Seven Habits of Excellent Work with Grantees

A Guide for the William and Flora Hewlett Foundation Program Staff

JANUARY 2020

by Lindsay Austin Louie and Fay Twersky

WILLIAM + FLORA Hewlett Foundation

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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. More at: www.hewlett.org.

SEVEN HABITS OF EXCELLENT WORK WITH GRANTEES: A SNAPSHOT

1. Respond in a timely and courteous manner to all grantees and potential grantees.

2. Show curiosity about a grantee's whole organization, not only the parts that relate to your strategy and goals.

3. Set time and process expectations. Make your expectations and commitments explicit when inviting a proposal and throughout the lifecycle of each grant.

4. Results matter. Have a conversation with each grantee about how they plan to measure results from the grant.

5. Flexible and true cost funding. Provide flexible, multi-year support where possible. When making project grants, understand and support the true cost of the work.

6. Be clear and consistent about strategy and criteria for decision making in verbal and written communications with grantees.

7. Listen as much as you talk in conversations with grantees.

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A Guide for the William and Flora Hewlett Foundation Program Staff

January 2020

Introduction

At the William and Flora Hewlett Foundation, we strive to work with grantees in ways that align with our Guiding Principles (also see Appendix A) and Philosophy of Grant Practice. Among the most important of these principles is that grantees are our partners. We embrace this principle not only because it is right and appropriate, but because we strongly believe it makes us more effective in achieving our and their goals.

To provide staff with better guidance as to what this partnership model entails in practice, we present **Seven Habits of Excellent Work with Grantees**. While these cover different facets of our work, they are animated by an underlying, common-sense principle reflected in the proverbial golden rule: Treat grantees and potential grantees as you would wish to be treated in their place.

The discussion below fleshes this out to clarify the foundation's key expectations when it comes to working with grantees. These apply across all programs and initiatives. Yet what follows is not a simple list of rules, for another of our Guiding Principles is to give staff flexibility and autonomy. Plus, we know that individual program staff do *more* good things in their work with grantees than are covered in these Seven Habits — good things we mean to encourage. Our goal is to specify a few key behaviors and actions, while providing useful guidance on what it means to work in an "excellent" fashion with grantees more generally. We want and expect staff to use discretion and take initiative in applying these principles in the myriad contexts they face in their daily work.

The Seven Habits join a suite of similar guides the foundation has provided for program staff, including how to approach strategy, evaluation, and tracking progress. The primary audience for this guidance is the Hewlett Foundation's own staff (and we have written in the second person for this reason). As with our other guides, however, we hope these materials may contribute to others' work, and we welcome their feedback to continue improving our own.

The Hewlett Foundation's Seven Habits of Excellent Work with Grantees

A great deal of everyday life is lived according to the automatic routines known colloquially as habits. James Clear writes in *Atomic Habits* that "habits are mental shortcuts learned from experience. Habit formation is incredibly useful because the conscious mind is the bottleneck of the brain. It can only pay attention to one problem at a time. ... Habits reduce cognitive load and free up mental capacity, so you can allocate your attention to other tasks."

Most of you, we expect, have already formed many or most of the Seven Habits, as well as other behaviors that are consistent with them, in your work with grantees. If so, that's great. Keep those up, and focus on building and strengthening the others. (Appendix B provides an optional assessment rubric you can use individually, with your manager, or with your team.)

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5. Flexible and true cost funding. Provide flexible, multi-year support where possible. When making project grants, understand and support the true cost of the work.
6. Be clear and consistent about strategy and criteria for decision making in verbal and written communications with grantees.
7. Listen as much as you talk in conversations with grantees.

The habits are often mutually reinforcing. For example, asking a grantee that receives general operating support (habit 5) how they wants to measure results (habit 4) will likely lead to discussion about the grantee's work more broadly, creating an opportunity to show curiosity and engage in conversation about other aspects of the organization (habit 2). Each individual habit will help strengthen relationships and build trust in particular ways, but practicing them collectively should yield deeper and more enduring results.

The guidelines you will find here include a few specific rules, but mostly leave you and your team room to decide in context how to best put the behaviors and actions comprised in the Seven Habits into action. Moreover, program staff in different roles will find the habits relevant at different points in their work. Program officers (POs) will be in more grantee meetings where showing curiosity (habit 2) and listening (habit 7) apply, while program associates (PAs) may have more occasions to check project budgets or ensure grants reflect true costs (habit 5). Setting expectations about individual grants and determining their true costs will likely not come up routinely for program directors, but opportunities to show curiosity, to listen, and to be clear about strategy and decision making certainly will. Some habits, like responding to email and phone calls in a timely manner, are important for program staff at all levels.

