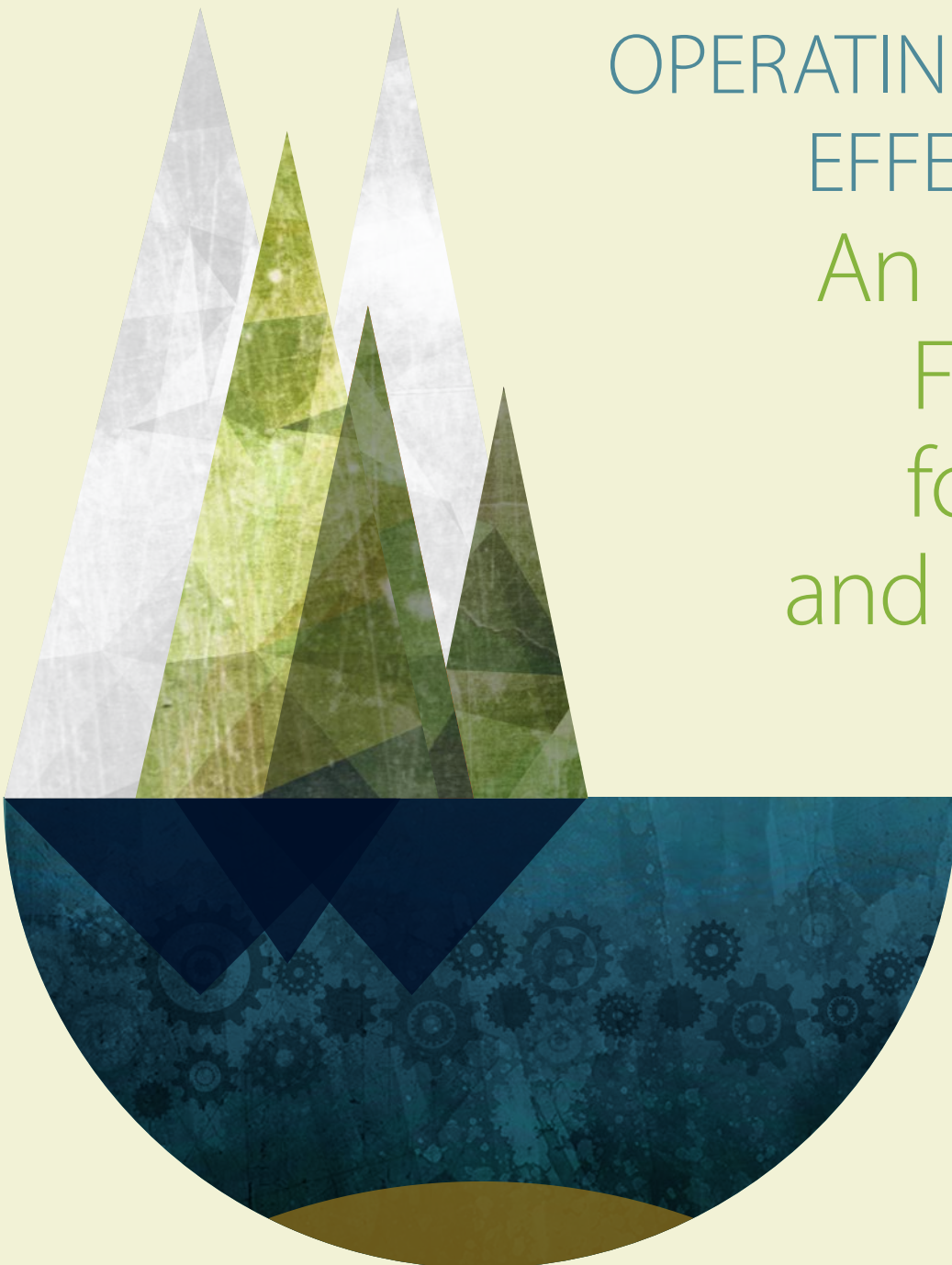


CAPTURING GENERAL  
OPERATING SUPPORT  
EFFECTIVENESS:  
An Evaluation  
Framework  
for Funders  
and Evaluators





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# Introduction

General operating support (GOS) grants, also known as general support grants, core support grants, or unrestricted funding, provide flexibility to nonprofits to use grant dollars as they wish, rather than restricting the funding to particular programs or purposes. As GEO explains, “Nonprofits can use this unrestricted funding as they see fit to address urgent and emerging issues, boost salaries and benefits, invest in technology and other infrastructure, strengthen communications and fundraising efforts, and meet other operational needs.”<sup>1</sup>

Data show that general operating support is on the rise. Evidence of this can be seen in the Ford Foundation’s recent commitment to increasing the amount of general operating support awarded to grant partners and GEO’s 2014 field survey which noted the median amount of funder dollars is now 25 percent of grantmaking, an increase of five percent from their 2011 report.<sup>2</sup>

However, even with GOS making up almost a quarter of the total grant pool, many funders and boards remain leery of allocating more resources in the form of GOS. One of the reasons frequently cited pertains to difficulties in measuring the impact of general support compared to other types of grantmaking where outcome indicators can be clearly articulated in grant agreements. Some GOS grants, as Paul Brest notes, end up as

“negotiated” general support, in which the grants are tied to some progress measures.<sup>3</sup> Some foundations report evaluating GOS through a variety of different indicators, such as the success of the nonprofit’s own strategic plan, setting pre-determined growth benchmarks,

or by determining indicators for success with the grant partners in the “negotiated” vein.<sup>4</sup> Others scoff at the notion of evaluating general support at all, concluding its effectiveness is self-evident in the confidence and trust the funder has for the organization in granting the funding. For many, however, these represent partial and only somewhat satisfactory answers to the question: What do we achieve through our general operating support grantmaking?

