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RAISING THE VALUE OF PHILANTHROPY

A Synthesis of Informal Interviews with Foundation Executives and Observers of Philanthropy

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A Synthesis of Informal Interviews With Foundation Executives and Observers of Philanthropy

Prepared for:

Jewish Healthcare Foundation, the Forbes Fund, and
Grantmakers In Health

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By:
Denis J. Prager, PhD
Strategic Consulting Services

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INTRODUCTION

Background

More than any other societal institution, foundations are positioned to promote and foster innovation in improving the health and well-being of individuals, families, and communities. The remarkable independence they enjoy as a result of their legal status and endowments makes it possible for them to set aside considerations of popularity or profitability and move beyond pre-existing agendas to promote social progress as they define it.

The question increasingly being raised by communities, scholars, the media, governments, and politicians is whether the impact achieved by foundations through the allocation of their resources is sufficient to justify continuation of their privileged and protected status, and their use of what are, ultimately, public funds. Foundations, themselves, frequently question the degree to which the activities they support are having the impact they intended. However, their assessments are too often narrowly focused on the success or failure of individual grants or distinct programs.

What is not evaluated is overall performance. Seldom do boards and staff step back, take stock of their total store of resources, ask whether they are deploying those resources in the most effective way, and consider how to maximize the degree to which their resources achieve measurable and sustained changes in policies, systems, and behaviors that affect people's lives.

Purpose

This state of affairs led the Jewish Healthcare Foundation, the Forbes Fund, and Grantmakers In Health to collaborate in an exploration of concepts and strategies for raising the value of philanthropy. The ultimate aim of this project is to increase the capacity of foundations to define their roles, design their programs, deploy their resources, and assess their outcomes in the most strategic and effective manner.

This purpose is being pursued through the development of a conceptual and strategic framework for: (i) enhancing the impact of foundation programs on social problems; and (ii) strengthening the standards, milestones, and assessment tools foundations use to hold themselves accountable for results.

This Paper

The purpose of this paper is to identify the characteristics of foundation programs and assessment strategies that appear to be most effective. Its primary source of input was a series of interviews completed in the summer of 1998 with: (i) foundation leaders who have demonstrated a particular interest in, and experience with, strategies for enhancing the overall effectiveness of philanthropic programs; and (ii) perceptive outside observers of philanthropy. Attached is a list of those individuals interviewed.

Interviewees were asked to respond to the following questions:

1. What are the characteristics of foundation programs that have really had an impact?

2. What are some of the more effective strategies being used by foundations to increase the overall impact of their grantmaking programs?

3. What are the most effective strategies for self assessment used by foundations to measure the overall effectiveness of their grantmaking programs?

4. What steps can foundations take to increase the overall impact of their programs and improve their ability to measure and demonstrate that impact?

In reality, it was not necessary to use these questions to elicit thoughtful reflections from the knowledgeable and experienced people interviewed. Primed with a letter describing the project and its intent, and listing the questions, interviewees simply began to share their impressions of the attributes of effective foundations and their programs.

The following is a summary of the perceptions, observations, and opinions that flowed from those reflections. It is intended to represent neither a consensus nor a rigorous analysis. Rather, it is a synthesis intended to serve as the starting point for thoughtful dialogue about the key elements of a conceptual and strategic framework that might prove helpful to foundations seeking to enhance the impact of what they do.

A CURIOUS INDUSTRY

Many of those interviewed prefaced their remarks with some observations about philanthropy and the context in which it operates.

Diversity and Its Consequences

Philanthropy is, in the words of one interviewee, a "curious industry." Or, as is commonly noted among observers of philanthropy, "when you've seen one foundation, you've seen one foundation." By its very nature, the foundation world is idiosyncratic and decentralized. One need only peruse the various reports issued by the Council of Foundations to recognize the tremendous diversity among foundations in terms of magnitude of resources, board composition, staff size, substantive focus, organizational structure, management style, and grantmaking approach.

Private foundations exist and are legally protected as non-governmental, non-commercial entities independent of the usual strictures imposed by the need to please voters, stockholders, and contributors. While this lack of clear external accountability is one of philanthropy's major assets, it is also one of its greatest weaknesses and the focus for much of the scrutiny and criticism it receives. Unlike most other

societal institutions, there are no commonly accepted standards against which to measure the effectiveness and impact of foundations. 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 -- an outcome that is not easily quantifiable, measurable, or assessable.

A major implication of the independence, diversity, and decentralization of the field of philanthropy is that, while it may be possible and useful to develop common frameworks and guidelines for the field, each foundation will have to develop standards, performance criteria, and assessment strategies that best suit its particular situation. Factors such as the origin of the foundation's assets; its mission; the makeup of its board; whether its purview is national, state, or local; and the social, economic, cultural, and political context in which it operates vary significantly from foundation to foundation. They represent major influences on what foundations do, how they do it, and how they assess their impact.

Some Inherent Tensions and Contradictions

Emerging from the interviews are a number of tensions and contradictions that are inherent in grantmaking and in the organizational strategies through which foundations attempt to carry out their missions. Among these are the following.

Innovation Versus Support of Ongoing Efforts

There is a growing tendency among foundations to want to be associated with programs that are innovative, creative, imaginative -- that represent new approaches to the solution of complex societal problems. In part, this represents frustration with the seeming ineffectiveness of existing approaches to solving those problems and with the organizations employing them. In part, it is the natural tendency of boards and staff to want to be associated with something new, different, and exciting. The danger, in the eyes of some, is that, driven by both these motivations, foundations may pursue innovation for the sake of innovation (or as one interviewee put it, "difference for the sake of difference"), when seeking and providing support for what is working may be the best approach.

Proactivity Versus Reactivity

A concomitant of the desire to innovate is the desire to take the initiative in defining how social problems will be addressed and in generating initiatives to address them. This is referred to as proactive grantmaking in contrast to reactive grantmaking, the more traditional awarding of grants in response to unsolicited proposals.

From the point of view of foundation boards and staffs, the advantage of proactive grantmaking is that it gives the foundation at least the sense that it is using its resources in a more coherent and integrated manner to address the multitude of factors associated with complex social problems. However, from the point of view of organizations struggling to address a particular social problem through service delivery, advocacy, education, or research, proactive grantmaking seems to be yet another attempt to raise the bar over which

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organizations must jump in order to receive support needed to sustain their operations. At its extreme, it leads to resentment among these organizations over what appears to be arrogance on the part of foundation staff who, through their use of foundation-generated initiatives, seem to be saying, "we know best how to solve the problems on which you are working every day."

Some from both within and outside the foundation community fear that the growing tendency toward strategic, proactive grantmaking will result in increased isolation of foundation staff from both the real world in which social problems exist and active interaction with the organizations in the trenches and on the ground trying to solve those problems. In their view, proposals from the field represent ideas for how best to tackle social problems in communities -- ideas grounded firmly in reality.

