



CALIFORNIA  
HEALTHCARE  
FOUNDATION

# Measuring Foundation Performance: Examples from the Field

*Prepared for*

CALIFORNIA HEALTHCARE FOUNDATION

*by*

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## About the Author

**Putnam Community Investment Consulting** is a philanthropy and nonprofit consulting firm based in Oakland, Calif. Established in 1999, PCIC specializes in helping foundations and nonprofits assess need, develop effective programs, align organizational strategies, and evaluate impact. Its principal, Kristen Putnam, has more than 14 years' experience working with philanthropic and nonprofit organizations as a grantmaker, consultant, program coordinator, and organizer. Additional information about PCIC is available at [www.putnamcic.com](http://www.putnamcic.com).

## About the Foundation

The **California HealthCare Foundation**, based in Oakland, is an independent philanthropy committed to improving California's health care delivery and financing systems. Formed in 1996, our goal is to ensure that all Californians have access to affordable, quality health care.

For more information about CHCF, visit us online at [www.chcf.org](http://www.chcf.org).

## **Contents**

<b>4</b>	<b>I. Introduction</b>
<b>5</b>	<b>II. An Overview of Foundation-Wide Evaluation</b>
<b>7</b>	<b>III. Elements of Successful Foundation-Wide Evaluation</b>
<b>10</b>	<b>IV. Current Approaches to Foundation-Wide Evaluation</b>
<b>13</b>	<b>V. Measures Being Used to Conduct Foundation-Wide Evaluation</b>
<b>21</b>	<b>VI. Additional Findings</b>
<b>22</b>	<b>Appendix A: Bibliography</b>
<b>23</b>	<b>Appendix B: Individuals Interviewed for This Report</b>
<b>25</b>	<b>Endnotes</b>

# I. Introduction

*This scan of the field was conducted to determine how other foundations are conducting foundation-wide evaluation, what measures are being used, and what issues a foundation should consider before engaging in such an undertaking.*

FOUNDATIONS ARE INCREASINGLY ENGAGED IN THE WORK OF evaluation: At least 50 foundations have one or more full-time professional staff members dedicated to evaluation issues.<sup>1</sup> However, most evaluation efforts in foundations focus on grants, clusters of grants, initiatives, strategies, and program areas.<sup>2</sup> Although useful, this type of evaluation data is difficult to aggregate up to the level of the entire foundation. A small but growing number of foundations are exploring ways to conduct foundation-wide evaluation or evaluation at the level of the overall organization.<sup>3</sup>

To better understand how to approach this type of evaluation, the California HealthCare Foundation (CHCF) engaged Putnam Community Investment Consulting (PCIC) to conduct a scan of the field to determine how other foundations are conducting foundation-wide evaluation, what measures are being used, and what issues a foundation should consider before engaging in such an undertaking. CHCF found the scan extremely helpful for clarifying options and informing decision making about foundation-wide evaluation, and the Foundation decided to share it with colleagues in the field. This report presents the findings from that scan.

Data collection methods used to conduct this scan included:

- Twenty-four individual phone interviews.<sup>4</sup> This included management and evaluation staff of 15 foundations that were either of interest to CHCF, were known to be conducting foundation-wide evaluation, or were believed to be conducting foundation-wide evaluation, as well as eight experts in foundation evaluation. All interview data is based on self-report.
- Literature review of 80 articles, reports, and books on foundation evaluation.
- Organizational review of the Web sites of 29 organizations and foundations.
- Internet search using 15 separate keyword terms related to foundation-wide evaluation.

This scan focused on large, private, regional, and national foundations. Less emphasis was placed on corporate or venture philanthropy funders because their organizational models and programmatic approaches are substantially different than that of CHCF. PCIC completed the research for this report in January and February 2004.

## II. An Overview of Foundation-Wide Evaluation

*Because of the real and perceived challenges involved, few foundations have engaged in foundation-wide evaluation, but more are beginning to consider its benefits.*

### What Is Foundation-Wide Evaluation?

Foundation-wide evaluation is defined as “the process through which foundations examine the overall value of their philanthropic activities.”<sup>5</sup> Foundation-wide evaluation examines the performance of the organization as a whole, where the unit of analysis is the organization.<sup>6 7</sup> It seeks to answer questions such as, “How are we doing as a foundation?” “What is the return on our social investment?” “What has changed?” and “How can we do better overall?”<sup>8</sup> Ideally, evaluation at the foundation level provides an understanding of the cumulative and integrated effects of a foundation’s programs and strategies and makes sense of those effects within the broader context.<sup>9</sup>

Many similar and somewhat interchangeable terms are used in the field to describe foundation-wide evaluation. These include foundation-level evaluation, foundation effectiveness, foundation accountability, foundation-focused evaluation, and foundation evaluation at the corporate level. For the purpose of this report, the term *foundation-wide evaluation* will be used most frequently.

