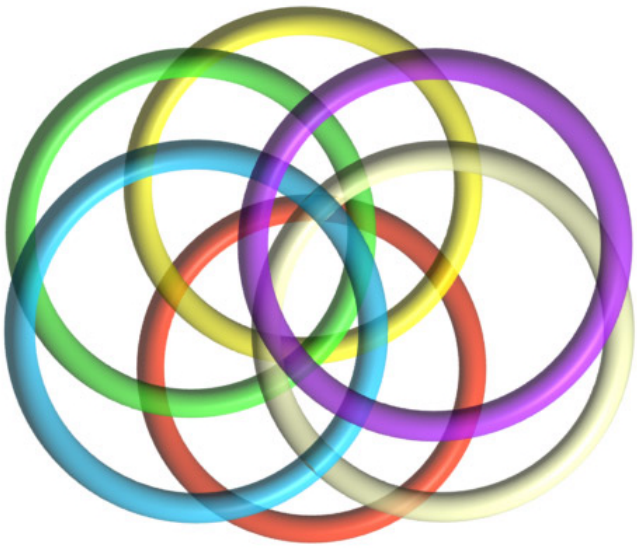
From Obstacles to Opportunities

V.1.0



Six interlocking elements of *Strategic Technology Grantmaking*

Reflections on the challenges and opportunities facing the philanthropic community related to funding technology.

For review by the TechFunders Collaborative and other foundations interested in organizational effectiveness.

February 2003

A study funded by W.K. Kellogg Foundation

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Six interlocking elements of *Strategic Technology Grantmaking*

March 2003

Prepared by

Marc Osten, Jillaine Smith, Rob Stuart
Summit Collaborative

HELPING FOUNDATIONS, NONPROFIT NETWORKS AND SUPPORT ORGANIZATIONS COLLABORATE AND BUILD NONPROFIT POWER

http://www.summitcollaborative.com info@summitcollaborative.com

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Early in our work we also relied upon an informal advisory group that helped us with sources of information to inform the study and framing.

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We are also very thankful to our many colleagues in the foundation, intermediary and nonprofit communities who reflected with us and gave their input as we proceeded with this study. We also want to thank the Alliance for Nonprofit Management, the National Council of Nonprofit Associations (NCNA), the Nonprofit Technology Enterprise Network (N-TEN) and Grantmakers for Effective Organizations (GEO) for allowing us to gather information from grantmakers and intermediaries present at their conferences over the past year. Finally, we acknowledge the work of John Young, a contributing editor, and Heather McQueen and Samuel Butler from Summit Collaborative for their help in data gathering and production.

FOREWORD

As part of our strategy for unleashing new resources to advance the common good, the W.K. Kellogg Foundation along with many others in the grantmaking community have a growing interest in increasing the technological competence of the nonprofit sector. The wellspring of our investment in technology flows from a long-term goal of increasing the sector's organizational effectiveness.

As a funder of efforts to leverage technology tools for this purpose, we have seen success and failure. Despite some frustration, our investments have led us to recognize the impact and potential that exists in the world of advancing technology. And, like many of our colleagues, we need and want to know more about strategic technology grantmaking, and we want to be better at it. This is especially true as our resources are limited and technology support is only one of many "competing" needs for those resources.

We also want to avoid using nonprofits as technology "guinea pigs" — directing them to test the latest gizmo, or newest service at the possible expense of their focus and resources. While some experimentation can be useful, misguided technology investments waste the most valuable resource our sector has: human energy. We don't believe we are alone in this concern. And that awareness motivates our desire to help make sense of the uncharted territories of technology-related grantmaking.

Our colleagues – Marc Osten, Jillaine Smith, and Rob Stuart – have been exploring and working as professionals in the field of nonprofit technology for most of the last two decades. They have worked with several foundations and have played significant roles in developing several important nonprofit technology initiatives. With the many projects they pursue individually, the Kellogg Foundation was fortunate to find Marc, Jillaine, and Rob now working together as part of the Summit Collaborative. We believe that their collective experience – coupled with the applied research that has been performed – makes the following study one worth reading. Most of all, we hope it stimulates learning and action.

We urged Marc, Jillaine, and Rob to be provocative in their treatment of the issues in this study. We wanted to give them the flexibility to approach the topic of technology-related grantmaking with total freedom – no constraints. Therefore, the opinions they share, as well as those of the foundations and intermediaries they interviewed, are important to consider but do not necessarily reflect those of the W.K. Kellogg Foundation. We helped to facilitate and fund this study to stimulate more sharing of information to explore how technology-related philanthropy might evolve, especially in this time of limited – indeed – shrinking resources. Though Marc, Jillaine, and Rob are sometimes challenging in their analysis, it is important to remember that they interviewed a diverse group of funders and conducted several surveys to learn about current challenges and thinking. As a result, most of this study reflects the voice of grantmakers and others active in the field of nonprofits and technology.

Technology-related grantmaking is clearly evolving. We see this study as "Version 1.0" of what we hope is a continued growth in our collective knowledge on the topic. We recognize that much more experience-based information out there still needs to be mapped and discussed. We invite other foundations to join with us to carry this work forward.

Tom Reis
Program Director
W.K. Kellogg Foundation
March 2003

AUTHORS' PREFACE

This study shares with you what grantmakers, intermediaries and nonprofits feel are some of the core challenges in the current technology funding environment. We offer an evolving taxonomy of technology-related grantmaking and share some perspectives on how grantmakers might be more assertive and strategic in their funding as it relates to technology. Our interest in pursuing this study is to facilitate deeper understanding about different *types* of technology-related grantmaking; to stimulate further questioning about the *practice* of nonprofit technology funding; to inform the work of individual grantmakers in their quest to be more strategic in their funding of nonprofit technology use; and to encourage increased sharing of ideas between funders to identify strategies for appropriate collaboration.

To learn more about what could be done to improve the way grantmakers understand and support successful mission-based nonprofit integration of technology, we spent the last year interviewing, surveying and meeting with funders. We also surveyed our colleagues in the nonprofit technology support community, reviewed current literature, and reflected on the experiences and data we've collected over the years in working directly with nonprofits. In the process, we encountered several factors that informed the course and scope of our research. For example, no one definition of technology-related grantmaking exists making it very difficult to inventory the real level of investment and activity by grantmakers to support nonprofit use of technology. Additionally, the characteristics of strategic technology grantmaking are complex and interrelated in a fashion that requires more substantial data collection, deeper analysis and continuous learning.

We are aware that at times in this study we push hard. We do this in the spirit of being provocative colleagues who want to explore how the field can be more effective. Given our past and current activities in the nonprofit technology field and funder affinity groups it will be of no surprise to anyone reading this study that we are strong advocates for appropriate and powerful uses of technology by nonprofits. This study does draw primarily from funders' experience as represented by interviews and survey results but our voice as professionals and those of intermediaries in this field is also present.

The field is rich with many grantmakers, intermediaries and nonprofits that are making remarkable progress in the way they support or apply the power of technology. Even more notable may be the many things going on in the field which none of us are aware of. There is simply so much more to learn. We therefore shy away in this study from making strong endorsements of any single organization but speak more to the 'approaches' that we think warrant attention.

Given the complexity of the issues related to funding technology and the pace of activity in the field, it is virtually impossible to cover, document or reference much of the good work being done in this area – especially where technology support is embedded into programmatic grantmaking. Our study only scratches the surface of the learning necessary to support more strategic investments. As such, we consider this study "Version 1.0", and hope it provides a foundation for subsequent editions.

Marc Osten, Jillaine Smith and Rob Stuart

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EXECUTIVE SUMMARY

New technologies are transforming our economic, political, social and personal worlds. For many people, working without a computer now seems as impossible as doing without a telephone. Organizations that have implemented new technologies in a strategic way have achieved remarkable results and now can respond quickly to challenges that might have seemed insurmountable a few years ago.

Foundations have responded with investments of hundreds of millions of dollars into an evolving taxonomy of technology-related grantmaking that includes:

1. Strategy development (technology assessment, planning and evaluation)
2. General operating support/infrastructure (machines, connectivity, training and support)
3. Software/application development (for individual organizations or the entire sector)
4. Program implementation (advocacy, service delivery)
5. Communications (strategy, electronic publishing, campaigns, recruitment, fundraising)
6. Technology intermediaries/support providers (development, delivery or replication of services)
7. Knowledge transfer/community building (Web site portals, learning networks)
8. Sector development (policy, community assessments, funder education, conferences, collaborations)

While these investments have resulted in some successes, there still is not *widespread, strategic* adoption and integration of technology in the nonprofit sector. On the foundation side of the equation, an enormous amount of technology-related grantmaking has been piecemeal – focused on hardware or software or on isolated initiatives or innovations that fail to anticipate critical aspects of implementation and sustainability and are not grounded in the mission of the grantee. In addition, most foundations have not collaborated with other grantmakers on technology projects, substantially limiting the opportunity to leverage investments for wider impact.

Will increased financial investments solve these problems? Foundations as well as intermediaries repeatedly sounded a clear "NO". Similarly, the call from the marketplace of nonprofits confirms that it is not an infusion of more hardware and software they need but context-sensitive training, applications that support their charitable activities, and access to reliable, nonprofit-sensitive technology assistance.

Some of the foundations that participated in this study

Alaska Conservation Foundation
AOL Time Warner Foundation
Bill and Melinda Gates Foundation
Boston Foundation
Brainerd Foundation
Carnegie Corporation of New York
Central Indiana Community Foundation
Charles Stewart Mott Foundation
Chester County Community Foundation
Community Fdn for Greater Atlanta
Crossroads Community Foundation
Curtis and Edith Munson Foundation
Dyson Foundation
Evelyn and Walter Haas, Jr. Fund
Ewing Marion Kaufman Foundation
Global Catalyst Foundation
Irene E. & George A. Davis Foundation
Irvine Foundation
Irvine Health Foundation
Kansas Health Foundation
Kronkosky Charitable Foundation
Laird Norton Endowment Foundation
Lloyd A. Fry Foundation
Mary Reynolds Babcock Foundation
Merck Family Fund
Meyer Foundation
Microsoft Corporation
Muttart Foundation
Nokomis Foundation
Open Society Institute
Prudential Financial
Retirement Research Foundation
Robin Hood Foundation
San Diego Foundation
Surdna Foundation
Warner Foundation
W.K. Kellogg Foundation

Problems and Challenges

Grantmakers surveyed and interviewed for this study confirmed that in many cases their technology-related giving is not having the desired impact, yet they are uncertain about what kind of investment *would* make the difference they seek.

Funders we spoke to pointed to a long list of challenges that they face both within their foundations and in general that constrain them from being more strategic in their approaches to technology-related grantmaking. For example, leaders in most foundations, as well as within the nonprofit community, lack the knowledge needed to envision and advocate for strategic use of technology. Altering traditional foundation practices is very difficult. There is a lack of reliable information available to foundations about the impact of technology to forward programmatic goals as well as the performance of intermediaries. Most nonprofits themselves lack capacity to do technology planning, making it very difficult for funders to know whom to fund and why. Some funders report that they can't find trusted intermediaries,

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they feel isolated and struggle with the role they should play with the grantees they fund. Many funders recognize that they and others must play a much more strategic and assertive role in shifting their own giving practices, as well as supporting more collaboration within and between the intermediary, nonprofit and the philanthropic communities. How does the philanthropic community help make this happen?

Six Core Elements of Technology-Related Grantmaking

We observe that some funders, as well as intermediaries and nonprofits, are making the shift away from hardware/software-based, or *technology-driven,* grantmaking to a more holistic approach. Six interrelated elements of strategic technology-related grantmaking form the framework for this holistic approach. When taken on together, the six elements can help individual grantmakers improve their impact. Maybe more importantly they offer the larger philanthropic community and affinity groups like the TechFunders Collaborative[1] an agenda for action and change:

1. **Determined Leadership** – *the vision and fortitude to promote and support appropriate mission-driven technology use and innovation.*

   Strategic support of technology-related activities requires strong leadership – both within the organizations supported by grants and within the foundations making those grants. Develop and support decision-makers who practice strategic technology use and grantmaking and who can be powerful examples to others.

2. **Active Learning** – *assessment and evaluation that drives nonprofit technology grantmaking, support and use.*

   The field of technology-related grantmaking is evolving at such a rapid pace that it is imperative to invest in activities that will help stimulate learning from failures as well as successes. Such investment also encourages a culture of learning in which nonprofits and foundations feel more able to take risks, innovate and identify effective practices to be replicated. If adequate time and resources are not devoted to this type of learning, then organizations are bound to repeat each other's mistakes and technology investments may end up poorly targeted, or even wasted.

3. **Dynamic Collaboration** – *nonprofits, intermediaries and funders working together to leverage experience and resources.*

   Most of the technology that today we take for granted – including the Internet – would not exist today without conscious collaboration. Collaboration is critical for ensuring that the promise of technology is delivered to the nonprofit community. It can take many forms and happen at various levels. At its heart, collaboration is about information sharing and a willingness to engage in practices that leverage available resources in a community. Though complex and difficult to start, nurture and sustain, collaborations can yield higher impact at lower transaction costs for both those within the collaboration as well as the beneficiaries of the effort.

4. **Strategic Technology Use** – *appropriate, mission-based use of technology.*

   If technology is to be embedded effectively into nonprofit programmatic work, so must it be embedded into programmatic grantmaking. This will require more emphasis placed on strategic thinking and planning to identify the appropriate ways that technology can forward

[1] The TechFunders Collaborative is an evolving affinity group of funders interested in technology and committed to dialogue and collaboration between funders, intermediaries and the nonprofits they support. See www.techfunders.org for more information.

nonprofit effectiveness. Finding ways to move such funding from machine-based support to more strategic uses of technology is a most important priority. This requires an understanding that technology potential is about much more than improving efficiency, and that barriers to strategic thinking and planning must be overcome to move nonprofits from casual to powerful users of mission-forwarding technology.

5. **Holistic Infrastructure** – *servers, processors, software, networks – AND the people and skills to make it all work.*

   Effective infrastructure development and deployment takes more than purchasing up-to-date hardware and software. It also requires an appreciation of how nonprofit work processes contribute to an organization's mission and are integrated into its workflow. Only when these areas have been given consideration should technology advancements that better serve the group's needs be considered. Whether a grantmaker supports the needs of a specific organization or entire communities of nonprofits, solutions are usually most effective if driven by the 'customer'—the nonprofit, *not* by the technology.

6. **Effective Intermediaries** – *people, organizations and services that support nonprofit use of technology.*

   Intermediaries are essential if grantmakers want to improve the chances that their grantees will successfully deploy technology. The knowledge they provide is indispensable and much can be learned from those who have had success. Investment in intermediaries has great benefits as grant dollars to one agency can serve multiple organizations. But such support must be considered in the context of the other five elements of technology-related grantmaking. Otherwise, funders risk not only the eventual failure of the institutions they support, but also the creation of intermediary efforts that are not compatible with the basic needs of nonprofit technology users. Substantial financial support should be invested for *ongoing systems* of learning about and collaboration among intermediaries. A modest amount of funding for *networking* type efforts could have a major positive impact on the entire intermediary field.

