# PHILOSOPHY OF GRANT PRACTICE

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William + Flora Hewlett Foundation

## About this Paper

Aimée Bruederle, grants officer, conducted interviews with program staff and wrote this report. In addition, a team of staff and consultants provided edits and feedback: Larry Kramer, president; Sara Davis, director of grants management; Brooke Treadwell, grants officer; Jessica Halverson, grants officer; Laura Kimura, grants officer; Evan Underwood, grants officer; Carla Ganiel, organizational learning officer; Elisabeth Wagstaffe, philanthropy consultant; Kate Payne, communications associate; Emily Fasten, freelance editor; and several senior leaders within the foundation.

## About the Foundation

The William and Flora Hewlett Foundation is a nonpartisan, private charitable foundation that advances ideas and supports institutions to promote a better world. Learn more at *www.hewlett.org.*

# INTRODUCTION

The same *guiding principles* that inform the William and Flora Hewlett Foundation's approach to strategy likewise drive our day-to-day grant practices. By "grant practices," we mean the methods and activities through which grants are executed. These practices include, but are not limited to, such things as how we collect grantee information; how we use data and capture what we learn; how we use technology to interface with grantees; and how we define roles and work with one another. We group our grant practices into six broad areas:

1. Efficient and flexible processes.
2. Due diligence.
3. Grantee selection and portfolio management.
4. Grant structures and set-up.
5. Effective grantee relationships.
6. Alignment between grant practices and Outcome-Focused Philanthropy (OFP).

Collectively, these six categories comprise how we make grants — as opposed to choosing which grants to make, which is the provenance of the Hewlett Foundation's brand of strategic philanthropy, *Outcome-Focused Philanthropy* (though practices and categories inevitably intersect and overlap). The purpose of this paper is to set out the philosophy that underlies how we make grants, articulating the connection between these grant practices and our guiding principles. The paper is organized by practice area, with the relevant guiding principles in bold where relevant. We hope the paper can be used as a guide for new employees. In addition, we think it can provide a basis for continued learning among Hewlett Foundation staff, encouraging conversations about the sometimes bespoke nature of our practices.[1]

Such conversations are helpful precisely because our guiding principles emphasize the importance of flexibility and autonomy. This leaves room, within relatively broad parameters, for practices to vary by program, by strategy, and sometimes even by program officer or associate. As one program officer put it, our principles are "borne out through the processes we use to make grants and the independence each individual program officer or program associate has." There must be room for creativity and flexibility in our grant practices.