### To What Extent Are Foundations Conducting Foundation-Wide Evaluation?

Foundation-wide evaluation is an emergent topic and is still somewhat elusive. Few foundations appear to be conducting foundation-wide evaluation, but more are beginning to consider its benefits. Of the 16 foundations reviewed for this scan, seven described themselves as currently conducting evaluation at the foundation level (the Robert Wood Johnson, Annie E. Casey, Charles and Helen Schwab, Edna McConnell Clark, California Wellness, James Irvine, and Lumina foundations), with five of those expressing that the process was still being developed. Seven other foundations are currently exploring how they will conduct evaluation at the foundation level, and two are not engaged in foundation-wide evaluation. Interestingly, two people interviewed reported that, from their perspectives, *no* foundations are currently conducting foundation-wide evaluation. One implied that none of them are doing it well, and the other implied that those foundations are still “putting the pieces in place.” (See Table 1 for a

matrix of foundations reviewed in this scan.) It is important to note that foundations were included in this scan primarily because they were of interest to the California HealthCare Foundation. It is likely that other foundations not included in this report also conduct foundation-wide evaluation.

### **Why Evaluate at the Foundation Level?**

As described above, most foundation evaluation examines the impact of individual grants, initiatives, and program areas. However, many foundation boards, staff members, and other stakeholders want to understand the cumulative and integrated effects of all a foundation's efforts across program areas and over time.<sup>10</sup> Foundations are generally bigger than the sum of their grants, and their individual grants or strategies can rarely accomplish the mission and goals of the whole foundation. A foundation's overall impact can include a variety of things outside traditional grantmaking, such as technical assistance and expertise offered to grantees and the field, publications produced by the foundation, credibility brought to an issue because the foundation chose to focus on it, additional funding obtained from other sources as the result of a foundation's involvement, information made available on a foundation's Web site, results generated from data gathered and analyzed by foundation-funded research, and internal foundation operations that support or detract from its ability to fulfill its mission. Foundation-wide evaluation attempts to demonstrate the impact of the foundation as a whole. It can be structured in many ways, depending on what a foundation wants to learn about itself. Foundations conducting this type of evaluation have found it extremely useful for clarifying their mission, goals, and objectives; improving operations to better align them with the foundation's mission; engaging the board in the foundation's programs and impact; increasing

grantee evaluation capacity; and learning about the foundation's output and impact.

### **Challenges to Foundation-Wide Evaluation**

Because of the real and perceived challenges involved, few foundations have engaged in foundation-wide evaluation. For example, it is difficult to develop similar measures that can be used across program areas, aggregate evaluation data from grants and program areas that have different strategies and target populations, and attribute impact or change to the foundation. Many foundations' missions and goals are too broad to be measured effectively, and many foundations do not have organizational cultures that support organizational learning or assessment. The lack of models for foundation-wide evaluation make it challenging to begin the process, and many foundation staff and board members question diverting funds for evaluation from efforts that might otherwise have a direct impact on social issues. The lack of clear external incentives for evaluation also leaves foundation managers wondering how best to evaluate the foundation. Lastly, foundation staff and board members are often fearful about having their work assessed.

### III. Elements of Successful Foundation-Wide Evaluation

*Virtually everyone interviewed emphasized that before a foundation even considers what measures to use for foundation-level evaluation, it first must clarify its mission, goals, and strategies and must make sure these elements can be measured.*

The following elements of successful foundation-wide evaluation were strongly recommended by foundation staff and evaluation experts interviewed and through the literature on foundation-wide evaluation.

**Clarify mission, audience, learning objectives, and utilization first.** Before a foundation can determine the measures used in foundation-wide evaluation, it must:

- **Clarify measurable mission, goals, strategies, and desired outcomes**—Virtually everyone interviewed for this scan emphasized that before a foundation even considers what measures to use for foundation-level evaluation, it first must clarify its mission, goals, and strategies and must make sure these elements can be measured. All aspects of the foundation-wide evaluation should be aligned with the mission, goals, and strategies. All evaluation decisions about foundation-wide evaluation, such as the evaluation framework, measures, indicators, resources needed, time frame, and evaluation vendor will be apparent once the mission, goals, and learning objectives are clarified.
- **Determine the priority audiences and involve them in evaluation planning**—Foundation evaluations have at least seven possible audiences: the board, the foundation management, the foundation staff, grantees, policymakers, practitioners, and the general public.<sup>11</sup> It is extremely important to determine the primary audiences for foundation-wide evaluation and involve them in all aspects of evaluation planning. It is also useful to consider in advance how each audience prefers to receive evaluation information (e.g., does the board want a two-page summary with charts or a comprehensive evaluation report?).
- **Determine the foundation's learning objectives (what it wants to know)**—Before thinking about what to measure, think about what you want to know. Different audiences will want to learn about different aspects of the foundation (e.g., grantee satisfaction vs. operations alignment). Each of these learning objectives will have different implications for the evaluation. Ensure that learning objectives are connected to foundation goals.

- **Anticipate how the foundation plans to use evaluation findings**—As with all evaluations, it is useful to consider in advance how the foundation plans to use the findings of the foundation-wide evaluation. For example, does it plan to incorporate findings into continuous learning processes? Does it plan to share all findings with the public? Will the foundation be willing to change operations if operations are out of alignment with the foundation’s mission?