Looking Ahead

Few would deny that foundations have tremendous influence on their grantees and on the sector as a whole. But, as grantmakers and others reiterated again and again, foundations will realize more success if they re-assess and change how they consider and support technology. Awareness and action on the six interrelated elements is crucial for more successful technology-related grantmaking. This does not mean that every funder needs to give grants in all six areas, but that awareness and appreciation of *all* of them will result in better individual grantmaking and collaborative funding. For grantmakers particularly interested in investments and collaborations that can lift entire sub-sectors (environment, healthcare, education, etc.) or the entire nonprofit sector, these six elements provide a framework for developing a comprehensive philanthropic strategy. We consider them a 'call to action' on the community and sector-wide levels and see many opportunities for specific action in the offing.

BACKGROUND

Right now I have the sense that our computers are like paperweights and that we can do so much more to take advantage of the powerful data we have.

– Nonprofit Executive Director, Springfield, MA

The majority of grantmakers are not thoughtful in their technology grantmaking: 'Here's the stuff; we expect you to know how to use it.' But nonprofits need to be more thoughtful in their requests. Too many say 'we need more computers!' with no thought to **how** *they will use them or whether or not they need training, too.*

– Lisa Aramony, AOL Time Warner Foundation

The Field of Practice

New technologies, including wireless hand-held computers and high bandwidth access to the Internet, are transforming our society. For many people, living without a computer seems as impossible as doing without a telephone. Organizations that have implemented new technologies in a strategic way have achieved remarkable results, ranging from successful online advocacy campaigns to improved capture and analysis of field data using handheld wireless devices. Such organizations can respond quickly to challenges that might have seemed insurmountable a few years ago.

Overall, however, the nonprofit sector has adopted new technologies slowly and unevenly. Published reports of nonprofit technology use indicate that while *access* to computer technologies and the Internet are for the most part commonplace, the majority of nonprofits continue not to plan or budget for technology,[2] nor are they investing enough time or money in training or maintenance.[3] Most nonprofits still see technology as only an efficiency or productivity booster and continue to misunderstand the total cost of technology ownership. As a result, nonprofits request grants for technology but fail to include line items for planning, training and support. Similarly, organizations often do not understand the remarkable value that technology has to improve mission delivery. Nonprofit leaders may not understand the new tools and their potential benefits, and their staff members may not be ready for the changes new technology brings to their daily routines. Expensive hardware has often gone underused or even unused due to a lack of training and support. By acquiring and deploying technology in a piecemeal fashion, and without a clear strategy, nonprofits frequently fail to use it effectively to improve their programs.

A considerable amount of foundation support for technology, or funding that nonprofits eventually *spend* on technology, is not easily identified as such because it is buried in other types of support.
A study by the National Committee on Responsive Philanthropy (NCRP) identified $232 million in information technology grants made between 1998 and 1999. This amount represents only those grants *identified as technology grants* by the Foundation Center and does not include support of technology

A Few Definitions

ICT – Information and Communications Technology
Within the context of this study the terms 'technology', 'information technology' and 'ICT' refer primarily to technologies used to disseminate and process information and communication, such as computers, networks, digital cameras, the Internet, World Wide Web sites and web tools. Other technology tools such as phones, fax machines and radio could also easily be included within the ICT definition.

Technology-related grantmaking refers to the practice of giving support for technology through program focused, capacity building, dedicated technology or other grants and funder support efforts.

Mission or program based uses of technology are those that are tied to improved program implementation. Back-office technology improvement may be mission-based as improved capacity can translate into improved program results. However, even with back-office type efficiency improvements it is important to articulate the connection, if any, to improved program delivery.

Capacity relates to various areas of an organizations ability to function successfully. As it relates to technology, we include the following items when measuring an organizations capacity: clarity on its vision and mission, leadership and staff understanding of and support for mission-driven technology use, access to management and technology expertise and support resources, effective financial management, stable funding, and the level of organizational comfort in dealing with serious 'change'.

[2] Gifts In Kind International, "2001 Technology Tracking Study," June 2002.
[3] Princeton Research Associates for Independent Sector, "Wired, Willing and Ready: Nonprofit Human Service Organizations' Adoption of Information Technology," Cisco Systems, December 2001.

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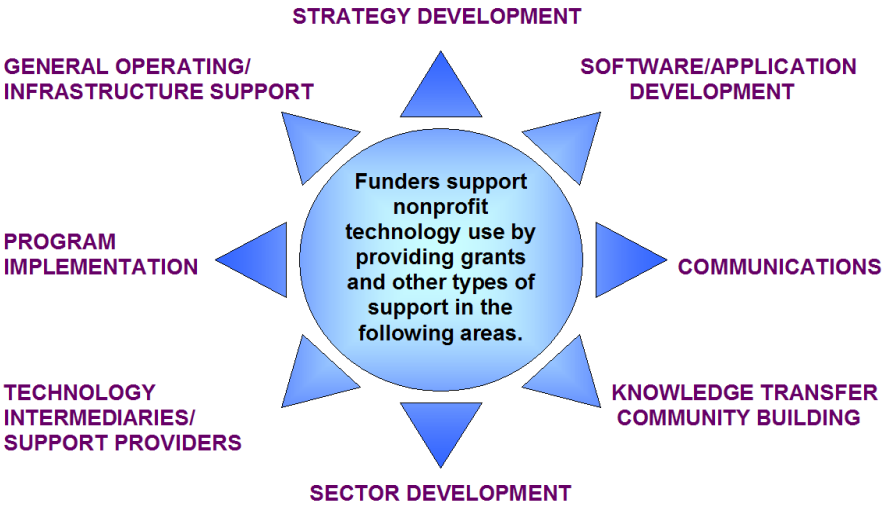
within capacity building or program-specific grants.[4] In our sampling of foundations we found that grantmakers embed their technology-related funding in many areas. Just over a third have dedicated technology-focused grantmaking programs and more than three-quarters indicated they fund technology through capacity building, management assistance or program-based grantmaking. This makes 'technology' grantmaking difficult to track and analyze. Despite this, we observe that current foundation support for technology falls largely into a clearly defined set of areas:[5]

1. Strategy development (technology assessment, planning and evaluation)
2. General operating support/infrastructure (machines, connectivity, training and support)
3. Software/application development (Web sites and applications, tools, databases for individual organizations or the entire sector)
4. Program implementation (advocacy, service delivery)
5. Communications (strategy, electronic publishing, campaigns, recruitment, fundraising)
6. Technology intermediaries/support providers (development, delivery or replication of services)
7. Knowledge transfer/community building (Web site portals, learning networks, convenings)
8. Sector development (policy, community assessments, funder education, conferences, collaborations)

Taxonomy of Technology-Related Grantmaking



See pages 35 - 43 for more details about this taxonomy of technology-related grantmaking.

Some Definitions

Total cost of technology ownership (TCO) incorporates all the expenses (hardware, software, connection costs, network costs, training, technical support, planning, etc.) related to technology into a single unit cost. The cost of the computer therefore is only one of many cost areas to consider. ***Cost*** in our TCO definition here refers not just to financial expenses but also to staff time as an expense.

Total value of technology ownership (TVO) refers to all the benefits (improved productivity, enhanced communications, better program delivery, increased collaboration, etc.) related to technology beyond increased efficiency.

Strategic technology planning is an approach that connects technology decision-making with the organizations existing mission, programs and capacity. Contrary to traditional technology 'audits' or plans it is not primarily about purchasing decisions but more about the strategic direction of the organization and applying specific technology to forward that direction in sustainable and appropriate ways.

Intermediaries are individuals, for-profit firms or nonprofit organizations that provide technology assistance (training, products, consulting, technical support, maintenance, etc.) or other services to nonprofits. These individuals, firms and organizations are also often referred to as 'support providers' or 'nonprofit technology support providers'.

[4] Robertson, Bethany. "Beyond Access: A Foundation Guide to Ending the Organizational Divide." National Committee on Responsive Philanthropy, December 2001.
[5] The authors developed these categories after analyzing existing literature of nonprofit technology, conducting an online survey of technology-related grantmakers and technology intermediaries, and after in-depth interviews with many grantmakers who fund technology.

Problems and Challenges in Grantmaking

> *Few nonprofits truly understand the total cost of technology ownership (TCO). Moreover, there's a constant push to keep budgets low. As a result, we [foundations] tend to slowly starve nonprofits, forcing them to steal from program funds to pay for technology.*
>
> – Gavin Clabaugh, C.S. Mott Foundation

Grantmaking to support nonprofit use of technology continues to evolve. Most foundation staff and others we spoke to for this study indicated that they feel as if technology funding has been somewhat ill defined and disjointed. The complexities of integrating technology into the nonprofit workplace and programmatic activity, as well as the rapid pace of technology innovation, tends to make many grantmakers feel apprehensive at best, insecure and inadequate at worst. Funders and intermediaries we spoke with and surveyed identified some good reasons for this.

- Many foundation decision-makers have little direct experience with technology, and do not understand its power to increase the capacity and effectiveness of the nonprofits they fund.
- Foundations are often hesitant to share their experiences, successes, and failures with each other making it difficult, especially for non-technology focused funders to experiment with technology-related funding.
- Within some foundations there is a lack of communication between programs, frequently preventing coordination or collaboration.
- Funders willing to make grants for nonprofit programs often refuse to support the technology planning and implementation that could make those very programs so much more effective.
- Technology-related grants are often awarded in isolation from other activities within the grantee organization or from other efforts by organizations working in the same field within the nonprofit sector.
- Many grantmakers are restricted to making single year grants though most technology-related projects take 2 or more years to develop, deploy, evaluate and reach full potential.
- Most technology-related grantmaking has not been adequately evaluated to determine its impact.

Complicating the situation is a funding environment currently undergoing massive contraction. It is important to note however that many of the challenges facing grantmakers and nonprofits described in this study existed during the economic boom of the 90s. Economic forces, though an important contributing factor, is only one of the many challenges that affect the way grantmakers approach nonprofit technology support and their grantmaking in general.

The Big Question

We need to ask whether we will one day look back on the years we're living through now as a time when philanthropy as a whole adapted and improved its performance in a new context or failed to adapt and became less effective.

– Katherine Fulton, Global Business Network, speaking at the GEO 2002 National Conference

A Barrier

Foundations should be looking at, and understanding, their own technology issues. Because they have difficulty approaching technology themselves, and have not included it in their own long-range/strategic planning, they don't know how to respond to, or lead responses to, the needs of the field(s) they are serving.

– Nonprofit technology intermediary

Success Story

The Rohm and Haas Corporate Giving Program recently started distributing laptop computers to nonprofit organizations. Rohm and Haas decided to distribute the hardware in collaboration with technology intermediaries that offer technology capacity building programs to area nonprofits. This way, Rohm and Haas can increase the chance that their investments will have a positive impact.

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A Promising Future

It is tempting to simply call for more money to flow into nonprofit technology innovation and use. Will increased financial investments solve these problems? We heard again and again, from foundations as well as intermediaries, a clear "NO". Similarly, the call from the marketplace of nonprofits confirms that it is not an infusion of more hardware and software they need but better training, software applications that support their activities, and access to reliable technology assistance.

We observe that that a new consensus is starting to emerge among some funders which states traditional grantmaking models are not adequate to respond to the unique challenges in deploying technology in nonprofit organizations. Formation of the TechFunders Collaborative, for example, and its steering committee's recent adoption a set of new grantmaking principles reflects this growing consensus. (See box)

Several other developments in the grantmakers community point to a potentially brighter future. For example, over the past few years, several national foundation leaders teamed up with technology intermediaries to launch the Nonprofit Technology Enterprise Network (www.nten.org). This growing association of intermediaries and funders currently provides foundations with a single point of contact to reach the national community of intermediaries. Supporting the needs of grantmakers interested in technology is a central part of the N-TEN mission. In addition, and in the face of several high-profile foundations modifying their approach to organizational effectiveness and capacity building funding, membership in the Grantmakers for Effective Organizations (GEO) network grew by 100 percent in 2002 to more than 600 organizations. GEO board members recently reaffirmed that collaboration between funders, support for nonprofit support providers, building of strong management and leadership structures and the need for research are all central to success.[6] These are the very same factors for success that emerged in our analysis and are part of the six elements of strategic technology grantmaking.

These and other promising developments will only be as powerful as the change they generate in the way foundations support nonprofit organizations.

The TechFunders Collaborative

Over the last year a new funders collaborative, known as TechFunders, formed to advance knowledge, advocate best practices and fund projects that use information and communications technologies (ICTs) to strengthen nonprofits and improve the lives of communities and people worldwide. The collaborative includes a diverse mix of grantmakers who are active in Grantmakers for Effective Organizations (GEO), the Nonprofit Technology Enterprise Network (N-TEN), the Technology Affinity Group (TAG) and other affinity groups. Its steering committee just endorsed a new set of new technology-related grantmaking 'principles' that it believes will be a powerful catalyst for education and action.

Principle 1
That strategic use of information and communications technology (ICT) can give nonprofit organizations and others a powerful resource to enhance their efforts to improve communities.

Principle 2
That grantmakers are uniquely positioned as community leaders with financial resources to help nonprofit organizations and others take advantage of these tools to advance their mission.

Principle 3
That technology-related grantmaking requires new funding approaches that address the extended time it takes to deploy technology projects, the total cost of technology, the need for strategic technology plans and development of technology support providers to serve nonprofits.

Principle 4
That grantmakers link any technology-related funding to nonprofit organization's efforts to build their capacity through improvement of administrative and programmatic activities and that grantmakers recognize that information and communications technology has profound impacts on organizational culture.

Principle 5
That to facilitate change and leverage technology-related funding for wider impact, grantmakers must work collaboratively with foundations, nonprofits, companies, governments and others both domestically and internationally.

You can learn more at http://www.techfunders.org.

[6] Grantmakers for Effective Organizations, Board of Directors Message - posted to geolist@geofunders.org, Nov. 20, 2002.

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SIX CORE ELEMENTS OF TECHNOLOGY-RELATED GRANTMAKING

There are six core interconnected elements of technology-related grantmaking: determined leadership, active learning, dynamic collaborations, strategic technology use, holistic infrastructure and effective intermediaries. They form guidelines that individual foundations can use to improve their own grantmaking and though it may not be necessary to fund or be active in all six areas, awareness of these elements may result technology-related grants that have more impact. For grantmakers and affinity groups particularly interested in investments and collaborations that can lift entire sub-sectors (environment, healthcare, education, etc.) or the nonprofit sector as a whole, these six elements provide a framework to develop a comprehensive philanthropic strategy. As such, we consider them a 'call to action'.

A Holistic Approach

Successful technology integration in a nonprofit organization does somewhat depend on machines and software but an understanding of organizational systems and human relationships is also essential. Technology-related grantmaking therefore needs to be understood as part of a holistic system of interrelated and necessary elements. Experience as expressed by grantmakers indicates that a lack of such awareness of these six elements can result in either poor investments or missed opportunities to leverage funding for deeper impact. The defining characteristic is that they need to be closely woven together. For example:

- For nonprofits to be *strategic users* of technology there must be strong *leadership* and the ability to maintain a strong human and technology *infrastructure*.