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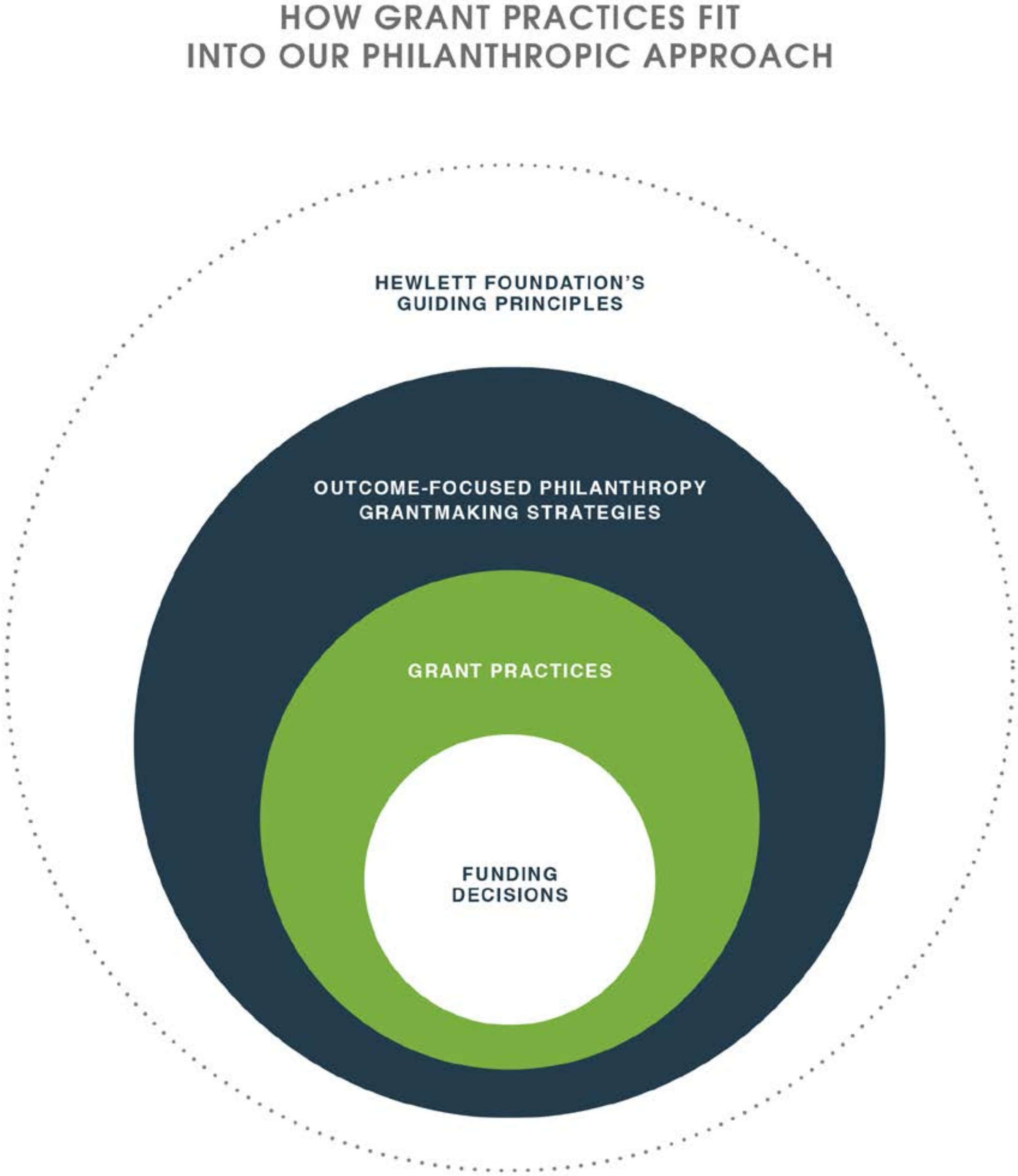
[1] The idea to produce a paper describing our grant practice philosophy arose in the course of work done over the past several years to evaluate the foundation's grantmaking practice. We learned that what we have been doing generally works well (though various improvements were made), but we also realized that it would be helpful to document what we do and why for new and existing staff to use going forward. To supplement what we had already learned, we asked program staff how they would describe the foundation's approach to grant practice. The author of this paper led 30-minute discussion sessions and administered a survey, and approximately 95 percent of program staff participated in one of these ways. Their input was then incorporated into a first draft, which was shared with a number of program and other staff for additional reactions and feedback.

Consider the following visualization of where grant practices fit into our broader grantmaking approach:




The Hewlett Foundation's guiding principles provide the essential foundation and background for its strategies, practices, and individual funding decisions. Our philosophy of grant practice encompasses how we execute activities within the inner two circles — grant practices and funding decisions — and help ensure that they properly fulfill the goals of strategies developed using the *OFP framework*.

# 1. EFFICIENT AND FLEXIBLE PROCESSES

Alongside **flexibility**, our guiding principles equally value **efficiency**. As these values may be in tension, we look to balance efficiency and flexibility, rather than favoring one over the other. Specific practices that illustrate how we have achieved this balance include:

- Establishing direct and clear workflows.
- Streamlining processes.
- Collaborative problem solving.
- Using technology to support process.

Before turning to specific illustrations, it is important to note these are also often influenced by other core values, such as our commitments to **lean staffing** while giving staff **autonomy**. Our staffing model is a primary driver, for example, of the need for flexible procedures and collaborative problem solving. And program officers must have a lot of autonomy when it comes to grant decisions — everything from whether to fund a particular project to how foundation policies that require flexibility (like asking grantees to openly license products that were paid for by our grant funds) should be applied to particular grantees.

