



# NEXT STORIES



## Selecting grant partners

An evolving practice

‘Poipoia te kakano  
kia puawai’

*Nurture the seed and  
it will blossom*



## NEXT's approach to selecting partners

- NEXT Foundation launched in March 2014 and three months later ran its first expression of interest (EOI) round, calling nationally for applications in the areas of environment and education
- NEXT seeks projects that are innovative, have long-term focus and potential for transformative impact
- Through the first and subsequent second EOI round, knowledge and connections were built
- Over time NEXT selection of grant partners has evolved to become increasingly proactive
- NEXT seeks feedback from partners on their performance as a funder - this includes their experience of the selection process and how NEXT can do better

# A first call for expressions of interest

NEXT Foundation was launched in March 2014 and three months later went to the New Zealand public calling for applications in the areas of environment and education. This was the first expression of interest (EOI) round. The aim was to engage broadly across Aotearoa New Zealand and find the most impactful projects possible.

## THE FIRST EOI ROUND

- NEXT was looking for applications that were innovative, inspirational, had long-term focus and potential for transformative impact
- Applicants were invited over six weeks to complete an initial two pager with a 150 word limit for key sections, 'We didn't want people spending a whole lot of time on something we might say no to straight off, because we weren't interested in that area'
- 287 EOIs were received totaling \$1.87 billion in requests and ranging from \$30,000 to \$55 million
- EOIs were reviewed by the CEO and NEXT advisors in their areas of expertise. The Board, Advisory Panel and three external reviewers all had access to the applications. A senior DOC executive provided advice on environmental projects
- Applications were graded using a weighted scorecard on specific criteria. This included having a clearly defined need, goals and plan; results focused leadership and governance; potential for wide impact/ transformation; and sustainability, 'It was very systematic'. Bill brought his private equity expertise to the selection approach
- Six projects of the 287 applications were shortlisted for possible investment and six for engagement in learning conversations (some of these, despite being initially declined, ended up being invited to submit a fuller proposal)

'The purpose was to go out to the public and call for applications in the areas of education and environment and find the best projects possible. So hand on heart we could say to Annette and Neal - this is the best use of your money. We met so many good people, so many wonderful projects through that process. We would love to help more! We were blown away with the passion and ingenuity of the projects people were coming up with.'

Barrie Brown  
NEXT CHAIR

'We wanted to engage the whole of the country and get the best possible projects from any New Zealander within the general areas of environment and education. We wanted to make it as accessible and easy as possible, starting with a two page application. We then selected a short list and had a second phase where we got more detail from the finalists. We didn't want trustees or the advisory panel to be the initiators - we wanted as many ideas coming into the top of the funnel as possible - we wanted innovation to be the driving force.'

Chris Liddell,  
FOUNDING NEXT CHAIR

## THE REQUEST FOR PROPOSAL PHASE

Shortlisted projects were engaged in a 'deeper enquiry' and invited to submit a more detailed proposal. NEXT was willing to help in this phase where needed. The due diligence approach was methodical and rigorous.

- Due diligence included reviewing the business model; sector overview; people; financials; governance; and reputation checks.
- In some cases, this phase took more than a year as organisations were supported to make their proposition investable in NEXT's eyes
- NEXT look to bring 'more than money,' for example relationships, experience and partnerships

## ANNOUNCEMENT

- In December 2014, four partners were announced - ZIP (Zero Invasive Predators), The Mind Lab by Unitec, Springboard Trust and Te Awaroa (this was an incubation grant). The following September, NEXT announced a further two partnerships with Manaiaakalani and Ngā Pūmana e Waru.

'That process was the way we were always going to do it - it's the only way people like me know. We were coming from the perspective of we are making a relatively small number of investments, we are hopefully going to back those for a long not a short time, so we are willing to invest larger amounts of time and effort in understanding them upfront.'

Bill Kermode  
NEXT FOUNDATION



A Rotorua based digital and collaborative education initiative Ngā Pūmana e Waru was one of the early NEXT partnerships.