- Even if a strong technology *infrastructure* is put into place, a nonprofit may not be *strategic* without time spent *learning* from both the past mistakes and more successful efforts of others.

- Investment in *intermediaries* can lay the groundwork for *collaborations* that yield tools and strategies that have positive impacts on large groups of nonprofits.

Each of the following six sections of this study offers a **definition** about the topic area, some insight into some of the **impacts** of grantmaking in this area and **unique challenges** that grantmakers face as they give grants in this area. Based on what we heard from the funders, intermediaries and nonprofits, we propose a set of **opportunities for grantmakers** that can guide funders as they work individually or collectively. These opportunities are not meant to be prescriptive as much as they are meant to advance a strategic approach to technology-related grantmaking. Finally, and of central importance, we offer some samples of **bridges** that highlight the interdependent nature of the six elements.

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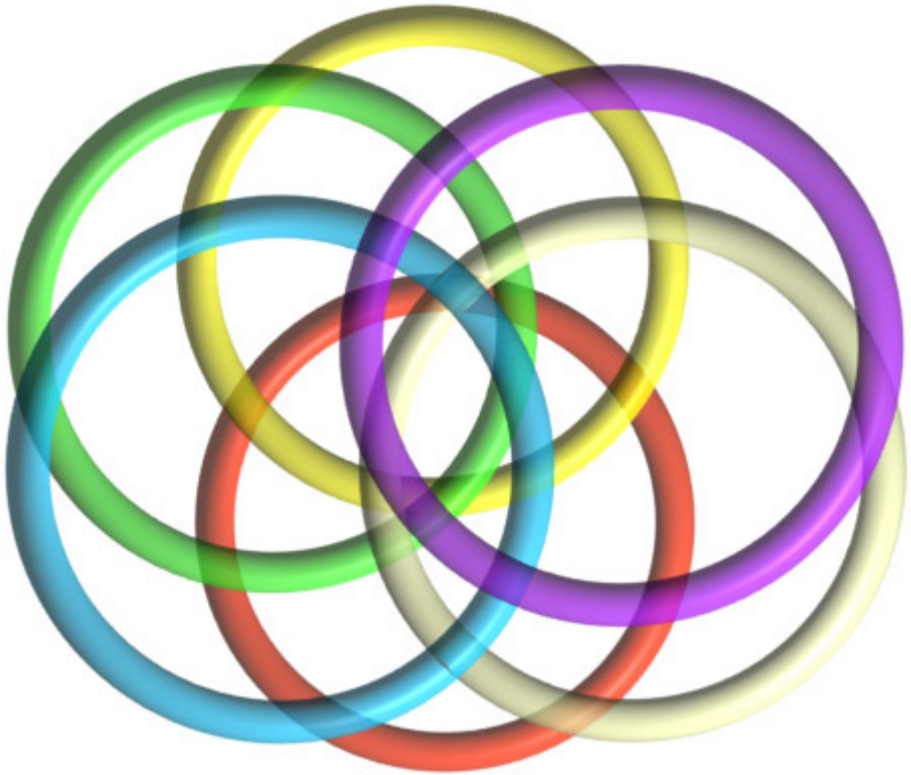


Determined Leadership

The vision and fortitude to promote and support appropriate mission-driven technology use and innovation

Holistic Infrastructure

Servers, processors, software, networks – and the people and skills to make it all work

Strategic Technology Use

Appropriate, mission-based uses of technology

Effective Intermediaries

People, organizations and services that support nonprofit use of technology

1. DETERMINED LEADERSHIP

The vision, and fortitude to promote and support appropriate mission related technology use and innovation

> *There's a level of buy-in, commitment, interest and engagement of our CEO, and a high level of interest and expertise on the part of our board members. Our executive director has an active, stated interest in pushing these [technology] projects forward, to the point where he's the chair of the technology committee at a major funding collaborative.*
>
> – Vince Stehle, Surdna Foundation

There is general agreement from staff of nonprofit organizations and technology assistance providers that strong, clear leadership is integral to strategic use of technology within nonprofit organizations. Effective leaders in foundations, nonprofits and the intermediary community envision the full possibilities technology offers, understand the critical aspects of total value and cost of technology ownership and invest in and manage others in the appropriate, strategic and sustained use of technology. Paul Light, in his book, *Pathways to Nonprofit Excellence,* points out that organizations cannot be visionary and the sector cannot be effective without significant investment in the skills of leaders and their boards and staff. Strategic use of technology requires the visionary leadership Light calls for. Grantmakers who show leadership themselves and support the development of leaders in the intermediary and nonprofit community are investing for results today and in the future.

Impact

Determined leadership by grantmakers and others can lead to:

- a stronger vision for the potential of technology within nonprofit organizations;
- integration of technology in alignment with priority organizational needs and capacity;
- application of lessons learned from previous mistakes to ongoing and developing activities;
- improved decision making about projects to pursue or grantees to fund; and
- promotion of technology to others who may be skeptical about its benefits.

Challenges

> *Much of the leadership simply doesn't have experience using technology. The younger program officers or staff understand the potential of technology, but don't have enough influence to sway decisions.*
>
> – Foundation program officer

The leaders' capacity and knowledge

Leadership requires building knowledge and capacity in order to better evaluate the potential of technology-related initiatives. "I need more knowledge, and better capacity myself to truly evaluate grant requests," points out Mary Walachy of the Davis Foundation. "But it's not realistic to think that I am going to gain the technology capacity to be able to understand all of them." She recognizes the need for her own technical assistance provider or advisor – someone without a vested interest, to review grants in a timely manner.

Leadership from smaller foundations

A small group of committed national funders have dedicated the resources and time to take a leadership role within the nonprofit technology grantmaking field. Smaller grantmakers with the potential for leadership may find it difficult to make the same commitments, but could play an important role. For example, the Washington, DC-based Agnes and Eugene Meyer Foundation's extensive local experience and investments in nonprofit technology efforts catalyzed national funders to invest and build a new intermediary support model. How many of these efforts might be enhanced and replicated if more small foundations took on such leadership? In another case, the locally focused Nokomis Foundation that works on women's services learned many lessons while building the technology capacity of its grantees. These lessons could inform the efforts of larger national initiatives that often become too far removed from the experience of the on-the-ground grantee.

Altering traditional foundation practices

Several grantmakers we interviewed pointed out that traditional giving cycles are frequently not conducive to supporting technology. Feedback to our survey of intermediaries emphasized this again and again. "I run into restrictions such as only allowing funding once every three years. But we may be in a staged development plan that needs support yearly… A technology cycle tends to be 2-3 years from idea through implementation and evaluation. Yet most grants cover only a 12-month period. That's too short a time period to see if a grant accomplished its mission." Strong leadership will be necessary to alter traditional foundation giving practices to be more responsive to the unique characteristics of technology-related initiatives.

Bridges to…

Learning: More informed leaders are more effective users of technology, and better advocates for powerful use of technology in support of mission.

Collaboration: True collaboration cannot happen without leadership—not only leadership buy-in, but also leadership initiative. Therefore, strong leaders improve chances of successful collaborations.

Strategic Use*:* Strong leaders, as Paul Light found in his recent book on organizational effectiveness, "build meaning around organizational mission, including a mix of strategic planning, decision-making and priority-setting skills." Supporting leadership development, therefore, leads to greater understanding of the total value that technology can have on mission and program, and more effective management of its deployment.

Infrastructure: Knowledge of and appreciation for the full range of infrastructure requirements and opportunities is increasingly becoming a prerequisite for 21st century leadership.

Opportunities for Grantmakers

For individual organizations

- Take advantage of occasions to bring staff in your foundation together to discuss opportunities for better coordination.
- Make grants to convene grantees so that they can learn from each other.
- Support leadership development efforts within grantee organizations that position executives, board members and managers to more powerfully deploy technology.
- Participate in foundation affinity groups that focus on particular program areas (health, education, environmental, etc.) to identify opportunities where joint investments in technology projects can have wide ranging impact.
- Build support for and participate in technology-related leadership training within these networks to improve knowledge among foundation leaders about the possibilities and challenges that technology presents.

For sector-wide impact

- Actively participate in and support funder and other bodies that bring leaders in philanthropy together to share lessons and strategize.

- Bring leaders from the intermediary, nonprofit and foundation communities together to learn about new technology trends and to coordinate development and implementation of sector-wide technology projects.

- Highlight the work of leaders in the nonprofit, intermediary and foundation communities to embolden others to take more responsible and assertive leadership.

- Support the development of leadership curricula that address technology issues for schools of nonprofit management and public policy and administration. In Paul Light's examination of high performing nonprofits, he found major gaps in the curriculum of public policy and administration graduate schools around the very leadership issues that graduates reported later to be crucial to the success of their careers. For example, 76 percent of graduates said that leading others was very important to their success, but only 39 percent said their schools were helpful teaching it. Light calls for more research on what constitutes high performing leadership in order to build a new curriculum.

In summary…

Strategic support of technology-related activities requires strong leadership – both within the organizations supported by grants and within the foundations making those grants. Though usually not invested in adequately, developing and supporting strong leaders who understand the mission based importance of technology and can catalyze and manage others is central to success. These decision-makers, who lead others in the practice of strategic technology use and grantmaking, can be powerful examples to others.

2. ACTIVE LEARNING

Assessment and evaluation that drives technology-related grantmaking, support and use

There should be some ongoing mechanism for informing program development with what is going on in the field. When we were developing the New Economy Initiative, we had three roundtable discussions; the amount of information and knowledge that emerged was absolutely amazing.

– Geeta Pradhan, The Boston Foundation

Because of the significant impacts that technology can have on the nonprofit workplace, *learning* must be *built in* to technology deployment as opposed to being an activity divorced from implementation itself. This learning takes place in a cycle, starting with assessment, through deployment, through evaluation, and cycling back to reassessment. It refers to the learning that takes place within individual organizations, across multiple organizations with geographic or mission similarity and throughout the entire nonprofit sector.

In the context of this study, learning refers to an increased understanding of both individual organizations and collective nonprofit technology needs, more clarity about the effects that technology has on the nonprofit workplace and achievement of mission, deeper knowledge about the impact of different intermediary and grantmaking efforts to support nonprofits, and a better understanding by funders of the total *values* and *cost*s of technology.

Success Story

Fannie Mae Foundation is paying more attention to learning through dialogue as an important capacity-building tool. Through their *Paving Pathways to Sustainability* Initiative, a partnership with the Agnes E. Meyer Foundation and Community Wealth Ventures, Inc., they use a peer-based model to deliver consulting services to community based organizations. They note that this approach gives them an opportunity to reach more organizations and increase their impact.

Impact

Once funders have helped to create a product or tool, they have not independently evaluated those tools. The result is that the grantee always evaluates the tool positively and there is no mechanism to correct a tool's shortcomings.

– Service provider survey, April 2002

Better understanding of an organization's needs and the impact it hopes to achieve with technology helps intermediaries and grantmakers refine and focus their efforts. Relatively small investments in assessment and evaluation can yield lessons that are widely instructive to the sector. Foundation investments in learning could achieve:

- a better understanding by nonprofit leaders of their own organizations' needs;
- better-crafted grant proposals;
- appropriate and improved implementation of technology;
- better and targeted grantmaking, and faster replication of successful initiatives;
- development of nonprofit-appropriate technology tools, leading to broader adoption of proven, mission-driven solutions; and
- a better understanding of which intermediary support models work best for different types of nonprofits.

Challenges

> *Foundations should be willing to support organizations that have had technology projects that have failed, so that they can reflect on and learn from mistakes and wrap that learning into the design of future programs.*
>
> – Service provider survey, April 2002

> *We don't evaluate [our technology grantmaking], because technology is not a 'program' area.*
>
> – Foundation program officer

Lack of information

Many funders of nonprofit technology, as well as those who fund technology as part of other giving areas, lament the dearth of information for assessing the impact of their funding efforts. Some high-profile foundations have recently suspended their technology-related grantmaking and others are undergoing strategic refocusing, leading them away from the level of technology support they've made in the past. Many smaller foundations have stopped supporting nonprofit technology altogether, afraid their isolated investments will not have measurable impact. Few models exist for conducting community needs assessments (issue-based or geographic), resulting in insufficient understanding of priority needs to support.

Fear of appearing too punitive

While it is clear that learning is crucial to successful grantmaking, there are many barriers to improved assessment and evaluation of nonprofit technology use. In a vicious cycle, funders ask whether their investments in technology are making any difference, but are hesitant or unwilling to fund the assessment and evaluation that could identify such impacts. At least one reason given for this is a fear of appearing too punitive to grantees.

Nonprofit capacity to assess and evaluate

Implementing assessment and evaluation projects is undoubtedly daunting for many grantees. Many funders legitimately express concern about putting nonprofits through more assessment and evaluation than they can handle. But the irony is that funders will only be more willing to support, and nonprofits to deploy, advanced technology when both understand its role in achieving programmatic outcomes and organizational effectiveness.

Learning Isn't Attractive

Though learning is held in high regard as a concept, many nonprofits and intermediaries find it difficult to get grantmaker support for learning activities when compared to direct program support. Many foundation staff appreciate the value of learning but are unable to actively fund assessment, evaluation and other investments in learning as these types of investments are viewed as taking resources away from more action-oriented or tangible investments.

Opportunities for Grantmakers

Funders can support learning in many ways.

For individual organizations

- Support evaluation of the impact of technology-based initiatives (e.g., online advocacy campaigns), specific applications (e.g., GIS), or approaches (e.g., the use of online tools to support offline activities).
- Incorporate strong learning elements, including adequate assessment and evaluation, into individual grants (e.g., requesting technology assessment information from potential grantees in the proposal review process).
- Examine how intermediaries serve end users. (e.g., Are nonprofit technology training and other services having an impact on the work of grantees?)
- Bring grantees together to learn from one another's experiences deploying technology.

Bridges to…

Collaboration - Information gathered through assessment and evaluation can be used to identify opportunities for strategic collaboration among or between funders, intermediaries, and nonprofits.

Intermediaries - Lessons learned help intermediaries improve service to nonprofits, and guide them as they develop and target new services.

Infrastructure – Assessment and evaluation can help funders, intermediaries, and nonprofits make the most of limited resources.

For sector segments (issue-based or geographic)

- Conduct community assessments. Whether assessing the needs of an entire geographic community (as was done in Seattle and DC in the late 90s) or working with a small set of grantees, determine specific needs and how best to meet them, then actually support the implementation of delivering on those needs.
- At a national level, support the examination of a particular sector. For example, what is the state and impact of food banks' adoption of technology? What can be learned from their efforts? Build learning networks and document and publish their effective practices.
- Fund direct evaluation of specific technology support programs or projects serving specific constituencies such as was done of Compasspoint's circuit riding program serving childcare agencies.
- Take advantage of the existence of *networks* to gather information and build learning communities. (e.g., United Way, State Environmental Leadership Council, Alliance for Nonprofit Management, the National Technology Enterprise Network (N-TEN), and National Council of Nonprofit Associations.)