The habits are meant to establish default practices for your work with grantees. They are not inflexible, and we expect you to use judgment about when and how to both apply them and make principled exceptions. For example, a one-time, transactional grant to sponsor a conference is probably not a place to worry about all the habits. Nor do we expect you to do all these things in every grantee interaction. Obviously, there may be conversations in which you need to talk a lot or in which you don't have time to focus on broader aspects of the grantee's work or organization. You are developing a relationship, and like any relationship it is defined by multiple interactions over time. The idea is to incorporate these practices in aggregate over the course of multiple interactions with a grantee.

The habits are meant to establish default practices for your work with grantees.

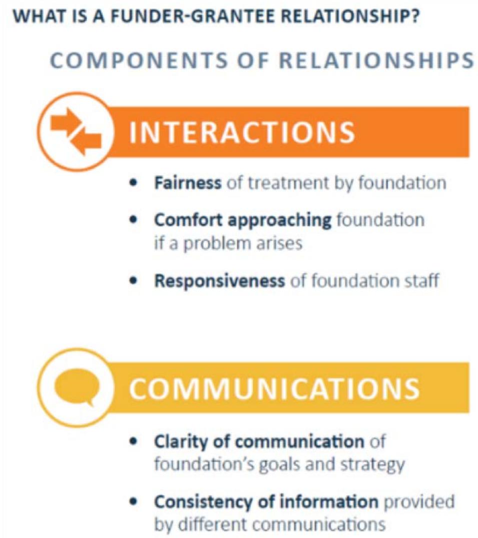
HABIT 1

Respond in a timely and courteous manner to all grantees and potential grantees.

Habit 1: Respond in a timely and courteous manner to all grantees and potential grantees.

Why is this important? The Center for Effective Philanthropy (CEP) has analyzed more than 20,000 responses to its survey of grantee perceptions from nearly 100 foundations and identified five key behaviors needed to maintain strong funder-grantee relationships. One of these is responsiveness by foundation staff. Timely, courteous responses to grantees are part of what it means to treat grantees with respect, as described in the foundation's fifth Guiding Principle, and are essential to building strong funder-grantee relationships.

What does this mean day to day? Here is a rule: Acknowledge receipt of grantee calls or emails within three business days. Your response can be as brief as letting the sender know that you received the message and will get back later, including some sense of how long they should expect to wait. But always respond with something. Ignoring calls and emails from grantees or potential grantees is unprofessional.



From *Relationships Matter*, Center for Effective Philanthropy, November 2017

Grantee reports are a special case. These take time to read, but grantees should not be left to feel that their reports have disappeared into a black hole. In addition to acknowledging receipt within three days, try to provide a reaction or comments within 30 days. If that is not possible, as may sometimes be the case, you should, within 30 days, send something acknowledging the time and effort they put into the report, while letting them know if (and, if so, when) you will get back with something more substantive.

Timely replies show respect *and* enable you to set or reset time and process expectations. It is always better to under-commit and over-deliver than vice versa. If you say it will take you two weeks to get to something and you do it sooner, no one will be upset. If you say nothing for two weeks, you appear unresponsive.

The experiences of staff who have formed this habit reveal a few things:

- Grantees genuinely appreciate prompt replies and routinely thank staff who send them. (To be clear, you do not have to reply to an email thanking you for a prompt reply.)
- Some program officers and associates tackle this habit as a team. They suggest that grantees address emails to both the PO and PA and develop systems whereby one is responsible for acknowledging receipt, even if the other is responsible for the task and might need longer to complete it.
- Staff report that replying in a timely manner forces them to be more concise (which, they recognize, is usually better for grantees).
- Staff report that having a clean inbox both lightens their "mental load" and generates a self-reinforcing, spillover effect that makes it generally easier to maintain the practice of responding to grantees in a timely manner.
- It can be difficult to follow this habit all the time, particularly if you are traveling extensively. You need not beat yourself up if your email or phone responses sometimes slip. We're all human. Just create a system to get back to timely replies as soon as you can.

Actions to consider for forming this habit: Send at least a brief acknowledgement immediately upon reading an email or receiving a report. If a further or more detailed reply is called for, indicate when you expect to do so and note it in your calendar or to-do list. You might reserve time in your daily and/or weekly calendar to be sure you've at least acknowledged all the grantee emails and reports you've received. Outlook offers many tools and features to help with email management.

What this isn't: We are *not* saying you must do everything every grantee asks of you, and certainly not within three days. Sometimes you will be able to do what's asked right away — or forward the email to someone who can — sometimes it may take longer or be appropriate to say no. Whatever ultimate reply is appropriate, you should at the very least send a *quick, timely, and courteous* acknowledgement that you received a grantee's email, including (if appropriate) some sense of when the sender can expect a fuller answer.