This paper aims to present a comprehensive outcomes framework to ground practitioners and evaluators in thinking about GOS effectiveness. It builds on TCC Group’s experience evaluating general operating support grants, capacity-building interventions, and program effectiveness. This framework includes outcomes pertaining to three stakeholder groups: the nonprofit grantee, the funder, and the community. By expanding the GOS evaluation framework beyond individual grantees, we believe that GOS effectiveness and limitations are more accurately captured.



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<sup>1</sup> “What is general operating support and why is it important?” *Grantmakers for Effective Organizations*.

Retrieved 1 October, 2016, from <http://www.geofunders.org/smarter-grantmaking/nonprofit-resilience/financial-sustainability>

<sup>2</sup> Walker, D. (11 June, 2015). What’s next for the Ford Foundation? [Blog post].

Retrieved 1 October, 2016, from <https://www.fordfoundation.org/ideas/equals-change-blog/posts/whats-next-for-the-ford-foundation/>

<sup>3</sup> Supporting Nonprofit Resilience. *Grantmakers for Effective Organizations*.

Retrieved 1 October, 2016, from <http://www.geofunders.org/smarter-grantmaking/field-study/resilience>

<sup>4</sup> Brest, P. (2003). Smart Money. *Stanford Social Innovation Review*. Retrieved 8 July, 2016, from [http://ssir.org/articles/entry/smart\\_money](http://ssir.org/articles/entry/smart_money)

<sup>5</sup> General Operating Support: Action Guide. (17 August, 2007). *Grantmakers for Effective Organizations*.

Retrieved 8 July, 2016, from <http://www.geofunders.org/resource-library/all/record/a0660000003YTZgAAO>

# Why Evaluate General Operating Support

The theoretical case for GOS has been persuasively made: give good organizations the funding they need to do good work and the flexibility to use that funding as they deem most effective and they will deliver better results. The improved results will stem from an ability to better plan over time, be more flexible and responsive to environmental indicators, leverage funding for additional resources, and reduce administrative burdens, among other things. While evidence for such outcomes continues to emerge, there is still an element of faith required to assert its true effectiveness.

By sharing this framework, we are not articulating an expectation that all GOS should be evaluated. In most instances, we assume foundations are willing to support nonprofits with general support because they simply want the organization to keep working toward their mission, which presumably aligns with the funder's mission, and don't want to put an additional burden onto the funds. We do believe, however, that there are compelling reasons to consider evaluation of GOS, including:

- **Ensure clear intent.** GOS generally comes without complex strings attached. While this is generally a good thing, it can also hide expectations that might be made more explicit through other funding mechanisms. By considering an evaluation framework, even if no evaluation is actually done, funders can improve the clarity of their expectations related to GOS.



## What is an Outcomes Framework?

An Outcomes Framework defines categories of outcomes that could be useful in an evaluation. Typically, each category of outcomes will also have corresponding indicators, or markers, that can measure change in the outcome of interest.

- **Build buy-in.** Because of potential skepticism toward GOS, committing to evaluation can assure stakeholders that the funder is not shirking its commitment to its own mission. In this situation, evaluations may show that the funds have a beneficial impact, perhaps even demonstrating that the impact is beyond what programmatic grants might have accomplished.
- **Enhance funder-grantee communications.** An evaluation and/or evaluation framework can help funders understand how grantees are using funds and how that might lend itself to other types of support. From a grantee side, it creates an opportunity to share why they are making certain strategic decisions and how changes to their environment are affecting the work.
- **Funder improvement and accountability.** At the end of the day, funders are held accountable by their boards, the community, or their own consciences for the effective use of resources. Evaluating GOS provides the information necessary for that accountability and provides valuable insights as to areas of potential improvement in their own approach.

# A Comprehensive GOS Outcomes Framework

In developing an outcomes framework for GOS, we identified three stakeholder groups at play: grantees, funders, and systems/communities. Across these three stakeholder groups, we developed four macro outcome categories. Two of the macro outcome categories are related to outcomes achieved at the nonprofit level; one is related to outcomes achieved at the foundation level; and one relates to impact at the system or community level. The four categories are:

1. Grantee program effectiveness
2. Grantee organizational development
3. Funder mission achievement
4. System strengthening

The remainder of this paper explores each of these four categories. We first define the category more expansively and then provide sample indicators that could be used to directly assess change. In addition to indicators we expect to change directly, we acknowledge that there are effects that are tangential to or are derived from the outcome—what we call externalities—and for each area we identify both positive and negative externalities that might be monitored along with the direct results. These lists of direct and tangential results should not be considered comprehensive or exhaustive, nor should they be seen as inevitable. Rather, they represent illustrations of the category and a starting place for refinement, monitoring, and evaluative inquiry.



# Grantee Program Effectiveness

The impact or accomplishments of specific programs within a nonprofit

## MOST COMMON METHOD USED:

### Traditional outcomes evaluation

## DEFINITION:

A traditional outcomes evaluation is often retrospective and focuses on measuring overall outcome achievement for a particular program or organization.

Program effectiveness is often the ultimate goal for any nonprofit. Is the audience transported in time and place through exquisite artistic performance? Are children less obese? Do communities feel more empowered to advocate for their core needs? Has sexual assault on campuses decreased? At its core, any funding is designed to achieve program effectiveness and

GOS is no exception. Outcomes in this area focus on the effectiveness of programs administered by the nonprofit.