For sector-wide impact

- Develop easy to use tools that make evaluation more thorough, efficient and effective.
- Support a clearinghouse for assessments and evaluations of nonprofit technology use and grantmaking.
- Bring together agencies, other funders, government bodies and academics to develop data collection standards that could be integrated into technology used by nonprofits.
- Study nonprofit technology use and widely disseminate the lessons learned.

- Study the role of larger nonprofits; especially those with national membership to learn more about how they increase the capacity of their member organizations.

- Support a major multi-year study of different intermediary support models to understand what types of interventions have the greatest strategic value, and under what circumstances.

- Support sector-wide assessments of technology *use* by nonprofits every few years.[7]

- Conduct an annual analysis of the philanthropic community's responses to nonprofit technology needs.
- These assessments may be most effective if organized around the six elements mentioned in this study as opposed to focusing on any one area of activity.

In summary…

The field of technology-related grantmaking is so new that it is imperative to invest in activities that will help stimulate learning from previous failures and successes. Such investments also serve to build a culture of learning in which nonprofits and foundations feel more able to take risks, innovate and honestly assess effective practices to be replicated. It is quite possible that allocations of adequate time and resources for learning will result in better targeting of limited funding and achievement of the type of impacts that nonprofits and foundations hope for.

However, the challenges before grantmakers in the area of learning are remarkable. Without a more concerted effort to better understand organizational needs and technology impacts from the individual organization to the sector as a whole, investments may be helpful, but are not likely to have the powerful impacts that technology promises. The challenges, as many grantmakers we spoke with noted, are complex. A fine line exists between taking leadership to support learning and appearing heavy-handed or punitive. Increased collaboration between grantmaker and grantee to make learning efforts more of a partnership then a 'performance' measurement may be an essential strategy. Learning, though a relatively innocuous term that everyone would say is valuable, is in reality very challenging to institutionalize. As many fear, without more aggressive efforts to build real learning systems and learning communities, the nonprofit technology landscape in ten years may be littered with missed opportunities and poor investments.

[7] We emphasize *use* because most studies of nonprofit technology have focused more on access (how many computers, etc.) rather than *how* the technology is being deployed.

3. DYNAMIC COLLABORATIONS

Nonprofits, intermediaries and funders working together to leverage experience and resources

> *We've been collaborating [with other funders] on technology projects for many years. We see it as a total win-win. When we talk about collaborating, we talk about the program benefits, not the technology. Funders get it, because they see the connection. Our experience in technology grantmaking makes other funders more comfortable [collaborating with us].*
>
> – Ann Krumboltz, Brainerd Foundation

Collaborations among funders can take many forms from funding pools to purchasing cooperatives or collaborative project development. Collaborative technology-related funding can lead to greater results than might be achieved by a single grantmaker, bringing a broader, more diverse set of skills and knowledge to the grantmaking table. In grantmaking, certain categories of activity aimed at achieving a broad reach into the nonprofit sector require a greater investment than any one funder can make. For example, many nonprofits hire individual consultants to build customized databases. If support was made to "translate" an existing membership tracking and communications system built for one community to the needs of a variety of different sectors, just think of the impact that could be had. Successfully taking on such a development process, however, would require collaboration among multiple funders.

When funders do not collaborate, they miss opportunities to leverage their investments and can also trigger unnecessary competition in the technology development or support fields. For example, some 'early adopter' foundations started funding circuit riders and other kinds of technology assistance in the same region, without any communication or coordination. As a result, efforts were duplicated, mutually useful experience was never shared, and large sums of money were invested for relatively poor returns. "If [we] had all gotten together in advance and talked about technology needs," points out Angel Braestrup of Munson, one of the funders, "perhaps we could have committed discrete amounts of money over a longer period to effectively build the technology capacity of our collective grantees in the Southeast."

Impact

> *We don't all have to put our money in one fund; there is high value just communicating among ourselves. We may want to move to venture funding reviews, mutual evaluation or due diligence. That's the collaboration I'm interested in.*
>
> – Tom Reis, W.K. Kellogg Foundation

GEO asked attendees at their 2002 conference to compare the current reality to their desired future for thirteen philanthropic issues. Next to diversity, no issue scored higher then more cooperation among funders.

-- Grantmakers for Organizational Effectiveness (GEO) 2002 National Conference Report, Capacity –Building for Impact

Greater collaboration between funders can offer major benefits:

- Funder collaborations offer opportunities for partnerships between smaller, local foundations and larger national foundations, for local funding matches, and for pooling resources to support development, implementation and evaluation.
- If program officers across multiple foundations simply shared more information with each other about what they could and could not fund, significant economies of scale might be achieved through more coordinated grantmaking.

- When funders specializing in or comfortable with technology-related grantmaking collaborate with funders that are less versed new opportunities open for widening the universe of funders who support nonprofit technology use.

- Collaborating foundations share development costs of technology projects, decreasing the risk that a project will be under-funded at its start.

- Collaboration among individual grantees may yield specifications for technology tools that funders can invest in together at a shared cost rather than each having to bear the burden of a less adequate technology solution.

Challenges

> *Funders work in a vacuum. They're not including those who are being funded or those who are working with the grantees in the process of making the decision of what would be funded. They don't look at the big picture of what would improve the community, but looking only at their targeted areas.*
>
> – Service provider survey, April 2002

The 'culture' that supports collaboration

Collaboration is not something most foundations do automatically or easily. "I don't have anyone to collaborate with!" commented one funder we spoke to. Why don't more funders collaborate? The reasons include differences in personalities and organizational cultures, different funding agendas, and incompatible grantmaking cycles. In addition, foundations are sometimes hesitant to give up the branding and name recognition that comes with being the sole or principal funder of a significant effort. In our survey of grantmakers, only 38 percent had partnered with another foundation to support a technology initiative, yet 82 percent of those same funders expressed interest in learning more about opportunities to partner.

Volatility of the market

The volatility of the market, especially when corporate giving is involved, can hamper funder collaboration. If any one funder suffers serious financial losses, merges, or splits, the resulting void can destroy the collaboration and the future of the funded project.

Isolation

For the smaller or more rural foundations, isolation can be a barrier to effective collaboration. Many find that few foundations are active in technology-related grantmaking. "I can count on one hand the number of funders in our area that fund technology," says Anne Vally of the James Irvine Foundation. "As a result, we're concerned the intermediaries will have a hard time." And in fact, one intermediary in her region did recently close its doors. Kym Mulhern, head of the Nokomis Foundation concurs. "There aren't a lot of people that we relate to. Most of the technology kinds of grantmaking activities I hear about are huge and I can't quite relate to them. They're so much different. Even most of the small and women's foundations don't do anything like what we do [to support technology]."

Opportunities for Grantmakers

> *The collaboration I would find valuable would be more local, adding resources and expertise and capacity at a local level, giving me as a small funder the opportunity to participate and have greater impact. And if funders are doing something on a national level, how do local foundations bring it to a local level where it has more meaning?*
>
> – Mary Walachy, Davis Family Foundation

A broad spectrum of opportunities exists for foundations to collaborate *and* to support more collaboration among intermediaries and nonprofits. Here are just a few of the possibilities:

For individual organizations

- Make more technology-related grants in coordination with other funders who already support the organization to improve the chances of grantee success.
- Invite proposals from groups of nonprofit organizations that are working in collaboration on a particular project or campaign.
- Pursue collaboration across multiple program areas within individual foundations. "At most foundations this kind of internal collaboration is informal. I've found that foundations tend to be pretty vertical in their structures and their funding. It's tough to collaborate in a silo," commented one funder we interviewed.

For sector segments (issue-based or geographic)

- Support collaboration of groups of nonprofit organizations working on a project that can serve hundreds or thousands of organizations (e.g., food banks, legal services, CDCs, etc.).
- Create funding teams across multiple foundations to leverage the distinct strengths, assets and skills of each. For example, Microsoft, Hewlett Packard (HP) and the Packard Foundation collaborated to improve the technology capacity of childcare centers in particular cities. HP contributed hardware, Microsoft contributed particular software and Packard funded a Circuit Rider to make onsite visits to install the hardware and conduct software training.
- Support community assessments that identify shared needs of nonprofits and develop solutions to be delivered by local intermediaries, and supported by multiple funders.

For sector-wide impact

- Support existing and new grantmaker forums where foundation staff can learn and strategize together about ways to collaborate more closely.
- Identify and fund technology development projects that can be utilized by nonprofits throughout the sector. Projects that can help nonprofits in the areas of data collection, data reporting, constituency communications and basic productivity are in desperate need.

Bridges to…

Intermediaries – Their closer-to-the-ground experience with the "end user" helps collaborations be more authentic. In addition, engaging intermediaries to support your collaboration will increase its scope and scale.

Learning – Applying the lessons learned by individual grantmakers will reduce reinvention of the wheel, increase the return on investments, and achieve more holistic approaches to solving community problems.

Infrastructure – Collaborative funding can increase the chances that large-scale infrastructure-related projects that can have sector-wide impact will get the upfront resources necessary to ensure success.

- Fund convenings of specialized service providers such as those developing "online organizing strategies" or "online giving" in order to build relationships between them.

In summary…

Most of the technology that we take for granted, including the Internet, would not exist today without conscious collaboration. Collaboration is critical for ensuring that the promise of technology is delivered to the nonprofit community, can take many forms and happen at various levels of complexity. The heart of collaboration is sharing information and a willingness to engage in practices that leverage available resources in a community. In times of plenty, collaboration may prove easier as there are more dollars to apportion to collaborative projects. However, in times of financial contraction, collaboration is more necessary than ever to leverage the few dollars that are available to fund nonprofit initiatives. Though complex and difficult to start, nurture and sustain, collaborations can yield higher impact at lower transaction costs for those in the collaboration as well as the beneficiaries of the effort.

4. STRATEGIC TECHNOLOGY USE

Appropriate, mission-based uses of technology

The biggest seduction is to get over-awed by the technology itself and to see it as an end in itself rather than as a tool that will ultimately help you deliver the services you want.

– David Rynick, Executive Director,
Dynamy, MA based nonprofit organization, 2001

I have difficulty convincing some of my foundation colleagues of the value of technology to advance program goals. They just don't get it.

– Foundation staff member

Strategic use of technology is that which improves the impact a nonprofit has to meet its programmatic objectives. Another aspect of *strategic* use of technology is that it is appropriate in relation to the organization's capacity to handle the *change* that comes with technology and will enhance, not disrupt, the organization's overall health.

The view from one community foundation

Nonprofits are reacting to technology without thinking about the impact it will have on their organization. They thought it could be a fix-all for their problems; it created new problems.

– Geeta Pradhan,
The Boston Foundation

For nonprofits to make the leap to strategic technology use and for grantmakers to effectively assist them, both must understand the *total value of technology ownership* (TVO) as opposed to a view of technology as primarily an efficiency and productivity tool. Total value includes how communications, collaborations, marketing and program delivery can be improved through the appropriate use of specific technology tools. Awareness of TVO comes through ongoing strategic thinking and planning which is missing from much of the technology deployment currently supported by foundations.

Most nonprofits are disengaged from *strategic* thinking or planning for technology and are therefore less able to be strategic *users* of technology. In contrast, capacity-building opinion leaders emphasize that "building meaning around organizational mission, including a mix of strategic planning, decision-making and priority-setting skills" is a critical component of nonprofit excellence.[8] Strategic use of technology is not immune to this call for planning.

Impact

We have found again and again that the better the planning is up front, the greater the chance of success. It costs more, but we've learned the hard way that it's more effective.

– Ann Krumboltz, the Brainerd Foundation

I found one budget where they were spending more on sodas than on training.

– Jane Meseck, Microsoft Corporation

When grantmakers support *strategic* use of technology, results can include:

- Technology use within nonprofits that is more powerful and mission-driven.

[8] Light, Paul C. *Pathways to Nonprofit Excellence.* Brookings Institution Press, Washington, D.C., 2002.

- Nonprofits are better positioned to maintain relationships with members or clients, provide information to the public, do research and advocacy, provide direct services, develop policy and collect and analyze data regarding organizational activities and work.
- Technology is integrated with more cost efficiency into nonprofit organizations.
- More grantees successfully engage in the strategic use of technology to forward mission, leading to an increased understanding within philanthropy about the positive impact of technology.
- Technology is elevated from 'machine' status to a valued strategic asset, leading to the possibility of greater cross-program collaboration within foundations.

Challenges

> *One of our greatest challenges is convincing agencies that they need to step back and do some planning or at least give us evidence of planning. But this needs to be a careful balancing act with also meeting the grantee where they are. How many hoops do we want them to go through?*
>
> – Mary Walachy, Davis Family Foundation

Understanding technology's real potential

The challenge before grantmakers is to move from a view of technology as 'infrastructure' or 'capital' to something that has profound value on an equal level to strong leadership, staffing or program focus. Internally within their foundations and externally to potential grantees, grantmakers need to be comfortable articulating the mission-driven basis for technology funding. When nonprofits and grantmakers only consider the physical infrastructure, technology ends up divorced from mission. Grantmakers therefore have difficulty making the case for it internally and integrating it into programs. "It's difficult to make the philanthropic case for technology," says one foundation representative we interviewed, "when other programs have clear outcomes." There has still been no comprehensive study that analyzes the extent to which nonprofits use technology to forward mission-based or programmatic goals and how well they do so.

Breaking the hardware-focused mentality

Eighty percent of the intermediaries surveyed for this study indicated that in their view, foundations have not adequately supported nonprofits to engage in the type of planning that helps organizations connect technology to program improvement. At the same time seventy-six percent of the grantmakers we surveyed indicated that they do support technology planning. Our direct experience in the field with nonprofits, intermediaries and grantmakers indicates that for many, a technology plan consists only of an *audit* of computer hardware in a nonprofit organization and a list of items to purchase. This continues to occur despite the agreement of nonprofit technology leaders that a truly useful technology plan also includes an articulation of the relationship between technology and mission/program, and an outline for staff training and technical support.

Connecting technology use to general capacity building efforts

Because technology is seen more as a machine than a transformative tool, it is often not woven into general capacity building efforts. Our experience confirms that many intermediaries who provide *traditional* capacity building support (strategic planning, communications strategy, evaluation, board development, program development, etc.) rarely address the role that technology can play in the organization. Conversely, many technology support intermediaries do not have adequate awareness of or training in the organizational planning issues that are integral to successful strategic technology implementation. Technology planning and deployment is often driven by technology experts who are not skilled in planning related to the *human* components of successful technology implementation. We heard not so much a call for an army of 'generalists' trained in all nonprofit capacity building issues and methods as much as for a heightened

awareness of each others' disciplines and the ability to know when to bring in others with the skills needed for providing comprehensive support.

Lack of strategic planning for the deployment of technology

Nonprofits regularly report that they do not have the time, skill or need to assess and plan for the strategic use of technology. Evidence suggests that while access to computers and the Internet is approaching universality,[9] most nonprofits continue not to plan or budget for technology.[10,11] The challenge for grantmakers is to ascertain what level of planning an organization needs to insure that investments in implementation will result in the desired impacts.