Social Change Versus Service Delivery

Another tension often evident among foundation board members and staff is between supporting organizations that provide services aimed at helping people in immediate need and catalyzing social change aimed, ultimately, at alleviating the need. The contrast can be characterized as eliminating the root causes of social ills rather than treating their symptoms. However it is conceptualized, it is the focus of intense debate both within and outside philanthropy. On the one hand, a strong case can be made for foundations being the only social institutions with the financial and political independence and long time horizon it takes to mobilize the resources and will necessary to bring about social change. And, it is much more satisfying to participate in activities that have the potential to make an enduring difference in the lives of people for generations. On the other hand, a strong case can be made for the humanitarian imperative of increasing the quality of life of those currently in need. And, it is much easier to quantify and measure services delivered and people helped than it is to assess the contribution of a foundation to bringing about changes in complex social systems and
structures.

Grants as Charitable Donations Versus Grants as Investments

The drive to catalyze innovation in addressing social ills, coupled with the move to a more proactive approach to grantmaking, has led some foundations to apply venture capital strategies to their grants programs. Underlying these strategies is the emerging view of foundation grants as investments in the programs and organizations being supported, rather than the more traditional view of grants as charitable donations. This philosophy of grantmaking is the outgrowth of attempts by foundation boards (many of which are dominated by business professionals) and staff to maximize the return on investment of every project or program supported by a foundation. It has important implications for how foundations define their goals, determine which implementation strategies to employ, select grantees, and measure the progress of funded projects. It affects the kinds of people they hire to become program officers. It also affects how those officers divide their time between developing programs and helping existing programs succeed, since a central element of the venture capital approach is devoting significant time and energy to helping weak investments succeed.

While the venture capital approach to grantmaking is being adopted by some foundations, its suitability and appropriateness as a model for philanthropy is being widely debated by people both within and outside the field. Balancing the view that, as part of the call for greater accountability, foundations should be more concerned with the return they receive on the investments they make, is the view that, in the end, foundations achieve their goals by identifying and supporting good people and good organizations carrying out good programs.

Demonstrating Impacts Versus Contributing to the Process

Related to the growing demand for greater accountability in philanthropy is the increased attention being paid to program assessment and evaluation. Talk among foundation boards and staff these days is all about outcomes and how to measure them. This move toward demonstrating program impact is not only understandable; it is an indication of the seriousness with which foundation boards are taking their fiduciary responsibilities. However, there is the fear that the resulting preoccupation with measurable outcomes and objective evidence may prevent foundations from taking on the kinds of big issues they are so well positioned to address. Underlying this fear is the knowledge that, because of the huge number of factors acting on any social dynamic, demonstrating the singular contribution of a foundation program to that dynamic is virtually impossible. Thus, if foundations fund only those programs that lend themselves to quantitative evaluation, they will, per force, address problems with limited scope and narrow objectives. As one interviewee put it, "the search for measurable results may well keep foundations from taking on the bigger issues for which they are so well suited."

Further, there is concern that foundations may be misleading themselves and others by attempting to apply scientific evaluation to areas that, by their very nature, are complex, ambiguous, and ever changing. The search for quantitative benchmarking of programs is, in the words of one interviewee, "potentially very hazardous as the lust for numbers leads foundations to focus attention on things that are most measurable rather than those that are most important."

Production Versus Learning

A more internal organizational tension is that between the imperative to develop, prepare, and award grants in order to meet payout requirements, and the oft-stated, but less often realized, desire to nurture, monitor, and assess funded projects. This might be characterized as the tension between:

- the "production" side of grantmaking: referred to as "getting the money out the door," and

- the "learning" side of grantmaking: gaining knowledge from the experience of grantees about what works and what doesn't, and using that knowledge to improve the effectiveness of grantees, to enhance foundation programs, and to advance the particular field of interest.

Many see this learning function of foundations as the most important element of what they do; yet, few have figured out how to avoid having the important crowded out by the immediate.

In part, this situation reflects the "tyranny of the grant cycle." In part, it reflects the reward structures within foundations. It is a fact of life that, in the real world of grantmaking, the grant cycle (proposal processing, due diligence on applicants, preparation of compelling writeups for the board, and the awarding of grants) becomes the predominant force driving the work of the staff, requiring most of their time and energy, and leaving little time for the learning part of their jobs. In most foundation settings, staff barely have time following each board meeting for a collective sigh of relief before they must launch directly into the next round of proposals. Unfortunately, this leaves them little time and energy for monitoring ongoing grants, reading reports, visiting grantees, and reflecting on their experiences.

But, aside from the payout imperative and grant cycle, there are few incentives for staff to devote their time to assessing, learning from, or reflecting on funded programs. Given the difficulty of assessing the effectiveness of grantees and their programs or the impact of the foundation's grantmaking initiatives, it is easier to reward staff for the production of paper products and their adherence to the deadlines inherent in the grant cycle. Thus, a premium is placed on pleasing the board by providing them with high quality proposal justifications and optimistic, "rosy" reports on ongoing programs. The reward structure in most foundations favors the completion of elements of the internal grants process rather than the achievement of desired program outcomes.

SOME ELEMENTS OF SUCCESS

While separate interviews of the kind conducted during this project do not permit the development of a consensus of what constitute the most critical success factors associated with effective foundation programs, it is possible to synthesize from the interviews a list of those factors interviewees judged to be most important. Based on responses to the question, "what are the characteristics of foundation programs that have really had an impact?" one could advance the view that an effective foundation program is one characterized by:

- **Coherent Sense Of Purpose**. A clear understanding of intent and expectations articulated up front;

- **Focus.** The targeting of a specific societal issue, problem, or need that has been identified by the foundation as compelling as well as consistent with its mission, values, and priorities;

- **Thorough Knowledge of the Field**. Basing action on an in-depth knowledge of the issue, problem, or need being addressed;

- **Clear Theory of Change.** Selecting an implementation strategy on the basis of a clearly articulated change theory and process judged to be the most effective one for achieving intended outcomes;

- **Strategic Deployment of Resources**. Mobilizing and deploying all the resources available to the foundation so as to increase the likelihood of success and to attract and leverage the participation and resources of other partners;

- **Timeliness and Duration.** Maximizing the potential for success by taking into account the realities of the environment in which the program will be operating and the readiness of actors to act; sticking with a program for sufficient time to make a real difference;

- **Interaction with Key Constituencies.** Involving key constituencies from the initial conceptualization through implementation and evaluation;

- **Mobilization of Communities.** Drawing, building on, and strengthening the capacity of communities to solve their own problems;

- **Communications.** Including communication strategies and tools as integral elements of every program undertaken;

- **Active Program Management.** Adopting a program management style that emphasizes working with participants in foundation initiatives in such a way as to increase the effectiveness of each element of the initiative and the degree to which those elements add up to a productive whole; and

- **Staffing.** Building a staff of program officers who view their jobs as working in partnership with grantees and others to develop and implement programs directed toward the achievement of foundation goals and expectations; creating an organizational environment conducive to their creativity and productivity.