Whatever ultimate reply is appropriate, you should at the very least send a quick, timely, and courteous acknowledgement that you received a grantee's email.

A few illustrative examples of quick acknowledgement email replies for when you're tight on time:

- I can't review the document you sent for a few weeks. I'll send you comments by x date.
- I'll see what I can do about your question. If you haven't heard from me by x date, feel free to ping me again.
- I wish I could review your draft, but I don't have time this week. Good luck!

Equally important, you can and should use judgment in figuring out how to satisfy the requirements of this habit. The foundation is *not* insisting that you prioritize prompt responsiveness to any and every person or organization that cold calls or emails you with a request to meet or for funding. As a matter of respect and professionalism, you should do your best to respond in a reasonable time frame, but it need not be within three business days. And you can ignore requests that are marketing or mass emails.

While many on the staff pride themselves on responsiveness and others are eager to improve, there may be some who wonder how spending more time on email is going to improve their work. Without going into the large literature on how habits work or an analysis of how it applies here, the short answer is that while developing a new routine can take time at first, once formed these habits actually save both time and mental energy.

HABIT 2

Show curiosity about a grantee's whole organization, not only the parts that relate to your strategy and goals.

Habit 2: Show curiosity about a grantee's whole organization, not only the parts that relate to your strategy and goals.

Why is this important? Doing excellent work with grantees is predicated on trust and openness, which comes from intentional relationship-building. The better you know the people at an organization and the more you understand how its work with the Hewlett Foundation fits its larger mission, the stronger the relationship will be. Genuine curiosity about grantees has collateral benefits too, such as making them more comfortable about giving us feedback or coming to us when challenges arise.

What does this mean day to day? Try to learn how the foundation's goals and the specific work you are funding fit within a grantee's overall organization and efforts. You can do this by exploring their website, reading their annual reports, or studying their strategic plan, but conversation is best.

Sample curiosity questions:

- Tell me about [the organization's] work beyond A, B, and/or C that we support.
- I read the strategic plan you included in the proposal. Which parts are you most focused on? Anything keeping you up at night?
- What things about your work are you most proud of?
- I know your organization does several things including A, B, and C. I'd love to hear more about those.
- Has anything happened in the last year that has shifted how you think about your programs or strategies?
- How would you describe your organization's core values? How are these realized in practice?
- How is the earned-revenue part of your organization doing?
- Tell me about your board. How does the board work with you (or the staff generally)?
- What are the biggest challenges facing your organization right now?
- Can we talk about your organizational structure? I'd love to get a better sense of how the work I'm familiar with fits within the larger whole.
- Do you have other general operating support (GOS) funders? What parts of your work do your largest funders support? I'd love to learn more about how you work with them.

Reviewing an organization's social media and other publications along with its proposal can be very helpful in understanding how the organization operates, as well as its strengths and weaknesses. But it's important also to show interest in the *people* with whom you are working. Take time for introductions and remember to ask your contacts how they are doing, what's new in their lives, and so forth. Showing interest in things beyond our particular work with an organization can actually make a big difference in how well that work goes.

Actions to consider for forming this habit: Include at least one question about the overall organization in every check-in call. When emailing, make an observation or ask a question about the larger organization.

A few notes of caution: Grantees' willingness to share their challenges or bring up issues they have with the foundation or its strategies obviously depends on the strength of your relationship. Grantees who reviewed the Seven Habits underscored the importance of trust. Following this habit helps build that trust. It may take time, but it's time worth spending.

Program staff who already follow or who experimented with this habit noted that some grantees take your expressions of interest in their broader work as an opening or invitation to seek additional funding. Whether to provide such funding is up to you and your team, depending on your budget, your strategy, and other constraints or opportunities. The fact that some grantees may make such requests, however, is not a reason to shy away from asking and learning about the larger organization. Don't be surprised if the question of additional support comes up, and do prepare how to handle it.

Grantees who reviewed the Seven Habits underscored the importance of trust.

HABIT 3

Set time and process expectations. Make your expectations and commitments explicit when inviting a proposal and throughout the lifecycle of each grant.

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Why is this important? Many grantees and potential grantees do not understand how foundations work, giving rise to confusion and misunderstandings that generate mistrust and undermine effective collaboration. Few staff in grantee organizations have worked in a foundation, and most have only a vague sense of our staffing and workload. The onus is on us to be proactive in setting clear expectations about timing, process, and how much and what kind of interactions we can reasonably offer.

