. Grantmakers for Effective Organizations, by working to improve the performance of civic sector charities, is helping to maximize the successes and minimize the disappointments. Helping foundations and their grantees to do more and better, it continues to be a leader in a movement with impressive potential to improve the nonprofit sector and, thereby, society as a whole.

Notes

1286. GEO’s activities are described on its website at http://www.geofunders.org.
1289. These findings were presented by Light at the 2002 national conference of GEO. Ibid.
1291. Each of the three initial foundations—Packard, Kauffman, and Irvine—still support GEO, as do a host of other foundations. Packard and Kauffman, along with the W.K. Kellogg Foundation, are the three largest supporters, each providing over $75,000 per year. Available from http://www.geofunders.org.