INDEPENDENT SECTOR

MODEL PARTNERSHIPS FOR IMPACT

OPEN ROAD ALLIANCE AND SPLASH

2016

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Fall 2016

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About Independent Sector
Independent Sector is the leadership network for nonprofits, foundations, and corporations committed to advancing the common good. Our nonpartisan coalition's networks collectively represent tens of thousands of organizations and individuals locally, nationally, and globally.

Our Vision & Purpose
We envision a world of engaged individuals, robust institutions, and vibrant communities working together to improve lives and the natural world, and strengthen democratic societies.
To help create this future, we lead and catalyze the charitable community, partnering with government, business, and individuals to advance the common good.

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Independent Sector (IS) works to enhance grantee and funder organizations to ensure both are effectively helping society's most vulnerable populations. From Independent Sector's cornerstone Building Value Together Initiative, which outlined practices to help foundations and nonprofits achieve successful outcomes, to Charting Impact to Threads, IS has addressed how nonprofits and foundations can have healthier relationships with one another and best fulfill their organizational missions to strengthen the communities they serve.

IS is committed to being responsive to the sector and the knowledge gleaned during our 15 cross-country Threads conversations with 80 partner organizations. In every city IS visited, one consistent impediment to meeting mission was raised: the strained relationships between grantees and funders. IS seeks to respond to what we heard by building upon previous work by IS and others, and adding to the depth of knowledge needed to move grantee/funder 'power dynamics' in a more productive direction.

Our first contribution to this conversation is a series of eight case studies, featuring grantee and funder pairs, who exemplify healthy relationships and illuminate the practices and behaviors that contribute to a positive power dynamic.

Funding unexpected hurdles can lead to catalytic changes for vulnerable communities.

Open Road Alliance occupies a unique position in the philanthropic space. They provide one-time, 12-18 month grant capital to nonprofits for mid-implementation projects facing an unexpected roadblock or a sudden catalytic opportunity.[1] In other words, Open Road Alliance only funds unexpected hurdles, good or bad. "At the moment when you can't move forward without additional resources, that is where they step in," says Eric Stowe, founder and executive director of Splash, a two-time grantee of Open Road Alliance. "We don't make equity investments, we provide working capital where needed. It's a specific input for a pre-identified output. With these clear expectations, most of our grantees including Splash has excelled every time we have worked with them," says Maya Winkelstein, executive director of Open Road Alliance.

Open Road Alliance (ORA) was founded in 2012 by psychologist and philanthropist Laurie Michaels. It is a Donor Advised Fund of Silicon Valley Community Foundation. Its average grant is about $78,000 and as of June 2016, it had about 54 charitable grants in its portfolio. As market demand expanded, ORA added to its offerings. In 2014, ORA expanded its portfolio to include recoverable grants that function like a below market rate loan and are repaid to ORA. In 2016, it launched "The Unexpected Fund" which encourages other funders to integrate contingency and risk mitigation strategies more formally into their operations. For this, ORA provides matching grants up to $100,000 against an equal amount from a funder, for a project that faces an unexpected roadblock.[2]

1. "About Open Road - Open Road Alliance." Open Road Alliance. Accessed July 6, 2016. http://openroadalliance.org/about-open-road/.

2. "About The Unexpected Fund - Open Road Alliance." Open Road Alliance. Accessed July 6, 2016. http://openroadalliance.org/about-the-unexpected-fund/.

Splash, founded in 2007, occupies a unique space in the nonprofit sector as well. It describes itself as a social justice organization committed to the poor, an international development agency disciplined around urban economies, a social enterprise dedicated to putting itself out of business, and a safe water company focused on children. Its mission is to "clean water for kids" and, over time, Splash has grown to be a $4 million a year organization.[3] It operates in eight different countries[4] and serves approximately 370,000 kids in a day.[5]

ORA and Splash met in 2012 when ORA first opened its doors. They were introduced through a mutual colleague and no funding was on the table. ORA asked for the meeting because it wanted to confirm that nonprofits desired the type of funding ORA wanted to provide.