Once the foundation is very clear on its mission, audience, learning objectives, and utilization plans, the evaluation approach and measures will be easier to determine. The foundation can then develop the right level and scope of the evaluation, an evaluation approach that meets audience needs (e.g., timeliness, accessibility of information, answers their questions), the appropriate methods to use, and an implementation strategy for using evaluation results.<sup>12 13</sup>

***Find an approach to foundation-wide evaluation that fits your foundation.*** No single approach works for all foundations. Few clear models for foundation-wide evaluation have been developed, and those that are emerging (such as the balanced scorecard described in Section IV) are still tailored to the particular needs of each foundation. Almost everyone interviewed in this scan insisted that foundation-wide evaluation should revolve around the foundation’s mission (what it is trying to do), its learning objectives (what it wants to know), and its audience (who wants to know it).

***Choose what you want to measure.*** The choice of what to measure depends on what the foundation wants to learn, recognizing that it can’t measure everything.<sup>14</sup> Different measures will produce different kinds of information, and no single measure answers the question of foundation impact.<sup>15</sup> Further, different audiences

will have different learning goals, and thus different preferences for what is measured. It is preferable to assess the foundation across a variety of meaningful measures, which taken together can be highly suggestive of overall foundation performance.<sup>16</sup>

***Consider your reasons for evaluation.***

The reason for conducting foundation-wide evaluation will influence the evaluation framework and deliverables. For example, the evaluation will differ if it is being done in response to a crisis or executive transition, in preparation for strategic planning, or for ongoing assessment and continuous learning.

***Involve the board.*** The foundation board plays a critical role in prioritizing evaluation and organizational learning and in creating an environment in which self-assessment is valued.<sup>17</sup> Boards are often the primary audience of foundation-wide evaluation. Board members should be highly involved in the planning of the evaluation and should encourage organizational learning and change based on evaluation findings.

***Locate the evaluation function where it can best facilitate use of findings to inform foundation strategy.*** It is extremely important that the individual or unit responsible for the foundation-wide evaluation also have the authority to make operations and strategy-level decisions.<sup>18</sup> One evaluator shared a policy of not working for a foundation unless the chief executive and board were responsible for foundation-wide evaluation.

***Create an organizational culture that supports learning.*** The board and chief executive can encourage an environment of learning so that the board, staff, grantees, and partners can openly discuss successes, challenges, and failures.<sup>19</sup> A learning culture also includes developing an ongoing process of foundation-wide evaluation that is useful not only as a tool to determine



outcome, impact, and organizational efficiency but also as a tool for management, planning, and program design.<sup>20</sup>

***Examine tangible progress toward meeting foundation goals.*** Ensure that you connect your evaluation framework to the foundation's goals. It can be easy to get caught up in evaluation measures and the latest trends in evaluation and to forget to ask yourself the important questions to ensure that your foundation is accomplishing its goals.

***Start somewhere and move ahead.*** A foundation need not be overwhelmed by the prospect of assessing all of its measures at once. Many foundations interviewed, such as the Lumina Foundation for Education, created a theory of change and then started slowly with several measures of greatest interest to its board. It then expanded the evaluation to include more measures over time.

## Additional Factors to Consider

The following factors can influence if and how a foundation might conduct foundation-wide evaluation.<sup>21</sup>

- **Dynamics of information**—How do the board and chief executive prefer to receive information? Does information usually come from staff members or external experts? To what extent does the foundation have a history of evaluation informing top-level decision making? Does the organizational culture value learning?
- **Dynamics of external environment**—How connected is the foundation to the fields in which it works? To what extent does the foundation rely on partnership and collaboration to accomplish goals? What is the nature of the environment in which the foundation is working?
- **Relationship to risk-taking**—Does the

foundation value innovation and risk-taking? If so, it should ensure that the evaluation framework does not stifle risk-taking behavior (e.g., rewarding staff members only when objectives are met or funding only that which is easy to evaluate and likely to be successful).<sup>22</sup>

- **Feasibility of goal achievement**—Can the goals and indicators be moved or not? What can the foundation measure versus influence?

## IV. Current Approaches to Foundation-Wide Evaluation

*A foundation could tailor its approach to foundation-wide evaluation by combining aspects from any of the six methods uncovered in this scan.*

The following six approaches to foundation-wide evaluation were uncovered in conversations with foundation staff and evaluation experts, as well as through the literature review. This list is not exhaustive, and these approaches are not fixed or mutually exclusive. A foundation could tailor an approach to its individual needs and combine aspects from several approaches.

### **Balanced Scorecard**

The balanced scorecard is a “management system based on goal congruence as a means of improving performance.”<sup>23</sup> Robert Kaplan (Harvard Business School) and David Norton developed the system in the early 1990s for businesses. Used by many Fortune 500 companies, the balanced scorecard challenges organizations to translate their strategies into objectives, measures, targets, and initiatives in four “balanced” areas: customer, internal process, learning and growth, and financial.<sup>24</sup> Public agencies, health organizations, nonprofits, and foundations have modified the balanced scorecard with differing results. The Robert Wood Johnson Foundation, for example, has customized this approach to track the four dimensions of program development, staff development, program impact, and customer service. It is worth noting, however, that The Robert Wood Johnson Foundation also conducts grant- and program-level evaluation in addition to the balanced scorecard.