The following sections elaborate on each of these factors by synthesizing the views of those interviewed.

Coherent Sense of Purpose

Foundations that sustain a coherent sense of who they are, what they are trying to accomplish, and how they are trying to accomplish it appear to be the most successful.

Foundations have a moral responsibility to produce optimal value with the resources at their command. "In return for the tax benefits resulting from the establishment of a foundation, the donor is granted a franchise for a charitable institution the sole purpose of which is to deploy its resources to achieve social good." It is thus incumbent upon those with the responsibility for the stewardship of what are essentially public funds to be able to demonstrate that their activities are consistent with that purpose in both intent and implementation.

Real effectiveness in philanthropy derives from a pervading sense of institutional coherence. This sense manifests itself as a consistent conceptual and operational framework which the foundation uses to: determine its focus and priorities; make decisions about which opportunities to pursue; establish its implementation strategies; and control the natural tendency to branch out into too many areas. Such institutional coherence serves not only as the internal beacon that guides everything the foundation does, but also as a sign to the outside world of a consistency of purpose that brings credibility to the foundation's intentions and programs.

Often it is not clear why foundations are doing what they are doing. In launching programs, foundations often fail to acknowledge the rationale underlying them and the outcomes they are intended to achieve. Lacking a clear articulation of their expectations, foundations then have no basis for accountability, finding it difficult, if not impossible, to evaluate their impact and to demonstrate that they have made effective use of the resources at their command.

Effective foundations are continually reexamining the purposes of philanthropy -- making society better; making a difference in the lives of individuals, families, and communities; building or improving social systems -- and constantly assessing the degree to which the programs they fund are consistent with their missions, values, and principles.

In selecting their priorities and designing their programs, these foundations are also asking: How do we add optimum value with the resources available to the foundation? What are the foundation's comparative advantages in addressing the particular issue or problem? What are the fundamental values and principles to which we must adhere as we move forward?

Focus

The more disciplined and focused the work of a foundation, the more likely it is to have an impact. No matter the size of its assets and the level of its annual payout, the resources available to a foundation pale in comparison to the magnitude of the social problems it exists to address. Accordingly, effective foundations are perceived to be those that focus their attention and their resources on a relatively small number of social problems, issues, or needs that are consistent with their missions and with their perceived comparative advantages and capacities to make a discernable difference.

There is a natural tendency among foundations to expand their purviews gradually in an attempt to mitigate the many social problems that exist in the communities they serve, to meet the needs of disadvantaged individuals and families, and to respond to the importunings of organizations struggling to address those problems. Ultimately, however, the resulting diffusion of emphasis serves to:

- dilute the capacity of foundations to have a significant impact in any one area;

- reduce the effectiveness of boards in overseeing their foundations' programs and assessing their outcomes;

- reduce the ability of staffs to develop, facilitate, monitor and evaluate programs; and

- confuse the external world.

The most effective foundations are those that are able to resist this temptation to "be all things to all people" and to sustain a focus of attention and action that is driven by a coherent and consistent sense of values, principles, mission, and comparative advantages.

In-Depth Knowledge of the Field

Effective philanthropic programs are perceived to be those that are based on a thorough, comprehensive, and in-depth knowledge of the problem area in which a foundation intends to launch a programmatic effort. Several of the foundation executives and observers began their interview with the admonition "know the field."

In their view, the benefit of focusing attention and resources on a limited number of problems is the opportunity it gives a foundation to design and implement programs based on an intimate knowledge of those problems and of the real-world environments in which they exist. More specifically, knowing a problem area intimately increases a foundation's ability to:

- be more opportunistic and flexible in pursuit of programmatic goals;

- understand how to manipulate the full range of factors involved in creating change;

- assess the potential effectiveness of alternative change strategies;

- respond knowledgeably to ideas proposed by others; and

- feel comfortable with a "messy" change process that may require a fair amount of "wading around and groping" before a clear path forward is identified.

Knowing the field means developing a feel for the "lay of the land" -- the landscape and texture of the environment in which a problem is imbedded -- as well as gaining an in-depth understanding of the problem, of the strategies best suited to addressing it, and of the degree to which the time is right for intervention.

Getting the Lay of the Land

In terms of the big picture, it is important to develop a comprehensive understanding of the whole social system that affects a problem and the ability to solve it. The factors to consider include:

- the broad social, political, and economic landscape;

- the demographic and epidemiological characteristics of target populations;

- the principal factors responsible for the problem ("underlying fundamentals") and impeding its solution;

- the policy structures and political realities of the communities involved;

- the principal sources of information that influence the public, opinion leaders, and governmental officials; and

- the readiness of the environment for change.

Learning the Details

In terms of a more fine-grained analysis, it is important to understand:

- The status of the problem and where it is headed;

- The principal barriers to progress;

- The principal points of leverage;

- Where, when, and how to intervene in order to have the greatest impact;

- Which people can be counted on for leadership, commitment, and hard work;

- Who represent the most promising partners; and

- How best to avoid the inevitable pitfalls and traps.

What It Takes

Determining how best to address a given problem starts with a willingness on the part of the foundation's board and staff to devote significant time and energy to pursuing a number of tasks. Among them are:

- becoming familiar with relevant literature concerning the problem, the environment in which it exists, and the experiences of others in attempting to address it;

- meeting with a wide range of individuals capable of helping understand the problem and how it might best be addressed ("intelligence gathering");

- convening groups of people representing a diversity of perspectives and interests, for the purpose of stimulating the kind of generative interactions that often lead to creative new ideas; and

- being visibly out and around, avoiding both the reality and the appearance of isolation.

Clear Theory of Change

An important factor contributing to a foundation's effectiveness is a clear sense among board and staff of the theories of change underlying its programs. While foundations can articulate their goals and define the strategies they are using to attain them, they are less often able to explain the theory of change underlying those strategies.