### SURPRISES AND LEARNING FROM THE FIRST ROUND

The first EOI round contained numerous surprises and learning including

- The high number and quality of projects, 'We got a hell of a lot more applications than any of us thought we would'
- There is an abundance of entrepreneurialism, passion and commitment in Aotearoa New Zealand
- Some organisations were working in silos doing similar work and unaware of each other, we wanted to break through that and help 'connect them up'
- The depth of connections formed and insights into the local context, 'we learned a huge amount about who was doing what'
- The value of seeing people rather than viewing documents in the due diligence process. Following learning conversations, NEXT funded two organisations they had initially said no to
- Many projects were not investable in their current form and required tailored capacity support such as business planning, financial modeling and access to other templates
- In time NEXT would become clearer around their whetu ara marama (or north star) in environment and education.

'It taught us a lot ... there was a huge amount of connection and insight into the environments we were looking to invest in.'

Jan Hania  
NEXT FOUNDATION

'We received a privileged insight into the hearts and minds of all that is good about New Zealand. There were great ideas, innovation, passion, community service and a fundamental belief in a way to a better New Zealand.'

Chris Liddell,  
FOUNDING NEXT CHAIR

"We were privileged to learn and connect with many outstanding leaders and organisations"

Jan Hania, NEXT Environmental Director



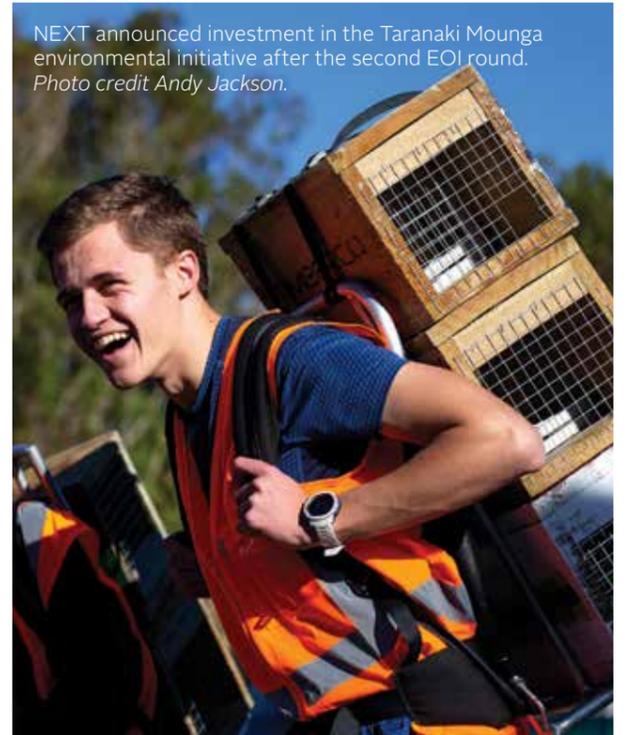
Jan Hania (right), with philanthropist Sam Morgan on the top of Mount Taranaki.

## The second EOI round

The second expression of interest round had a similar structure to the first, but it was more focused around NEXT's now developed specific areas of interest within environment and education. For example predator free New Zealand had been articulated as a priority.

### THE SECOND EOI ROUND

- NEXT was clearer about the areas it would invest in and it was easier for applicants to see where they fitted
- As a result, applications were more targeted. Many had applied in the first EOI round and had been in conversation with NEXT for over a year, 'There was greater readiness and knowledge on both sides'
- 105 EOI's were received (37% of the number received in the first round) leading to 16 conversations
- Three new partnerships were entered into - Predator Free Community Champion Kelvin Hastie; Predator Free Wellington; and Taranaki Mounga. A fourth partnership was later announced with Talking Matters - NEXT's first investment in the 'first thousand days'



NEXT announced investment in the Taranaki Mounga environmental initiative after the second EOI round. Photo credit Andy Jackson.



Photo credit Pat Murphy.

### SURPRISES AND LEARNING FROM THE SECOND ROUND

The second EOI round contained ongoing lessons including

- After the EOI rounds NEXT was talking increasingly to referrals and an opportunity existed to engage community more directly
- One NEXT advisor suggested a series of hui may be more culturally responsive than running an EOI round, and listening to community for their thoughts and ideas
- Over time the Foundation was learning more about measurement, 'If we do investments now, we look at measurement and their theory of change a lot more robustly than we did at the beginning'

'After two rounds we were talking more to referrals. The grapevine is not that big here ... We learned a lot about the application process and the value of seeing people rather than viewing actual documents ... We were harder on the shortlisting process and it was quicker to shortlist. In some respects we didn't find a whole lot of new big initiatives. It led us to think do we need to do this? Are we better to use our networks and public awareness for referrals and direct dialogue.'