***Clear and direct workflows.*** Grantmaking can be complicated, and we compensate by maintaining clear workflows so both internal staff and grantees know where things stand at all times. Similarly, we use a collaborative approach to grantmaking, but mitigate confusion by documenting processes and roles clearly. This includes making sure that handoffs are made clearly and thoughtfully when a grant transitions from one stage to another, or from one staff person to another. Generally, grantees have only two points of contact for any particular grant, a program associate and a program officer, and their respective roles are made clear. The respective roles are then reinforced in communicating with the grantee throughout the grant lifecycle.

***Streamlined processes.*** We strive to make the best use of our staff's and grantees' time by streamlining processes and requirements. Most important, this means ensuring that whatever practices or processes we adopt serve an actual purpose, and are no more onerous than necessary to serve that purpose. To those ends: (a) We ask only for information that is genuinely needed to make a funding decision or that is required for legal compliance; (b) we encourage grantees to use materials they have already prepared for other purposes, such as for another funder, to avoid needlessly duplicative work; and (c) we use informal processes where sensible, such as accepting publicly available information in lieu of a formal proposal when giving a grant for general operating support. If we discover that collecting certain kinds of documents or information is not benefitting us or our grantees, we will streamline what we ask for. We also try not to make grantees put major effort into a proposal or a report unless we genuinely need it and are fairly certain it will be worth their time.

*"Flexibility is always top of mind. We go out of our way to make sure our practices make sense to grantees and that programs have flexibility too."*

***Collaborative problem solving.*** It is necessary, with a staff as lean as ours, to leverage the strengths of colleagues through collaborative work. To facilitate this, we have staff from Grants Management, Legal, and Communications become part of each program team, embedding them into team decision making and grant workflow. Our Effective Philanthropy Group (EPG) — the team responsible for capacity building, monitoring, evaluation, learning, and building a more robust philanthropic field — operates in a more consultative fashion, stepping in when asked to provide assistance or guidance. Both approaches are designed to secure collaborative problem solving and take advantage of different expertise around the foundation in a non-bureaucratic manner.

This kind of collaboration is particularly important when making foundation-wide decisions or changes. When we changed the dollar threshold for grants that require board approval from $400,000 to $1 million in 2016 — a change that allowed more than 90 percent of our grants to be made on a rolling basis — we enlisted aid from every department and program. A foundation-wide working group took responsibility for updating systems and managing internal communications for the new approach. This adjustment, especially in conjunction with other streamlining efforts, has allowed us to be considerably more nimble in filling grantee funding gaps or meeting other needs. We have used similar cross-foundation working groups for a variety of other changes as well, including for an initiative to be more transparent, efforts to collect data and grantee demographics, and more.

*"We have managed our grantee relationships with a personal touch because we don't have a high volume of grants in our portfolio. Our technology supports this and allows us to use personalized emails when we want, which we find builds better relationships."*

***Using technology.*** Finally, we have developed and deployed technology with a specific eye on supporting flexibility in our practices and processes. We optimize our systems for easy data tracking, workflow management, information sharing, and learning. We have a custom user interface that overlays an off-the-shelf system, making it more user-friendly for staff. The resulting more accessible interface includes easy-to-use, built-in forms, and workflows. Staff may summarize proposals and grants at the end of their lifecycle, as well as customize their grant notes for easy review. We also offer a digital proposal and reporting process, which allows our grantees to upload documents directly into the system. When a document is uploaded, the appropriate staff person is notified. Workflows guide staff on pending tasks and allow them to move proposals and reports to the next staff reviewer. While the documents are being refined or edited, both grantee and program staff have a consistent place to share documents, creating internal transparency among different roles.