Strategic program implementation is likely to be more effective, and assessment of its impact more meaningful, if it is based on a clear, rational, and conscious process of deciding which actions are most likely to achieve the desired change. Thus, it is important that a foundation include in its program development process a separate and discrete step devoted to reaching consensus on change theory so that the process proceeds as follows:

i. **Focus:** Selection of the domain on which the foundation intends to focus (e.g., health, environmental protection, education);

ii. **Intended Outcomes:** Specification of the change the foundation aims to bring about within that domain (e.g., increased access to health services, reduction of air and water pollution, improved readiness to learn among young children);

iii. **Change Theory:** Articulation of the hypotheses underlying the change process being pursued by the foundation (e.g., knowledge development, direct delivery of services, school reform, policy advocacy, community action); and

iv. **Implementation Strategies**: The specific program strategies the foundation intends to implement (e.g., operating support for health clinics, demonstrations, media campaigns, collaborative research networks).

Selection of a theory of change requires that a foundation have an in-depth knowledge of the situation in which it is working. It must understand the entire system within which a particular social problem is embedded, the points of intervention that are likely to be most productive in addressing the problem, and the sequence of actions that have to be taken in order to achieve the desired change.

Strategic Deployment of Resources

There is a growing consensus among those working in the field of philanthropy that the effectiveness of a foundation's program is directly related to the degree to which it is implemented strategically. Thus, once a foundation has determined its focus and goals, established a firm grounding of knowledge and understanding of the problem to be addressed, and selected a theory of change on which to base its programmatic efforts, the next critical step is to decide on the implementation strategies it will employ in pursuing its intended outcomes.

Acting Systematically

Being strategic implies matching a foundation's programmatic activities to the goals they are intended to achieve, the conditions in the field, and the availability and readiness of people and institutions to make significant contributions to addressing the problem. There is the sense that, as a function of their independence, resources, and raison d'etre, foundations represent perhaps the only societal institution with

the capacity to: (i) recognize a significant social need; (ii) identify all the factors affecting that need; and (iii) systematically mobilize the full range of resources required to address the need. As one interviewee put it: "If foundations can't to this, why do we need them?"

Consistent with this view of the distinctive role of foundations, effective programs are perceived to be those in which "all the moving parts are coordinated elements of a coherent strategy designed to fill specific gaps, overcome specific barriers, and exploit specific opportunities." This implies a capacity on the part of a foundation to pull together all the elements of a programmatic strategy in such a way that they add up to something that makes a difference.

Strategically Deploying All Available Resources

Being strategic also implies exploiting all the resources available to a foundation in its attempts to address a social problem or need. One interviewee offered the view that "the traditional dependence solely on grantmaking in achieving foundation goals may be the single biggest liability in the field of philanthropy."

Accepting the assumption that grantmaking is the sole or principal way of doing business influences everything the foundation does, from how it sees the world, conceptualizes its roles, and operates, to how it interacts with its various constituencies. In particular, it perpetuates the imbalance of power between the foundation (which has money) and applicants and grantees (who need some of it) that, in the view of many, makes it impossible for foundations to form the kinds of true partnerships required to make significant and enduring progress in addressing complex social problems.

The comparative advantage of foundations over other societal institutions is that they have at their disposal a wide range of resources and assets that, when deployed in a strategic fashion, have the potential to be much more powerful in addressing social problems than money alone. These include: (i) legal, structural, and financial independence; (ii) a singular focus on social improvement; (iii) neutrality; (iv) flexibility; (v) a long time horizon; and (vi) the knowledge, experience, and skills of the board and staff.

In this view of the world, grants serve primarily as the core mechanism of an integrated and coherent strategy for achieving a foundation's programmatic goals, serving to support organizations with which the foundation is partnering in that endeavor. Other elements of such a strategy can include:

- convening: pulling together organizations and individuals that cut across the entire range of perspectives and capacities that must be mobilized if social problems are to successfully addressed;

- leadership: serving as a catalyst in mobilizing community resources;

- technical assistance: providing help in building the capacity of partner organizations to fulfill their missions more effectively; and

- communication and education: use of a variety of vehicles to raise the level of awareness and knowledge among the public, opinion leaders, and public officials concerning the importance of a societal issue and how best to address it.

Remaining Flexible

Effective foundations are perceived to be those which are able to sustain a high level of flexibility in implementing their programs. An interesting paradox in philanthropy is that, despite their unusual level of independence and the freedom they have to establish their own program goals and implementation schedules, foundations often become just as bureaucratic and rigid as other societal institutions. Often, the conventions of traditional grant processes force foundations to be more restrictive and prescriptive about the requirements of their grants than is appropriate for programs operating in the real world.

Given the rapid rate at which changes take place in the social, economic, and political environments in which foundations operate, there is a growing need for them to allocate resources to take advantage of emerging and unanticipated opportunities and to adapt to the changing realities of the real world. As one

interviewee put it: "If your goal is to change the way the world works, you have to be flexible in adapting to the exigencies of the real world." In practice, this may involve:

- anticipating, and being explicit about, the environment in which a foundation program will be operating, including its limitations and barriers;

- assuring that the expectations of the board, staff, grantees, and other constituencies are realistic;

- helping the foundation board become comfortable with the risks inherent in operating in fluid environments;

- modifying program strategies in response to changing realities, including the jettisoning of initiatives that no longer make sense; and

- shifting resources to exploit new opportunities to make a difference in an area within the foundation's mission.

The Element of Time

A critical element contributing to the success of foundation efforts to improve social conditions is time -- the degree to which the time is right to launch an initiative (timing); the way in which the various elements of the initiative are phased in (staging); and the length of the foundation's commitment (duration).

Timing

People who have been in the field of philanthropy a long time come to understand the critical contribution of timing to the eventual success of a program. We often talk about someone who had the right idea at the right time, with the implication, at least, that the timing was simply fortuitous. However, in the development and launching of foundation initiatives, timing need not be a hit-or-miss matter. A critical element in selecting the focus for a foundation initiative, and in designing an intervention strategy appropriate for that focus, is determining the degree to which the environment is ready for, and receptive of, change. If the time is right and the environment ready and receptive, a foundation's initiative may be like throwing a match on dry tinder; if it is not, even the most creative strategy may fail to spark a constructive response.

The Natural History of Program Initiatives

A major factor in the design and implementation of effective foundation programs is an understanding of the natural course of initiatives aimed at social improvement, and of the relationships on which those initiatives are based. Every effort to achieve change in a social condition goes through stages of

development from early preparation of the environment in which the effort is to take place, through implementation of the change strategy, to preparation of the environment for withdrawal of foundation funding and activity. Failure to recognize this natural history of program initiatives and planning them, instead, on the basis of arbitrary blocks of time determined by foundation funding cycles, may lead to implementation schedules that are inconsistent with real-world time frames, to expectations that are unrealistic, and to relationships that are unnecessarily strained and frustrating. This natural history can be characterized as a series of phases.

