

PERSPECTIVES ON PHILANTHROPY

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**ASSESSING FOUNDATION IMPACTS: MEASURING,
LEARNING, IMPROVING**



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How does a foundation demonstrate the effectiveness of its programs and their collective impacts? This is one of the greatest challenges facing foundation boards and staffs. As a result, evaluation is an ongoing focus of attention for virtually every foundation, no matter its size, age, substantive focus, or operating style. Foundation Boards and staffs are asking questions such as:

- To whom are we accountable? To what degree does that accountability require us to demonstrate the overall value of what we do?
- To what degree is it even *possible* for us to demonstrate the overall value of what we do? If it is possible, how can we do it most convincingly, both to ourselves and others?
- Does a commitment to evaluation mean that we can only pursue programs for which there are measurable outcomes? If not, how do we go about assessing the impacts of programs dealing with larger social conditions, where change takes a long time, large secular processes are at work, and the foundation may be but a bit player?
- Is evaluation primarily a tool for helping us make funding decisions (summative evaluation) or for helping us and our grantees learn how to improve what we do (formative evaluation)?
- Should we evaluate all funded projects, no matter their scope and cost? How much should we spend on evaluation?
- What is the right mix between quantitative and qualitative evaluation methods?
- What structures, processes, and incentives do we need to put in place to create an environment in which learning is encouraged, facilitated, and rewarded?

A. WHY IT IS SO HARD?

The Nature of the Beast. That questions such as these should prove so vexing to virtually all foundations is a reflection of the nature of the foundation beast, its *raison d'etre*, and how it operates. Because foundations are free from the usual accountability imposed by voters, stockholders, or contributors, there are no commonly accepted standards against which to measure the effectiveness and impact of what they do. This lack of benchmarks and performance criteria is exacerbated by the fact that many foundations believe their mission to be changing social conditions and institutions in such a way as to bring about major improvements in people's lives – outcomes that are neither easily quantifiable or measurable nor readily traceable to a foundation's interventions.

So, To Whom Are We Answerable? To a large degree, foundations are accountable to themselves. Yes, they are required to adhere to certain federal and state laws and regulations concerning how they manage their assets, how much of their assets they must distribute each year, and, in general terms, the kinds of activities and organizations they can and cannot fund. However, within these broad guidelines, they are largely free to use the resources at their disposal in any way they deem consistent with their mission. They have extremely broad discretion and, depending on the thickness of their skins, can do pretty much as they see fit.

That said, foundations – the boards of which are comprised largely of accomplished, well-connected, and visible business, financial, legal, academic, and community leaders – are sensitive to what they perceive to be their obligation to use their resources to advance the public good. Obligation to whom, then, becomes an important question. And, in the end, it comes down to a combination of:

The Donor – The source of the financial resources that represent the foundation's asset base. Even in those cases where little direction was provided by the donor, foundation boards generally endeavor to fashion programs that are consistent with the intent of the source of their foundation's largesse.

Society at Large – The broad society in which the foundation exists (particularly in the case of the larger national foundations) or the immediate community in which the foundation is located and operates (the case for community foundations and most of the new “conversion” foundations). This means that the over-arching question the foundation feels obligated to address is: Are we making the world a better place?

The Foundation, Itself – As represented, legally, by its board of trustees or directors. Given the high degree of independence of action afforded foundations, their boards come to realize that, to a large degree, they are accountable to themselves!

The Nature of Accountability. Rather than being a source of comfort, the fact that, in the end, a foundation is essentially answerable to itself turns out to be a source of considerable angst and trepidation among members of foundation boards. And, in some cases, it may actually compel them to be more conservative and more concerned with demonstrating success and avoiding failure than if the foundation were accountable to specific external authorities.

This is part of the evaluation conundrum: Depending on how it is perceived and carried out, accountability can be either a motivator or a set of handcuffs. As a motivator, accountability can serve as a force for clarity of purpose, strategic action, appropriate assessment, and, in the end, greater accomplishment. As a set of handcuffs, accountability can hobble bold action, the pursuit of unpopular causes, and the tackling of major challenges against which progress may be difficult to document. In order to be able to make a difference in the social realms in which they work, foundations have to be willing to take risks, to understand up front that failure is a possibility, and to view failure not as something to be avoided at all costs – lest it be the target of external criticism – but as an opportunity to learn. *Given the tremendous needs that exist in our society, the greatest failure for a foundation is to be so paralyzed by the fear of failure and the preoccupation with quantitative outcomes, that it ends up doing nothing significant at all.*

B. THE CASE FOR SELF-ASSESSMENT

Self-assessment – the process through which foundations examine the overall value of their philanthropic activities – represents the next frontier in organized philanthropy. Given their important oversight responsibilities, foundation boards are keenly interested in knowing how their foundations are doing in terms of fulfilling their missions and meeting their goals. Yet, in the end, the “so what” question almost always gets short shrift. In part, this is due to the exigencies of the processes through which grants are approved and awarded; in part, it is due to the difficulty of trying to meet the many challenges and exploit the many opportunities facing philanthropy. They just simply never get to it! However, by far the greatest barrier to self-assessment is the difficulty inherent in trying to define and measure the relative contributions of foundation programs to changes in the lives of individuals, families, and communities. This challenge often proves sufficiently formidable that it is relegated to tomorrow’s agenda.

The Key Question: What Have We Accomplished? To begin the process of self-assessment, foundations need to reach the point where they are ready to address the most important questions they face as organizations: What have we accomplished with the resources we've deployed to date? Not what has each of our individual projects achieved; not even what has each of our major programs achieved. But what does it all add up to? What difference have we made as a foundation? Can we justify our existence? Can we make a compelling case for why we should continue to enjoy our considerable tax advantages? While most foundations may wish to avoid these questions, they represent the core challenge to the field of philanthropy.