Bridges to…

Leadership – Successful strategic use of technology will increase awareness and understanding among leaders about technologies possibilities and appropriate use. This can be transferred to staff to insure greater support for the ongoing organizational commitment necessary to properly deploy technology in service of mission.

Infrastructure – Nonprofits are often in need of updated hardware and better training but have difficulty deciding what the appropriate direction is to take. Understanding the strategic value of technology and planning to identify and focus priorities helps nonprofits channel their resources and guides funders on where to invest.

Learning – When nonprofits develop clear plans, it makes it easier for them to evaluate and learn as they move forward.

Opportunities for Grantmakers

For individual organizations

- Fund grantees to invest in strategic planning that demonstrates strong ties between program implementation and the use of technology.
- Require evidence of strategic technology planning from grantees.
- Conduct strategic technology planning within foundations.

For sector segments (issue-based or geographic)

- Fund the development of benchmarks that articulate simply the total value of technology ownership within different portions of the nonprofit sector. (e.g., child care agencies, arts organizations, etc.).
- Invest in pilot projects that demonstrate strategic implementation of technology. Document and broadly disseminate lessons learned.

For sector-wide impact

- Finance a study that analyzes the extent to which nonprofits use technology to forward mission-based or programmatic goals and how well they do so and where major gaps exist in strategic use of technology.
- Support better dissemination of existing high-quality sources of information and tools to nonprofits about strategic use of technology.
- Convene organizational development and technology-focused intermediaries to increase the understanding that would properly integrate the two disciplines.
- Build stronger ongoing connections between technology and organizational effectiveness by supporting the activities of such networks as the Alliance for Nonprofit Management, N-TEN, GEO and others.

[9] Gifts In Kind International, *op. cit.*
[10] Forster, Jeff. "Technology Use by Nonprofit Organizations in Southwestern Pennsylvania." Bayer Center for Nonprofit Management, September 2001.
[11] Princeton Research Associates for Independent Sector, *op. cit.*

- Support a study that documents the relationship between planning and outcomes. What are the characteristics of successful planning that leads to successful implementation? Conversely, what are the characteristics of failures to be avoided?

- Support the adaptation of successful technology initiatives created for one sector to be replicated by other sectors.

- Support the development and dissemination of tools that explicitly push nonprofits to determine the strategic value of technology ownership as the basis of their planning and decision-making.

In summary…

Though technology-related grantmaking appears at times too complex or daunting, failure to incorporate technology support into grants will in many cases reduce the overall effectiveness of funding. Finding ways to move such funding from machine-based support to more strategic uses of technology is a most important priority. This requires an understanding that technology potential is about much more than improving efficiency and that barriers to strategic thinking and planning must be overcome to move nonprofits from casual to powerful users of mission-forwarding technology.

5. HOLISTIC INFRASTRUCTURE

Servers, processors, software, networks—*and* the people and skills to make it all work

> *Foundation program officers think of technology as a computer, software, or a Web site. They don't think of it as a larger support mechanism to carry out a mission*
>
> – Service provider survey, April 2002

> *I'd love to see economists analyze the infrastructures of both the private and nonprofit sectors to show how paltry the resources available to the nonprofit sector's infrastructure are in comparison to those provided in the private sector, which has long understood the need for supporting activities such as research and development, marketing, professional development, and management support and technical assistance. Having this "one-shot" picture available to foundations–local and national–may help them understand why it's important to support the infrastructure that benefits all their nonprofit grantees, and, in turn, the sector overall.*
>
> – Cynthia Gibson, Carnegie Corporation

One of the biggest mistakes that nonprofits (and their funders) can make is to define infrastructure narrowly, assuming that once equipment is in place, they will be well on their way toward effective technology use. For most people, "infrastructure" brings to mind highways and power lines, or–in the context of technology– computers, printers, and network cables. In fact, infrastructure includes **all** the elements needed for nonprofits to make effective use of technology – staff, skills (and the training needed to acquire them), technical assistance, an underlying strategy on how to use technology, as well as the physical machinery and wires. There are two distinct levels of infrastructure in nonprofit technology:

- **Within organizations,** the equipment, staff, skills, training, and ongoing maintenance to support it (much of which adds up to the group's total cost of technology ownership).

- **Across entire sectors or communities,** the systems and intermediaries or products that provide back-office support, nonprofit-specific software or technical assistance often for multiple nonprofit organizations. While most of the technology hardware and software infrastructure is developed by the commercial sector, the growing cadre of nonprofit-oriented technologists is an important force to ensure that future technology infrastructure is accessible and delivers mission-critical functionality groups can use.

Core operating support brings with it numerous benefits. Nonprofit organizations are given the opportunity to assess and address internal needs. Above all, core operating support can serve as a catalyst, opening the door to discussions of "big picture" topics and investing in the vision and ideas of nonprofit leaders. From the funder's perspective, it gives us greater leverage for organizational change.

California Wellness Foundation – 1999 Annual Report

Impact

> *Much of the investment may be wasted in the long run if staff do not know how to use and maintain technology effectively. If grant funds do not explicitly cover technology planning, staff training, and maintenance, nonprofits may not be able to use their technology to its full potential. Expensive IT investments risk going to waste, making future IT projects more difficult to justify or fund.*
>
> – Bethany Robertson, "Beyond Access: A Foundation Guide to Ending the Organizational Divide." National Committee on Responsive Philanthropy, December 2001

Here are just a few of the benefits of a strong human and technology infrastructure:

- Grantees experience improved office productivity.
- Better data gathering leads to improved nonprofit programs.
- Information sharing supported by technology improves teamwork and overall performance.
- Staff trained in the use of advanced tools will have a better understanding of how technology can support their work.
- Technology-related problems are solved quickly and often internally.
- Application service providers can increase access to highly advanced technology tools for data management and other mission-critical nonprofit needs without requiring nonprofits to invest in their own internal capacity.
- Advances in basic technologies, such as broadband Internet access, low-cost processing power, wireless networks and open software platforms, offer new opportunities for nonprofit technology innovation.

In the face of such potential, neither basic nor advanced infrastructure support is anywhere near universal. Recent studies of nonprofit technology adoption reveal that organizations still do not build the infrastructure required to implement technology projects effectively. A 2001 study from the Bayer Center for Nonprofit Management found that only 31 percent of surveyed organizations included technology skills in job descriptions and performance evaluations.[12] In addition, effective technology deployment takes time, even years. But funders tend to fund in only 1-2 year cycles, or perhaps they provide hardware or software donations without additional support. A 2001 National Committee for Responsive Philanthropy (NCRP) study found that "technology" grants were too heavily biased towards equipment, and did not support training, technical assistance or maintenance. They also found that too many information technology grants were isolated projects, an approach that runs counter to a comprehensive, holistic technology strategy.[13]

Challenges

> *Many funders fail to recognize that there is any cost after the box arrives.*
>
> – Angel Braestrup, Munson Foundation

Total cost of technology ownership includes people

Over the last decade, computer and peripheral device prices have dropped dramatically, making up-to-date hardware and software affordable for most nonprofits. Additionally, the increasing speed of computer processors and the availability of high-speed Internet connections make the delivery of specialized software programs (e.g., Application Service Providers) a viable option for many organizations. However, the other costs associated with technology such as maintenance, staff, training, and technical assistance remain prohibitive for many groups. These associated costs are a significant piece of the puzzle because new

[12] Forster, Jeff, *op. cit.*
[13] Robertson, Bethany, *op. cit.*

equipment will not function effectively if people do not know how to use it in their work. The technology assistance community has sounded this oft-repeated business mantra for years: only thirty 30 percent of a technology budget should cover hardware and software, with the remaining seventy percent dedicated to staffing, training and maintenance. Unfortunately, nonprofits as well as their funders usually fail to adhere to this baseline of acceptable practice.

Funding hardware – bursts of support

A great deal of technology-related grantmaking has been focused solely or primarily on hardware and software investments. Though helpful, these investments can be problematic without adequate planning and context-sensitive training and support for staff. These large, one-time grants for hardware can modernize a group's technology overnight, such grants risk undercutting an organization's ability or willingness to internally budget and plan for upgrades and ongoing maintenance. Nonprofits and their financial supporters should also be wary of "free" hardware and software. Donated used equipment may initially seem like a great deal, but can actually cost more in the long run than purchasing new computers, as older equipment may be more difficult to maintain or integrate with existing systems.

> All too many nonprofits, however, focus on creating new programs and keeping administrative costs low instead of building the organizational capacity necessary to achieve their aspirations effectively and efficiently. This is not surprising, given that donors and funders have traditionally been more interested in supporting an exciting new idea than in building an organization that can effectively carry out that idea.
>
> *Venture Philanthropy Partners – "Effective Capacity Building in Nonprofit Organizations"*

A cycle of dependency due to lack of training and support

A tangle of issues related to technology creates challenges for most nonprofits. Whether it be software compatibility, training focus, high-speed access, or consultant and vendor trustworthiness, nonprofits can get caught in a cycle of dependency with technology, paying very high rates for the development of complex systems only understood by the consultant. When internal staff is not sufficiently trained, they are unable to solve problems that arise after the consultant is gone. They then call the high-priced help, and the cycle begins again. Funders should take care not to initiate or exacerbate this cycle, instead ensuring that support and staff training complement each other, reducing the need for outside assistance. The challenge for grantmakers is to determine whom in the community they and nonprofits can trust to provide unbiased advice.

Opportunities for Grantmakers

> *Funders could be instrumental in bringing together agencies, other funders, government and academics to agree upon standards for data collection. Reporting requirements could then be based on these standards.*
>
> – Support provider surveyed April 2002

Funders can address infrastructure issues through a variety of means:

For individual organizations

- Increase support for general administrative and infrastructure costs, including technology.
- When giving individual grants, use the opportunity to help the organization think through ways it can start to budget for its technology needs.
- Fund training of staff in core technology competencies and special applications, as needed, so expertise resides within the organization.

- Allocate at least two dollars in training and support for every dollar spent on hardware.
- Fund hardware over several years, in smaller increments, and encourage organizations to replace one-quarter to one-third of their workstations each year, rather than all at once.
- Support existing nonprofit-focused training programs that show demonstrated results (e.g., trainees are able to show retention of knowledge well after the training program is complete).

For sector segments (issue-based or geographic)

- Support the development of specialized tools or services for specific sectors.
- Support the adaptation or replication of sector-specific tools for application in other sectors.
- Invest in the development of sector-specific training curricula and programs that take into account the special needs of nonprofits (e.g., training for human service groups that must use software to meet federal reporting requirements).

For sector-wide impact

- Support the development and maintenance of tools that can be used by the entire sector.
- Convene and support the community of nonprofit "open source" developers to document their work and accelerate their progress.
- Support the evaluation of training models (online and offline) to determine what works best in which settings.
- Invest in workforce development for nonprofit managers by supporting graduate schools of nonprofit management to integrate strategic technology planning and use into their curriculum.

Bridges to…

Strategic Use – Infrastructure development and support must be driven by the strategic aims of the organization.

Leadership – Total cost of technology ownership must be bought into and advocated from the top.

Intermediaries – Use the experience of intermediaries to help inform investments in infrastructure. In addition, training programs can be designed around tailored infrastructure needs of a set of nonprofit organizations.

Collaboration – It's not always possible for one foundation to support the range of infrastructure needs of its grantees. Partnering with others to share the burden of infrastructure development through joint purchasing results in stronger infrastructure for more nonprofit organizations.

In summary…

Effective infrastructure development and deployment takes more than purchasing up-to-date hardware and software. It requires an appreciation of how nonprofit work processes contribute to organizational mission and the role that people play in the *infrastructure* mix. Only when these areas have been given consideration should technology advancements that better serve the group's needs be considered.

6. EFFECTIVE INTERMEDIARIES

People, organizations and services that support nonprofit use of technology

> *The only way we're going to make great strides and really reach into this vast nonprofit community is to use the types of intermediaries that have emerged. There are great economies of scale in supporting them…The foundation community needs to embrace the TA (technical assistance) community so that it has legs, so that [intermediaries] can really reach the people who need what they have to offer.*
>
> – Lisa Aramony, AOLTW Foundation

Successful technology deployment depends upon linking nonprofits with information and training on how to use these powerful new tools for nonprofit activities, and with people who have experience in doing so. Intermediaries offer this information and experience to help nonprofits achieve success.

The technology intermediary community is relatively young, and while its roots go back to the mid 1980s, it has only become a recognized field of practice in the last few years. And only recently has the field started to move from the provision of only direct *technology* support to services that integrate organizational development issues affecting the use of technology in the workplace, including staff resistance to technology, leadership development and strategic technology planning.

Intermediaries are individuals and for-profit and nonprofit organizations that provide direct technology assistance or other services to nonprofits. They may provide general management support and training that includes technology (e.g., CompassPoint, Management Assistance Project, Nonprofit Support Program of the Hartford Foundation, our own Summit Collaborative), or be an institution or consultant focused on technology specifically (Harbinger Partners, NPower, CompuMentor, GroundSpring, circuit riders). They can be foundation-based or operate as separate organizations, or even be dedicated or called-upon staff (accidental techies) that work within nonprofit organizations. Our definition of intermediaries also includes those that are virtually based—online initiatives that collect and disseminate information (e.g., TechSoup, Network for Good) or those that offer online services to nonprofits in general (e.g., VolunteerMatch, Idealist). There are also those that serve specific communities of nonprofits based on an issue area or geography (e.g., ONE/Northwest, Green Media Toolshed). Finally, network-type organizations or associations (e.g., Alliance for Nonprofit Management, CTCNet, N-TEN) also function within the intermediary community offering professional development services to communities of service providers.

Impact

Intermediaries play an important role in improving and widening the impact of the work of nonprofit organizations. They are on the front lines of learning and therefore take on the role of cross-pollinator, translator, aggregator, distributor and think tank, and are often an important connector between grantmakers and grantees. Support of these "intermediaries" can multiply the reach and effectiveness of a foundation's effort to help their grantees use technology more effectively. Because specialized intermediaries serve many organizations (e.g., civil right organizations, grassroots advocacy groups) these intermediaries are well positioned to have a widespread multiplier effect, develop specialized skills, and share their own lessons more broadly—not only within the sector they serve, but also with colleagues in other regions.

Some of the results of foundation investments in intermediaries include:

- Grantees experience improved mission oriented use of technology by nonprofits.
- Nonprofits may more easily find intermediaries, and develop ongoing relationships with them.
- Nonprofits receive better help by entities more versed in the "nonprofit experience."
- More nonprofits can receive help because there are more technology intermediaries who develop the expertise and capacity to serve nonprofits.
- Service to nonprofits is improved.
- Nonprofits gain increased access to trustworthy, well-organized information.
- Foundations are more cost-effective in their deployment of funds to support technology.

Challenges

Finding intermediaries with a proven track record

Grantmakers are often unsure about which intermediaries to support or where to refer their grantees. Many people and organizations offer services to nonprofit organizations, but insufficient data exists to adequately compare different intermediaries and approaches. Funders may also be unaware of the intermediaries that their colleagues in other foundations support. Without deeper analysis, the needed breadth and types of intermediary models remains unclear. In addition, most nonprofits turn to technology consultants and vendors that are not versed in the specific issues that exist in the nonprofit workplace. Nonprofits cannot easily find nonprofit savvy intermediaries or they are simply not there.

