



Lightening the Load

Measuring and managing the time and cost burden we require from the organisations we fund

A presentation to the Australian Institute of Grants Management Conference
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Overview

1. Funders' dilemmas
2. How we respond
3. Intended and unintended consequences
4. Measuring the unintended consequences
5. Todd Foundation's journey
 - Who we are
 - Discovering unintended consequences
 - Measuring unintended consequences
 - Defining the sweet spot
 - 7 helpful responses

Funders' Dilemmas

- So much need
- So many causes
- So many organisations for every cause
- Not enough money

Funders' Dilemmas

Therefore....

- How do we fully understand community needs?
- How do we ensure funding is open and equitable?
- How do we select the best grantees?
- How do we know what impact was made?

How we respond

Response	Intended Consequences
Contestable Funding Pools	<ul style="list-style-type: none">• Everyone has a fair shot• Open - not dependent on “who you know”
Robust grant application processes	<ul style="list-style-type: none">• In-depth info to support selection process• Applications can easily be compared
Robust accountability and evaluation	<ul style="list-style-type: none">• Reduces risk of misuse of funds• Builds understanding of impact

How we respond

Response	Intended Consequences	Unintended Consequences
Contestable Funding Pools	<ul style="list-style-type: none"> • Everyone has a fair shot • Open - not dependent on “who you know” 	<ul style="list-style-type: none"> • Low success rates • Competition not collaboration
Robust grant application processes	<ul style="list-style-type: none"> • In-depth info to support selection process • Applications can easily be compared 	<ul style="list-style-type: none"> • Time and cost burden • Opportunity cost • Burnout
Robust accountability and evaluation	<ul style="list-style-type: none"> • Reduces risk of misuse of funds • Builds understanding of impact 	<ul style="list-style-type: none"> • As above • Encourages “success theatre and vanity metrics”

Measuring the unintended consequences

Some useful concepts:

Funding Burden: Time and costs applicants spend applying for and reporting on grants

Net Grant: Money received by a grantee minus funding burden (ie grant - value of the time and costs of applying and reporting)

Net Funding: A funders net community benefit – ie the money received by all grantees minus funding burden for successful and unsuccessful applicants

Net Grant example

- You give a \$10,000 grant
- It takes 10 hours to apply
- It takes 10 hours for accountability and impact reporting
- At \$50/hour, funding burden is \$1000 (20hrs @ \$50)
- Net grant is \$9,000 (10k-1k)
- *Except for unsuccessful applicants...*
- Who have a net grant of -\$500 (\$0 granted, 10hrs wasted @ \$50)

Net Funding example

- You have \$100,000 to give in 10 * 10k grants
- You receive 100 applications and award 10
- Net funding for successful applicants is \$90,000 (10 applicants who each spend 20 hours @ \$50)
- *Factor in:*
 - Net funding for 90 unsuccessful applicants is -\$45,000 (90 * -\$500)
 - Your costs of administering the funding @10%: -\$10,000
- ***Net funding to the community: \$35,000***