## 2. DUE DILIGENCE

Due diligence refers to the cluster of activities staff undertake to assess the strength and viability of a grantee or grant idea prior to making a new grant. In addition to assessing the grantee, we use the due diligence process as a learning opportunity: Done properly, it helps staff better understand how the grantee fits into their strategies and the field generally. Due diligence generally includes both formal and informal methods of collecting information. Through site visits, grantee discussions, and our proposal development process, program staff gain a better understanding of the environment and ecosystem in which our grantee partners work. The grant practices designed to facilitate due diligence include:

> *"Due diligence is a learning process for us. It involves gathering information from peer foundations and a lot of early vetting in the pre-proposal application stage."*

- Proposal application design.
- Tools for assessing grantee capacity.
- Financial health assessment.
- Ongoing grant monitoring and renewal decisions.

> *"[Our proposal process] is in joint conception with grantees; it's not about checking the boxes. Our grantees are respected to determine the best approach for their work and our processes are flexible enough that they work across a variety of fields, not just ours."*

***Proposal application.*** We design our proposal application to learn about grantees and capture information we need to make effective grant decisions, but we strive to make it simple and to ask only for what we actually need and will use. In addition to asking about potential risks, we ask grantees to share their theory of change — how and why the change they desire is expected to happen — and to describe who they work with to bring it about. In line with our commitments to **learning and openness**, we seek feedback from grantees that we can use to improve our due diligence and other practices generally. Each of our programs has its own proposal application and most are updated every year or two. It has become common practice to share revised templates with a small group of grantees to get feedback before using a new form. Program staff, especially those that work closely with grantees to collect proposal materials, keep track of questions they receive from grantees and make recommendations for revisions on an ongoing basis.

***Assessing grantee capacity.*** We assess grantee resilience and health in ways that are informed by our commitment to continuous **learning**. We work hard, consistent with our emphasis on **mutual respect** and **humility**, to develop relationships with grantees that are less contractual and more like partnerships. This enables us to trust that grantees will provide full information, will make honest and reliable assessments of organizational health, and, most important, will ask for help if and when they need it. We support capacity-building efforts undertaken by our grantees through our Organizational Effectiveness program. Organizational Effectiveness grants provide targeted support to existing Hewlett Foundation grantees to help strengthen their internal systems, enabling them to do their work better and enhance their impact. Organizations receiving this help complete a worksheet that asks them to rate themselves on such things as governance, financial sustainability, communications, and the like. Our program staff review these self-assessments and, working with the grantee, determine how capacity-building dollars can be best deployed to build more sustainable operations.

***Financial health.*** Assessing the financial health of organizations helps us understand how to best support them. We assess grantees' financial health using documents and information they provide. Similar to organizational assessment, our review of financial health is based on the values of **learning, mutual respect,** and **humility**. We expect grantees to submit budgets and financial information that accurately and realistically document project and/or organizational costs, and we try not to second guess their estimations or reporting. We are presently exploring whether there are ways to make these assessments work better for both grantees and us.

***Grant monitoring and renewal.*** We conduct ongoing monitoring of grants for a number of reasons. First, we need to keep track to determine whether our strategies are making progress or lagging. Second, we monitor to help us decide whether, how, and when to renew our support for a project or organization. In line with our emphasis on **simple and flexible procedures**, we often rely on grantee reports and informal discussions. Our grantee report guidelines ask grantees to reflect on the activities they describe in their proposal and highlight their successes and challenges, as well as discuss whether and how their theory of change is or is not bearing out. The purpose of these conversations is not "accountability," with an eye toward ending unproductive relationships. It is to determine, if things are not going well, how we can get the grantee back on track. Periodically one of our grantees may be faced with an unforgiving political climate or some other barrier to carrying their work forward as planned. We might then decide, after conversation with them, that our support would be better used by another grantee or for another purpose. We use our monitoring reports, as well as these ongoing conversations, to make informed decisions about whether to renew support.

# 3. GRANTEE SELECTION AND PORTFOLIO MANAGEMENT

Each program officer oversees a portfolio of grants. Constructing and managing these portfolios well is critical to achieving our strategic goals. But how we plan and analyze our portfolios is also heavily influenced by the foundation's commitments to **openness, transparency, and learning**. Part of the trick is finding the right balance between new grantees and long-standing ones, and between general operating support grants and program and project grants. Staff in all programs also work to ensure that grant portfolios are diverse and inclusive, and support grantee efforts to do the same in their own organizations. Illustrative practices related to portfolio management and grantee selection include:

- Portfolio analysis and pipeline planning.
- Diversity, equity, and inclusion in grantmaking.
- Collection grantee demographic data.