Fairness is another of the five behaviors identified by CEP as important to establishing a strong funder-grantee relationship. Put simply, grantees will trust us more and work with us better if they understand our processes and timelines and feel we are being open and straightforward about expectations and commitments.

What does this mean day to day? This habit applies throughout the grant lifecycle — from the invitation to submit a proposal to the decision about funding it, from interactions during the grant period to the closing report and (when it happens) the end of the grant relationship.

Start with the invitation to submit a proposal. Make clear to the grantee how you'll use the materials they submit and that you're only asking for things you will use.

A few sample grant proposal invitations:

- I'm writing to invite a proposal for a two-year, $500,000 general operating support grant. To be clear, we plan to make this grant. The purpose of the proposal is to further our understanding of your work and ensure we are on the same page. We use your financials to understand more about your organization's structure and financial health. Additional documents, like your strategic plan and list of funders, help round out our understanding of your whole organization and where our work fits in it.
- We would like to invite a proposal to support your research project of $XX. The proposal is meant to help us determine if your project fits within our strategy. We are looking primarily at criteria A, B, and C. I mention this because we want to understand how your approach aligns with our criteria, but please don't change or modify your plans solely to fit them. We also want to be sure we fund the full cost of your work, so please include the real costs, with overhead, in your project budget.

  (Note the overlap of habits in this last example: The same habit 3 message fulfills habit 5 on true costs and habit 6 on communicating your strategy and decision criteria.)

The goal is to be transparent in your decision-making process. This, in turn, gives the grantee or potential grantee a better sense of what is expected and, as important, a better understanding of why we are asking. Grantees that understand how their proposal fits into your selection process are not only likely to find the process fairer, but to write a better proposal. To the extent possible and relevant, however, make clear that you do *not* want grantees to modify their priorities to get our funding — in the long run, that just leads to bad outcomes for all.

It is important when inviting proposals to give the grantee (or potential grantee) a sense of how long it will take to make a funding decision, as well as how long after that it will take to make the grant. You should also be explicit about reassuring grantees that they can reach out if they have not heard or want to check in.

Sample email text explaining your timeline to process a grant proposal:

- Because this grant is under $1 million, we do not need to wait until the next board meeting for approval, and I can start the process anytime. Approval will likely take two to four weeks after I receive your materials, though I will let you know if, for some reason, it might take longer. Can you let me know when you plan to get me your materials?
- Once we receive your proposal, it usually takes about a month to review it and decide whether we will make a grant and, if so, how large it will be. So if we receive your materials by June 1, I will let you know the funding decision by July 1. Assuming the answer is yes, it would then take another two to four weeks to process the grant. If you have not heard anything or have any other questions during this period, please feel free to reach out to [program associate] or me for an update.
- I'm in the office this month and not traveling. If I receive your materials by July 15, I can have the grant processed and sent up the chain for approval before the end of the month. If I receive the materials after the 15th, the grant decision will come sometime in early August.

Once you make a grant, have a conversation with the grantee about both what you expect and what you can provide. If you have — or want to build — a high-touch relationship, talk this through in person or over the phone, and then confirm in a follow-up email. With light-touch relationships, an email may suffice, though be sure it is clear and concise. Either way, illustrative topics to discuss include things like how you hope to communicate, how much time you can invest in planned check-ins for this grant, relevant grant-related deadlines, the timing of grant renewal decisions (where applicable), and possible organizational effectiveness (OE) grant support.

Sample email to send right after making a grant (written from the perspective of a program officer):

Dear _________,

It is a privilege to provide your organization with general operating support [or support for program/project] as part of the Hewlett Foundation's XX strategy [hyperlink to your strategy webpage]. Whenever we make a grant, I like to write to make clear my expectations and commitments regarding our work together. Let me know if you have questions about any of this.

First, I want to connect you with [PA], copied here, who is my partner at the foundation in making and managing grants. Please feel free to email [her/him/they], as well as me, anytime you have questions about your grant or related issues. I manage approximately XX active grants, which sometimes makes it difficult to answer as quickly as I might like. If you do email me, I'll do my best to respond within a few days, but if I fail to reply, feel free to resend your note or prompt me again. If you also copy [PA], one of us will definitely get back to you.

I'd like to touch base by phone at least [desired frequency], but you can call or email anytime. Do not hesitate to contact me if a problem arises and you think we can help — that's actually the most important time to reach out. If I am in [city], I'll let you know and perhaps we can meet in-person; please do the same if you are in the Bay Area. I cannot promise I will be available — as I noted above, I am managing a lot of grants — but I will do my best.

This grant runs through [date]. If you want to renew, we should begin discussions by [date], in which case we should be able to give you an answer by [date]. We make renewal decision by [describe process].