The balanced scorecard appears most useful for organizations that have: (1) a strategic direction to which the organization is dedicated and a strong leadership team in place that is committed to leading the process, (2) a culture in which measurement is already an important element and in which systems are already in place to measure across different perspectives, and (3) a system in which clear accountability can be assigned for capturing information.<sup>25</sup> The balanced scorecard has been criticized in the business community for being overly complex and time-consuming in its development.<sup>26</sup> Similarly, several people interviewed for this report believed that their foundations would not have the staff capacity or financial resources needed to implement the balanced scorecard.

*The only foundations in this scan found to be using the balanced scorecard were The Robert Wood Johnson Foundation (which was not interviewed for this report) and The James Irvine Foundation, which is developing an approach related to the balanced scorecard.*

## Performance Dashboard

A performance dashboard visually presents evaluation data in a brief (e.g., 1–2 page) document, with an appendix of more detailed information for each measure. A performance dashboard includes the performance and evaluation information of greatest interest to a foundation, such as a summary of grant characteristics, investment performance, strategic alignment, grant highlights, administrative expenses, grantee perception, and other measures of impact.<sup>27</sup> A dashboard can integrate data that are easy and inexpensive to collect, without requiring extensive external evaluation, although it can include results of larger evaluation efforts.

To create a dashboard, the Center for Effective Philanthropy recommends “collecting existing performance data across the foundation, and then working with a cross-functional staff team to refine this list of metrics down to a concise, comprehensive set of reporting metrics that best serve the foundation’s own goals and needs.”<sup>28</sup> Some foundations interviewed found the performance dashboard to be an excellent tool for engaging board members in overall foundation performance. A performance dashboard is often used in conjunction with a balanced scorecard (see Balanced Scorecard, p.10).

*Foundations that use this approach include the Robert Wood Johnson, Charles and Helen Schwab, Lumina, James Irvine, and Marguerite Casey foundations.*

## Performance Assessment

The Center for Effective Philanthropy (CEP)

has developed a performance measurement framework for conducting foundation-wide evaluation. This framework includes four types of measures:<sup>29</sup>

- **Optimizing governance**—Accountability, stewardship, and active engagement.
- **Managing operations**—Consistency with objectives, grantee selection process, grantee interactions, staff recruiting, review and retention, administrative expense, and endowment investment performance.
- **Setting the agenda and strategy**—Focus areas, goals, and approach.
- **Achieving impact**—Program objectives, grant objectives, field effects, strengthening grantees, funding influence and leverage, and field effects.

For each measure, there can be many indicators (data sources), such as grantee perception, grantee evaluation, benchmarking data, and board policies and procedures.

CEP has also developed a standardized Grantee Perception Survey tool, which can be used by foundations to assess their own grantees’ perceptions, as well as to benchmark against all other foundations that use the tool. Unsolicited reviews about this tool from several people interviewed for this report were mixed. Some appreciated that it would be easy to use and planned to use it with their foundation, and others thought that the survey tool was not tailored to specific foundation needs.

*Lumina Foundation for Education is one foundation reviewed in this scan that uses CEP’s Grantee Perception Survey.*

## Mission-Level Evaluation

According to evaluator Michael Quinn Patton, mission-level evaluation means “taking seriously the idea of mission as the fountainhead from

which all else in the organization flows.”<sup>30</sup> This approach starts with clarifying the foundation’s mission and creates an evaluation design tailored to the foundation to determine how well foundation strategies, grantmaking, and operational processes contribute toward fulfilling the mission.

*Foundations indicating that they use this approach include The California Wellness Foundation, the Marguerite Casey Foundation, and the Northwest Area Foundation (which was not interviewed for this report).<sup>31 32</sup>*

### **Theory of Change and Results-Based Accountability**

Also referred to as a “theory of philanthropy” and “theory of grantmaking,” these approaches encourage foundations to clarify the theory of change at the foundation level. Like all theories of change, it is based on determining the foundation’s intended results (outputs, outcomes, and impact), and its planned work for reaching those results (resources, inputs, and activities).

*The Edna McConnell Clark and Lumina foundations use a theory-of-change approach to foundation-wide evaluation.*

Results-based accountability (RBA) is a type of theory-of-change model developed by Mark Friedman and The Fiscal Policy Studies Institute. RBA uses a facilitated group process to help foundations, nonprofits, and communities determine results, indicators, strategies, and performance measures for what they are trying to achieve, and then systematically develop a grantmaking agenda based on these concepts. It helps foundations to answer questions such as, “What conditions of well-being do we hope to affect for the better? “How would we recognize those conditions in measurable terms?” “What does the baseline look like in places we want to support?” “Who are the potential partners?” “What would it take to turn the curve?” and

“What is our role in the larger strategy?” RBA supports a foundation’s development of a “theory of grantmaking” to determine how, for what, to whom, and when does it provide funding and support to make its theory of change work.<sup>33</sup>

*The Annie E. Casey Foundation was the only foundation included in this scan that uses the results-based accountability framework.*