When funding is not directed specifically toward programs, the link between the funding and the program effectiveness becomes more complex, though no less relevant. While the evidence proving the link between organizational capacity and organizational effectiveness continues to emerge, we believe that keeping program effectiveness at the heart of GOS evaluation is about keeping the focus on mission achievement.

Some of TCC Group's experience indicates that the link between GOS and program effectiveness is not very difficult since many organizations use the funding to expand programs or pilot innovative ideas. In these cases, the GOS is essentially a program grant, with the program in question left up to the discretion of the organization. In other instances, the funding may be used to create

## How do you know if a nonprofit is ready to receive GOS?

Appendix A on page 10 reveals key characteristics of nonprofits that seem highly correlated with successful outcomes and GOS.

## What do we both need?

Check out Appendix C on page 11, and learn more about what nonprofits and foundations mutually need to engage in GOS.

## What types of evaluation make the most sense?

Check out Appendix E that introduces and defines the evaluation approaches to measure changes in these four categories change in the outcome of interest.

more stability or adaptability in the organization, which would then be reflected in more consistent or responsive programming.

While traditional outcomes evaluation would be the definitive indicator of change over time to gauge a program's effectiveness, there are other indicators that we believe could be connected to receiving GOS. These indicators are listed in the table below and are followed by program effectiveness externalities that may arise as a result of GOS.

## Sample Indicators of Grantee Program Effectiveness Related to General Operating Support

- Increased program quality
- Increased program density (dosage)
- Launch of new or innovative programs
- Reduced cost per outcome
- Reduced cost per program unit
- Expanded number of people served, including program slots available or program replication in new sites
- Expanded number of programs offered

## Externalities of General Operating Support Related to Grantee Program Effectiveness

+ Positive Externalities	- Negative Externalities
<ul style="list-style-type: none"><li>• Ability to leverage funding for additional program funding</li><li>• More funding for successful programs</li><li>• Improved program reputation/visibility</li><li>• Positioned for expanded field leadership role</li></ul>	<ul style="list-style-type: none"><li>• Unsustainable expansion of programs/people served</li><li>• Departure from core program</li><li>• Disinvestment from other donors that feel the program is sufficiently or over resourced</li><li>• Reduction in quality along with expansion</li></ul>

# Grantee Organizational Development

Changes in the overall capacity of a nonprofit organization

## MOST COMMON METHOD USED:

### Evaluation of capacity-building

#### DEFINITION:

An evaluation of capacity-building often focuses on improvement made in core capacity areas. TCC Group considers these to include leadership, adaptive, management, technical, and culture.

One of the most pronounced theories related to GOS is that it provides organizations the flexibility and space to improve their overall performance. The argument posits that restricted grants get in the way of organizational effectiveness by distorting the planning processes, creating unnecessary administrative burdens, and focusing on convenience measures of effectiveness tied to a grant. Distinct from program effectiveness,

this category relates to the overall capacity of the organization, which is, in turn, assumed to enhance program effectiveness.

Organizational capacity may be enhanced in two distinct ways. First, GOS funds may be directly allocated to capacity improvements. For example, using funding to hire new staff, develop new systems, or provide needed

training. In this vein, the capacity outcomes are fairly well defined. Second, and far more prevalent in our experience, GOS funds may be generally integrated into the organization. In this case, organizational development outcomes may be more subtle and relate to the general flexibility of the funding. For example, the funds may give leaders a bit of a fundraising reprieve, allowing them to focus on field leadership. Alternatively, they may provide a financial cushion that allows the organization to engage in longer-term operational planning or smooth environmental jolts.

Grantee organizational development outcomes evaluation is likely to draw heavily on capacity-building evaluation approaches and indicators. This includes the use of systematic capacity frameworks such as TCC Group's Core Capacity Framework, which focuses on leadership, adaptive, management, technical and organizational culture capacities. Indicators of organizational development and capacity that may arise as a result of GOS are listed in the table below, followed by grantee organizational development externalities that may arise as a result of GOS.

## Sample Indicators of Grantee Capacity Related to General Operating Support

- Improved strategic alliances and partnerships
- Leadership ability to expand from program to field leadership
- Staffing effectiveness, including use of volunteers
- Building of specific capacities (e.g., fundraising, infrastructure, finances)<sup>6</sup>
- Longer-term planning
- Financial stability (perhaps manifest in operating reserves)
- Improving staffing or staff skills, including hiring specific skillsets such as development directors or evaluation personnel
- Improved adaptability to changes in the environment
- Improvements in overall capacity (as measured by a capacity assessment tool)<sup>7</sup>
- Increased knowledge management as staff have more time to connect

## Externalities of General Operating Support Related to Grantee Capacity

### + Positive Externalities

- Improved partner perception of effectiveness
- Enhanced credibility resulting from being perceived as a solid organization
- A beneficial change in organizational culture as staff feel supported and buoyed by the positive direction of the organization
- Increasingly differentiated leadership roles as leadership staff have the ability to not do everything themselves, but instead hire more staff and become more clear on their own roles through strategy discussions

### - Negative Externalities

- Lack of clarity on how funds are used when integrated into the broader organization
- Complacency or reductions in urgency
- Focus on costly systems development over softer elements that may undermine system effectiveness
- Lack of sustainability in capacity changes

<sup>6</sup>In our experience, organizations rarely use GOS for traditional capacity-building activities. We find that they are significantly more likely to dedicate the resources to program-specific activities or to put it in a general pot.