Commercial focus

Intermediaries that cater to corporations or the general public develop most technology tools and training programs. These primarily for-profit intermediaries rarely develop or customize programs or products for nonprofit organizations. This makes it more difficult for funders to point grantees to resources that will be helpful.

The right match

Beyond the challenge of finding trusted nonprofit-savvy providers is the need to match the right provider to the appropriate grantee. There are so many different models of technology support ranging from foundation-based *circuit riders* to individual consultants found in the yellow pages. Certain models work with multiple groups while others focus on working with one organization at a time. Many models address the needs of nonprofits in urban environments, but nonprofits in rural areas may require different types of support. Similarly, support for advocacy, service, or research-focused nonprofits will differ. Identifying what support model fits best with which nonprofits will continue to be a challenge until the efforts to better link existing and new intermediaries with nonprofits are improved.

Bridges to…

Strategic Use – Intermediaries are in the best position to spread examples and support deployment of mission-based technology use; they can also help nonprofits with the strategic thinking needed for more thoughtful grant proposals.

Collaboration – Funder collaborations with intermediaries can help with efforts to scale up or extend the reach of grantmaking efforts. Intermediaries are also in a perfect position to identify opportunities for collaboration between nonprofit organizations.

Learning – Support provider lessons, including objective analysis of developments in the field, could help foundations target grantmaking more effectively and help bring about the creation of standards of excellence for technology intermediaries.

Infrastructure – Because intermediaries develop a sophisticated understanding of nonprofit technology infrastructure (people *and* equipment), they can make infrastructure user-friendlier, smoothing the interaction between machinery and people.

Opportunities for Grantmakers

> *Funders must make certain that the system of technical support providers (intermediaries) is operating at optimum efficiency, that the system is building and sharing tools as openly as possible, bringing resources to as wide an audience as possible.*
>
> – Vince Stehle, Surdna Foundation

Funders can more effectively support these intermediaries, and the wide range of groups they serve through a number of measures, including:

For individual organizations

- Commit to longer-term operating support of those intermediaries with proven track records validated by third-party evaluation. (Support third-party evaluation!)
- Fund experimentation with innovative systems of intermediary support, including the use of new technologies as support delivery mechanisms.
- Support closer partnerships between locally based intermediaries and groups of grantees to develop specific high-value support services.
- Support explorations into better connections between online technology assistance tools and on-the-ground efforts to support nonprofits.
- Identify and make grantees aware of local or national intermediary networks that are nonprofit focused.
- Work with local networks of intermediaries to connect them to your grantees.
- Support development of local networks of nonprofit focused or savvy intermediaries.

For sector segments (issue-based or geographic)

- Support issue-based intermediaries that work with specific communities (child welfare, environment) within the nonprofit sector.

For sector-wide impact

- Work to bring technology and management intermediaries into closer alignment so that they can support one another's work within nonprofits.
- Fund comparative evaluation of current intermediaries (as a group) to better understand sustainable business practices, approaches used for providing service and the actual impacts of those services. Part of this effort could be a major multi-year assessment of different intermediary support models to understand what types of interventions have the greatest strategic value under which circumstances.
- Identify and support collaborations between intermediaries that could have substantial, sustained impacts on large numbers of nonprofit organizations and reduce unnecessary redundancies in tool or method development.
- Support efforts to bring new intermediaries (e.g., graduates from nonprofit management programs, existing businesses that support for-profits with technical support) into the nonprofit technology support field.

- Support the development of standards that relate to different types of intermediaries (e.g., local, national, online, face-to-face support, constituency based) in order to set benchmarks for excellence in the field.

- Support the development and dissemination of comprehensive listings of providers that can be accessed by nonprofits, foundations and providers.

- Work with schools of nonprofit management to incorporate technology-related strategies into their programs.

- Support local and national networks of intermediaries. Eighty-eight percent of intermediaries surveyed for this study indicated that funders should invest in efforts to build local and national networks of intermediaries.[14]

In summary…

To build a cohesive sector-wide approach to technology use and support, intermediaries will provide a critical connection between grantmakers, nonprofits, innovation and learning. Intermediaries are essential if funders want to improve the chances that their grantees will successfully deploy technology. They provide support to multiple groups, and are therefore on the front lines of learning and transfer of knowledge. Carefully targeted funding for intermediary networking, evaluation of intermediary impacts and scaling up of effective models could yield excellent results.

[14] Summit Collaborative online survey of NTAPs conducted in April 2002.

CONCLUSION

What impact might be realized for the evolution of democratic and civil society if the nonprofit sector *as a whole* applied the power of advanced information and communications technology to its advocacy, policy and service work? There are some examples of the transformative power of technology to advance nonprofit mission, but the nonprofit sector as a whole remains far from this potential.

Most technology-related grantmaking is hampered by a set of challenges that an infusion of cash will not by itself address. Funders, intermediaries and nonprofits confirm the need for a more "end user," human-focused approach to technology grantmaking that incorporates a shift from traditional grantmaking to a method that considers a set of six interrelated elements. These elements – *determined leadership, active learning, dynamic collaborations, strategic technology use, holistic infrastructure and effective intermediaries* – will help foundations improve their own technology-related grantmaking and presents the framework of a philanthropic strategy for sector-wide change. While paying attention to these six interrelated elements is important at any time, today's economic climate only underscores the need to be focused and strategic in technology-related or any other grantmaking.

The call to action is simple: To be successful as individual grantmakers and as a philanthropic community, foundations must develop funding approaches that carefully integrate the six elements described in this study. Specifically, grantmakers can move the nonprofit sector forward with a coordinated and focused effort that includes: concentrated funding on projects and organizations that have demonstrated success, carefully targeted funding for innovative projects that show remarkable promise, and adequate support for thorough evaluation and learning about the needs of nonprofits, and impacts of technology and approaches of different intermediary efforts. This approach will position grantmakers to effectively support sustained and strategic use of technology by nonprofits.

TECHNOLOGY-RELATED GRANTMAKING TAXONOMY

There currently exists no single definition of technology-related grantmaking, and this makes it very difficult to inventory the real level of investment in nonprofit use of technology. In addition, many grantmakers have a difficult time understanding how to organize or articulate what their approach is to grantmaking and other activities in support of nonprofit technology capacity-building. Often this is because technology-related grantmaking is not relegated to a single funding area, but refers to the practice of giving support for technology through program focused, capacity-building, dedicated technology or other grants and funder support efforts.

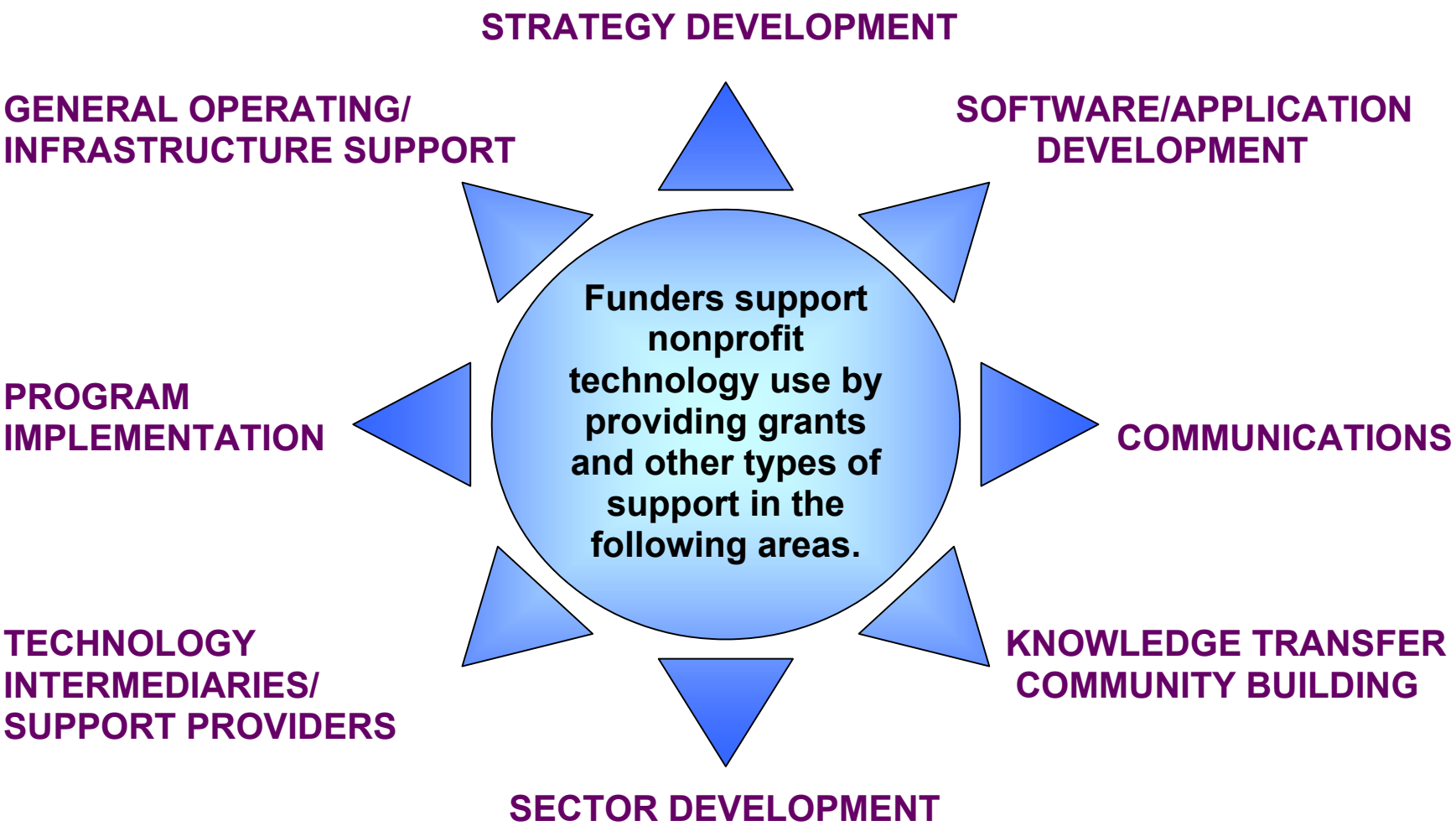
Despite these definitional challenges, much has been learned from grantmakers who have been active in nonprofit capacity-building and technology-related grantmaking over the years. We developed this taxonomy after analyzing existing literature of nonprofit technology, conducting an online survey of technology-related grantmakers and technology intermediaries, and after in-depth interviews with many grantmakers. There are eight major categories in the taxonomy.

1. Strategy development (technology assessment, planning and evaluation)
2. General operating support/infrastructure (machines, connectivity, training and support)
3. Software/application development (for individual organizations or the entire sector)
4. Program implementation (advocacy, service delivery)
5. Communications (strategy, electronic publishing, campaigns, recruitment, fundraising)
6. Technology intermediaries/support providers (development, delivery or replication of services)
7. Knowledge transfer/community building (Web site portals, learning networks)
8. Sector development (policy, community assessments, funder education, conferences, collaborations)

The characteristics of strategic technology grantmaking are complex and interrelated in a fashion that requires more substantial data collection, deeper analysis and continuous learning. There is no doubt that certain grants could easily fit into several categories in the taxonomy. Furthermore, there are many different ways to categorize technology-related grantmaking. The following is just one approach and should be revised as information sharing between grantmakers, intermediaries and nonprofits increases, and deeper awareness is built in the field of nonprofit technology and grantmaking within that field. Though this is true, the following taxonomy today offers grantmakers a clearer way to think about their own technology-related grantmaking. It also could assist funders interested in building a more comprehensive sector-wide strategy to forward nonprofit effectiveness and mission. Finally, the taxonomy could assist intermediaries and nonprofits as they work to utilize or support use of technology in an appropriate, strategic and sustained manner.

Within the taxonomy is a brief description of the giving area itself, along with a few examples of outcomes that can result from funding in this area as well as some risks to keep in mind. Finally, a few recommendations are offered for grantmakers to consider.

Taxonomy of Technology-Related Grantmaking



NOTE - The term **'strategy'** as a giving area in this taxonomy refers to grantmaking for assessment, planning and evaluation.

1a. Strategy Development (Assessment)			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Funding for assessment can be for single organizations, communities of nonprofits (geographic or mission based) or the entire nonprofit sector. An effective assessment is the base of good technology-related decision-making. It can focus on gathering information to justify an existing decision or to unearth options. It can focus on understanding specific business systems or benchmark an organization's overall technology status.[15] Within individual nonprofit organizations, it is important to assess current and potential mission-driven uses of technology. This includes infrastructure, staff technology skill level, technical support systems, and nonprofit business systems such as communications and information flow.	The nonprofit better understands its needs and is positioned to make decisions that are cost effective and strategic. The nonprofit better understands its staff skill level using technology and areas to target improvement activities. The nonprofit better understands its ongoing technical support needs, where there are gaps in services and what improvements might yield the best results. The funder better understands individual and nonprofit organization needs and can provide more effective assistance. Trends can be collected that highlight issues in nonprofit technology use and needs. Staff and leadership are better able to understand and support integration of technology into the workplace.	Technology assessment often refers to hardware and software analysis with little attention paid to the current state of existing organizational systems that are broader than technology. For example, an organization may assess its current Web site and identify that it needs improvement without an assessment of the current state of its overall communications strategy. Money therefore put into Web development, without an overhaul of the communications strategy of the organization, may be a poor investment. If not targeted appropriately, assessment activities can yield information that is not relevant and leads to poor decision-making. Assessment takes time and energy of staff that in many nonprofits are already overworked. Technology experts are often called on to handle technology assessments. These experts are often not versed in nonprofit culture, operations or programs leading to assessments that do not accurately describe the nonprofits needs and opportunities.	Give grants for assessments. Ensure that technology-related assessments address, when appropriate, non-technology issues related to organizational readiness to adopt and successfully integrate technology tools and strategies. The assessment should take into account the total cost of current operations as opposed solely to the hardware costs. When funding assessments, be clear on what is being assessed, why, and how. Identify what the exact output of the assessment will be and what it will be used for. Require some level of assessment data before providing grants to assure that the organization is clear on the rationale for its decisions. Post links to various online technology assessment tools so grantees and others have access to easy-to-use materials. Identify some intermediaries to support assessment work within nonprofits to whom grants are given. Foster feedback to your organization, and communication between these intermediaries so there are clear expectations and standards for practice.

