

CENTER FOR EFFECTIVE PHILANTHROPY

What can we measure?

Phil Buchanan

The Center for Effective Philanthropy's approach to assessment derives from our belief that, to create maximum impact with their resources, foundations need clear goals, coherent strategies to achieve them, and robust indicators of performance. Foundation performance measures are elusive, however, and end-impact is almost impossible to determine because of the difficulty of establishing causality and aggregating results across different initiatives. The tools CEP has developed to shed light on performance are designed to be indicative of foundation effectiveness – and of the likelihood of foundations' achieving their impact goals.



Phil Buchanan is President of CEP. Email philb@effectivephilanthropy.org

Despite the challenges, an increasing number of foundations are developing indicators that tap into data sources they believe relate to the achievement of their impact goals – an approach we advocated in our report *Indicators of Effectiveness* in 2002. We hope that the large-scale comparative data sets we have developed over the past six years are useful to such foundations. Understanding that no one data source will have all the answers, we have sought to develop a range of tools to shed light on different aspects of performance.

Our *Grantee Perception Report* is based on large-scale surveys of grantees and allows a foundation to understand how grantees rate it in comparison with peer foundations. How does that relate to impact? It depends on the strategy of the particular foundation, of course. A foundation for which the provision of assistance beyond the grant cheque is central to its strategy needs to understand whether grantees actually value that assistance – and how it compares with what other foundations provide. Sometimes, results are painfully at odds with the foundation's intentions.

Other tools developed at CEP include our *Comparative Board Report*, which allows foundation boards to assess their effectiveness and how they are contributing to the development and use of goals, strategies and performance indicators; our *Staff Perception Report*, which gauges staff alignment and other questions associated with a foundation's effectiveness, as judged by employees; and our *Stakeholder Assessment Report*, which looks at how a foundation is influencing policy

and thought leaders who are crucial to its strategy. These tools have been adopted by nearly 150 foundations, including seven of the largest ten in the US, and we have seen dramatic changes – and improvements – made on the basis of what foundations have learned.

Getting closer to impact

But we don't believe our work has yet come close enough to the fundamental questions of strategy – the planned use of foundation resources to achieve its goals – that are at the heart of achieving impact. You'll have a much better chance of achieving your goals if you've thought through how what you do relates to them and act on the basis of that understanding.

That's why, with the support of the Surdna Foundation and other major foundations, we launched an ambitious study on foundation decision-making. What we found in the initial phase of this research was sobering. Although foundation CEOs and programme officers say strategy is essential to achieving impact, they frequently don't use it in their own decision-making. Our report *Beyond the Rhetoric: Foundation strategy*, released in October, details what we learned (see opposite page). We are now working to develop new tools for foundations, including a strategy self-assessment and a strategy audit.

We also need to understand better what works and what doesn't. CEP has not sought to go deep into the programme areas foundations support, judging, for example, which approaches to poverty alleviation work best in which circumstances. We simply don't have the expertise to do it. But we believe this is crucial if foundations are to choose goals and strategies wisely and assess results against them.

But it is not only more and better research that is needed. We also need more awareness among foundation decision-makers about what we already know. Foundations will have to share what they learn more broadly if philanthropic resources are to flow to what works. Recent candid public disclosures by the Hewlett Foundation and James Irvine Foundation of major funding initiatives that did not work as planned represent an important step for a group of institutions that – as CEP board member Joel Fleishman points out forcefully in his recent book, *The Foundation: A Great American Secret* – has historically been tight-lipped about its failures.¹ @

For more information

To download *Indicators of Effectiveness* and other CEP reports, go to www.effectivephilanthropy.org

¹ Disclosure: the Hewlett Foundation is CEP's largest grant funder, providing \$500,000 in annual support.

See p46 for Perla Ni's comments on the five different approaches to evaluation outlined in the series of articles on pp41–45.