Weaving Self-Assessment Into a Foundation's Fabric. It is characteristic of most foundations that the preponderance of staff time and energy is devoted to the demands of the *pre-grant* process – triaging and reviewing proposals, performing due-diligence on potential grantees, preparing recommendations for the board, and awarding grants. This “*tyranny of the grant cycle*” leaves little time for such *post-award* processes as facilitating the work of grantees, pulling together the various elements of complex programs or initiatives into a coherent whole, monitoring grantee progress, reading grantee reports and evaluations, and learning about what has worked and what hasn't. And, even less attention is paid by board and staff to reflecting on what the foundation's programs add up to and what difference they are making, over all.

Increasingly, foundations are coming to believe that, as part of their accountability to themselves, as well as to the society around them, they need to make self-assessment a much more integral and self-conscious part of everything they do. Accordingly, they are taking steps to create the time, space, and organizational structures required to increase both the salience and priority of self-reflection and learning. This includes:

Setting Aside Formal Opportunities for Self-Examination – Making learning and self-assessment institutional priorities, and creating regular, formal opportunities for boards and staffs to reflect on what they are doing, determine what is working and what isn't, and consider how best to apply lessons learned to improving programs and increasing their impacts;

Collecting Information From External Sources – Obtaining a wide range of external perspectives on what the foundation is doing and how well it is doing it through mechanisms such as formal evaluations, qualitative assessments, site visits, commissioned studies, and surveys of grantees, applicants, and various constituencies;

Extracting and Applying Lessons Learned – Analyzing information obtained from these various sources, extracting the most valuable lessons about how the foundation can maximize its effectiveness and impacts, and applying those lessons, in a rigorous way, to improving its policies, programs, and processes. Too often, the reams of data foundations collect about their programs languish on the shelves of staff offices for lack of structured processes for using the information to drive evolution and improvement; and

Disseminating Lessons learned – Making a strong commitment to overcoming the myopia and isolation that characterizes many foundations, sharing with other foundations and with various constituencies what has been learned from formal evaluations, grantee reports, and a foundation's own reflections on what has worked and what hasn't.

C. GUIDING PRINCIPLES

A number of principles emerging from the experiences of foundations grappling with the “so what” question can serve to guide self-assessment efforts by foundations.

An Effective Institutional Culture is One that Values Learning. Foundations committed to self-assessment as a vehicle for constantly increasing their impacts create institutional environments that foster and reward learning. In those environments: (i) grantmaking is viewed as a mechanism for learning about what works and what doesn't; (ii) attempting to change social systems and address underlying causes of social ills is understood to be antithetical to neat, clean solutions and outcomes; (iii) board and staff question what it means to make mistakes; (iv) the process of trying-testing-learning-improving is viewed as the core of the foundation's modus operandi; and (v) no one has to be defensive when things don't work out as planned.

Evaluation is Principally a Tool for Learning. Foundations which adopt learning as an institutional priority change their perceptions about the role of evaluation. They come to view evaluation less as a source of data on which to make summary judgments about grants and programs, than as an ongoing source of information about program strengths that can be exploited and program weaknesses that can be remedied, as the foundation continually improves the quality and impacts of what it does.

Effective Learning is Dependent on the Clarity of Expected Outcomes. The ability of a foundation to learn from its assessments of individual grants, of complex program initiatives, and of its overall effectiveness as an organization, depends, in large part, on the degree to which it has articulated, up front, clear goals, objectives, and expected outcomes. Lack of clarity on what a foundation is trying to accomplish makes it almost impossible to determine whether or not, in the end, it is accomplishing it.

Goals Should Serve as Motivators Not Shackles. Foundation boards and staffs should set program goals, objectives, and expected outcomes high enough that they serve as ambitious targets toward which they are constantly striving, rather than at a level determined by what is measurable.

Assessment is Cradle to Grave. The most effective assessment strategies are those that are integral elements of a grant or program, from initial conceptualization to completion. This concurrent approach to learning is based on a continuous feedback model of assessment in which information obtained is applied to improving the project or program on an ongoing basis.

Effective Assessment is a Partnership. Assessments that work best and achieve the most are those in which the foundation and its partners engage in a process of mutual learning, rather than a process which is imposed by the foundation.

Effective Assessment Strategies Produce Information Measured by its Usefulness Rather Than by its Volume. In their zeal to evaluate what they are doing, foundations often fall into the trap of depending on quantitative evaluation technologies to produce voluminous hard data on soft outcomes that do not lend themselves to rigorous analysis. In such cases, the reams of data produced may actually serve to obscure reality and constrain appropriate action by the foundation. A more effective approach involves a mix of quantitative measures of outcomes, when appropriate, and direct observation of the situation in which the foundation is working.

Effective Self-Assessment Requires an Effective Board. The foundation board plays a crucial role in establishing self-assessment as a priority, in creating an environment in which self-assessment is valued and practiced, and in applying the results of self-assessment to improving the foundation's performance. To play such a role most effectively, boards should: (i) comprise individuals who are knowledgeable and experienced in areas related to those in which the foundation works; (ii) bring to the table a breadth and diversity of perspectives on the world in which the foundation operates; (iii) have independent sources of information to balance that brought by the staff; and (iv) insist that everything undertaken by the foundation has clear purposes, goals, expected outcomes, and criteria for success, agreed upon in advance.