***Portfolio analysis and pipeline management.*** The process of constructing and maintaining a successful grant portfolio is ongoing and as much art as science. Program staff are constantly building and tweaking their portfolios, balancing long-term relationships with well-aligned organizations against the need to test new ideas by looking for new partners. It is difficult to evaluate a portfolio grantee by grantee, and staff often rely on aggregate data to inform their sense of whether strategies are on track. Knowing the percentage of grants that are for projects versus general operating support, or one-year versus multi-year, is instructive. We regularly review and analyze our grant portfolios to plan ahead. One annual communication with our board includes data on grantmaking trends over the past decade, both in the aggregate and by strategy, with respect to size of grants, length of grants, and percentage of grants that were for general support.

We recently took a closer look at our grantmaking and discovered that a fairly small minority of grantees receive a fairly large majority of our grant dollars. The data raised questions and presented an opportunity to re-examine how we select grantees, compile portfolios, and distribute our resources. In some instances, giving a single organization multiple grants for a large sum seems both explicable and right. For example, the United Nations Foundation receives multiple grants from our Global Development and Population Program because it is home to a number of initiatives that are integral to the program's work on both women's economic empowerment and promoting evidence-influenced policymaking. At the same time, we are looking into how we might better support grantees who are similarly well-aligned but do not receive as much funding.

***Diversity, equity, and inclusion in grantmaking.*** Our commitment to **promoting the values and practice of diversity, equity, and inclusion (DEI)** exerts an important influence on our portfolio development and management processes. The central goal of our Bay Area funding (now done under what we call the Serving Bay Area Communities Fund) has been to support nonprofits that serve the region's disadvantaged communities. Likewise, our Performing Arts Program has made concerted efforts in recent years to ensure that we are supporting arts for the Bay Area's many diverse communities; it has, among other things, used an open letter of inquiry (LOI) to encourage a broader pool of applicants. Potential grantees are assessed on diversity of audience; staff; organization type (i.e., community-based or other); and the cultural relevance of their art given the Bay Area's shifting demographics.

More recently, we have made deliberate efforts to ensure that our overall grantee pool is appropriately diverse and inclusive. A cross-foundation working group developed a memo that included recommendations for how grantmaking staff might productively take DEI considerations into account. Programs and departments are currently implementing these recommendations into their processes and portfolio management. One thing that emerged from this work is a clearer recognition of how a DEI lens can improve outcomes. Our Western Conservation strategy, for example, has made greater progress since recognizing the need to reach beyond traditional environmental organizations and incorporate local voices from Native and Latino communities living in or near the areas we hope to protect.

***Collecting data on grantee demographics.*** We also recently started to collect data on grantee demographics. These data play no role in individual grant decisions, but are used to assess and manage strategic portfolios. By offering insight into the organizations that receive our grants, we will be able to make appropriate adjustments. This is an ongoing process, and as with all of our grant practices, we will continue to assess how best to incorporate knowledge about grantee demographics into our decisions and activities.

## 4. GRANT STRUCTURES AND SET-UP

We invest in building sustainable organizations to achieve lasting impact, and are deliberate about how we structure grants to achieve these outcomes. Grant practices related to grant structure — such things as type of grant, length of grant term, and number of payments — are closely tied to our primary objective of **bringing about meaningful, socially beneficial change** in the fields in which we work. Practices that describe how we think about grant structures include:

- Commitment to multi-year, general operating support grants.
- Focus on true- or full-cost approach to indirect costs and overhead.
- Variation in grant types.
- Use of re-grantors and intermediaries.
- Collaboration with other funders.