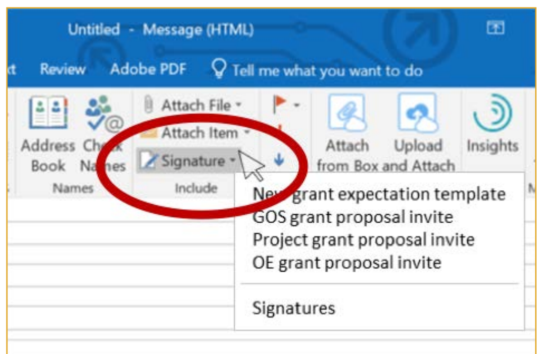
You are due to submit an interim report by [date]. Please do your best to meet the deadline, as we use these interim reports to [help us make renewal decisions, or in writing the foundation's annual strategy update memos to the board]. We try to be flexible, so if something comes up or you need an extension, let me or [PA] know.

[If applicable] The foundation allocates specific funds for organizational effectiveness (OE) grants. These are modest, supplemental funds to help grantees build capacity or address unexpected challenges. They cover things like strategic planning; board development; CEO transitions; communications; and/or matters related to diversity, equity and inclusion. If you need or are interested in an OE grant, please let me know.

Best wishes,

For one-time grant or grants that don't require extensive interaction (e.g., conference sponsorships), you might say something like, "Given how busy we both are, I don't think we *need* to connect between now and [date], when your closing report is due. But let me know if you would like something different. And, of course, you can email or call me anytime."

These examples are illustrative, and you or your team may want to develop your own standard templates (or modify existing ones). These will vary depending on the type of grant, desired working relationship, or other particularities. The "signatures" feature in Outlook makes it easy to access and use email templates.



Time-saving tip: *Outlook makes it very easy to insert different templates; you just save them as different "signatures." Many PAs and some POs across the foundation already use this trick for sending different proposal invitation templates.*

Once you have established these baseline agreements for a first grant, you can draw on them and write something shorter for subsequent or follow-on grants. If anything changes during the term of a grant, or if you discover a need for new or different information or procedures, clearly communicate any new expectations, commitments, deadlines, or other information. Finally, grantees sometimes forget or lose sight of these initial agreements due to changes in personnel or the passage of time. If grantees say or do something that suggests their expectations or understandings are different from those you agreed upon, you can and should (politely) refer to the initial email and clarify/reset time and process expectations.

In addition to communicating with individual organizations, you and your program team will often communicate with groups of grantees via newsletters, grantee conference calls, convenings, group emails, and the like. These broader communications offer valuable opportunities to share important information about updates in your strategy, responses to the external landscape, links to relevant new research, staff transitions at the foundation, and more. In addition to being efficient, communicating this way helps ensure that we are consistent in our messaging and degree of transparency.

Lastly, it is every bit as important to be clear when you are *not* going to fund something. As one grantee who reviewed this document observed, "You're not doing a grantee/potential grantee any favors by letting them believe that a grant is possible if it isn't." A clear, timely communication that you *won't* make a grant is also an important habit to develop.

It is every bit as important to be clear when you are **not** going to fund something.

Actions to consider for forming this habit: Choose an action, such as when you approve the grant in the toolbox, that will trigger sending an email to make clear your expectations for the grant period. Alternatively, you might do these emails in a batch at a scheduled time each week. POs and PAs can work together on crafting the email(s). When setting up the grant record, the two of you can agree on key details, and POs can fill in the template or ask PAs for help.

With respect to broader communications, establish a schedule for sending these out at regular intervals (e.g., emailing newsletters twice a year; holding an annual convening or webinar) or alongside key annual events (e.g., after every board meeting or after a strategy refresh or evaluation). This is a topic on which to consult your communications officer as well.

HABIT 4

Results matter. Have a conversation with each grantee about how they plan to measure results from the grant.

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Why is this important? The foundation's third Guiding Principle calls for a focus on outcomes to maximize the effectiveness of our support. Thus, it is essential to discuss anticipated outcomes with *every* grantee. We are, however, supporting their work as partners, not dictating to them, and grantees are in a better position than we are to understand how best to measure their progress. Which is why we want grantees to take the lead in explaining how they plan to measure results from our grant. Some back-and-forth may be required: While we want grantees to take the lead, we still must understand what they propose. The purpose of the conversation is to reach clear agreement on progress measures that work for both the grantee and us. (Note that the resulting grant-specific results are related to, but distinct from, the outcomes we measure in our strategy evaluations — which call for independent assessment across multiple grantees to determine whether the key assumptions made in our strategies and substrategies hold true.)

The purpose of the conversation is to reach clear agreement of progress measures that work for both the grantee and us.