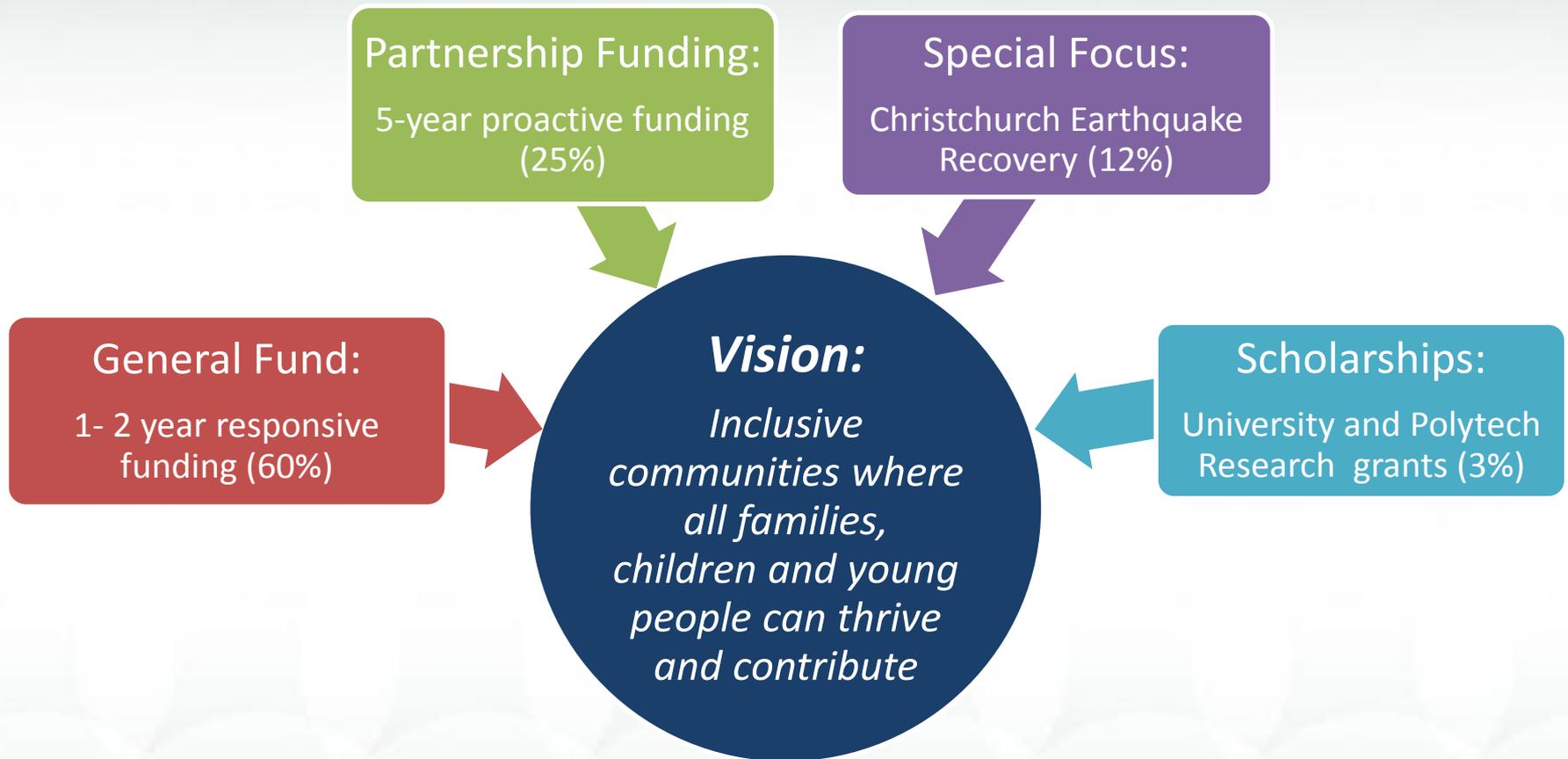
Implications

- Time spent serving funders is time not serving community needs
- We may be reducing the very impact we seek to make through some of our practices
- Funding frustrations are a leading cause of community sector CE burnout
- Power dynamics mean we are rarely challenged on our practices

Our journey: Background to Todd Foundation

- Established 1972 by New Zealand's Todd Family
- NZ\$4.7m given in 2014
- Board: 4 family members, 4 external plus investment board of 4
- Staff of 4:
 - Executive Director
 - Strategic Advisor (Family and Community)
 - Strategic Advisor (Youth and Māori)
 - Office Manager

Todd Foundation journey: Our vision & funding



Processes

- **One or two year funding (Responsive):**
 - Initial online application (approx. 10 - 15% chance of success)
 - Short-listing process to invite full proposals (approx. 66% chance of success)
 - Reporting now in person rather than on paper (Roundtable Reporting)
- **Five year funding (Proactive):**
 - 3 -5 existing grantees invited to apply each year
 - 5-year unrestricted funding offered to 3 - 4 grantees, up to 100k per year
 - Annual gathering to share learnings and additional match funding available for organisational development

Starting to think about funding burden

- Clara Miller from FB Heron Foundation introduces concept of Net Grants
- Conversation with grantee CE: “having 5 years funding from you frees up at least two weeks of my time per year”
- Informal grantee survey:
 - total management time to raise and manage 100k: 3.75 weeks
 - total staff time to raise and manage 100k: 1 week



Measuring Todd Foundation processes

- Added fields to applications asking how many hours the process took:
 - 2 hours initial applications
 - 6 hours brief proposal (previously funded grantees)
 - 11 hours full proposal (new grantees)
 - 14 hours for 5-year funding
- Measure overheads as a % of total costs: 8.26%
- Relationship management approach and regularly seek feedback



Todd Foundation funding burden scorecard

	1-2 year funding	5 year funding
Average Grant	\$59,000	\$69,000
Av Net Grant	\$58,000	\$68,500
Total Funding	\$2.44m	\$1.24m
Net Funding	\$2.37m	\$1.23m
Funding Efficiency	97%	99%
Funding Efficiency (inc overheads)	89%	91%



Seeking the sweet spot

The challenge:

- Open accessible funding AND a reasonable chance of success
- Rigorous selection process AND low funding burden pre-grant
- Deep understanding of what works and what doesn't AND low funding burden post-grant



Seven helpful responses

- **Measure** how long to apply and report
- **Stage** the burden – use 2-step process
- **Share** the burden – we can do the leg work too!
- **Proportionality** matters – vary the burden depending on what’s on offer
- **Combine** responsive and proactive funding
- **Multi-year funding** is better for everyone
- **Re-use** or standardise reporting and evaluations with other funders



Final Thoughts

- Metrics matter... but
- what matters most is the communities we serve
- “really your job is to get out there in the community and find out how we can help” (Sir John Todd, Todd Foundation Chairman)
- And if we want to be helpful – let’s not inadvertently hinder.