***Multi-year general operating support.*** The Hewlett Foundation is committed to providing multi-year, general operating support grants whenever possible. Systemic change takes time and requires investing in organizations and solutions that can have lasting impact. This, in turn, means finding partners aligned with our goals and supporting them for the time it takes to effectuate change. Providing general operating support enables these partners to strengthen their organizations and change directions as needed over time. Often, these grantees become pillars in their fields as well as in our portfolios.

*"We form institutional relationships that are long term in nature."*

Developing these sorts of partnerships can itself take time, however. We begin by making shorter-term project grants to a number of different organizations — seeking to learn, develop relationships, and ascertain alignment and reliability. With experience, we then begin making investments that are deeper, longer, and less restrictive. Over time, we typically identify a group of "anchor grantees" for a strategy, though we continue to explore and look for new ideas and approaches that might blossom into new anchors. A mature strategy will have a set of core grantees who receive most of our funding, and a number of smaller, shorter grants to other organizations. The absence of either is a sign that something may be wrong with the strategy or its implementation.

***True-cost/full-cost funding.*** While more than two-thirds of our funding is unrestricted, it is not enough to avoid or solve the *nonprofit starvation cycle* that plagues philanthropy. We have engaged in a number of initiatives to support field-wide learning and encourage other funders to recognize the need to fund the full costs of the work they support. While the issues are complex, we are committed to finding ways to improve both our own practice and practice in philanthropy generally. This may entail any number of approaches, including better training (for both funders and grantees), a system for ascertaining accurate indirect cost rates, reliance on third parties to determine such rates, or more. We try to practice what we preach, although not always consistently. We are mindful of both direct and indirect costs when we make project grants. We do not use any fixed formula, and aspire to support all of our grantees' costs that we know about.

***Variation in grant types.*** We make different types of grants, varying with strategic needs and considerations. These include general operating support; program support (such as that for university departments); project support; and Expenditure Responsibility (grants to organizations not recognized by the IRS as doing expressly charitable work have more stringent requirements). Grants are made to support direct services, to fund research, to promote public education and advocacy, and for other purposes. We like to provide multi-year funding, and will work with grantees to determine an appropriate payment schedule to support them in doing their best work at the right pace. This flexibility in grant type and structure derives from our focus on outcomes. Program decisions are aided by embedded operational staff from the Grants Management, Legal, and Communications teams, which brings additional expertise to determining what grant structure is most appropriate to achieve desired outcomes. As noted above, we often begin new funding relationships with one-year project support for a specific set of activities. As we learn more about how well a partner's goals are aligned with our own, we may decide to provide less restricted funding.

***Use of re-grantors and other intermediaries.*** We frequently use re-grantors and grantmaking intermediaries to increase our capacity and reach, and to facilitate decision making by people closer to the work. Intermediaries help us reach a broader, more diverse pool of grantees and allow us to outsource management of work we may not have the capacity or domain-expertise to oversee. For example, we work with several regional re-grantors in our Climate Initiative. Institutions like the Shakti Sustainable Energy Foundation in India and the European Climate Foundation have greater expertise in their respective regions and can choose partners and grantees more effectively than we could from several thousand miles away. We can, as a result, reach many more organizations and develop many more strategic initiatives than would otherwise be possible.

***Collaboration with other funders.*** The same values that drive our use of intermediaries lead us to look for funding partners with whom we can collaborate. We have found funder collaboratives to be an effective way to build fields and develop strong nonprofit partners. We look for opportunities to collaborate with other funders and, in order to do so, are willing to accommodate the needs of other funders. We are presently evaluating how effective these collaborations have been and what we might do to improve them.

*"We work collaboratively and closely with other foundations in our space. We learn from the field, while collaboratively supporting grantees."*

# 5. EFFECTIVE GRANTEE RELATIONSHIPS

Our relationships with grantees are shaped by several of our guiding principles, including **transparency and openness, flexibility, mutual trust, and respect**. Practices that shape these relationships include:

- Use of feedback.
- Transparency and openness.
- Flexibility.
- Building mutual trust.
- Empathy.
- Site visits.

