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Our mission: To share evaluation results, tools, and knowledge about the philanthropic sector in order to improve the practice of grantmaking, yielding greater impact and innovation.

The Foundation Review is a proud product of the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University.

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We believe that the forthright sharing of information among foundations and nonprofits builds a knowledge base that strengthens their ability to effectively address critical social issues. We encourage foundation donors, boards, and staff to honor this transparency in their own practices and to support others who do so.

editorial

Dear readers,

As usual with our unthemed issues, this issue includes articles on a broad range of foundation practices, with several focusing on evaluation. We start the issue with **Frantzen, Solomon, and Hollod's** article on building grantees' evaluation capacity using a highly participatory process. While there has been a great deal of emphasis on nonprofit capacity building in recent years, the process used here is somewhat unusual in focus on individual grantee needs and the particular barriers to evaluation that each of them faced.

Two articles share a "less-is-more" approach to foundation work. **Pond, Shah, and Sak** provide a case study of how a small foundation, with limited resources for assessment and impact evaluation, approached the challenge of evaluating their overall impact. The foundation funds youth-led social change, using a cohort model. They found improvements in five of six key outcome areas in the two cohorts they examined. They used the results of their assessment to revise some of their reporting approaches as they expanded their grantmaking to a new city.

Polanco and Snow share the Financial Health Analysis Tool that can be used to foster conversation with potential and ongoing grantees about their financial position. The tool presents four years of key financial indicators in graphs and charts that create a kind of dashboard of a nonprofit's financial health over time. This small set of metrics highlights patterns and trends that can help grantmakers and nonprofits see how the financial management of an organization is advancing its mission and strategy.

While most of the emphasis on data in philanthropy has been in the context of evaluation, **Bixler, Zappone, Li, and Atshan** identify the many ways in which data are used by foundations, including needs identification, evaluation and learning, and measuring community impact. They have six recommendations for effective practices in integrating a data perspective into philanthropic work. These include: view evaluation as a tool for learning, create a safe space to share data, clarify what is "good data" and "good evaluation", fund evaluation efforts of partners, support evaluation capacity, and advocate for community data infrastructure.

While there has been a fairly extensive body of work on partnerships between foundations and government, less has been written about partnerships between foundations and private sector organizations. **Scott, Lamont, Wandersman, Snapper, Shah, and Eaker** draw upon an evaluation of the Robert Wood Johnson Foundation and Humana partnership to highlight key insights for forming and implementing a formal partnership between a philanthropy organization and an investor-owned business. They note that many of the basic principles of good partnerships are the same, with some nuances due to the differences in organizational priorities.

Teri Behrens

Landers, Minyard, and Price share reflections on the Colorado Health Foundation's efforts to create a collective impact initiative to help tackle the state's complex, systems-level health issues. They describe the role of developmental evaluation and a realist framework in aiding both the initiative's steering committee and the Colorado Health Foundation's decision making. Ultimately, the collective impact frame as implemented did not prove to be appropriate and sustainable in this context.

There has been a global shift in political leadership over the past decade that has resulted in increasing pressure on civil society. **Allan and DuPree** reflect on how funders can adapt to changing political environment. They identify three characteristics that are especially critical: flexibility; diversity and redundancy; and resourcefulness and ability to learn. Drawing on lessons from the experience of those working in countries of concern, this article proposes a conceptual framework for weathering threats from changing conditions, with the aim of providing a simple yet powerful way of assessing and improving current practices.

From analyzing the financial data of individual organizations to positioning philanthropy in the context of global political challenges, this issue represents the breadth and depth of the field. The range of knowledge, skills and perspectives needed to be effective in the field continues to change and expand.

We're pleased to be on this journey with you.

Teresa R. Behrens, Ph.D.

Editor in Chief, *The Foundation Review*

Director, Institute for Foundation and Donor Learning,

Dorothy A. Johnson Center for Philanthropy at Grand Valley State University

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The Foundation Review is published quarterly by the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University in Grand Rapids, Michigan.