<sup>7</sup>For example, we have used TCC Group's Core Capacity Assessment Tool (CCAT) to assess changes in specific and overall capacity improvements related to general support.

# Funder Mission Achievement

Accomplishment of foundation goals, both internal and external

**MOST COMMON METHOD USED:**  
**Development evaluation approach**

**DEFINITION:**  
A development evaluation approach focuses on understanding the larger context and not tying the evaluation too closely to specific outcomes or indicators. Instead, the learning questions remain fairly open and the evaluator documents changes in the environment as well as changes linked to outcome achievement.

Funders, like the nonprofits they support, are in the business of achieving social missions. As others have articulated, grantmaking is just one tool funders use to achieve their missions and general operating support is just one way to approach grantmaking.<sup>8</sup> In one way or another—explicitly or implicitly stated—funders providing general operating support expect it to enhance progress toward their own mission.

One obvious way that GOS might support a funder's mission achievement is to assume that it enhances the performance of grantees, who subsequently achieve greater programmatic results. These are essentially the

two categories focused on nonprofits discussed on pages 4 and 5. We believe, however, that GOS can support a funder's ability to achieve its mission in other, less obvious ways. These funder focused outcomes fall into two broad categories: funder reputation and positioning; and funder strategy and organizational efficiency.

On the reputation and positioning side, GOS can strengthen partnerships with grantees by showing trust and responsiveness.<sup>9</sup> This may be evidenced in funder ratings by grantees or by perceptions of how well funders understand the needs of the field.

## Sample Indicators of Funder Mission Achievement Related to General Operating Support

- Improved effectiveness ratings by grantees
- Improved trust in relationship with grantees
- Deeper relationships with grantees
- Improved strategic consideration of finding good partners
- Portfolio efficiencies (e.g., reduced number of specific programs funded)
- Portfolio effectiveness (e.g., better achieving portfolio goals)



## Externalities of General Operating Support Related to Funder Mission Achievement

+ Positive Externalities	- Negative Externalities
<ul style="list-style-type: none"><li>• Improved reputation as a field partner</li><li>• Improved reputation in funding community</li><li>• Increased strategic leveraging of the right funder intervention for a given circumstance</li><li>• More focused on macro issues</li><li>• Greater understanding of field needs (as compared to program needs)</li></ul>	<ul style="list-style-type: none"><li>• Reduced consideration of strategic goals (over-reliance on grantee goals)</li><li>• Focus on macro issues at the expense of nuance/context</li></ul>



### How do you know if a foundation is ready to provide GOS?

Appendix B on page 11 reveals certain organizational capacities of foundations emerging as particularly useful when making GOS grants.

### When should a funder consider awarding GOS?

CC Group's GOS Decision Tree, in Appendix D on page 12, can help funders decide if GOS would be a strong fit with a particular grantee.

On the strategy and organizational efficiency side, the level of due diligence often associated with GOS may foster strategic discussions within the funder about finding the right partners. Pursuit of the right partners rather than an approach of piecing together various "programs" may lead to efficiencies in the execution of portfolio strategies.

At a minimum, consideration of GOS as a serious grant strategy enhances the thoughtfulness of funders in terms of how best to support issues of interest.

Funder mission achievement outcomes are probably best explored through a more developmental evaluation approach. This approach assumes that the use of GOS is constantly under consideration and revision as a means for best achieving funder outcomes. The kinds of questions and evidence that the developmental evaluation may pay attention to as it relates to a funder's use of GOS are listed in the table below, followed by funder externalities that may arise as a result of making general support grants.



# System Strengthening

Changes in the overall ecosystem the nonprofit and funder are operating in (could be sector-based, geographic, etc.)

**MOST COMMON METHOD USED:**  
**Systems evaluation approach**

**DEFINITION:**  
**A systems evaluation approach takes into account the multitude of actors operating in a system and how they interact with and influence each other, in addition to operating on their own.**

System strengthening is the final area of outcomes we identified related to general operating support. In some ways, system strengthening is a positive externality associated with many of the outcomes articulated in the other outcome categories. A system is strengthened when grantees are more effective in their programs and nimbler in their organizations, and funders are more strategic in their partner relationships and funding

approaches. However, we believe that it merits pulling out system and community change outcomes on their own to highlight the potential impact of GOS on a larger scale.

Outcomes at a system level pertain primarily to the ability of the system to be adaptive. Flexible resources allow for

systems to allocate resources in ways that fill gaps, adopt effective practices, and reduce redundancies. In addition, increased GOS may allow organizations to partner and network toward common goals that individual organizations or programs cannot achieve on their own. One common constraint nonprofits cite when asked about partnering or networking activities is that they lack the time and flexibility to pursue such partnerships, particularly at the senior leadership level.

While individual GOS grants may have a small impact on the system, the cumulative effect of more general support dollars within a system will amplify the effect. As a result, the more organizations an individual funder supports in a given system or the more funders providing general support within that system, the greater the likely effect on the system's strength.<sup>10</sup> Indicators of systems strengthening outcomes that may arise as a result of GOS are listed in the table below, followed by externalities that may arise in the system as a result of GOS. The evaluation approach that is best suited to looking at system-level outcomes is, not surprisingly, systems evaluation.