What does this mean day to day? Many programs already use proposal templates that ask grantees and potential grantees how they plan to measure the results of their work. But given the importance of having a clear, shared understanding of this — after all, nothing is less fair to a grantee than uncertainty about what we hope for and expect they will do or accomplish — someone from the program team should have an actual conversation, whether by phone or email or in person, to clarify and confirm the measures for results. These conversations can be about short-term implementation markers, long-term outcomes, or both. For *every* grant, it is important to have an actual exchange that reflects clear agreement on both sides.

The "evaluation and learning" section of the AppSum (the internal application summary we write for each grant approval) is a good place to acknowledge and record a grantee's plans for measuring results. After the grant is made, you should ask about these in follow-up conversations and in grant reports, ensuring the grantee is able to measure results as planned and is doing so. If not, knowing early will make it easier to help the grantee adjust course or fix whatever is not working.

Six types of Implementation Markers for Hewlett Foundation Program Staff:

1. Internal: Critical things staff need to accomplish at the Hewlett Foundation.
2. Grantee Activity: Important activities grantees or partners are undertaking such as convening or critical research.
3. Grantee Capacity: The capacity of grantees or partners that will enable or hinder change, such as a successful executive director transition.
4. Short-Term Outcomes: Interim changes we hope to see around policies, coalitions, initiatives, etc.
5. Context: Contextual factors that might influence our strategy, such as demographic changes, oil prices, etc.
6. Trip Wires: These answer the question, "How would we know if we were falling?" and serve as prompts for pauses and course correction.

Results measurement for general operating support (GOS) grants: The outcomes for GOS grants are measured in terms of an organization's overall results. Grantees may be able to satisfy this by sharing whatever documents they regularly use with their staff and/or board (as opposed to writing something new on this topic). If a potential grantee *can't* tell you how they measure results or think about overall progress, you may want to reconsider the grant or offer OE support to help them develop systems for doing so.

You may ask a grantee receiving general support to report on their organizational goals, strategic objectives, how they evaluate and measure progress, and what progress they have made. Further, while we cannot ask grantees who receive general support to only submit reports on specific projects, activities, or outcomes, you are free to ask about specific areas of interest when speaking with or emailing them. At the same time, reviewing an organization's overall work is necessary when evaluating a GOS grant and is another good way to reinforce habit 2.

Measuring the results of advocacy-related work: Some grantees who do advocacy incorporate lobbying, electioneering, or the promotion of legislation into their work. With rare exceptions, we cannot legally do any of those things. Before talking to an organization that does these, speak with your team's legal representative to make sure you do not ask questions, communicate expectations, or record information unlawfully. Conversely, the legal department can let you know if or when a grant qualifies for one of the exceptions that permits lobbying or asking about specific legislative activities.

Actions to consider for forming this habit: Be explicit and specific about this topic in your proposal invitation email and as part of your standard reply to each grantee about their submitted materials. In addition, make it part of every initial call with a grantee or prospective grantee, as well as at least some interim calls or emails.

HABIT 5

Flexible and true cost funding. Provide flexible, multi-year support where possible. When making project grants, understand and support the true costs of the work.

Habit 5: Flexible and true cost funding. Provide flexible, multi-year support where possible. When making project grants, understand and support the true cost of the work.

Why is this important? The Hewlett Foundation has a longstanding commitment to provide grantees with general operating support (or unrestricted support to specific programs) whenever possible. At times it is appropriate to support a distinct project, such as a specific research study, a specialized one-time activity like a meeting, or a specified form of capacity building. In such cases, it is important that the grantee understand and budget for the total costs of the project, indirect as well as direct. We do not want to contribute to the common practice of providing constrained support that forces organizations to use reserves or other precious general resources for the work we are funding, thereby jeopardizing their institutional health. Sometimes grantees submit project budgets with artificially low indirect costs, perhaps worried that asking for more will jeopardize their grant.

We do not want to contribute to the common practice of providing constrained support that forces organizations to use reserves or other precious general resources for the work we are funding, thereby jeopardizing their institutional health.

What does this mean day to day? Program staff should have a meaningful conversation, either by phone or email, about actual costs, both direct and indirect, with every grantee receiving a project grant. Grants Management has provided language to use in proposal and budget templates that touches on some of the most frequently under-budgeted costs.

Sample true cost language for budget templates:

Indirect costs or overhead typically includes occupancy (rent, utilities, etc.), IT and equipment, as well as a proportion of key staff in organization functions (finance, HR, development, etc.). We believe impact is delivered by organizations with strong infrastructure. We are committed to paying the true costs associated with your project or program.