Winkelstein says, "We went to them as a funder and said, 'let me pitch you and tell me if this seems right or if there is not a need.' Being customer-centric has always been our focus and model."

Stowe recalls their first meeting as well. "I figured in our line of work we would invariably have enough roadblocks to qualify as a potential grantee at some point in time," says Stowe.

As ORA continued to refine its approach, it continued to engage Splash as well as others, in critiquing their application process and the evaluation criteria used to assess potential grantees.

Winkelstein says, "Every time we develop something, be it a process, criteria, or guiding principles, we make an explicit point to bring our grantees and partners together to ask their opinion. We are sure to include people who have been turned down by us too. We work to fit their needs, rather than the inverse."

"We can give them honest feedback without fearing backlash since all of their funding is based on a specific hurdle in a specific period of time. It has made them one of our best partners and most proactive funders," says Stowe.

The Work of the Relationship

In 2014, Splash formally entered the ORA application process.

"Their examination of us, including our vision of success, was thorough and engaging. What is more, the flexibility throughout the grant helped us refine our core approach as an organization and ultimately led to a large pivot in our implementation model," says Stowe.

Their first engagement, which spanned one year, focused on building a government-supported, data-driven approach to their safe water projects in Kolkata, India. "Our goal was focused on building a sustainable, replicable model for safe water, clean hands, and functional toilets in all schools in Kolkata, India. The larger vision is to provide the model and proof of success in one city to spark other actors in other Indian mega-cities to take on our particular approach and tweak it to their own conditions," says Stowe. "The timeline of the grant was very aggressive. ORA did not attempt to change

3. "About Splash." Splash. Accessed July 6, 2016. http://splash.org/about.

4. "Where." Splash. Accessed July 6, 2016. http://splash.org/where.

5. "Do More." Splash. Accessed July 6, 2016. http://splash.org/do-more.

our goal or vision, but they did routinely push back on the framing and we appreciated their feedback throughout. We are all about understanding the problem and crafting or adapting our solution to meet the contextual needs of the geographies we work in. Open Road understood this from the beginning and challenged us to look at all the angles before jumping in."

"We have very specific criteria and helping the applicants put together the best application possible, and ensuring they are successful, is core to our work," says Caroline Bressan, portfolio manager for ORA.

"Because we fund in such diverse spaces, we can't have the same metrics for success across our portfolio. Part of our application is to ask about their vision for success and use that as our metrics," Winkelstein adds. "Setting expectations is where you set yourself up for success or disappointment. If we end a project and they didn't meet expectations, the first question we ask ourselves is, 'did we set expectations appropriately?'"

"The number of calls and emails was substantial," recalls Stowe. "They really wanted to make sure this was a one-time thing. One of the biggest benefits of their thorough review is that you basically avoid the feeling of 'oh no, we didn't talk about that.'" The initial grant from ORA enabled Splash to gather programmatic data by conducting a city-wide baseline survey of water, sanitation, and hygiene conditions across 1,650 public schools in Kolkata. "When we got the data we realized we had a blind spot and needed to better leverage our expertise in the field. We needed to become - alongside the government - a curator of standards, rather than the sole implementer of projects. This was a major awakening for Splash and now we are trying to replicate this in other countries such as Nepal and Ethiopia," says Stowe.

The Impact of the Relationship

"The demonstrative impact is spelled out in each engagement," says Bressan, and for Splash, the demonstrative impact of this partnership on the organization as a whole is significant.

"Our partnership [with ORA] facilitated a major programmatic shift for us. It changed the way we talk to other grantors which also makes a big difference for us. They took the time to understand our hurdle and second guess our assumptions, and the subsequent unpacking of the baseline was revolutionary for us. We now have more teeth in our work and more muscle in our on-the-ground partnerships," says Stowe.