### **Foundation-Wide Evaluation Based on Grant or Program Outcomes**

Some foundations choose to assess the impact of grants, initiatives, and/or program areas as their approach to assessing foundation-wide impact. Essentially, this means combining the performance of grantees, initiatives, and programs by examining the overall performance of the foundation’s portfolio. This works best when the foundation has a tightly focused mission and its grants and program areas are closely aligned with its mission. However, some in the field caution against this approach. They claim that it is difficult to combine grants that were made separately into a common evaluation process, difficult to aggregate across program areas and up to the overall foundation level, and that most foundations have not been able to do this successfully. Further, they say that grant- and program-level evaluation overlooks the foundation’s non-grantmaking achievements.<sup>34 35 36</sup> As one interviewee explained, “The sum of the parts doesn’t really sum up unless you are looking at the theory of change, and all programs are consistent and integrated.” Some foundations seek to overcome this by incorporating grant- and program-level evaluation as one of many measures of a larger foundation-wide evaluation framework.<sup>37 38</sup>

*The California Wellness Foundation was the only foundation reviewed in this scan that reported using this approach.*

## V. Measures Being Used to Conduct Foundation-Wide Evaluation

*Choosing the right measures can be challenging because no single measure can assess a foundation's impact.*

Measures are the areas in which a foundation wants to understand its performance. Each *measure* can have one or several *indicators* and various *methods* for tracking those indicators. For example, a measure could be “grantee satisfaction,” a related indicator could be “percent of grantees agreeing that the foundation responds to proposals in a timely manner,” and the method for collecting that data could be a grantee survey.

According to a recent Center for Effective Philanthropy survey of 77 chief executive officers from the 225 largest foundations in the United States, measures most commonly used to assess foundation performance in achieving social impact and operational goals included: grant, grantee, and program evaluations (72 percent), administrative costs (37 percent), investment performance (22 percent), human resource-related measures (16 percent), strategic review (13 percent), changes in the field (13 percent), and changes in public policy (12 percent).<sup>39</sup>

Choosing the right measures can be challenging because no single measure can assess a foundation's impact. The Center for Effective Philanthropy encourages foundations to assess foundation performance using a range of measures organized into an evaluation framework or approach:

*Direct assessment of a foundation's performance ... depends on measuring total social benefit achieved in relation to the resources expended. Direct measurement of this sort is a critically important objective, but it remains difficult—if not impossible—to implement on a foundation-wide basis and can often take place only over long time periods. Absent direct measurement of social benefit, foundation leaders are exploring performance measures on multiple levels. Such measures can be arranged into a conceptual framework.*

This scan uncovered 20 different measures being used by foundations conducting foundation-wide evaluation. No foundation uses all of these measures, and the utility of each measure depends on the foundation and what it wants to learn. Further, a foundation's use of a measure does not necessarily mean the measure is part of an overall strategy for foundation-wide evaluation.

Borrowing from the Lumina Foundation's framework, these measures are grouped into three categories: program effectiveness, organizational effectiveness, and financial effectiveness. Below, we briefly describe each measure and the methods used to collect data and provide examples of some of the foundations that report using this measure (see Table 1, Foundation-Wide Evaluation Approaches and Measures, for an overview of foundations examined in this scan).

## **Program Effectiveness**

### **Grants Analysis**

Grants analysis is simply analyzing grant allocation through a variety of lenses, such as by size, program area, geography, strategy, population, and intervention. Foundations using this measure include the Robert Wood Johnson, James Irvine, Annie E. Casey, and the Charles and Helen Schwab foundations and The Pew Charitable Trusts.

### **Grant, Cluster, or Program-Level Evaluation**

These are evaluations conducted of individual grants, clusters of grants, initiatives, or program areas. Some foundations try to create common indicators across grants or programs, and others find this too difficult to do (especially when program areas widely differ, such as arts and health). Foundations using this measure include the California Wellness, Edna McConnell Clark, William Penn, Rockefeller, James Irvine, Pew, and Marguerite Casey foundations.

### **Grantee and Rejected-Applicant Assessment**

Foundations use this measure to learn how grantees and rejected applicants rate the foundation for overall satisfaction; approachability; timeliness; working relationship with program officer; usefulness of foundation publications, Web site, and technical assistance;

and impact in the field. One evaluation expert cautioned that grantee assessments should be more about alignment with mission and less about grantee satisfaction. Grantee assessments are primarily performed through periodic and anonymous surveys.<sup>40</sup> Foundations using this measure include the California Wellness, Edna McConnell Clark, Lumina, Robert Wood Johnson, Charles and Helen Schwab, James Irvine, Rockefeller, and Annie E. Casey foundations.

### **Stakeholder Assessment**

Foundations use this measure to learn to what extent important stakeholders are familiar with the foundation and issues of concern to the foundation, view the foundation favorably, use foundation publications, and view the role and impact of the foundation in the field. Stakeholders can include policymakers, community leaders, partner organizations, foundation trustees, readers of foundation communication materials, other foundations, important institutions, and the public. Grantees and rejected grant applicants can also be considered stakeholders but are listed separately in this report. Such assessments can be done with surveys, individual interviews, and focus groups of stakeholders. Foundations using this measure include the Robert Wood Johnson, Northwest Area, Lumina, Annie E. Casey, Marguerite Casey, and Charles and Helen Schwab foundations.