***Use of feedback.*** Willingness to accept feedback is an important aspect of our grantmaking practice. Individual program staff do this with grantees to improve the effectiveness of their work, but we are also eager to receive feedback on how it is to work with the Hewlett Foundation. For this purpose, we utilize third-party administered surveys, like the Center for Effective Philanthropy's Grantee Perception Report. But we also seek this feedback directly from grantees — asking how we can do better and where we should change how we operate to better respond to their needs. We prefer critical feedback and want to know what might be improved.

*"Collecting information for us is mostly about codifying information that grantees already have. We often ask our grantees for what they have submitted to others. We don't focus on collecting lots of documentation."*

By way of example, our *Madison Initiative* (which seeks to make Congress more effective in our polarized age) used feedback from grantees to substantially revise its proposal application and reporting templates. Based on feedback from grantees and other information the staff obtained through research, they simplified their templates, only asking a few essential questions. In their proposal application, they moved away from asking for performance indicators, theories of change, and risks and mitigation strategies toward asking what success will look like in the longer term, and what developments or challenges might make it harder to realize the longer-term vision. In their reporting template, they ask grantees to focus on the high points, disappointments, and lessons learned throughout the grant period. By changing their process and templates based on the feedback of grantees, the Madison Initiative has been able to better utilize staff and grantee time, get the information needed to make good decisions, and form strong relationships with grantee partners.

***Transparency and openness.*** Real transparency is essential to maintain strong grantee relationships. We use our website to share strategies and data, as well as to communicate our thinking on issues and help others make sense of our work. We communicate with grantees directly as frequently as possible, and, when communicating, strive to be clear, to take time to explain our strategies, and to talk openly about individual grants and grant decisions. Equally important, we try to listen to grantees and to hear what they are saying. To help grantees plan for the future, we tell them how much support we can give and for how long.

Other devices for communicating with grantees include back-and-forth over grantee reports and site visits or phone calls from program officers and associates. We try regularly (and at least annually) to convene grantees from a particular strategy so they can develop their own networks and learn from one another. We hold regular "Town Hall" conference calls for all our grantees so they can question our leadership team about whatever is on their minds. We encourage grantees to communicate with us and we share their highlights and successes on our website.

***Flexibility.*** The purpose of emphasizing flexibility goes beyond serving internal needs and is equally meant to ensure we are responsive to the needs of grantees. We try to be thoughtful about what we ask of grantees, and we keep the lines of communication open to ensure that our process, procedures, policies, and requirements are not unduly or needlessly burdensome. Whenever possible, as with some of our grantmaking to public charities, we either use readily available information (like annual reports) or ask for minimal paperwork.

> *"Our default position is that we trust our grantees to do their work — their judgement trumps our judgement."*

***Mutual trust.*** Mutual trust is essential for effective grantee relationships, particularly if a funder wants to give grantees autonomy to carry out their work. We emphasize personal connection with our grantees and see them as partners in achieving mutually shared goals. We strive to be non-prescriptive and non-formulaic, leaving grantees leeway to determine the best way to accomplish their (and our) goals. We do our best to reduce any perceived power imbalance. We attempt to respect grantees' time by, among other things, trying to make grants that appropriately cover costs and inviting full proposals once we are almost sure we will fund a project, program, or organization. If unsure, we may request a brief concept note and rely on conversation and our own research. We develop long-term relationships by making clear from the outset that these supersede the presence of any one person at the foundation or at the grantee organization. We take our role in the field seriously and (when asked) will leverage it to help our grantees, whether through technical support, fundraising, or helping make connections with other funders or organizations in their field.

***Empathy.*** Empathy sits alongside trust as an essential attribute for strong partnerships and good grantee relationships. It helps that our program staff come from the fields in which they now make grants: Nothing helps a grantmaker more than prior experience as a grantee. Such prior experience, further informed through regular site visits, helps our staff understand and empathize with the daily realities faced by our grantees. This, in turn, facilitates many of the other practices discussed above: inclusive grantmaking, connecting grantees to each other and to other leaders in their fields, knowing when and how to help build capacity, taking care to end a relationship responsibly, and so on.