The Future of the Relationship

With a second grant now underway, ORA and Splash both see themselves standing together as partners in the future. "We plan to use Splash as a case study to show the benefits of what this type of funding can catalyze," says Winkelstein. "We want to encourage other funders to be their own Open Road. Every single project we fund already has an 'original funder' in place, but because of insufficient protocols and/or a lack of open communication, they can't help. So, their grantees come to us. We'd like to show through our work with grantees like Splash that there's an easy way to bring contingency funding and open relationships into the funder-grantee dynamic."

SECTOR LEARNING

This is one of a series of case studies that grounds IS' larger post-*Threads* power dynamic work by providing the cornerstone for a set of prototype tools to help aid the transfer of healthy behaviors, practices, and conditions from one relationship to another. This case study reflects a number of transferable behaviors, practices, and conditions, including but not limited to:

- **Funding unexpected hurdles.**
  ORA occupies a unique position in the philanthropic space where despite 'original funders' in place, grantees come to ORA because they are confronting an unexpected hurdle and the original funders are unable to help.

- **Providing matching grants to leverage co-investment in risk mitigation.**
  ORA created a mechanism to assist nonprofits as well as foundations in mitigating risk. This practice is one which other funders may be able to replicate structurally.

- **Being customer-centric.**
  Taking their approach, evaluation protocols, and prototypes to their target clientele before market to assess proof of concept is a practice which helps ensure market uptake.

- **Focusing on the desire to learn.**
  The metrics set in each engagement did not serve as punitive measures for Splash. Instead, ORA used the opportunity to assess learning and whether they set expectations correctly. In this case, Splash continues to exceed expectations.

- **Clear and mutual articulation of vision of success at onset of project to ensure alignment.**
  Thorough examination and assessment of the hurdle to ensure it was a 'one-time' need leads to clear articulation of success and alignment of expectations between ORA and Splash.

- **The grantee and grantor engaged in continuous conversations about co-development of approach and refinement.**
  The ongoing dialogue, coupled with the inquiry over approach, enabled Splash to see a blind spot and partner with government in a way which catalyzed their impact in other communities.

- **Retaining a nonprofit's right to be responsive to issues in the communities in which they are working.**
  ORA did not attempt to change Splash's goal or vision in the project, respecting their expertise of the communities where they work.

METHODOLOGY

Through a variety of sources, including, but not limited to IS' Power Dynamic Advisory Group recommendations and IS member suggestions, we identified a universe of 112 potential examples of healthy grantee/funder relationships. From this initial universe, 40 nonprofits and foundations, constituting 20 pairs who believed they had healthy relationships, were interviewed via phone for 45 minutes each between May 20 and June 15, 2016. Grantee and funder interviews were conducted separately so alignment between pairs could be better assessed.

All case studies were evaluated against the following set of criteria developed in partnership with IS' Power Dynamic Advisory Group. For the purpose of this work, a healthy relationship was defined as:

1. Alignment between the grantee/funder responses.

2. Embodying a relationship that is authentic/honest, representing the opportunities and challenges which come with partnership.

3. Discussing, at all or with some frequency, both productive and unproductive aspects to partnership.

4. Having jointly developed terms of the relationship/what the future looks like.

5. Illustrating demonstrative impact in their communities as a result of their work together.

Other factors which may have been considered in the determination of the final case studies, but did not rise to the level of required criteria were: (1) IS membership status; and (2) availability of the Center for Effective Philanthropy Grantee Perception Report *(GPR - the GPR provides funders with comparative, actionable feedback from their grantees based on responses to a customizable online survey).*

Each case study selected represents the experience of the specific individuals who participated in that particular grantee/funder pair. It is only meant to represent that individual relationship. The collection of case studies was selected to represent the diversity of the sector. This diversity includes but is not limited to: size of the organization's scale of investments, geography, and focus of organization. In showcasing a range of relationships within the sector, it illustrates the differences which makes our sector fundamental to providing a vital voice to our most vulnerable populations.

The views expressed in this case study reflect the experience of those interviewed and not the views of IS. Each case study was chosen based on a series of criteria and evaluated by a panel of nonprofit and philanthropic sector professionals.

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