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Partner-Centered Evaluation Capacity Building: Findings From a Corporate Social Impact Initiative

Lisa Frantzen, M.B.A., TCC Group; Julie Solomon, Ph.D., J. Solomon Consulting, LLC; and Laura Hollod, M.P.H., Johnson & Johnson Global Community Impact

Keywords: Evaluation capacity building, corporate citizenship, corporate social responsibility, corporate funder, partner-centered design, evaluation framework development, organizational capacity

Introduction

Demand for accountability in grantmaking has increased in recent years. Groups focused on creating social impact from within a for-profit corporation may experience this in a unique way, as business associates accustomed to seeing tangible results of their efforts (e.g., the financial bottom line) may expect the same from social-impact endeavors. Many funders are turning to evaluation capacity-building (ECB) initiatives to fill the gap between funders' expectations and nonprofits' ability to evaluate grant results. Evaluation capacity building has been defined as "an intentional process to increase individual motivation, knowledge, and skills, and to enhance a group or organization's ability to conduct or use evaluation" (Labin, Duffy, Meyers, Wandersman, & Lesesne, 2012, p. 308). Nonprofits have a variety of needs and assets related to evaluation capacity, many of which funders may not be fully aware. How, then, can funders help build meaningful, sustainable organizational capacity to do and use evaluation?

As many in the field have discussed (Taylor-Ritzler et al., 2013; Hunter Consulting LLC, 2012; Cousins, Goh, Elliott, & Bourgeois, 2014), successfully engaging in ECB requires an acute understanding of an organization's readiness to take on the many potential evaluation activities that exist. For outsiders such as funders, it may be difficult to identify the highest-priority evaluation needs of a nonprofit organization, the evaluation capacities that must be built to address those needs, and the existing aspects of

Key Points

- Funders can play a proactive role in helping to fill the gap between funders' expectations and nonprofits' ability to evaluate grant results. Using a partner-centered design, Johnson & Johnson piloted an evaluation capacity-building initiative that supported eight grantees in strengthening their ability to measure and use findings concerning health-related outcomes, by focusing on key evaluation challenges identified by the grantees.
- Grantees' approaches to capacity building naturally grouped around the areas of evaluation-framework development, data-systems strengthening, and staff training. Through individualized projects, grantees increased their ability to both do and use evaluation.
- This article describes the design, implementation, and results of a participatory, nonprofit-partner-centered evaluation capacity-building initiative, and shares learnings from the perspectives of both the corporate funder and the nonprofit participants.

organizational culture that may foster or hinder the use of newly built evaluation skills.

Utilization-focused evaluation posits that primary intended users of evaluation are engaged at the beginning of the evaluation process to ensure that their primary intended uses can be identified (Patton, 2008, pp. 52-59). What, then, can happen when primary intended users are engaged in designing their own supports

In 2011, Johnson & Johnson launched “Healthy Future 2015” (HF), a five-year, corporatewide strategic initiative addressing the company’s citizenship and sustainability priorities that included goals in both environmental and nonenvironmental areas. One of the seven HF strategic priorities focused on the company’s philanthropic endeavors: “enhancing outcome measurement in philanthropy by working with philanthropic partners to measure health outcomes and raise the standard of health outcome measurement.”

for building evaluation capacity? And what is unique about a corporate funder’s experience with this type of ECB?

Background and Need

A 2014 survey of 637 staffed U.S. foundations found that 55 percent provide some type of capacity-building support to grantees (Grantmakers for Effective Organizations, 2014). Of those, 77 percent support capacity building for using evaluation. Despite this fairly large percentage of foundation supporters of ECB, our review of the literature shows that few have

written about their experiences to share what works and what needs improvement.

Some that have done so include the Bruner Foundation, which shares how to use indicators of evaluative thinking to understand the extent to which evaluative thinking is spread throughout the organization, as opposed to being centered in a few individuals (Baker & Bruner, 2012). The McCormick Foundation, in collaboration with Loyola University, has shared findings from their Unified Outcomes Project, where, through working with a community of practice and in some cases an evaluation coach, nonprofits saw changes in their motivation to use evaluation, and in their ability to use tools to aggregate data for program evaluation and to form a community with other grantees working to build evaluation capacity (Wade, Kallemeyn, Ensminger, Baltman, & Rempert, 2016). In addition, the Edna McConnell Clark Foundation’s PropelNext program integrates coaching, peer work, and unrestricted grants to build evaluation capacity over a three-year period. An alumni evaluation has shown that two years after the program, most are strengthening the quality of their programs and expanding their services to reach more youth (Edna McConnell Clark Foundation, 2017).

Efforts such as these have shown that ECB, when thoughtfully structured, can have positive effects on the organizations that participate in it. However, each of these programs has served a relatively small number of grantees, often within a specific thematic area, and therefore the evidence base for what works in ECB still has substantial room for growth.

The perspective of corporate grantmakers, for example, has been lacking in the literature. The field has also not yet tested these questions: What happens if an ECB approach is centered in participatory design? Do ECB recipients build the capacities that they deem most valuable to their respective organizations? And are there benefits to the funder in this customized approach to ECB? In this article, we discuss the results of a participatory, nonprofit-partner-centered ECB initiative, and learnings from the

perspectives of both the corporate funder and the nonprofit participants.