[15] See the nonprofit technology resource links on page 56

1b. Strategy Development (Planning)			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Funding for technology planning refers to a process of taking assessment information, matching it to organizational aspirations and capacity, identifying clear outcomes and total costs for technology improvements. It requires that organizations prioritize activities and plot detailed short-term (0-18 month) implementation steps and a long-term (2-5 year) road map. **Planning can be done on many levels for individual nonprofits, networks of nonprofits or communities.**	Depending on the specific technology plan, the nonprofit could end up more efficient, creative and/or effective. The nonprofit is better able to take full advantage of its existing infrastructure no matter what level that infrastructure has reached. The nonprofit is better able to implement successfully because they have appropriately scaled the level of activity and/or innovation to match their capacity. The nonprofit has a roadmap that guides vendor selection, implementation and continued project evaluation. The nonprofit is better positioned to handle challenges that arise.	Nonprofits regularly report that they do not have the time, skill or need to plan. The call from funders for planning is often received poorly by organizations. Funder support for and requests for more planning by nonprofits can get tangled up with expectations around implementation grants. Technology planning is often defined as an audit of hardware and software that is completed by IT staff or technology experts. This type of planning does not adequately prepare an organization to make the decisions it needs to make and can lead to inappropriate applications of technology. Most intermediaries that nonprofits turn to for planning support are not aware of or skilled in planning related to the human components of successful technology implementation.	Ensure that any technology planning be led within the organization by staff who are responsible for the day-to-day operations of the organization. Bring organizational development support providers together with those who do the more technical aspects of technology planning. Be very clear with grantees or potential grantees about the purpose of your organization's support for planning, whether it is to help nonprofits refine grant proposals, or more generally to simply stimulate better development of technology use by nonprofits. Develop grantmaking guidelines that clearly state what information is expected in a plan. Give grants for technology planning. Do not give grants for technology unless there is evidence of adequate planning. Support the development of effective face-to-face consulting that utilizes existing nonprofit-specific planning methodologies and tools.

1c. Strategy Development (Evaluation)			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Evaluation related to technology includes: **- Funding the development of evaluation tools and methodologies for nonprofits to use.** **- Funding direct evaluation of specific technology support programs or projects.** **- Funding the use of tools to collect evaluation data to improve programs.**	Information gathered through evaluations helps the foundation be strategic in its grantmaking. The nonprofit is better positioned to make proper investments to improve program and operations. A healthier 'partnership' type environment can be created between the funder and grantee. Evaluations lead to more lessons learned for both grantmakers and nonprofits resulting in continued improvement in grantmaking and strategic use of technology. More nonprofits evaluate their use of technology in service of program and other hoped for organizational improvements.	If applied incorrectly, evaluation efforts run the risk of seeming punitive and may be more of a burden than a valuable learning system. Evaluation efforts, when viewed by stakeholders as punitively based, can stifle innovation by reducing healthy risk-taking by both nonprofits and grantmakers. If not continuously applied in a strategic way, evaluation efforts may not yield information in a timely manner and may result in improper modifications.	Fund evaluation efforts that clearly indicate the results are meant for continuous learning. Fund evaluation efforts over longer periods of time. Integrate them with ongoing assessment and planning so they are not viewed as disconnected from the ongoing learning and improvements that an organization should naturally be involved in. Fund participatory evaluation efforts that involve stakeholders in the development of outcomes to be measured. Fund evaluation efforts that are timed appropriately in the lifecycle of a particular program so that it yields useful information. Fund better dissemination of the many evaluation tools already available in the field. Fund comparative evaluations.

2. General Operating Support/Infrastructure			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Funding for software and hardware (computers, networking equipment, Internet connectivity, web sites and portable technology). This make up one piece of "general operating support" when it comes to technology. Funding in this area also includes technical support staffing or services for computer and network maintenance and training.	General productivity improvements, including increased document sharing and collaboration between staff, desktops and computer networks in operating condition. Improved communications within an organization, and between an organization and its external constituents or clients. Better data gathering for program improvements through better targeting of resources.	The more technology is brought into the nonprofit workplace, the more change will need to be managed, especially for older staff new to technology Excess focus on the 'hard' infrastructure can divert attention away from funds and time spent considering the most appropriate and strategic uses of advanced technology. An increase in new hardware and software purchases will increase a group's functional use of technology, and therefore require increased investments in staff training to assure appropriate use. Large bursts of one-time funding for hardware and software infrastructure, though initially helpful, can undercut an organization's ability or willingness to develop a regular and sustainable budget for replacements and upgrades. Donated used equipment can cost more to keep running than purchasing new low-cost computers. Funding software without adequate assessment of hardware infrastructure can lead to incompatibility between the two.	Support the "soft" costs of technology operations, including staff training and technical support staff or outsourcing. For every dollar spent on hardware, allocate at least two dollars for training. Funders should insist training be included in every hardware or software grant. Fund desktop computers over several years in smaller increments and encourage the organization to move towards replacing 1/4 to 1/3 of workstations annually. When funding software purchases, ensure that the organization has chosen a software improvement path that is logical, based on current and near future needs, and that considers the necessary related hardware upgrades. To prevent incompatibility, fund the upgrading of operating systems (e.g., Windows98 to XP, etc.) and general productivity software (e.g., Word, Access, Photoshop) to result in increased standardization within a nonprofit. To prevent unnecessary and potentially costly problems when funding any infrastructure, insist that basic virus protection and backup capability are incorporated into equipment purchases.

3. Software/Application Development

Giving Area	Outcome Examples	Risks Associated with this Area	A Few Recommendations
Funding for development of software or online applications that serves an individual organization, an entire community or sub-sector, or the entire nonprofit sector.	Increased access to highly advanced technology tools for data management and other mission-critical nonprofit needs. Reduced cost for access to nonprofit-specific software solutions.	Costs can be very high in the early stages of development. Determining functional requirements depends on the active participation of the nonprofit professionals the software will be designed to serve. Often, these professionals are "too busy" or are not invited to participate in the design process. Inadequate 'end-user' input to development of software/applications usually leads to tools that are not easy to use and therefore are not used as broadly or frequently.	Before funding any development, conduct careful analysis of the nonprofit marketplace to determine what the specific needs are and how best to meet them. Fund adequate business planning to ensure that centralized information sources are stable, both financially and technically. Fund the assessment of technologies themselves (software, hardware) to identify their relevance to the nonprofits. Invest in training materials and support systems for software. Always bring 'end-users' into the process.

4. Program Implementation

Giving Area	Outcome Examples	Risks Associated with this Area	A Few Recommendations
Support for technology tools or use that directly changes the way a program is delivered, as opposed to technology to improve office efficiency. For example, funding for online advocacy campaigns or automated service delivery.	Enhance and possibly transform an organization's services, work and impact. Increased exposure and program reach. Expanded hours of operation (24/7 vs. 8-5) for service delivery.	Technology professionals are often unfamiliar with program workflow or desired outcome. Some early attempts to develop specific program technology failed because the implementation didn't match the need. Technology systems are only as good as the people who are trained to use them.	Fund groups and sub-sectors of groups to share what they have learned about programmatic uses of technology. Document and disseminate examples of specific program implementation improvements where technology played a critical role. Balance funding between grants for basic back office technology improvement and grants to support more use of technology to directly impact program implementation.

5. Communications			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Funding for Internet and Web strategy, electronic publishing, marketing campaigns, on-line fundraising, or constituency recruitment via paid online advertising, earned or viral strategies, or action-oriented Web sites.	Nonprofits obtain online communications support and advance offline efforts (and vice-versa). Nonprofits are better able to reach their constituents and the general public. Nonprofits can more rapidly activate their constituents for various purposes (e.g., fundraising, advocacy, etc.)	Many nonprofits experience Web shock when they put up a Web site and realize the training and work involved in keeping the Web site up to date. Support of online communications initiatives that are not strongly tied to a solid overall communications strategy risks fragmenting an organization's attention (and image) and diffusing the impact of its resources.	Support training programs for communications and other nonprofit staff to learn elements of effective online publications and information strategies. Document "case studies" where Internet communications have played a role in advancing a policy or nonprofit service. Develop Internet communication experiments to test new information dissemination strategies.

6. Technology Intermediaries/Support Providers			
Giving Area	**Outcome Examples**	**Risks Associated with this Area**	**A Few Recommendations**
Funding to: increase the number of high-quality nonprofit-focused support programs that serve individual or multiple organizations or the entire nonprofit community, build networks of providers, and improve the connection between providers and the nonprofit in need of service.	Nonprofits have access to more nonprofit-focused support resources at a lower cost. The overall quality in the field of support provision is improved. More providers in the field are focused on and aware of nonprofit-specific needs. Nonprofits realize productivity gains and improvements in the way technology tools and strategies are used to advance programs.	Few standards of excellence exist for the many technology support providers in the marketplace.[16] The field has not conducted a sufficient examination of the impact of different support models on different types of nonprofits (e.g., large, medium, small, rural, urban, human service, environmental, etc.). Nonprofits are prone to rely too heavily on support providers, therefore diminishing their motivation or ability to take ownership over technology decisions and ongoing challenges.	Support intermediary models that have a proven track record and third party evaluation. Replicate them. Support intermediary models that demonstrate an ability to transfer knowledge into an organization so the nonprofit is increasingly less dependent on the provider. Develop and support associations of intermediaries and fund professional development of intermediaries. Fund innovation by providers. Invest in carefully crafted nonprofit-specific online training programs that offer adequate offline support.

[16] Jacobs, Bruce, *op. cit.*

7. Knowledge Transfer/Community Building

Giving Area	Outcome Examples	Risks Associated with this Area	A Few Recommendations
Funding for Web portals, extranets and learning networks that can serve those within an individual organization, a community of nonprofits (geographic or issue-based) or the entire nonprofit sector and/or those they serve.	Increased access to trustworthy information. Less repetition of mistakes in decision-making or use of technology. More confidence in decision-making about technology.	Supporting portals may result in over-centralization of information. It is challenging to demonstrate 'results' that directly relate to the work being done in the field. The 'end product' of such efforts is not often tangible.	Conduct careful analysis to determine exactly what types of knowledge are most needed by those that the knowledge transfer is aimed towards. Engage the members of the community in all aspects of the assessment, planning, delivery and evaluation of the effort. Fund adequate business planning to ensure that centralized information sources are stable, both financially and technologically.

8. Sector Development

Giving Area	Outcome Examples	Risks Associated with this Area	A Few Recommendations
Support for projects that will have an impact on the entire nonprofit sector. Examples include major data sharing projects or the development of nonprofit technology standards. Many of the projects mentioned in other portions of this taxonomy could be considered 'sector development' if effectively scaled and applied.	Nonprofit organizations have access to useful data that helps them to target and implement programs. There are more nonprofit customized technology resources available in the marketplace. More nonprofits demonstrate strategic and sustained use of technology.	These types of projects usually require a very high-level of funding, therefore draining resources away from other valuable projects. Keeping expectations aligned around the impact of these projects and what they are capable of delivering.	Convene groups of foundations to share the burden of working on these types of initiatives. Do adequate assessment of the field to assure that any projects considered are absolutely relevant to priority needs as articulated by end-users and intermediaries. Network the networks – bring together leaders and learning from nonprofit technology, management support, foundation and issue-based networks to find major projects worth investing in.

RESOURCES FOR FUNDERS INTERESTED IN TECHNOLOGY

Council on Foundations (COF) maintains a Web site that does have many technology-related resources, but they are not gathered together under one heading. However, many discussions of technology arise in their various newsletters, which are accessible at http://www.cof.org/newsroom/newsletters/index.htm.

The Foundation Center web site has a wealth of resources for both grantmakers and nonprofits, and maintains links to nonprofit-focused technology resources. http://fconline.fdncenter.org/.

Grantmakers for Effective Organizations (GEO) has a web site with a database of more than 1,000 readings and resources on organizational effectiveness. The GEO electronic mailing list, which is open to GEO members, features news, announcements, substantive conversations and updates from GEO and its members. Learn more at http://www.geofunders.org.

Origo News is a weekly electronic newsletter containing links and introductions to articles and events related to technology and foundations. Rachel Lawley, editor, at rlawley@origoinc.com, processes subscriptions.

Philanthropy News Digest (PND), a weekly electronic news service of the Foundation Center, is a compendium, in digest form, of philanthropy-related articles and features culled from print and electronic media outlets nationwide. Technology issues are regularly covered in PND. Subscription to each of these services is free and available at http://fdncenter.org/pnd/info/subscribe.jhtml.

The Nonprofit Technology Enterprise Network (N-TEN) is the national association of technology intermediaries who serve nonprofit organizations. N-TEN hosts a listserv where topics related to nonprofits and technology are posted. N-TEN also is developing an international listing of technology intermediaries. For more information and to subscribe to the N-TEN electronic mailing list, visit http://www.nten.org.

TechFunders is a relatively new collaborative of funders interested in nonprofits and technology. TechFunders operates an electronic mailing list where foundation staff can post information about projects they are working on and their grantees. An occasional eNewsletter distributed on the listserv features announcements of opportunities for foundations to collaborate. To subscribe, send a blank email to techfunders-subscribe@list.nten.org.

Technology Affinity Group (TAG) is an affinity group of foundation technology staff. The TAG extranet has many documents about best practices in foundation technology management and information about nonprofit sector technology. The site also contains a database of foundation members' technology hardware and software systems. The TAG listserv is built from the TAG extranet database of member email addresses. Register for both from the TAG homepage, at http://www.tagtech.org/.

Additional Nonprofit Technology Resources

In addition to the resources listed above, the following organizations provide free online resources to nonprofits that foundation staff may find informative and useful for themselves or their grantees.

- *Benton Foundation* (Community Toolkit) - http://www.benton.org/Practice/TA/communitytoolkit.html
- *Groundspring* (Resource List) - http://www.groundspring.org/techniques/resources.cfm
- *Network for Good* (Nonprofit resource list) - http://www.networkforgood.org/npo/
- *NPower Seattle* (Tools and factsheets) - http://www.npowerseattle.org/tools/index.htm
- *ONE/Northwest* (Nonprofit technology toolkit) - http://onenw.org/bin/page.cfm?secid=5
- *Summit Collaborative* (Articles and resources) - http://www.summitcollaborative.com/resources.html
- *Strategic Technology* (Tools and factsheets) - http://www.strategictechnology.net/cwpm.html
- *TechSoup* (Nonprofit technology library and online community) - http://www.techsoup.org

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METHODOLOGY

I. Literature Review

We began our work with a review of existing literature, particularly literature published since 2000. The data from earlier studies is now sufficiently dated to no longer reflect the current environment; in addition, a recent report from NCRP (see reference in Annotated Bibliography) includes an overview of many of these earlier analyses. The literature we reviewed fell into the following categories:

Technology Access & Use – predominantly quantitative data about percentage of organizations with Internet access, with technology budgets and plans, etc., in various components of the nonprofit sector.

Technology Funding Trends – less survey research and more discussion of current economic trends and business practices that impact the nonprofit and charitable sector.

Technology Capacity Building – descriptions of what is being learned about different approaches to make organizational use of technology more effective.

Nonprofit Technology Practices – survey data and some anecdotal information about different ways nonprofits are applying technology to advance mission.

Grantmaking and Capacity-Building – what are current issues in philanthropy in general and how does it relates to capacity building.

II. Surveys

We conducted two online surveys, one of grantmakers and one of the nonprofit technology intermediary community. The first survey compiled data from thirty-eight (38) grantmakers, while the second compiled the responses of fifty-five (55) nonprofit technology assistance providers. Both surveys were conducted during spring 2002. The text, unanalyzed data and lists of respondents for each of these surveys can be found below.

III. Interviews

Immediately following collection of the survey data we conducted formal interviews with grantmakers. The interviews were conducted via telephone during the summer of 2002 and lasted approximately one hour.