## Sample Indicators of System Strengthening Related to General Operating Support

- Nimble fields where organizations organically shift to align and fill holes
- Less redundancy in programs
- Better ability to align on macro change goals (e.g., system change, policy change, collective impact, etc.)
- Enhanced field capacity<sup>11</sup>
- Strengthened field networks and field cohesion



## Externalities of General Operating Support Related to Systems Strengthening

+ Positive Externalities	- Negative Externalities
<ul style="list-style-type: none"><li>• Enhanced field influence</li><li>• Increased specialization</li><li>• Better system outcomes</li></ul>	<ul style="list-style-type: none"><li>• Reductions in program innovation</li><li>• Over-specialization</li><li>• Reduced competition and competing ideas</li></ul>

<sup>8</sup> See, for example, The Philanthropic Initiative's list of roles funders can play beyond grantmaking, which includes emphasizing capacity-building, convening, dissemination of best practices, incubating new ideas, and working on systems change. See: <http://www.jcfhartford.org/Portals/0/Uploads/Documents/Strategic%20Philanthropy%20Primer.pdf>

<sup>9</sup> Given their importance, we originally thought about funder relationship outcomes as its own category. However, after review and in consideration of the role that funders generally play, we felt that relationship outcomes are core to a foundation's mission achievement and so we merged the two categories.

<sup>10</sup> Note that the way we use system here can connote geographies, issue areas, or networks.

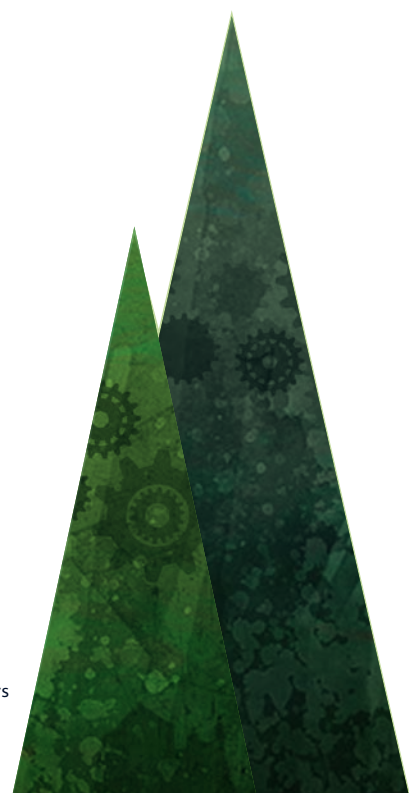
<sup>11</sup> For more on field capacity, see Lynn, J. (2014, September). Assessing and Evaluating Change in Advocacy Fields. *Spark Policy Institute*. Retrieved 8 July, 2016 from [http://www.pointk.org/resources/files/Spark-Evaluating\\_Change\\_In\\_Advocacy\\_Fields.pdf](http://www.pointk.org/resources/files/Spark-Evaluating_Change_In_Advocacy_Fields.pdf)

# Conclusion

General operating support is an important tool for advancing the effectiveness of nonprofits in every area. Perceived difficulties with evaluating the effectiveness of GOS have been used as an argument to avoid or reduce its usage as a tool. While we do not believe that every GOS grant needs to be evaluated or that every grant should be a general support grant, we do believe that evaluation issues should not be used as an excuse in that decision. Further, we believe that in many instances funders and nonprofits will benefit from the evaluation of GOS as a way to understand the impact of support, better refine that support, and ensure good stewardship and innovative practices are in place.

This paper has presented a detailed framework for considering the outcomes related to general support. We believe that this outcomes framework will benefit both strategy and evaluation conversations. As presented above, GOS has potential outcomes advantages in a number of areas, including benefits to a grantee's program effectiveness and organizational capacity. GOS also has outcomes that benefit funders by enhancing their mission achievement and their ability to impact systems or fields of interest. Each of these outcome areas merits a slightly different approach to evaluation, which we have briefly described in each section, along with potential externalities to consider.

By using this framework and the described evaluation approaches (e.g., developmental, traditional, capacity-building, and systems evaluation) both funders and nonprofits should have a stronger footing upon which to advocate for strategic general support grants. The outcomes framework and four categories should also give confidence to the nonprofit sector that evaluating general operating support is not only possible, but can provide rich insights to challenges and outcomes accruing at the grantee, funder, and field levels. With a better understanding of the inner workings and value-add of general operating support, we anticipate a continued increase in GOS grants in years to come.



**TABLE: COMPREHENSIVE LIST OF OUTCOMES**

## Grantee Program Effectiveness

DIRECT IMPACTS	+ POSITIVE EXTERNALITIES	– NEGATIVE EXTERNALITIES
<ul style="list-style-type: none"> <li>• Increased program quality</li> <li>• Increased program density (dosage)</li> <li>• Launch of new or innovative programs</li> <li>• Reduced cost per outcome</li> <li>• Reduced cost per program unit</li> <li>• Expanded number of people served, including program slots available or program replication in new sites</li> <li>• Expanded number of programs offered</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to leverage funding for additional program funding</li> <li>• More funding for successful programs</li> <li>• Improved program reputation/visibility</li> <li>• Positioned for expanded field leadership role</li> </ul>	<ul style="list-style-type: none"> <li>• Unsustainable expansion of programs/people served</li> <li>• Departure from core program</li> <li>• Disinvestment from other donors that feel the program is sufficiently or over resourced</li> <li>• Reduction in quality along with expansion</li> </ul>