Frank Janssen  
NEXT FOUNDATION



Predator Free Wellington was one of three new partnerships announced after the second EOI round. Pictured at the announcement NEXT environmental advisor Devon Mclean, Wellington Mayor Celia Wade-Brown, Predator Free Community Champion Kelvin Hastie and Greater Wellington Regional Council Chair Chris Laidlaw.

# Saying no and giving feedback

Saying no is usually the most common interaction a Foundation has with the for-purpose sector. Doing it thoughtfully, matters.

### NEXT'S APPROACH TO SAYING NO FOLLOWING THE EOI PROCESS

- NEXT emailed all declined applicants within three weeks of the EOI's close date. Messages were framed in a strengths based way that acknowledged the quality of applications and commitment of people
- Applicants were invited to share their EOI on an online sharing platform so other funders could view what was there
- NEXT collated feedback from the team and board on all EOI's. Then if an applicant asked for feedback NEXT provided it. This would usually take the form of three messages or points. This may have included feedback on the proposal, links to others doing similar work and where relevant, introductions to the NEXT network

'We learned that people skills and empathy are important. And it's very hard to say no and important to do that well ... Bill is generous with his time and has empathy. Bill took time to give feedback to many of the organisations that were not successful in being funded by NEXT and connected up like organisations, so they might work together. He has strength in connecting people.'

Carol Campbell  
TRUSTEE

'Saying no is by far the most common interaction you have with for-purpose organisations. It's important because it's an opportunity to add some value. We want it to be constructive. If an organisation comes back to us seeking feedback, we will provide it to them. They have put a whole lot of work in, it's about being respectful of that.'

Bill Kermode  
NEXT FOUNDATION

# The experience of NEXT partners

## THE EXPERIENCE OF BEING DECLINED

As a learning organisation, NEXT is interested in the experience of for-purpose organisations who apply to NEXT, and aren't successful in securing funding.

Independent feedback on the experience of being declined included

- The NEXT Expression of Interest process was described as upfront and transparent
- NEXT will provide feedback when declined applicants request it, and at times mentoring and access to relevant networks
- For those shortlisted to the 'full on' application, a recommendation for improving process was increased dialogue and shared power between NEXT and the for-purpose organisation - to agree together, a scope of what was needed and the timeframe (including decision point). A seed grant for those requiring significant work at this stage was also recommended, to assist with proposal development.

'What we liked about the NEXT EOI process is that it required short answers, had a strong focus, a word limit ... NEXT is clear about setting expectations with people - which might not be what you want to hear, but it gives clarity. I didn't like the answer! I was given feedback. The communication was upfront and honest.'

Declined applicant  
(AT EOI PHASE)

'For future I would suggest ... applicants have more input and a dialogue to say here is an agreed list or scope of where we think you do need to come back with. Be clear on the scope of what is required, the timeframe and including when the decision would be made. We knew it was a no, because it was never a yes. There was no really clear closure.'

Declined applicant  
(AT FULL APPLICATION PHASE)

'NEXT gave me feedback around telling the story, starting with a helicopter view and then diving down. That mentoring was appreciated. Also NEXT have made an effort to identify partnerships ... It did feel like there was a lot of goodwill, NEXT was trying to help us in other ways, with connections and things like that.'

Declined applicant  
(AT FULL APPLICATION PHASE)

A key element of NEXT's work has been to ensure that the voices of its grant partners were recorded. In 2016 NEXT commissioned its first independent evaluation of the Foundation from a partner perspective. Six NEXT partners were interviewed by an independent party and their anonymity was assured. The purpose was to provide partners with a voice, reveal insights and shine a light on NEXT's strengths, blind spots and opportunities to improve. As part of this evaluation partners shared their experience of the application and selection process with NEXT.

## GRANT PARTNER FEEDBACK ON THE EOI PROCESS

According to applicants, having an initial two pager as a first indication mechanism worked well. NEXT partners described the EOI phase as 'a good filtration step', having a 'focusing' effect and being refreshing.

'A letter of EOI which was a good filtration step.'

NEXT GRANT PARTNER

'I thought the EOI process was good. Distilling to a very short document was challenging but helped us focus. I didn't mind that part of the process.'