> *"In Performing Arts, we hold back our own personal judgement, but instead use the lens of a community and focus on the aesthetic. We focus less on our own preference when assessing art and think from the perspective of the communities we hope to serve."*

> *"We engage regularly with intermediary partners and try to conduct site visits at least once per year with our grantee and sub-grantee partners."*

***Site visits.*** To foster strong relationships with grantees, we try to follow best practices for site visits. Early in the relationship, we use site visits to learn about grantees' leadership, staff, programs, collaborations, and the like, to inform decisions about grant structure. As the relationship grows, site visits remain important to keep the relationship from growing stale or formal. We try not only to visit a grantee's office, but to meet with them at conferences or when traveling. Site visits help us provide additional support when grantees need it, as well as keeping us informed about the context in which they work. Time and capacity of our program staff are the biggest constraints on our ability to make these visits.

# 6. ALIGNMENT BETWEEN GRANT PRACTICES AND OUTCOME-FOCUSED PHILANTHROPY

The same guiding principles that underlie our grant practices shape how we develop the strategies these practices operationalize. The Hewlett Foundation calls its approach to developing, implementing, and evaluating philanthropic strategies *Outcome-Focused Philanthropy*. OFP divides the lifecycle of a strategy into four phases (origination, implementation, refresh, and exit), and our grant practices are designed to support the strategy process across the full lifecycle. We have taken a number of steps to ensure that we maintain alignment between our grant practices and OFP. These include:

- Shared responsibility.
- Monitoring outcomes.

***Shared responsibility.*** The foundation's grant practices nest within our strategic grantmaking philosophy, or OFP (see diagram on page 4). All foundation staff share responsibility for ensuring that our grant practices support the goals and processes of each stage of the OFP lifecycle. For example, when refreshing our Climate Initiative, program staff worked closely with the EPG team and with embedded staff from Grants Management and Legal. As program staff rethought how to best approach the next phase of our climate work, these partners helped think through how that might affect everything from proposal templates to the questions we ask, what we hope to learn from grantees, and how we can measure success. Tweaks like these in the day-to-day tools we use and/or the processes we follow occur on an ongoing basis in all our strategies, at every stage in the strategy lifecycle.

*"We frequently work with [consultants] and often employ strategy refresh evaluations. While we seek to make long-term change, we create it through evaluations and course corrections to effect the change."*

***Monitoring outcomes.*** We track progress to know whether our work is succeeding, but monitoring also helps ensure alignment between specific grant practices and the goals of OFP. For example, after three years of field-building and research, our Cyber Initiative realized that funding was being spread too thin and, in the future, should be used to go deeper with a smaller number of core institutions. This, in turn, required changing the nature of the due diligence and the structure of grants, as well as developing new markers for tracking progress. The relationship between our strategic goals and the day-to-day practices necessary to achieve those goals is direct and immediate. Monitoring enables us to keep them aligned with each other.

## Implications

Our programs and initiatives tailor their grant practices to the specific needs of their strategies and circumstances, but their choices are shaped by a consistent and enduring foundation-wide philosophy. The challenge is to ensure that this remains the case: that the practices we follow continue to evolve as circumstances require, yet remain consistent with the philosophy embodied in our guiding principles. To that end, we recommend:

- Using this paper, alongside the OFP guidebook, as a supplement to in-person onboarding activities and on-the-job experience.

- Creating a way to facilitate discussions at appropriate times — among relevant staff or, when appropriate, across the entire foundation — to inform grant-by-grant decision making; ensure that we understand each other's work; and inform the development of communications, technology, and new practices.

We think it would also be useful and potentially important to share the Hewlett Foundation's approach to grant practice outside the foundation. The principles of grant practice discussed here reflect how we carry out OFP in our day-to-day work, and both derive from the foundation's guiding principles. Many of our colleagues at other foundations are interested in similarly aligning their grant practice with their own foundation's approach to grant strategy and broader values. We recently participated in discussions with other grantmaking institutions about how to create standards across foundations. A great deal of what we do may be shared or adopted elsewhere, and we may likewise learn from the experience and reactions of others.