Questions regarding true costs may need to be addressed by program associates or fellows, as well as program officers. If you need additional guidance in understanding technical aspects of budgets and nonprofit expenses, ask the foundation's OE officer, your grants officer, peers, or your program director.

If we are not the sole funder of a project, we still expect our grant to cover our proportionate share of the project's true costs. You can read more about our commitment to true cost funding in the foundation's online announcement here.

Actions to consider for forming this habit: Make sure any templates you use to invite or approve proposals include language about true cost funding as part of projects. Make a note to explicitly ask grantees if they have accounted for the true costs of the project in the budgets they submit.

HABIT 6

Be clear and consistent about strategy and criteria for decision-making in verbal and written communications with grantees.

Habit 6: **Be clear and consistent about strategy and criteria for decision making** in verbal and written communications with grantees.

Why is this important? CEP singles out clarity and consistency in communications as two more of the five practices necessary for strong grantee-funder relationships. A grantee who reviewed this guidance observed that when the foundation communicates in ways that are unclear or inconsistent, "it creates confusion and sends the message that 'it depends,' which can erode trust and undo all the efforts to build understanding and alignment with the strategy." Clarity and consistency in communications are also part and parcel of what it means to treat grantees with respect.

Clarity and consistency in communications are also part and parcel of what it means to treat grantees with respect.

What does this mean day to day? You communicate with grantees on numerous occasions and in different ways. Verbal communication may be by phone or video conference, as well as in periodic in-person meetings. Written communication includes emails to individual or groups of organizations; documents connected with proposals and reporting; descriptions, essays, and blog posts on our website; and essays, editorials, or blog posts published elsewhere. Review materials across these channels to make sure that descriptions of your strategy and grantee selection criteria are consistent. Repetition of clear and consistent language will reinforce key messages about the foundation's work and approach. You can adapt to your audience: It may make sense to tailor your language for particular kinds of grantees or potential grantees. If you're communicating with an activist, for example, you might use movement references, whereas communications to a researcher might make academic references.

Refer new grantees, who may not be familiar with your strategy, to descriptions in your proposal template and/or on the website, but then follow up to ask if they have questions. When discussing your strategy or grantmaking criteria, be sure to use language that is consistent with descriptions you've used elsewhere. Don't assume that grantees or potential grantees understand your strategy as well or in the same way you do. You can validate grantees' understanding and build trust by asking for feedback on our strategy (though bear in mind that power dynamics may make it hard for new grantees to be candid, and honest feedback may take time).

Using our proposals as communication tools: Every program's proposal templates should include or link to an explicit description of the strategy and how grant decisions are made.

For renewal grants, all programs should use a single document that combines end-of-grant reporting with a request for renewal. While the combined report/renewal document needn't be the same across every strategy or program, everyone should use a combined document rather than requesting separate reports and proposals for a renewal. In some cases, this document may be created by the Hewlett Foundation. In other cases, the grantee organization can choose the format (e.g. their annual report or a general report they've prepared for their board or multiple funders). Either way, it should still be a single document that can serve as both a report and renewal proposal.

Actions to consider for forming his habit: Include a note in your proposal invitation about the strategy and refer to the additional details in the proposal template. Discuss your strategy as part of every initial conversation with a potential grantee. When using the combined report/renewal template (or requesting a combined document), explain that the streamlined process of a single report and proposal is meant to make the process easier and more efficient.

HABIT 7

Listen as much as you talk in conversations with grantees.

Habit 7: Listen as much as you talk in conversations with grantees.

Why is this important? In addition to treating grantees as partners, other Hewlett Foundation Guiding Principles include approaching our work with humility and remaining open to continuous learning. How program staff interact with grantees is critically important to making these principles real in our day-to-day work. And what better way to do so than by being an excellent listener?

What does this mean day to day? Generally aim at letting the grantee speak at least half the time in conversations. In addition to strengthening your relationship, this helps mitigate the inevitable grantee/funder power dynamic (if you talk 90% of the time, a grantee almost surely won't stop you). It is also a good way to learn. It's important for you to be an active listener — engaging, asking questions, and seeking to learn and understand. Try asking different questions (see habit 2) and seeing which elicit the most fruitful conversation.

In addition to strengthening your relationship, listening as much as you talk helps mitigate the inevitable grantee/funder power dynamic (if you talk 90% of the time, a grantee almost surely won't stop you).

Some ideas to improve at and reflect on listening:

- If you aren't sure whether you do this well, ask a colleague to join a meeting and provide feedback.
- You might keep a record or journal of how your thinking or approach have changed based on what you learned from grantees. (Even more powerful might be to share this back with them.)