### **Strengthening Grantees**

Foundations use this measure as a proxy to determine a foundation's impact. The assumption is that the more effectively a grantee operates, the more significant the result.<sup>41</sup> Periodic surveys of grantee perceptions and evaluations to assess changes in grantees' capacity related to foundation investment are two ways this measure is assessed. Foundations using this measure include the Edna McConnell Clark Foundation and the Charles and Helen Schwab Foundation.

## **Making Use of Other Funds**

Many foundations consider the use of other funds as one way to assess impact. Foundations measure this by tracking leveraged funds, analyzing grantee perceptions of foundation assistance in securing additional funds, and tracking grantee funding growth over time. Foundations using this measure include the Edna McConnell Clark, Charles and Helen Schwab, and Annie E. Casey foundations and The Heinz Endowments.

## **Influencing the Field**

Some foundations assess their influence on their fields of interest by regularly bringing in visiting teams of outside experts who provide subjective assessment of the foundation's influence on the field, tracking media coverage of the foundation and/or grantees, tracking leveraged funding, and conducting stakeholder surveys. Foundations using this measure include the Annie E. Casey Foundation and the Charles and Helen Schwab Foundation.

## **Tracking Indicators**

Many foundations track program, field, local, state, and national indicators to gauge changes over time in areas that are of interest to them, even though they cannot claim to be directly responsible for this change (e.g., the number of local children starting school “ready to learn,” or the percentage of Americans who smoke). Foundations using this measure include the Robert Wood Johnson, William Penn, Charles and Helen Schwab, Rockefeller, Annie E. Casey, and California Wellness foundations.

## **Number of Individuals Served**

This measure is a count of the number of people directly affected by services delivered by the foundation's grantees (e.g., during a quarter). The Charles and Helen Schwab Foundation and The California Wellness Foundation are the only foundations in this scan known to use this measure.

## **Organizational Effectiveness**

### **Mission and Goal Clarity**

This measure examines a foundation's mission, goals, and objectives to ensure they are specific enough to be evaluated and achievable. Foundations using this measure include the Northwest Area Foundation.

### **Alignment of Operations with Mission and Goals**

Several foundations and experts interviewed highlighted the importance of knowing whether the foundation's operations support (or prevent) the achievement of the foundation's mission and goals. This can be accomplished in many ways, such as assessment of administrative costs, staff allocation, and funding allocation relative to stated priorities (e.g., a foundation that wants its staff to be actively involved in building grantee organizational capacity can expect higher staffing levels and costs); and grantee perceptions of the foundation's adherence to its stated guidelines and objectives.<sup>42</sup> Foundations using this measure include the California Wellness, Edna McConnell Clark, James Irvine, Northwest Area, Annie E. Casey, Heinz, and Charles and Helen Schwab foundations.

### **Alignment of Grants and Portfolio with Mission and Goals**

This includes reviewing past and ongoing grants to determine whether they are aligned with the foundation's mission and goals. Foundations using this measure include the Northwest Area, Edna McConnell Clark, Rockefeller, W.K. Kellogg, Pew, Annie E. Casey, James Irvine, Heinz, William Penn, and California Wellness foundations.

### **Staff Satisfaction, Review, Recruitment, and Retention**

According to the Center for Effective Philanthropy's interviews with 18 foundation

chief executives, “Many CEOs see the quality of management and program staff as a direct influence on the foundation’s overall effectiveness.”<sup>43</sup> Staff members that are satisfied, qualified, and high-performing are more likely to help the foundation achieve its mission. This information is collected through staff satisfaction surveys, staff performance reviews, alignment of incentives, and benchmarking studies by human resources consultants.<sup>44</sup> Foundations using this measure include the Robert Wood Johnson, Rockefeller, Charles and Helen Schwab, Heinz, Annie E. Casey, and California Wellness foundations.

### **Compensation Benchmarking**

This includes benchmarking compensation against other foundations and could also involve linking staff compensation to evaluation outcomes. The California Wellness, James Irvine, Annie E. Casey, and California Wellness foundations reported using compensation benchmarking, and the Lumina Foundation also links staff compensation to evaluation outcomes.

### **Outreach to the Field**

Some foundations measure the success of their outreach efforts by tracking the number of proposals received, the percentage of grants that are solicited vs. unsolicited, or their number of national program offices. Foundations using this measure include The Robert Wood Johnson Foundation and the Charles and Helen Schwab Foundation.

### **Grantee Selection**

This measure examines the process for selecting grantees to determine whether the foundation’s selection process yields the right grantees. Foundations using this measure include the Edna McConnell Clark Foundation.

### **Communications Benchmarking**

This includes comparing all communications

materials against those of comparable foundations. The Lumina Foundation and The California Wellness Foundation are two foundations included in this scan that use this measure.

### **Outputs and Interest in Foundation Work**

This includes tracking Web site usage and foundation-sponsored work in leading journals. The California Wellness, Robert Wood Johnson, James Irvine, Annie E. Casey, and Charles and Helen Schwab foundations employ this measure.