Start-Up Phase. Getting off to the right start is critical to the eventual success of a foundation initiative. The zeal to launch a new program, together with the imperative to move on to other projects and prepare for the next board meeting, often lead foundation staff to allow too little time to lay the groundwork for a new initiative. Doing so effectively involves:

- making sure that the foundation's vision is shared by key participants, taking an iterative approach to using feedback from those participants to refine the vision and the strategy through which it is to be implemented;

- preparing the environment so that, when it is time to launch the initiative, the way has been paved and all the necessary pieces are in place, using developmental grants, as appropriate, to help critical organizations prepare to be active players; and

- being prepared to go back to the drawing board to redesign an initiative, delaying it until the time is right, or scrapping it entirely if it appears likely to be ill-fated.

Implementation Phase. Active involvement of foundation staff in assuring the success of an initiative doesn't stop with its launching. Given the constant change that characterizes most communities, social situations, policy environments, and non-profit organizations, it is necessary that foundation initiatives working to address real-world problems be sufficiently vigilant and flexible to be able to recognize and adapt to changing conditions. As one interviewee put it, effective foundation programs are those that are characterized by "pragmatism and realism" in terms of what it takes to get things done in the real world. For this reason, it is important to build into implementation strategies opportunities to stop, take stock and learn, to make mid-course corrections when necessary, and to cut losses when things are not going well.

As in most cases, successful implementation strategies are interactive and iterative, recognizing that one's first fix on a problem is likely to be imprecise, and that it is important not to get too wedded to one's initial approach. Design and implementation of an effective program operating in the real world is an evolutionary process characterized to some degree by trial and error. As one interviewee put it, "don't let tidy-mindedness get in the way" of this kind of program evolution. This same individual talked about how important it is in trying to change social situations to be cognizant of the "natural course of learning." He likened the development of effective social change programs to a baby learning to walk: "she stands up -- and falls down, stands up again -- and falls down again, and bumps her nose. But, she keeps trying." In dealing with social programs, a foundation has to adopt a similar approach, allowing for falls and bumps, making corrections and trying again, and absorbing the slings and arrows of critics looking for that first stumble.

Assessment Phase. Consistent with this interactive, evolutionary view of effective program development and implementation, most people interviewed see program assessment not as a separate phase instituted at the end of a program, but as an ongoing learning strategy begun at the program's inception and sustained throughout its existence.

Follow-Up Phase. One of the weaknesses of many foundation programs is that they often fail to build into the programs they undertake either the requisite time or resources to undertake the kind of follow up necessary to leave a lasting legacy. Elements of effective program follow up include:

- Assuring that effective interventions are institutionalized ("sustainability"). In the traditional model of foundation action, it was assumed that the role of the foundation was innovation, and the government would assume funding of successful innovative programs. That no longer being a realistic scenario, it is important that foundations anticipate, from the beginning of their program development activities, what steps they will be willing to take to assure that successful interventions are institutionalized to sustain their impact.

- Catalyzing the wider application of interventions that work ("going to scale"). Too often, effective social interventions are not replicated in such a way as to promote their wider application in other communities and situations ("innovation without scale-up"); in others, there is scale-up of unproven interventions ("scale-up without innovation"). If it is indeed less likely now that the government will assume responsibility for funding the replication and dissemination of effective new interventions, then it will be up to the foundations, themselves, to help figure out how to take them to scale. In this view of the world, it just does not make sense for foundations to invest in the development and testing of new interventions, if they are not going to be willing to invest in their wider application.

- Communicating the results of programs. A complaint heard throughout the field of philanthropy, as foundations struggle to address difficult social problems, is the sense that they are constantly re-inventing the wheel. The same forces that mitigate against foundations following up their successes, also mitigate against their investing the time and resources necessary to capture what they have learned from a particular programmatic initiative -- both successes and failures -- and to sharing that information with other funders as well as with the other participants in the program.

Exit Phase. How a foundation exits a program may be almost as important as how it enters it. Yet, in many cases, this is the most ineffective part of a foundation's program effort. When a foundation creates a new program, it creates a "culture of relationships and interdependence" in which the foundation plays a central role. Developing a conscious and deliberate strategy for withdrawing from that culture so that its partners are protected is not only a responsible way for a foundation to act, but also helps assure that the work it initiated is carried on. Accordingly, in establishing new program initiatives, it is important that foundations:

- Be absolutely clear in advance about how long they intend to fund a program;

- Include in their initial program planning, development of a deliberate exit strategy; and

- Consciously manage the transition out of an initiative in such a way as to minimize its impact on grantees and other participants.

Duration

Foundations are often criticized both from within and without for their failure to stick with programs long enough to make a significant difference. Due to the natural tendency on the part of boards and staffs to lose interest in what comes to be seen as the same old thing ("donor fatigue"), to grow impatient with programs that take a long time to mature and produce results, and to want to be associated with initiatives that are new and exciting, foundations often terminate initiatives before they have had sufficient time to pay off. Unfortunately, achieving significant results in efforts to bring about social improvements takes time. To be effective in such efforts, foundations need to:

- Adopt a longer time perspective when deciding to address important social problems or needs;

- Learn to be patient, staying with initiatives long enough to make a difference; and

- Identify intermediate goals and outcomes to help gauge how the initiative is coming along.

Intimate Involvement of Key Constituencies

Effective foundation programs are often characterized by true partnerships between the foundation and the other entities with which it is involved in attempting to address a social condition. One interviewee described programs that work as those that involve, "entrepreneurial staff who know how to listen, applicants with ideas to pursue, other independent perspectives and voices, time to nurture mutual understanding and respect, and an environment that fosters true partnerships."

The Balance of Power Conundrum

Many people associated with philanthropy, either as grantmakers or grantees, believe that a major weakness of traditional philanthropy is the power imbalance inherent in a relationship in which one party has money that the other party needs. In their view, true partnerships are not possible in such a situation. It is perhaps the quintessential definition of the pragmatist's golden rule: "Those who have the gold rule!"

This paradigm may have been more understandable when philanthropy consisted of a few wealthy individuals granting money to solve what they perceived to be the problems of others. And, many of today's largest and most influential foundations evolved directly from this model. However, with the extraordinary growth of new foundations, most of which are community based, focused on local issues, and in close proximity to those with whom they work, accountability is much more immediate and tangible. As one interviewee put it, "You are no longer right just because you have the money." It is no longer possible or acceptable for a foundation to depend on a small number of intimates for its information, ideas, and strategies. To achieve their goals, foundations are increasingly being forced to build relationships with groups of people with whom they want to work, organizations whose capacities they want to harness, and institutions and systems they want to engage. Accordingly, there is a growing conviction that re-balancing the power relationship between foundations and their grantees is one of the most significant challenges facing the field of philanthropy.