NEXT GRANT PARTNER

'I found it refreshingly good. The concept that you had to describe yourself in a couple of pages, what you're on about, your structure, kaupapa, what you wanted to do to succeed, what you needed, what supports you had ... Telling the story in two pages, requires you to have a grip on what you're doing'

NEXT GRANT PARTNER

## GRANT PARTNER FEEDBACK ON THE REQUEST FOR PROPOSAL PHASE

Grant partners described the Request for Proposal and due diligence phase as the 'full on' stage. This was seen as an important time to form 'a really good relationship' with NEXT, encouraged deeper thinking and refinement and was described as lengthy, 'like being in a job interview for a year.' A consistent theme was that although the process was demanding, it held together because of the quality of the relationship with NEXT CE Bill Kermode and NEXT. One partner shared how this phase, 'stretched us and took us to a higher place.' One partner noted that the typical philanthropic relationship makes it hard to get to the 'truth telling' but how NEXT's engagement of independent people enables this and the process is more of a 'joint partnership.'

'With NEXT, it is all about forming and developing a really good relationship. That is what I spent most of my effort on ... That relationship was key to minimising misunderstanding ... it all held together because the relationship is good.'

NEXT GRANT PARTNER

'Distinguishing between the EOI process and the full on assessment. There were different levels of effort. The full on process was pretty good, more drawn out than I expected ... But it worked and the reason that worked for us was because the relationship was solid.'

NEXT GRANT PARTNER

'We were one of the early education projects to go through the process. NEXT had experience with regard to conservation projects but not with education projects. It was, 'learning as we go' for large parts of the process. Having said that, the people involved were superb and full of integrity. I can't remember how long it took but it was over a year ... the long process was good for us, as it made us go deeper into our thinking and be a lot more robust in what we wanted to achieve.'

NEXT GRANT PARTNER

'The next step was iterative and resource intensive. We wanted to think much bigger and to scale our model to the whole country. This process involved business development and cost modeling. In order to scale a model like ours, key factors include one's resourcing estimates based on sound, focused, practical scaling strategies ... On reflection stage two helped us refine and develop our growth model, it stretched us and took us to a higher place.'

NEXT GRANT PARTNER

#### PARTNER FEEDBACK ON STRENGTHENING SELECTION

Grant partners were open and constructive regarding how NEXT could improve selection. The main recommendation was for NEXT to be transparent regarding the full due diligence process and what was involved. NEXT took this feedback on board and has applied it to future engagements - sharing with potential partners how intensive and time consuming this engagement is.

'We are clearer now. We say up front - Engaging NEXT is different to engaging other funders or philanthropic trusts. The due diligence process may take significant time and it might feel tough.'

Bill Kermode  
NEXT FOUNDATION



Future NEXT partners, like the environmental initiative Te Manahuna Aoraki, were briefed on the intensive NEXT due diligence process. *Photo credit Liz Brown.*

## Proactive selection

After the second EOI round NEXT had created a critical mass of ideas, focus had sharpened, and awareness of the Foundation had increased. NEXT's selection process increasingly evolved to a proactive approach.

Proactive selection and partnering for impact

- Over time, NEXT has become increasingly focused on proactive approaches - including partnering with government to effect sustainable change; directly engaging for-purpose organisations; convening leaders; and investing in research and knowledge building
- An example of this proactive and strategic approach is the Tomorrow Accord partnership with the New Zealand Government formed in 2014. This was an important step towards continuity in conservation deliverables and demonstrates what is possible through partnership
- After the second EOI round, NEXT embarked on an eco system mapping exercise in the first thousand days, teacher excellence and education leadership, 'That helped inform us which organisations we should be talking to'
- Examples of non-EOI process investments include Cacophony, Data Commons, the Education Hub, SPACE, the Summer Learning Journey, The Southern Initiative and Te Manahuna Aoraki
- At any one time, NEXT may have multiple conversations on the go with prospective partners. This may lead to a partnership, to increased knowledge or to sharing of networks.

'After the second EOI round we definitely invested more proactively as we had created a critical mass of ideas within some of the themes ... We had become more focused and were aware of most of the participants ... We narrowed down the areas we thought we could make a difference in. That led to other projects by word of mouth. It's a small country, you get to know the people pretty quickly.'