### **Financial Effectiveness**

#### **Investment Performance**

Investment performance is one of the easiest measures of the foundation. It is commonly included in foundation-wide evaluation because asset size corresponds with resources available to support the foundation’s mission. Foundations can assess how well it manages its financial assets and how its investment performance compares to other foundations. The Lumina, James Irvine, Heinz, Rockefeller, and Annie E. Casey foundations reported using this measure.

#### **Administrative Expense**

This measure helps foundations determine whether administrative costs are appropriate for their activities and how administrative costs compare to that of other foundations. This is primarily measured through analysis of existing financial data and benchmarking studies with comparable foundations. Foundations using this measure include the Lumina, Charles and Helen Schwab, James Irvine, Heinz, Annie E. Casey, and California Wellness foundations.



**Table 1. Foundation-Wide Evaluation Approaches and Measures**

The evaluation practices of 16 foundations were included in this scan. This table provides the foundation-wide evaluation approach and measures used by each foundation. Several foundations’ approaches to foundation-wide evaluation are still under development but are included in this matrix. For foundations that are not currently engaged in foundation-wide evaluation, the evaluation measures that they do use are included here if the information was available.

Foundation	Approach	Measures
Annie E. Casey Foundation	Results-based accountability	<p>The foundation organizes its foundation-wide evaluation into three categories: impact (“Is anyone better off?”), influence (“Have policies or practices changed as a result of our intervention?”), and leverage (“Is anyone else funding this as a result of our involvement?”). Foundation-wide evaluation is still in development, but current measures include:</p> <ul style="list-style-type: none"> <li>• Administrative expense (benchmarking)</li> <li>• Grantee and rejected-applicant assessment</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grants analysis</li> <li>• Influencing the field (e.g., to see if increased investment in executive transitions)</li> <li>• Investment performance</li> <li>• Making use of other funds</li> <li>• Operations alignment with impact, influence, and leverage framework</li> <li>• Outputs and interest in foundation work</li> <li>• Staff compensation (benchmarking)</li> <li>• Staff satisfaction</li> <li>• Stakeholder assessments</li> <li>• Tracking program and national indicators (e.g., percentage of children in foster care)</li> </ul>
Charles and Helen Schwab Foundation	Performance dashboard	<p>Foundation-wide evaluation is still in development, but current measures include:</p> <ul style="list-style-type: none"> <li>• Administrative expenses</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Grant, cluster, or program-level evaluation (outside evaluation of important initiatives)</li> <li>• Grants analysis</li> <li>• Influencing the field</li> <li>• Making use of other funds</li> <li>• Number of individuals served</li> <li>• Operations alignment with mission and goals</li> <li>• Outputs and interest in foundation work</li> <li>• Outreach to the field (number of proposals received, funded, and declined)</li> <li>• Staff satisfaction</li> <li>• Stakeholder assessments (surveys of partner organizations)</li> <li>• Strengthening grantees</li> <li>• Tracking program and national indicators</li> </ul>

**Table 1. Foundation-Wide Evaluation Approaches and Measures (continued)**

Foundation	Approach	Measures
Edna McConnell Clark Foundation	Theory of change	<ul style="list-style-type: none"> <li>• Grantee and rejected-applicant assessment</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee selection</li> <li>• Making use of other funds</li> <li>• Operations alignment with mission and goals</li> <li>• Strengthening grantees (building and assessing organizational and evaluation capacity)</li> </ul> <p>Future measures will include:</p> <ul style="list-style-type: none"> <li>• Outputs and communications (e.g., assessing Web site and knowledge development and dissemination efforts)</li> </ul>
John S. and James L. Knight Foundation	Under development	<p>The Knight Foundation is developing an evaluation framework to assess foundation effectiveness across three areas of results, influence, and sustainability. Specific measures include or will include:</p> <ul style="list-style-type: none"> <li>• Grants analysis</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Making use of other funds (e.g., money brought in directly through challenge grants)</li> <li>• Influencing the field</li> </ul>
Lumina Foundation for Education	Theory of change and performance dashboard	<p>Measures are divided into three broad categories, each with a theory of change: program effectiveness, organizational effectiveness, and financial effectiveness. Foundation-wide evaluation is still in development, but current measures include:</p> <ul style="list-style-type: none"> <li>• Administrative expense (benchmarking)</li> <li>• Communications benchmarking</li> <li>• Grantee applicant assessment</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Investment performance</li> <li>• Staff compensation (benchmarking)</li> <li>• Staff satisfaction</li> <li>• Stakeholder assessment</li> <li>• Tracking program and national indicators</li> </ul>
Marguerite Casey Foundation	Under development: mission-level evaluation and performance dashboard	<ul style="list-style-type: none"> <li>• Grantee and rejected-applicant assessment</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Stakeholder assessment (survey of foundation trustee effectiveness)</li> <li>• Tracking program, state, and national indicators</li> </ul> <p>Future measures will include:</p> <ul style="list-style-type: none"> <li>• Staff satisfaction</li> </ul>