IV. Informal Conversations and Focus Groups

At the Alliance for Nonprofit Management, National Council of Nonprofit Associations (NCNA), Nonprofit Technology Enterprise Network (N-TEN) and Grantmakers for Effective Organizations (GEO) conferences in 2002 we convened roundtables or engaged in conversations with funders and others that further informed our study. These and other informal conversations with many funders, alongside the formal interviews, is the source of many grantmakers' viewpoints reported throughout this paper.

SURVEY RESPONDENTS: GRANTMAKERS

Sharon Rodning	Bash	Metropolitan Regional Arts Council
Michael	Blake	Evelyn and Walter Haas, Jr. Fund
Allen	Bromberger	Power of Attorney
Billie	Burney	The Warner Foundation
Betsy	Caruso	Merck Family Fund
Michael	Chertok	Global Catalyst Foundation
Gavin	Clabaugh	The Charles Stewart Mott Foundation
Patrick	de Freitas	Laird Norton Endowment Foundation
Rene	Deida	Prudential Financial
Rebecca	Donham	Crossroads Community Foundation
Carol	Erickson	Bill and Melinda Gates Foundation
Anne	Vally	Irvine Foundation
Lesley	Grady	The Community Foundation for Greater Atlanta
MaryAnn	Holohean	The Meyer Foundation
Julie	Jessen	Alaska Conservation Foundation
Ed	Kacic	Irvine Health Foundation
Colleen	Kriz	Chester County Community Foundation
Kathy	Kroupa	Kansas Health Foundation
Janine	Lee	Ewing Marion Kaufman Foundation
Tony	Macklin	Central Indiana Community Foundation
Leena	Mangrulkar	W.K. Kellogg Foundation
Sharon	Markham	Retirement Research Foundation
Gregory	McMillen	Central Indiana Community Foundation
Jane	Meseck	The Microsoft Corporation
Nancy	Mickley	Bill and Melinda Gates Foundation
Palmer	Moe	Kronkosky Charitable Foundation
Kym	Mulhern	The Nokomis Foundation
Michael	Park	The Robin Hood Foundation
Jonathan	Peizer	Open Society Institute
Geeta	Pradhan	The Boston Foundation
Patricia	Sinay	San Diego Foundation
Nike	Speltz	
Vincent	Stehle	Surdna Foundation
Dean	Stein	Dyson Foundation
Dimitra	Tasiouras	The Lloyd A. Fry Foundation
Ken	Thompson	Bill and Melinda Gates Foundation
Gayle	Williams	Mary Reynolds Babcock Foundation
Bob	Wyatt	Muttart Foundation

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SURVEY RESULTS: GRANTMAKERS

BACKGROUND

I am filling out this survey for	
My entire foundation	21%
My program area	11%
Blank	68%

What is your foundation's geographic focus?	
International	21%
National	18%
Regional	5%
State Based	11%
Local	45%

Please select one sentence that best describes your foundation's grantmaking activities:	
We fund technology that clearly supports programmatic activities	39%
We have a specific technology-related program area	16%
We fund technology only if a technology plan has been completed	8%
Other: please explain below	29%
We don't fund any technology requests	3%
Blank	5%

DO YOU SUPPORT THE FOLLOWING?

Grantee's technology assessments	
YES	28%
NO	8%
Blank	2%

Technology planning	
YES	76%
NO	18%
Blank	5%

Technology equipment purchases	
YES	79%
NO	18%
Blank	3%

Software purchases	
YES	74%
NO	21%
Blank	5%

Custom software development	
YES	47%
NO	45%
Blank	8%

Staff training in technology	
YES	82%
NO	13%
Blank	5%

Management assistance organizations	
YES	71%
NO	24%
Blank	5%

Technology consultants or circuit riders	
YES	55%
NO	37%
Blank	8%

Online subscription services	
YES	30%
NO	65%
Blank	5%

Internet public policy campaigns	
YES	22%
NO	73%
Blank	5%

Does your foundation have a specific technology-focused grantmaking program?	
YES	35%
NO	65%
Blank	0%

Have you supported technology requests or provided technology-related funding as part of any of the following?

Management assistance	
YES	74%
NO	18%
Blank	8%

Capacity-building	
YES	84%
NO	11%
Blank	5%

Program development	
YES	71%
NO	21%
Blank	8%

Program implementation	
YES	71%
NO	18%
Blank	11%

Program evaluation	
YES	50%
NO	37%
Blank	13%

Does your foundation have guidelines that help program officers prioritize or screen proposals that are technology focused or have technology components?	
YES	35%
NO	65%
Blank	

If yes, are they published for grant seekers?	
YES	30%
NO	30%
Blank	41%

Is your foundation considering changing its guidelines to expand or otherwise alter technology funding—either as a defined programmatic area itself or through other programs?	
YES	21%
NO	71%
Blank	8%

Does your foundation have a way to evaluate its grantees' technology needs?	
YES	57%
NO	41%
Blank	3%

Has your foundation ever required completed technology plans by potential grantees?	
YES	43%
NO	24%
Blank	32%

Has your foundation ever discussed technology needs informally in conversation?	
YES	71%
NO	0%
Blank	29%

Has your foundation ever partnered with another foundation to support a technology initiative such as co-funding, a specific technology assessment process, hardware purchase or software development project?	
YES	38%
NO	59%
Blank	3%

Do you regularly refer grantees or applicants to nonprofit technology resources?	
YES	25%
NO	11%
Blank	1%

Would you be interested in learning more about opportunities to partner on technology initiatives?	
YES	82%
NO	16%
Blank	3%

Would you be interested in products/services targeted to individual foundations to assist you with your grantmaking related to technology?	
YES	74%
NO	24%
Blank	3%

Respondents ranked the following on a scale of 1-5 based on importance.

Workshops at affinity group conferences that address Strategic Technology Grantmaking	
Average	3.32

A funder-focused email-delivered newsletter that examines trends in nonprofit technology	
Average	3.37

The establishment of a local networking group	
Average	2.58

No pitch gatherings	
Average	2.89

Local nonprofit technology capacity mapping project	
Average	2.82

Regular funders-only forums to discuss strategic technology grantmaking experiences & opportunities	
Average	3.42

Templates of grantmaking guidelines	
Average	3.03

Templates of grantmaking screening tools	
Average	3.39

Consulting support	
Average	2.26

SURVEY RESPONDENTS: NONPROFIT TECHNOLOGY ASSISTANCE PROVIDERS

Please note that many respondents chose to remain anonymous

Putnam Barber	The Evergreen State Society
Daniel F. Bassill	Cabrini Connections
Daniel Ben-Horin	CompuMentor
Rich C.	Organizers' Collaborative
Jaya Chandran	Centre For Development Alternatives
Nancy Clarke	Embury Arts Consulting
Peter F. Crossman	Clark Marketing Group
Rick Deane	Independent Consultant
Fran Dillon	Initiatives for Human Development
Mark Friedman	Independent Consultant
Jim Fruchterman	Benetech
Wayne Glynn	Third Sector New England
Marlowe Greenberg	Foothold Technology
Tim Mills-Groninger	IT Resource Center
Jennifer Gross	PANO
Cheryl Hanback	Cheryl Hanback consulting
Cathleen Kelly	LIFE LINE
Michael Kisslinger	North Coast Opportunities
Marit Mechels	Kinship of Greater Minneapolis
Brian Metzler	Partnership Assistance Center
Joe Millon	Netcorps (Eugene, OR)
Michelle Murrain	Independent Consultant
Dale Orlando	Arts and Education
Carlos Rivera	SDRTA - Digital Connections
Jesse Salinas	CityCares Inc.
Dan Scharfman	Baird Associates Inc.
Helen Seal	CompuMentor
Barbara Sims	Independent Consultant
Vojtech Tutr	Hestia

SURVEY RESULTS:
NONPROFIT TECHNOLOGY ASSISTANCE PROVIDERS

Question	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
Funders have done an effective job of funding the following;				
Technology assessments within nonprofits that identifies the degree to which mission is being served by technology	4%	25%	41%	29%
Community assessments of nonprofit needs and resources to support those needs	0%	31%	45%	24%
Technology assessment that identify the organization's readiness/abillity to effectively integrate advanced technology tools and strategies into its operations, programs and culture.	2%	12%	33%	53%
Technology planning that is strategic Strategic = A plan that is connected to their program mission), takes into account the organization's abilities to implement/absorb technology change readiness) and addresses the organization's immediate and ongoing technology needs and opportunities)	2%	18%	41%	39%
Custom nonprofit-focused software development that is useable by many nonprofits	0%	22%	29%	49%
Staff training in technology that is directly related to nonprofit work tasks	6%	31%	25%	37%
Hardware and software support services that are targeted for nonprofits	8%	33%	31%	27%
Other technical support services that are nonprofit focused	8%	23%	44%	25%
Distribution to nonprofits of effective technology practices/lessons learned	6%	29%	29%	35%
Leadership development programs that help nonprofit executives and boards understand the importance of technology tools and strategies	6%	20%	40%	34%
Funder education programs about the role technology can play in building effective nonprofits	6%	26%	38%	30%

Funders should…	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
Scrutinize every grant proposal they receive to find appropriate technology integration opportunities	22%	48%	24%	6%
Develop technology funding guidelines that help nonprofits integrate technology into grant proposals for programs and operations.	71%	22%	8%	0%
Connect technology funding to other types of organizational development funding	76%	16%	6%	2%
Take more risks to fund innovation, for example: software application, approaches to technology support, etc.)	53%	29%	16%	2%
Leverage their already existing relationships with vendors to push them service the nonprofit community better. For Example: Vendor Development of open software products)	51%	31%	14%	4%
Pool resources with other funders to finance large scale nonprofit technology projects	49%	27%	20%	4%
Fund collaborative projects that bring providers together to increase impact	56%	35%	6%	2%
Improve their expertise in reviewing technology proposals	63%	33%	4%	0%
Increase their support of intermediaries to deliver direct technology support to nonprofits	55%	31%	14%	0%
Increase their support of intermediaries that work on other levels knowledge transfer, incubation of new approaches, etc) to build nonprofit technology capacity	39%	51%	8%	2%
Increase coordination between technology and program departments in their foundation	47%	41%	8%	4%
Increase foundation staff and leadership's appreciation and commitment to technology funding	69%	24%	4%	4%
Support efforts to increase grantees' understanding of technology potential	59%	29%	12%	0%
Funders should invest in N-TEN or other efforts to build local or regional technology assistance networks.	44%	44%	6%	6%

LIST OF FUNDERS INTERVIEWED

- Lisa Aramony, AOL Time Warner Corporate Relations, AOL Time Warner Foundation
- Angel Braestrup, Executive Director, The Curtis and Edith Munson Foundation
- Gavin Clabaugh, Vice President, Information Services, The Charles Stewart Mott Foundation
- Anne Vally, Special Assistant to the President, The Irvine Foundation
- Cynthia Gibson, Program Officer, Carnegie Corporation of New York
- Ann Krumboltz, Executive Director, The Brainerd Foundation
- Jane Meseck, Program Manager, Microsoft Corporation
- Kym Mulhern, Executive Director, Nokomis Foundation
- Geeta Pradhan, Director - New Economy Initiative, The Boston Foundation
- Tom Reis, Program Director, W.K. Kellogg Foundation
- Vince Stehle, Program Officer, Nonprofit Sector Initiative, Surdna Foundation
- Mary Walachy, Executive Director, Irene E. & George A. Davis Foundation

NOTE – Many other funders were interviewed on an informal basis over the past year.

ABOUT THE AUTHORS

Marc Osten is founder of the Summit Collaborative, an organization that provides research, program development, and management support to foundations, nonprofit networks and associations. Marc began his career in the nonprofit sector in the early 1980s as a peace and environmental activist. He was part of the first wave of nonprofit activists to use the Internet in the 1980's while he was at Greenpeace and the national organization of the Public Interest Research Groups (PIRGs). In the 1990s he attained his masters in education and worked as an educator and teacher trainer. Over the past four years, he built Summit Collaborative and spends most of his time working as an organizational development strategist, builder of learning communities and collaborations, author and provocateur. He recently launched the highly successful Internet publishing venture, Dot Org Media (www.dotorgmedia.org) and developed an innovative and highly effective change management program for nonprofits and executives called *Strategic Technology* (www.strategictechnology.net). He is a member of the Nonprofit Technology Enterprise Network (N-TEN) and serves in various other leadership positions in nonprofit organizations and networks.

Jillaine Smith consults with nonprofits and foundations in the area of communications strategy development and evaluation. Her career began in the early 1980s as project coordinator for a ground-breaking United States-Soviet satellite/video simulcast that introduced Jillaine to the promise and potential of using communications technologies for social change. From 1989-1996, she was associate director of the Institute for Global Communications, a major player in introducing the Internet and its benefits to nonprofit organizations throughout the United States and the world. From 1996-2002, Jillaine led the development of the Benton Foundation's work in "strategic communications in the digital age." She serves on the boards of the Nonprofit Technology Enterprise Network (www.nten.org) and the Institute for Global Communications (www.igc.org), and she chairs the board of the International Education and Resource Network (www.iearn.org). Having seen the strong connections between technology use and how organizations operate, Jillaine is currently completing Georgetown University's program in Organizational Development.

Rob Stuart is the Senior Vice President of @dvocacy, Inc. and Director of the E-Volve Foundation, a new online constituency building initiative. Over the last six years he has spearheaded the creation of several organizations and initiatives specifically designed to increase organizational effectiveness through the strategic use of technology. He is a frequent presenter to foundations and nonprofits on technology innovation and leadership. Over the last year, Rob spearheaded the development of NPower PA and now serves as its Board President. Rob was the Founder and President of TechRocks, a supporting organization to the Rockefeller Family Fund, which pioneered the use of the Internet for advocacy campaigns. Rob founded TechRocks (formerly the Rockefeller Technology Project) while serving as a Program Associate at the Rockefeller Family Fund in 1996. Rob was a founding steering committee member of the Grantmakers for Effective Organizations (GEO) and continues to serve on its Board. Prior to joining RFF, Rob had a career as a public interest advocate and was responsible for passing several landmark pieces of environmental and consumer protection legislation in New Jersey. Rob was a Paul Robeson Scholar at Livingston College and graduated with Honors in Political Science from Rutgers University.

ABOUT SUMMIT COLLABORATIVE

Summit Collaborative helps foundations, nonprofit networks, associations and support providers improve their effectiveness and increase their impact. Summit provides a range of services including strategic advising, facilitation, program development, the building of collaborations and learning communities and production of nonprofit focused content for Internet publishers. In just four years Summit has become an emerging leader that stimulates peer exchange on innovative capacity building approaches. In addition to its capacity building programs for community based nonprofits, Summit has supported many foundation and intermediaries such as: The Pew Charitable Trusts, Carnegie Corporation, AOL Time Warner Foundation, Associated Grant Makers, Surdna Foundation, W.K. Kellogg Foundation, TechSoup, Technology Works for Good, the Hartford Foundation's Nonprofit Support Program, The Boston Foundation and others.

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