## Grantee Organizational Development

DIRECT IMPACTS	+ POSITIVE EXTERNALITIES	– NEGATIVE EXTERNALITIES
<ul style="list-style-type: none"> <li>• Improved strategic alliances and partnerships</li> <li>• Leadership ability to expand from program to field leadership</li> <li>• Staffing effectiveness, including use of volunteers</li> <li>• Building of specific capacities (e.g., fundraising, infrastructure, finances)</li> <li>• Longer-term planning</li> <li>• Financial stability (perhaps manifest in operating reserves)</li> <li>• Improving staffing or staff skills, including hiring specific skillsets such as development directors or evaluation personnel</li> <li>• Improved adaptability to changes in the environment</li> <li>• Improvements in overall capacity (as measured by a capacity assessment tool)</li> <li>• Increased knowledge management as staff have more time to connect</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to leverage funding for additional program funding</li> <li>• More funding for successful programs</li> <li>• Improved program reputation/visibility</li> <li>• Positioned for expanded field leadership role</li> </ul>	<ul style="list-style-type: none"> <li>• Unsustainable expansion of programs/people served</li> <li>• Departure from core program</li> <li>• Disinvestment from other donors that feel the program is sufficiently or over resourced</li> <li>• Reduction in quality along with expansion</li> </ul>

## Funder Mission Achievement

DIRECT IMPACTS	+ POSITIVE EXTERNALITIES	– NEGATIVE EXTERNALITIES
<ul style="list-style-type: none"> <li>• Improved effectiveness ratings by grantees</li> <li>• Improved trust in relationship with grantees</li> <li>• Deeper relationships with grantees</li> <li>• Improved strategic consideration of finding good partners</li> <li>• Portfolio efficiencies (e.g., reduced number of specific programs funded)</li> <li>• Portfolio effectiveness (e.g., better achieving portfolio goals)</li> </ul>	<ul style="list-style-type: none"> <li>• Improved reputation as a field partner</li> <li>• Improved reputation in funding community</li> <li>• Increased strategic leveraging of the right funder intervention for a given circumstance</li> <li>• More focused on macro issues</li> <li>• Greater understanding of field needs (as compared to program needs)</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced consideration of strategic goals (over-reliance on grantee goals)</li> <li>• Focus on macro issues at the expense of nuance/context</li> </ul>

## System Strengthening

DIRECT IMPACTS	+ POSITIVE EXTERNALITIES	– NEGATIVE EXTERNALITIES
<ul style="list-style-type: none"> <li>• Nimbleness where organizations organically shift to align and fill holes</li> <li>• Less redundancy in programs</li> <li>• Better ability to align on macro change goals (e.g., system change, policy change, collective impact, etc.)</li> <li>• Enhanced field capacity</li> <li>• Strengthened field networks and field cohesion</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced field influence</li> <li>• Increased specialization</li> <li>• Better system outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Reductions in program innovation</li> <li>• Over-specialization</li> <li>• Reduced competition and competing ideas</li> </ul>



## APPENDIX A: NONPROFIT READINESS TO RECEIVE GOS

There are some who argue that nonprofits need not achieve a state of readiness to receive GOS funds—that they are always ready. They believe that GOS funds allow nonprofits to spend resources in ways that strengthen them as organizations and make them traditionally ‘ready’ to receive greater amounts of funding. **While we agree that a healthy debate on what constitutes “readiness” for receiving GOS is necessary, our evaluation work has revealed a number of characteristics that seem highly correlated with successful outcomes and GOS.**

While not exhaustive, we have organized these identified characteristics according to TCC Group’s core capacity framework that focuses on leadership capacity, adaptive capacity, management capacity, technical capacity, and organizational culture.

### Leadership Capacities

As might be expected, our work identified leadership as a critical readiness area. Having a well-led organization that demonstrates core competency in its programs and strategies is arguably the most important factor for success. A few leadership readiness indicators we identified include:

- **Ability to articulate a clear vision.** Given the open-ended nature of general support, it is critical that organizations have a strong vision of where they are going. If not, the funding may be used for areas for which the organization is not well-suited. A well-articulated vision is more than just a nicely worded impact statement. The vision needs to include the anticipated path to achieve outcomes and an understanding of the capacities needed to get there.
- **Established organizational credibility.** An organization should have credibility with a range of stakeholders based on an authentic organizational commitment to their programmatic work. Some potential signs of credibility include leadership being included at decision-making tables for the issue; the ability to convene broad groups of people; and a history of success in the advocacy arena.
- **An engaged board of directors.** An organization’s board should be well-established and engaged with the organization. While engagement can look different in various organizations (e.g., active fundraisers, strong policy agenda setting, broad networking), having a board that is interested in the success of the organization and willing to think critically for the organization is evidence of readiness. A good relationship between the board and the executive director is frequently a good sign of effective leadership, both on the part of the board and the executive. A tell-tale sign of board readiness for GOS is if the board is out in the community, such as accessing powerbases, leveraging other work and fundraising around the issue.

### Adaptive Capacities

Many of the adaptive capacities that are signs of readiness (e.g., strong data about the operating environment, measuring progress against a strategic plan) are implicitly embedded in the leadership readiness capacities discussed previously. As a result, we do not call out any specific adaptive capacities that may be considered as critical readiness indicators for effective use of general support funding.

### Management Capacities

There are two management areas in particular that stood out for successful use of general support. These are:

- **Strong financial management.** While good financial management is important for any organization, it is particularly important with general support. Because of the reduced oversight associated with having general funds, a solid financial management system helps assure that the funds will be used in a transparent and productive way.
- **Clarity in staff role distinctions.** It is important that individuals have clear roles and are allowed to function effectively within those roles (i.e., no micro-management). Evidence of good role distinction includes staff ability to clearly articulate their unique value-added, staff perceptions of empowerment, and effective leadership delegation.

### Technical Capacities

There is one main technical capacity our work has shown is crucial for readiness to accept GOS.