Chris Liddell  
FOUNDING NEXT CHAIR

'We did an eco system mapping after the second EOI process. We did that for the first 1000 days, education leadership and teacher excellence. That system mapping helped inform us as to which organisations we should be talking to proactively and areas we should consider for investment. That mapping is a big part of the proactive piece. We want to find the most impactful place in the ecosystem for NEXT to invest ... We wanted to understand what is happening, what the barriers and opportunities are, who are the people who get stuff done. That exercise was about informing us about those things.'

Bill Kermode  
NEXT FOUNDATION

## ONGOING LEARNING

- There is acknowledgement that more community engagement is needed, 'TSI (the Southern Initiative) came about through convening leaders. We need to do more community engagement'
- Having an adaptive strategy is important. For example as NEXT's knowledge has grown, it has been more open to supporting big data and information sourcing initiatives
- In the environment area, insights have led to shifts in focus. For example environmental education is now approached in a contextual and integrative way, rather than 'stand-alone'
- Grassroots responses to a specific problem are more likely to succeed
- Support local solutions and community driven change.

'We have learned a grassroots response to a specific problem in a specific community is more likely to succeed. For example, in schools it is better to build on practice that has evolved to answer a local need.'

Margaret Bendall,  
NEXT FOUNDATION

"In schools it is better to build on practice that has evolved to answer a local need"

Margaret Bendall, NEXT advisor



Photo credit Daniel Lee.

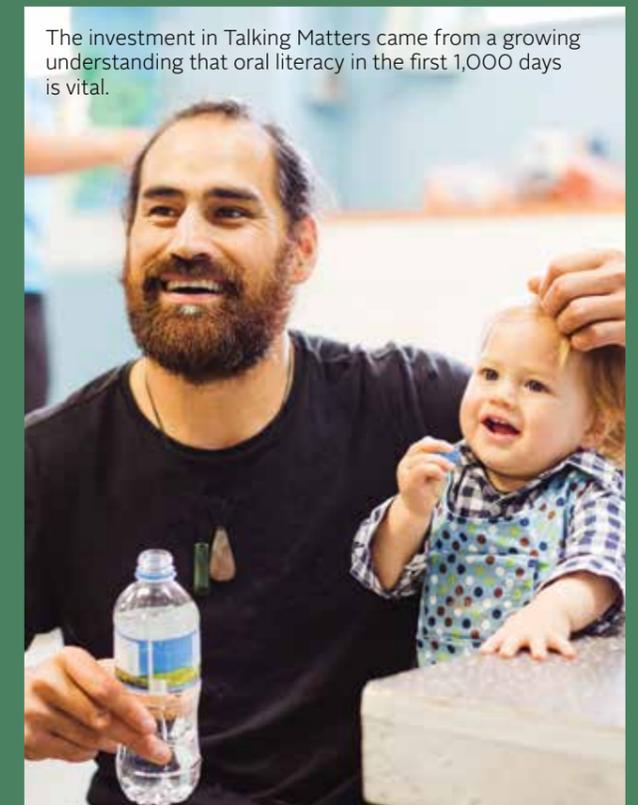
## The thread of being community driven

'Our approach has evolved to now be more about talking with key people about where the critical changes need to be made and who is doing the important work. One example is oral literacy and our investment in the first 1,000 days. The relationship with Talking Matters came from a growing understanding that oral literacy amongst our tamariki (children) was vital. That led to the next stage of understanding particularly in relation to brain research and that in turn led to our relationship with social innovation organisation The Southern Initiative. Our environmental focus has also evolved, for example in environmental education. We realised trying to approach this kaupapa on a stand-alone basis was not going to effect change at the scale we wanted ... we think the more effective approach is deeper contextual engagement. If we are already working in a place, and can integrate the education, then we can leverage our relationships and partnerships. It comes back in large part to being community driven. The thread of being context and community driven is really important.'

Ewen Anderson  
NEXT FOUNDATION



NEXT investment director Ewen Anderson says NEXT's approach has evolved.



The investment in Talking Matters came from a growing understanding that oral literacy in the first 1,000 days is vital.

Taranaki Mouna is a NEXT environmental investment restoring the biodiversity of the Mouna and the surrounding mountain ranges and islands.

It is a collaboration between NEXT, the Department of Conservation, Taranaki Iwi Chairs Forum, the community, and founding sponsors Shell NZ, the TSB Community Trust, Jasmine Social Investment and Landcare Research/Manaaki Whenua.

For more information go to the NEXT website

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