**Table 1. Foundation-Wide Evaluation Approaches and Measures (continued)**

Foundation	Approach	Measures
The Robert Wood Johnson Foundation	Balanced scorecard	<ul style="list-style-type: none"> <li>• Field indicators (e.g., tracking prevalence of tobacco use over time)</li> <li>• Grant and portfolio alignment with mission and goals (percentage of dollars aligned with impact framework)</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment</li> <li>• Grants analysis (e.g., by goal, by program area, by intervention)</li> <li>• Output and interest in foundation work (e.g., number of publications per research grantee)</li> <li>• Outreach to the field (e.g., number of proposals received)</li> <li>• Staff retention rates</li> <li>• Staff satisfaction</li> <li>• Staff surveys assessing foundation program impact (e.g., risk taking and success meeting milestones)</li> <li>• Stakeholder surveys of Congress and the public</li> <li>• Tracking program and national indicators (e.g., tracking public support for selected alcohol-control policies addressed by a program area)</li> </ul>
The California Endowment	Under development	<ul style="list-style-type: none"> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Making use of other funds</li> </ul>
The California Wellness Foundation	Under development: mission-level evaluation and evaluation based on grant or program outcomes	<ul style="list-style-type: none"> <li>• Administrative expenses</li> <li>• Communications benchmarking</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Operations alignment with mission and goals</li> <li>• Output and interest in foundation work</li> <li>• Number of individuals served</li> <li>• Staff compensation (benchmarking)</li> <li>• Staff satisfaction</li> <li>• Tracking program and state indicators</li> </ul>
The Heinz Endowments	Under development: theory of change and performance dashboard	<ul style="list-style-type: none"> <li>• Grant analysis</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment</li> <li>• Strengthening grantees</li> <li>• Making use of other funds</li> <li>• Tracking program, field, local, state, and national indicators</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Operations alignment with mission and goals</li> <li>• Staff assessment, recruitment, and retention</li> </ul>

**Table 1. Foundation-Wide Evaluation Approaches and Measures (continued)**

Foundation	Approach	Measures
The James Irvine Foundation	Balanced scorecard and performance dashboard	<ul style="list-style-type: none"> <li>• Administrative expense (benchmarking)</li> <li>• Grants analysis</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Investment performance (benchmarking)</li> <li>• Staff compensation (benchmarking)</li> </ul>
The Pew Charitable Trusts	Not engaged in foundation-wide evaluation	<ul style="list-style-type: none"> <li>• Administrative expense (benchmarking)</li> <li>• Grants analysis</li> <li>• Grant, cluster, or program-level evaluation (assess progress of strategies toward stated objectives)</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Stakeholder assessment (survey)</li> </ul>
The Prudential Foundation	Under development; using theory of change	Under development
Rockefeller Foundation	Under development	<ul style="list-style-type: none"> <li>• Grantee and rejected-applicant assessment</li> <li>• Grant and portfolio alignment with mission and goals</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Investment performance</li> <li>• Operations alignment with mission and goals</li> <li>• Staff satisfaction (survey)</li> <li>• Tracking program and state indicators</li> </ul>
W.K. Kellogg Foundation	Not engaged in foundation-wide evaluation	<ul style="list-style-type: none"> <li>• Grant and portfolio alignment with mission and goals (developed a portfolio alignment tool)</li> <li>• Grant, cluster, or program-level evaluation</li> </ul>
William Penn Foundation	Under development; using theory of change	<ul style="list-style-type: none"> <li>• Grant and portfolio alignment with mission and goals (called “strategy review”)</li> <li>• Grant, cluster, or program-level evaluation</li> <li>• Grantee and rejected-applicant assessment (survey)</li> <li>• Mission and goal clarity</li> <li>• Tracking program and city indicators (e.g., percent of Philadelphia children ready to start kindergarten)</li> </ul>

## VI. Additional Findings

### **Resource Considerations**

It was difficult for almost all foundation staff members and experts interviewed to quantify the staff, time, and financial resources needed to engage in foundation-wide evaluation. Several commented that the resource considerations were significant, especially at the front end of evaluation planning, but well worth the costs for clarifying mission, goals, strategies, operations, and programs. One evaluation expert estimated that a foundation should have three to five years to get everything in place.

### **Evaluation Staff Members and Vendors Can Bring Expertise**

Foundation staff members and experts interviewed had differing opinions about the importance of having dedicated evaluation staff members in-house responsible for or involved in the foundation-wide evaluation. Some thought it was not necessary, and others thought that an in-house evaluation director or officer could help the staff, management, and board better understand and appreciate evaluation.

However, almost all foundations conducting foundation-wide evaluation used outside evaluation expertise, regardless of whether they also had a dedicated evaluation staff. In most cases, a single evaluator or team was hired to support the entire process. In one case, the foundation's evaluation director hired a variety of consultants to assist with different measures (e.g., a human resources consultant to conduct staff compensation benchmarking and a communications consultant to conduct communications benchmarking). Interviewees suggested that if a foundation hires an outside evaluator, it is important that the evaluator be able to customize the evaluation (and related evaluation trainings) to the foundation.

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## Endnotes

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