- **Staff.** Having enough staff to cover core programs is an essential indicator of nonprofit readiness. Low staff turnover can sometimes be an indicator of core staff readiness. Our work has not found that the overall number of staff in an organization is an important readiness factor (i.e., organizations of all different staff sizes were able to use general support equally well), rather organizations must have enough staff to cover core programs.

### Organization Culture

There are two aspects of organizational culture that our work has found important to assess.

- **Commitment to an issue.** A nonprofit that is focused and strategic in its work, and doesn’t actively “follow the money” is likely to be ready to use GOS to prioritize its key issue areas.
- **Open and honest “learning culture.”** An open and honest environment that fosters a healthy “learning culture” is an important cultural aspect, as it is a strong indicator that staff is committed to working together and not in competition with one another.

## APPENDIX B: FOUNDATION READINESS TO AWARD GOS

Like nonprofit organizations, our work has found that foundations also need to think about readiness, with certain organizational capacities emerging as particularly useful as it relates to making general operating support grants.

### Leadership Capacities

Some leadership readiness indicators may include:

- **Ability to articulate a clear vision.** Much like grantee organizations, funders need to have a clear organizational vision before they offer GOS, because GOS should be awarded to organizations that fit the foundation's vision. Foundations need to have a sense of their ultimate goal, and how grantee organizations are connected to that goal.
- **Credibility as a foundation and within the issue area.** Foundations need enough field credibility to have the trust of grantee organizations. Without this trust, grantees may be unwilling to have such an intimate relationship with the foundation and may not have enough stability to work through any challenges during the grant term. Furthermore, a foundation ideally has enough issue-area credibility and expertise to help the grant partner think through challenges during the grant term.

### Adaptive Capacities

Our work found that there were two adaptive capacities that foundations should have before awarding GOS.

- **Evaluation.** Foundations may need to be able to categorize the impact that a general operating grant has had for both the grantee organization and the field to be able to continue this sort of grantmaking, or at least learn from it. Therefore, evaluation capacity is needed to help ensure the foundation is anchored in mission achievement.
- **Willingness to relinquish control.** Foundations must be willing to allow grantees to adapt to the state of the field and move in new directions. If the grant partner decides to make a major change, the foundation must be willing to allow the grant partner to retain its autonomy, even while acting as a thought partner.

### Management Capacities

There was one management area in particular for which readiness was important to the successful use of general support:

## APPENDIX C: WHAT'S MUTUALLY NEEDED?

In addition to the five organizational capacities mentioned in the previous appendices, we have identified a few additional elements that nonprofits and foundations mutually benefit from when embarking on the GOS process. These include:

- **An open and transparent relationship.** A strong relationship between funders and grant partners lays the foundation for a successful GOS grant. This ideally includes being willing to be transparent when explaining decisions, being willing to provide constructive criticism to each other, and trust in the quality of each other's work.
- **Aligned missions.** In addition to being clear on their respective missions, the foundation and nonprofit should



### How Can a Funder Decide Whether to Provide General Support

The decision to provide general operating support requires a foundation to think through certain questions. For example, how linked are the missions of the funder and the nonprofit? Is this a grantee that could be a potential anchor organization for the foundation? Funders can use our decision tree on page 12 to walk through what type of support may be most appropriate to award.

- **Ability to provide the right balance of support and independence.** Foundation program officers managing GOS grants need to be both a sounding board for any questions the grantee might have, and also have enough trust in the organization to allow them to maintain their independence.

### Technical Capacities

There were no technical capacities for foundation readiness that came out through our work beyond the ones foundations already need to have in place to be effective grantmakers.

### Organization Culture

There were two aspects of organizational culture that are important to readiness:

- **Commitment to mission and to the grant partner.** Foundations need to be committed to their mission, to supporting the grantee's work and mission, and to nurturing the relationship throughout the grant term.
- **Open and honest "learning culture."** General operating grants necessitate a lot of learning. They do not attempt to predict the field and strategy in advance; instead, there is often a see-what-happens approach. Therefore, it is important for a foundation to be able to embed learning as they go and not wait for mid-term reports or other time-based opportunities to learn from the grant and the relationship.