Involvement of Key Constituencies

Foundations increasingly perceive that engaging key constituents in every aspect of an initiative -- from early conceptualization, through the establishment of goals, priorities, and strategy development, to implementation and assessment -- significantly increases the likelihood that the initiative will be designed and implemented in such a way as to be successful. Accordingly, a critical first step in the development of a foundation program is to define those key constituencies that the program is designed to serve. As one interviewee put it: "Start with the constituency; don't do anything before identifying the relevant constituency." Once key constituents are identified, they should be actively involved in creating the knowledge and understanding on which the program's design will be based, defining goals and priorities, formulating success criteria, and developing implementation strategies. Developing partnerships with key constituents also builds an audience for the program's ultimate results and products.

The Importance of External Inputs

There is a tendency among foundations to become isolated and parochial, gradually coming to believe that, as a function of their positions and viewpoints, they really do know what is best for the communities they serve. In part this is an insidious result of the power imbalance discussed above, in which those in need of money find it difficult to tell foundation officers what they really think about their ideas (the fear of "telling truth to power"). In part it is a defensive reaction by the foundations to the pressure of constantly being asked for money. It is imperative that foundations take every step possible to avoid this kind of thinking and the isolation it breeds.

Effective foundation programs emerge from, and flourish within, an environment which actively seeks and values intimate interaction with the brightest and most creative practitioners in a field of endeavor. The value of these interactions will be sustained by building in a reasonable turnover of advisors, gaining the

perspectives of "new blood" while, at the same time, avoiding the creation of an in-group that becomes stagnant. A foundation should be, and be perceived to be, an "open door and a listening ear," maintaining an openness to the good ideas of practitioners actively working in the field in which the foundation works.

Mobilizing Communities to Address Their Own Problems

Effective foundation programs are perceived to be those that recognize and engage the capacities within communities to solve their own problems.

The Consequences of Co-dependency

A corollary to the imbalance of power inherent in the relationship between foundations and those with whom they partner to address social conditions is the assumption underlying many foundation (and government) programs that communities lack the resources to solve their own problems. That assumption has led to what is, in the words of one interviewee "a serious co-dependency problem" in which communities become dependent upon external forces and resources to solve their problems, and those external forces come to measure their effectiveness by how much they have contributed to solving them.

Like other co-dependency situations, this one is destructive for all involved. The dependence upon external forces for leadership and resources keeps communities fragmented and powerless, inhibiting the emergence of the indigenous leadership and capacity needed to solve today's problems and to prepare to solve tomorrow's. The delusion that external forces can, in the long term, solve the problems of communities leads foundations to overlook the latent resources within communities and to become frustrated and impatient as their "top down" programs fail to produce enduring improvement in social conditions.

Moreover, as governments reduce the level of their commitment to solving social problems, foundations are being increasingly depended upon to fill the resulting shortfall of resources. Since foundations don't come close to having the resources to do so, finding other approaches to addressing the social ills of communities is a growing imperative.

Solving Problems From the Inside Out

The approach gaining the most currency is to use those foundation resources that are available to develop, and build on, the capacity of communities to identify and solve their own problems. This approach -- solving community problems "from the inside out rather than from the outside in" -- is based on the belief that "communities have the capacity to act as communities in addressing problems they perceive to be of high priority." If empowered to do so, communities can organize themselves strategically to take on major problems by working together in a communal way.

For foundations, embracing this belief means that the principal focus of their efforts to address community problems is catalyzing, facilitating, and supporting efforts by communities to pull together to:

- define their own needs and priorities;

- establish the goals they wish to achieve and the time frame in which they hope to achieve them;

- figure out how to work together in such a way as to make a real difference in the quality of life of the community in which they live; and

- decide what kind of help they need from the outside.

This requires a whole new way of thinking on the part of foundations. Instead of defining what they think represent the most important problems facing communities, then trying to get local organizations to adapt their agendas to address those problems, foundations operating under this alternative paradigm see their role as helping communities think more strategically about the future and mobilizing community resources in such a way that they not only contribute to the solution of today's specific problems, but can then be used to address the problems of tomorrow.

Operationalizing This Model

Foundations may find it best to operationalize this approach through an indirect strategy. Rather than having as the stated goal of a foundation effort the building of community problem-solving capacity -- which, itself, may appear paternalistic -- it will likely prove more effective to have the building of such capacity be a by-product of a concerted effort within a community to solve a specific social problem. The intent would be that, as people in a community become engaged in addressing tangible community priorities, they will rediscover and revitalize the sense of community that underlies the capacity to act effectively. In practice, this means that foundations should:

- think about how to approach problems in such a way as to engage the community as the "managing partner;"

- build a broad community constituency for a program so that solution of a problem is viewed by all participants as a shared responsibility;

- work to eliminate the underlying causes of community problems, not simply treat their symptoms; and

- understand the interrelationships among the many problems within communities and how attacking one affects the others.

Infrastructure Development

An integral element of programmatic strategies aimed at mobilizing communities to address their own problems is helping communities build the infrastructure they require for sustained and effective action. Investing resources in the development of infrastructure reflects the recognition that: (i) effective community action results from the organized efforts of individuals and institutions within the community to bring about change; and (ii) helping those individuals and institutions realize their potential is a funding strategy with significant and enduring long-term payoffs.

Investing in Individuals

Ultimately, it is individuals who provide the leadership, commitment, and energy required for social change. While organizations often are the direct change agents, it is the individuals who create and lead those organizations who are responsible for creating the environment in which change is possible. Foundations learn early on that a key to getting something done is getting the right person to do it -- a person with a burning desire, the right experience and background, the capacity to bridge various worlds, and the ability to mobilize others.

Most creative foundation work comes from supporting such individuals -- or teams of such individuals -- who are in a "creative moment," whose work has purpose, life, and vibrancy. There are huge differences among individuals and organizations in terms of these factors, and those who have them at one point in time may not be able to sustain them. Accordingly, skillful foundation officers soon learn how to: (i) identify such individuals and groups; (ii) provide the resources they need to make the best use of their "creative moments"; (iii) help them undergo renewal when those moments begin to fade; and (iv) move on when renewal is no longer feasible. They also learn to identify those groups with the potential to be particularly creative and productive and to provide the resources to fulfill that potential.

Given the important role of highly effective individuals in creating social improvement, development of tomorrow's leaders is a critical component of efforts to solve problems through community mobilization. Accordingly, a growing number of foundations are including leadership development activities in their programmatic strategies aimed at community improvement. An important element of such activities is interaction among the developing leaders aimed at the creation of enduring relationships and networks that, in the long term, will become a community's leadership infrastructure. This is consistent with the belief that investing in people has long-term "ripple effects." Individuals touched by leadership development programs not only go on to do great things themselves, but they influence those with whom they come in contact, diffusing a sense of possibility and potential throughout their community.