Actions to consider for forming this habit: Every time you're about to call a grantee, write "Listen and ask questions!" on a Post-it in front of you. Put a reminder to do so in your calendar entry for grantee meetings. Make a list of questions you know you want to ask.

Measuring Progress

Program teams are responsible for nurturing these habits. We plan to incorporate reflection on them into performance reviews for program staff — not so much to enforce compliance as to provide a regular, structured opportunity for staff to consider them, identify strengths and areas for improvement, and determine whether they need or want additional resources or support.

In addition to anecdotal feedback we receive from grantees, CEP's Grantee Perception Report (GPR) provides invaluable information on whether and to what extent the foundation as a whole and each program team is living up to the aspirations reflected in these Seven Habits. Part of what inspired us to articulate these habits was variation among programs in grantee responses to three questions in CEP's 2018 survey: (a) staff responsiveness, (b) the frequency with which we ask about and support the true costs of projects, and (c) the frequency with which we talk to grantees about measuring whether a grant has been successful. But each of the Seven Habits has at least one corresponding GPR survey question that we will use to measure how well we are doing.

Conclusion

As our President, Larry Kramer, underscores to us regularly: We will only achieve the foundation's goals of advancing ideas and supporting institutions to promote a better world if we work in partnership with grantees. We hope these Seven Habits of Excellent Work with Grantees will provide guidance and support to program staff to live out our Guiding Principles in your daily work. We know that staff regularly go beyond the Seven Habits in the ways that you work with grantees, and we trust you to use your discretion in how you apply these habits. Again, we welcome ongoing feedback from our staff, from grantees, and from others reading and using this guidance so that we can continue to improve it over time.

We will only achieve the foundation's goals of advancing ideas and supporting institutions to promote a better world if we work in partnership with grantees.

APPENDIX A. The Hewlett Foundation's Guiding Principles[1]

Our philanthropic approach flows directly from the ethos and values of our founders.

We are committed to acting honestly and with integrity, in accordance with the law and the highest standards of practice, and to treating all those with whom we deal fairly and respectfully. Undertaking to act ethically, however, is only part of what we must do to fulfill the aims of our founders, which include their desire that we use the foundation's resources effectively for the betterment of society.

Philanthropy is a distinctive enterprise, with unique challenges and opportunities. The Hewletts approached it with a humanistic philosophy based on faith in the capacity of people to do good, and belief in the importance of healthy institutions as a means for doing so. Accordingly, we pursue our charitable goals through adherence to the following additional commitments and Guiding Principles:

- We seek to bring about meaningful, socially beneficial change in the fields in which we work.
- We pursue change by tackling defined problems in a pragmatic, nonpartisan manner.
- We focus on outcomes in order to maximize the effectiveness of our support.
- We are committed to openness, transparency, and learning.
- We are committed to working, both internally and externally, in a collaborative fashion based on mutual respect. Grantees, co-funders, and other colleagues in our work are our partners in problem solving.
- We seek to promote the values and practice of diversity, equity, and inclusion in our workforce, our culture, and our grantmaking.
- We approach our role in philanthropy and our responsibilities to society with humility and respect for others.
- Our operations depend on a lean staff, which is given considerable autonomy; a commitment to simple, flexible procedures; and a cooperative working relationship between the board, staff, and the president, who is the leader of the foundation.

1 Visit https://hewlett.org/about-us/values-and-policies/ for more detail on these Guiding Principles.

APPENDIX B. Optional Self-Assessment of Your Current Work vis-a-vis the Seven Habits of Excellent Work with Grantees

We hope as you read these habits, you spotted things you're already doing. If so, keep doing them. Focus on developing habits that are not yet a consistent part of your interactions with grantees. Use this optional tool to help reflect on your current practice and to determine where you want to focus energy in building or refining habits of excellent work with grantees. In filling this out, you may also want to consider relevant data from the most recent GPR.

To what extent are these habits you already have?	This is a solid habit for me.	I usually do this, but not 100% of the time (mostly a habit).	I do this sometimes (but it's not a habit).	I don't do this (yet).
Habit 1: Respond in a timely and courteous manner to all grantees and potential grantees.				
Habit 2: Show curiosity about a grantee's whole organization, not only the parts that relate to your strategy and goals.				
Habit 3: Set time and process expectations. Make your expectations and commitments explicit when inviting a proposal and throughout the lifecycle of each grant.				
Habit 4: Results matter. Have a conversation with each grantee about how they plan to measure results from the grant.				
Habit 5: Flexible and true cost funding. Provide flexible, multi-year support where possible. When making project grants, understand and support the true cost of the work.				
Habit 6: Be clear and consistent about strategy and criteria for decision making in verbal and written communications with grantees.				
Habit 7: Listen as much as you talk in grantee conversations.				