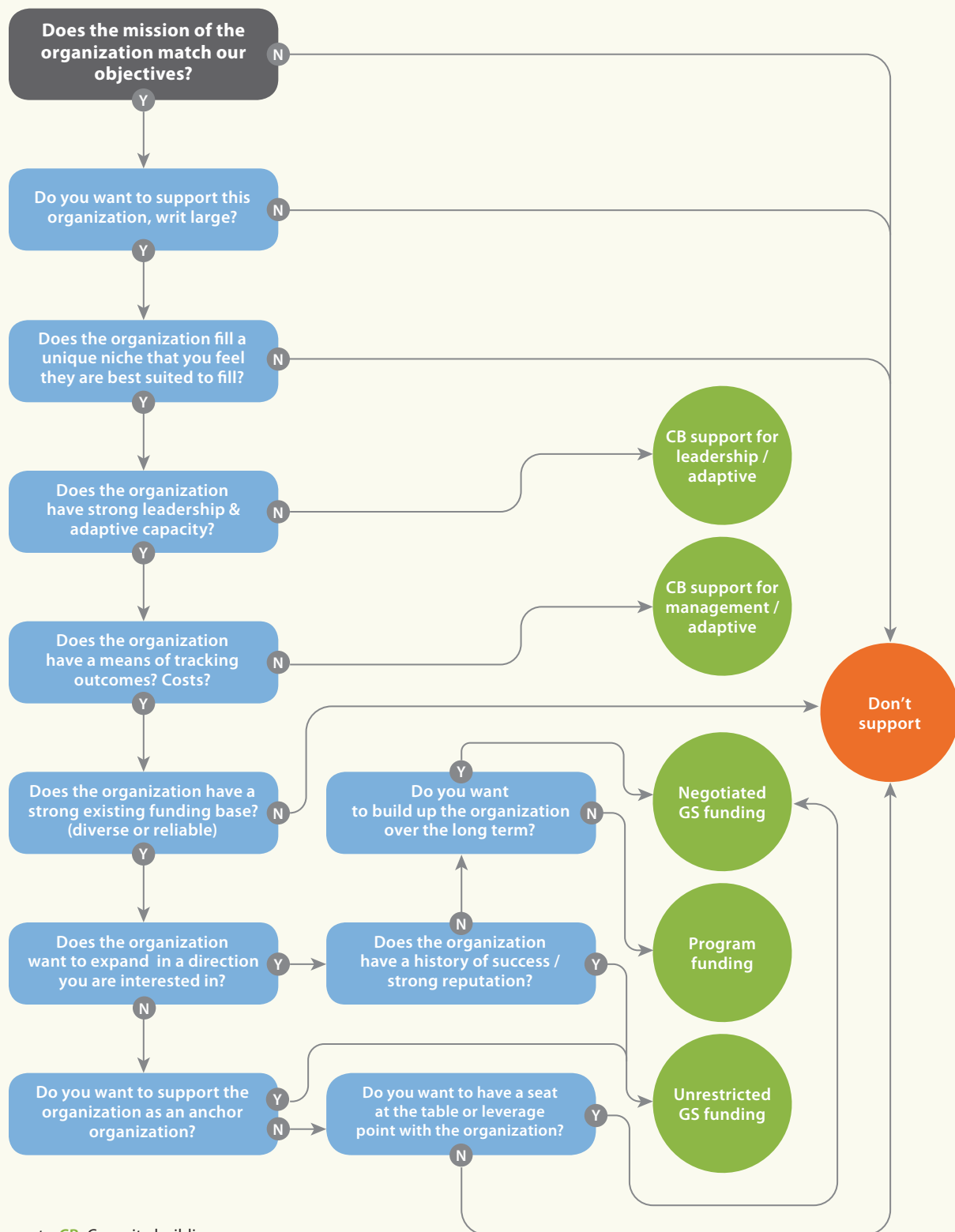
have a solid amount of mission alignment so that as the nonprofit works toward its own mission, they are also moving forward the mission of the foundation.

- **Aligned strategies.** We believe GOS grants should only be awarded to nonprofits that have aligned strategies to the foundation's own. For example, if a foundation itself is not comfortable making advocacy grants, but advocacy is a core strategy of a particular nonprofit, the foundation must understand that funds – perhaps 100% of funds – could be used to further the advocacy work. Thus, it is important for the grant partner's strategies to align with what the foundation considers effective, or at least acceptable.

## APPENDIX D: DECISION TREE: A FUNDER'S GUIDE TO CONSIDERING GOS

Below, we have outlined a decision tree that funders can use to help them decide if GOS would be a strong fit with a particular grantee. This decision tree is meant to be a guide to think through the various issues associated with providing support and is not intended to be a hard and fast algorithm.

### Deciding to Provide General Support



Acronyms: **GS**: General support **CB**: Capacity building



## APPENDIX E: SUMMARY OF EVALUATION APPROACHES

The following evaluation approaches represent the most common method used for each corresponding category. However, we acknowledge there may be instances where other approaches are more appropriate for measuring the desired outcomes.

EVALUATION CATEGORY	EVALUATION APPROACH	DEFINITION
Grantee program effectiveness	Traditional outcomes evaluation	A traditional outcomes evaluation is often retrospective and focuses on measuring overall outcome achievement for a particular program or organization
Grantee organizational development	Capacity-building evaluation	An evaluation of capacity-building often focuses on improvement made in core capacity areas. TCC considers these to include leadership, adaptive, management, technical, and culture.
Funder mission	Developmental evaluation	This approach to evaluation focuses on understanding the larger context and not tying the evaluation too closely to specific outcomes or indicators. Instead, the learning questions remain fairly open and the evaluator documents changes in the environment as well as changes linked to outcome achievement.
Systems strengthening	Systems evaluation	A systems evaluation takes into account the multitude of actors operating in a system and how they interact with and influence each other, in addition to operating on their own.

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Questions and comments on the paper should be directed to Deepti Sood at [dsood@tccgrp.com](mailto:dsood@tccgrp.com).

# About TCC Group

TCC Group is a mission-driven consulting firm that collaborates with leaders to solve complex social problems. We envision an effective social sector that addresses society's complex problems through a collaborative approach that harnesses the diverse skills, energy, and visions of its stakeholders.

TCC Group has more than 35 years of experience working in the social impact field with companies, philanthropies, and nonprofit organizations. Our unique strength as a firm lies in our ability to assist clients at all stages of development across the interlocking areas of planning, execution, and evaluation. Our approach is data-driven and outcomes-based, draws from the knowledge of in-house program management and evaluation teams, and ensures that our clients develop actionable and measurable strategic goals to communicate effectively with their stakeholders.



## New York

333 7th Avenue  
9th Floor  
New York, NY 10001  
212-949-0990

## Philadelphia

1500 JFK Boulevard  
Suite 1910  
Philadelphia, PA 19102  
215-568-0399

[www.tccgrp.com](http://www.tccgrp.com)  
[info@tccgrp.com](mailto:info@tccgrp.com)