Most leadership development efforts have dealt with elites, identifying those already recognized for their contributions to the worlds of academia, government, or the private sector. Increasingly, however, foundations are trying to translate what has worked with elites to the community. This a different kind of challenge, requiring different kinds of criteria, incentives, and strategies.

Investing in Institutions

While individuals play a key role in mobilizing the talent, energy, and resources required for change, it is organizations that implement the service, advocacy, knowledge development, education, and policy programs through which foundations achieve the goals of their programs. Accordingly, an important element of foundation efforts to build the problem-solving capacity of communities is developing, nurturing, and sustaining the organizations whose ongoing activities directly affect the lives of individuals and families. This may involve providing support for technical assistance, the filling of key staff positions, fundraising consultants, and core operations -- "anything it takes to sustain and strengthen organizations whose activities fill vital community needs."

There is a tendency among foundations now to eschew general operating support for organizations providing social services. They would much rather fund the establishment of new organizational entities or the development of innovative new programs, than support an organization's ongoing operations. Unfortunately, with governments cutting back their support for social service and other programs, these organizations have few places to turn for resources to sustain their "bread and butter" activities. Accordingly, foundations are faced with the challenge of helping sustain organizations whose activities play a central role in foundation program strategies, while, at the same time, providing support for the development and testing of new and innovative approaches to addressing social problems and needs.

The Role of Communications

To a surprising degree, those interviewed for this paper perceive communications to be a powerful ally in helping foundations attain their programmatic goals. As one interviewee put it: "Done carefully, strategically, and effectively, communication is a huge tool in achieving our ends." Another sees communications as an "efficient way to achieve a foundation's ends; a way to get more bang for the buck". Rather than constituting a footnote or afterthought to a program, communication strategies are envisioned as integral elements of every program undertaken by foundations: (i) communicating the goals and expectations of the program to diverse audiences; (ii) helping build a constituency for the program's results and outcomes; (iii) providing practical information to people on the results of programs, their implications for individuals, families, and communities, and how they can be applied in practice; (iv) drawing attention to the role of the foundation in a particular field and to the work of grantees; and (v) disseminating program results to others working on similar problems.

Foundations active in the realm of public policy employ aggressive communication strategies as integral elements of their efforts to raise public awareness and educate public officials about a particular issue. In a complicated world in which most public policy issues are polarized and contentious, these foundations view their role as serving as a credible, non-partisan source of information that can help people understand all sides of an issue, as well as building a consensus for a particular approach to addressing social issues and problems.

No matter the purpose, effective use of communications requires "paying attention to constituents", carefully matching the strategy employed to the target audience and desired impact. It is important to be clear, from the beginning, on what the foundation is trying to achieve, whom it is trying to reach, and at what scale it will be working, and to select a communication strategy that is consistent with these specifications.

Active Program Management

Effective foundation programs are perceived to be those that are actively managed. By this is meant an ongoing process for managing programs in such a way as to increase their potential for success. This goes against the more traditional approach to grantmaking in which foundations devote most of their attention and energy to the front end of the funding cycle -- performing the due-diligence necessary to select among the many applicants vying for support -- and relatively little time monitoring and facilitating the work of those that are funded.

Along with the movement toward more proactive, strategic grantmaking, has come a growth in the time and energy devoted to working with those selected to participate in foundation initiatives to increase the effectiveness of each element of the initiative and its overall chances of success. In its most developed form, this more active program management comprises an integrated set of activities through which foundation staff actively monitor and facilitate the work of grantees, including:

- the development of annual business plans to define program priorities for the year, which program strategies will drive the funding decisions, and what products and outcomes are anticipated;

- the use of committees of outside experts to advise on program design and help oversee program areas;

- the use of concurrent evaluation -- starting with the selection of a program strategy and continuing throughout the life of a program -- to provide an ongoing assessment of a program's progress, and the use of the feedback from that assessment to determine what steps need to taken, if any, to keep programs on course; and

- frequent internal meetings to review progress, identify problem areas, institute corrective action, and learn from each other.

Implementation of such approaches to managing foundation programs requires changes in the way foundations are structured and led. These may include:

- establishing incentive structures that reward staff for focusing on the effectiveness of ongoing programs and projects, not just on completing steps in the internal grants process;

- establishing processes through which foundations learn from their grantmaking experiences and use that learning to increase the effectiveness of current and future programs;

- creating mechanisms through which staff receive the benefit of objective, external perspectives on ongoing programs and projects;

- providing the organizational infrastructure (management, support staff, computer specialists, high quality administrative staff, etc.) necessary to permit program staff to focus on increasing the effectiveness of funded programs; and

- convincing board and staff that not every investment is going to pay off.

This approach may not fit every foundation program. In fact, it may turn out that different programs within a single foundation may employ different management strategies depending on what they are trying to achieve, and how. The important thing is to select a program management style that matches the intent and goals of the program.

Staffing

Not surprisingly, effective foundation programs are perceived to be those that are organized and managed by effective foundation program staff.

The Characteristics of Effective Program Officers

Effective program officers often share certain characteristics. They are judged to be those who:

- have a strong sense of purpose and the ability to keep their "eye on the prize":

- are able to see the big picture, understanding the interrelationships among the many elements affecting a program area, and helping to bridge them;

- think analytically, having the capacity to absorb and analyze critically a great deal of information;

- are open to many perspectives, avoiding intellectual arrogance, ideology, and dogmatism;

- are entrepreneurial, able to exploit a variety of opportunities and resources in getting a job done;

- are collaborative by nature, eager and able to pull together the many elements of a complex program, and to nurture partners and facilitate their work;

- are good listeners, willing and able to learn from anyone who has something to contribute to a foundation program; and

- are good communicators, able to interact with a diversity of participants and constituents, to impart the critical elements of a program to a variety of audiences, and to translate the results to interested observers.

There is a great deal of controversy over what kinds of people make the best foundation program officers. There is the tendency to look for people with experience "in the trenches and on the front line." However, people who get their principal rewards from helping others directly often do not do well in foundations, where one is always working at least one step removed from the action. At the other end of the spectrum, academics bring in-depth knowledge of a particular area, but often lack real-world experience that often proves valuable in designing programs likely to make a difference. In the end, it seems that the most effective program officers are those who bring to a foundation a diversity of experiences, including the direct involvement in situations requiring tough decisions about how to get the most bang for the buck.

Management Challenges

Recruiting, retaining, and nurturing effective program officers is a major challenge for foundation management. This involves, inter alia:

- recruiting staff with the perspectives, experiences, and expertise required to understand an area in depth and manage a program in such a way as to make a difference in that area;

- creating an environment of trust and confidence in which program officers are empowered to make decisions and take actions necessary to seize opportunities and correct problems;

- fostering constructive interplay between a program area and the foundation as a whole as a means of enhancing coherence of purpose and consistency of action;

- developing methods of accountability based on measures of program effectiveness and impact, rather than on completion of discrete elements of the grantmaking cycle, preventing staff from becoming bogged down in paperwork to the point that they lose their idealism, commitment, and effectiveness; and

- creating an environment of continuous learning designed to prevent isolation of foundation staff from the realities of the conditions their programs are trying to improve, and to build the capacity of staff to be effective partners with others committed to achieving shared goals.

ASSESSMENT

The Evaluation Conundrum

How foundations demonstrate the effectiveness of individual programs and their collective impact is one of the greatest challenges facing foundation boards and staffs. The magnitude of this challenge was evident in the relative lack of confidence with which those interviewed for this paper were able to pinpoint the characteristics of effective strategies for assessing overall performance compared to that with which they were able to articulate the characteristics of effective foundation programs.

This difference reflects the general state of play in the field. The issue of "evaluation" is an ongoing focus of attention for virtually every foundation, no matter its size, age, substantive focus, or operating style. Foundations devote considerable time, energy, and resources to board and staff meetings, retreats, commissioned papers, studies, and consultancies addressing questions such as:

- to whom are we accountable?

- to what degree is it incumbent upon us to be able to demonstrate the overall value of what we do?

- does a commitment to evaluation mean that we can only pursue programs for which there are measurable outcomes?

- to what degree is it even possible for us to demonstrate the overall value of our grantmaking activities?

- if it is possible, how can we do it most convincingly? What methods are available for helping us determine the overall value of what we do?
- what are the most effective strategies for evaluating programs dealing with changes in social conditions, policies, and programs?

- what is the right mix between quantitative and qualitative evaluation methods?

- 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 structures, processes, and incentives do we need to put in place to create an environment in which learning is encouraged, facilitated, and rewarded?

Why is it So Hard?

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.

The Nature of the Beast

Several points made earlier in this paper are worth restating here:

- Private foundations exist and are legally protected as non-governmental, non-commercial entities free from the usual accountability imposed by voters, stockholders, or contributors.

- Unlike most other societal institutions, there are no commonly accepted standards against which to measure the effectiveness and impact of foundations.

- 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 resources which represent the foundation's asset base. Even in those cases where little direction was provided by the donor -- and, these days, the donor may be a hospital that has converted from nonprofit to for-profit status -- 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. This means that the board comes to recognize that, ultimately, it is answerable to itself.

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 the board. And, in some cases, it may actually compel a foundation board to be more conservative and more concerned with demonstrating success and avoiding failure than if the foundation were accountable to specific external authorities.

In recognizing this situation, interviewees defined the difference between accountability as a motivator and accountability as 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 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. As one interviewee put it: "Failure is new knowledge, too." Another interviewee put it even more strongly: "The greatest failure is to do nothing at all."

The Case for Self Assessment

Self assessment -- the process through which foundations examine the overall value of their philanthropic activities in terms of their contributions to improving the social condition -- is, in the words of one interviewee, "the most unexplored area of philanthropy." This is due, in part, to the "tyranny of the grant cycle," and, in part, to the difficulty of trying to meet the many challenges and exploit the many opportunities facing philanthropy. 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.

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 have deployed to date? Not what has each of our individual projects achieved; not even what has each of our major programs achieved? But, in the end, 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, to one interviewee, 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, compared to the time and energy devoted to the demands of the pre-grant process, relatively little attention is paid to such post-award processes as facilitating the work of grantees, pulling together the various elements of complex programs or initiatives, monitoring grantee progress, reading grantee reports and evaluations, and drawing lessons from what has worked and what has not. 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, including:

- setting aside formal opportunities for self examination: Making learning and self assessment institutional priorities. Creating regular, formal opportunities for boards and staffs to: reflect on what they are doing; determine what is working and what is not; and consider how best to apply lessons learned to improving programs and increasing their impacts.

- collecting information from external sources: Using a variety of mechanisms -- formal evaluations, qualitative assessments, site visits, commissioned studies, and surveys of grantees, applicants, and various constituencies -- to obtain a wide range of external perspectives on what the foundation is doing and how it is going about it.

- 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, as appropriate, what has been learned from formal evaluations, grantee reports, and a foundation's own reflections on what has worked and what has not.

Guiding Principles

The interviews on which this paper is based produced a number of principles that 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 the impact of what they do create institutional environments in which: (i) grantmaking is viewed as a mechanism for learning about what works and what does not; (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 in the business of philanthropy to make mistakes; (iv) the process of trying, testing, learning, and applying lessons learned is valued as a viable modus operandi; and (v) no one has to be defensive when things do not 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 and evaluators. They come to view evaluation less as a source of data on which to make summary judgments about grants and programs. They view it 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 it is, in fact, 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 setting them at a level determined by what is most likely to pay off in a measurable way.

Assessment is Cradle to Grave

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

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 Match the Activities Being Assessed

There are many kinds of program activities intended to produce many kinds of outcomes, including service delivery programs, demonstrations of new innovative interventions, and public policy programs. Accordingly, to be productive, the method used to assess a particular project or program should be tailored to match its particular goals and implementation strategies. As one interviewee put it: "The art of evaluation is to know which approach is appropriate."

Effective Assessment Strategies Produce Information Measured by its Usefulness Rather Than by its Volume

In the words of one interviewee: "foundations are sometimes naive about evaluation," depending on quantitative evaluation methodologies to produce hard data on soft outcomes that do no 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.

Appendix A

Interviewees

Drew Altman, Ph.D.
President
The Henry J. Kaiser Family Foundation

Doreen E. Boyce
President
The Buhl Foundation

Thomas G. David, Ph.D.
Executive Vice President
The California Wellness Foundation

Karen Davis, Ph.D.
President
The Commonwealth Fund

Judith M. Feder, Ph.D.
Institute for Health Care Research and Policy
Georgetown University

Daniel Fox, Ph.D.
President
The Millbank Memorial Fund

John W. Gardner
School of Education
Stanford University

Charles Halpern
President
The Nathan Cummings Foundation

Paul S. Jellinek, Ph.D.
Vice President
The Robert Wood Johnson Foundation

Margaret Mahoney
President
MEM Associates, Inc.

Magda G. Peck, Ph.D.
Executive Director/CEO
CityMatCH
University of Nebraska Medical Center

Kenneth Prewitt, Ph.D.
President
Social Science Research Council

Mark D. Smith, M.D., M.B.A.
President and CEO
California HealthCare Foundation

Karl N. Stauber
President
Northwest Area Foundation

Vivien Stewart
Program Chair
Carnegie Corporation of New York

Franklin Tugwell
Executive Director
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Marni Vliet
President
Kansas Health Foundation