The “Healthy Future” Capacity-Building Initiative

In 2011, Johnson & Johnson launched “Healthy Future 2015” (HF), a five-year, corporatewide strategic initiative addressing the company’s citizenship and sustainability priorities that included goals in both environmental and nonenvironmental areas. One of the seven HF strategic priorities focused on the company’s philanthropic endeavors: “enhancing outcome measurement in philanthropy by working with philanthropic partners to measure health outcomes and raise the standard of health outcome measurement” (Johnson & Johnson, 2011, para. 10). A subteam in the company’s Corporate Contributions department (now called Global Community Impact) that was already working to expand and refine the department’s monitoring and evaluation (M&E) infrastructure and tools was tasked with defining a goal around the HF philanthropic priority, developing and implementing activities to address it, and planning and conducting its evaluation. This subteam, called the M&E Tiger Team, included several Corporate Contributions directors and grant managers, representatives from the department’s communications and IT functions, and external evaluation consultants already working closely with the M&E Tiger Team on other projects. A Corporate Contributions M&E manager position was created after the HF initiative was launched, and the individual who filled that position also joined the M&E Tiger Team.

The work to address the HF philanthropic priority involved a series of steps, some of which were carried out in parallel:

1. Determine initiative goal and scope.
2. Identify grantee partners to be involved.
3. Conduct needs and assets assessments with these partners.
4. Coordinate with the grantee partners and Johnson & Johnson managers to design proposals for ECB projects.
5. Obtain baseline information from the grantee partners.
6. Implement ECB projects.
7. Collect follow-up data during and after project implementation and distill key learnings.

These steps were carried out from 2011 to 2017, with ECB project implementation, evaluation, and discussion of learnings (i.e., Steps 6–7) extending beyond the original HF period.

Initiative Design

After reviewing and discussing the HF philanthropic priority, the M&E Tiger Team set the goal of enhancing Johnson & Johnson and grantee capacity to measure and report program health-related outcomes. From the Tiger Team’s perspective, this goal could best be achieved by taking a broad ECB approach that did not dictate what grantees’ ECB needs were, or how or by whom they should be addressed. Building on a Johnson & Johnson corporate value of partnership, the team adopted a partner-centered design in which each participating grantee partner would identify its key ECB challenge, and Johnson & Johnson would be open to a range of potential strategies, proposed by the grantee partner or an evaluation consultant of its choosing, to address the need.

Given available resources, the M&E Tiger Team determined that up to 10 grantee partners could be involved in the HF ECB initiative. Grant managers across the Corporate Contributions department were invited to identify grantees that they felt both needed and wanted to strengthen their evaluation capacity. To be eligible for HF ECB support, grantees had to meet the following criteria:

- were receiving at least \$50,000 of Johnson & Johnson funding per year for health-related programs or services;

Projects proposed by the nonprofit partners naturally fell into three areas of ECB:

- *evaluation framework development, focused on articulating guiding priorities and structures for evaluation;*
- *data-system strengthening, focused on identifying challenge areas in data collection and management and identifying and implementing solutions to those challenges; and*
- *staff training, focused on providing guidance to staff on principles, best practices, and logistics of conducting effective evaluation and using findings.*

-
- were not measuring health-related programmatic outcomes, or were measuring such outcomes but the grant manager saw potential for outcome evaluation improvement;
 - were not serving solely as intermediary fiscal agents—that is, grantees had to not only be receiving Johnson & Johnson funds, but also be implementing the funded programs or services; and

- were willing to invest staff time on the project, including participating in a HF ECB needs-and-assets assessment interview and completing short surveys and narrative reports.

Initially, grant managers identified 10 such grantee partners that collectively had diverse geographic focus areas (e.g., the city of Mumbai, India; East Africa; multiple continents), as well as diverse approaches to improving health outcomes, such as increasing access to safe water and sanitation, combating poverty, providing training and practical experience to emerging leaders in global health, and providing clinical services.

The next step in the initiative design process was for an external evaluation consultant member of the M&E Tiger Team to work with each identified grantee partner to conduct a brief needs-and-assets assessment that would facilitate design of an appropriate ECB intervention. The assessment process, and the evaluation of the initiative, were based loosely on the framework of Cousins et al. (2014) concerning the capacity to do and use evaluation. According to elements of this framework, knowledge, skills, and organizational support structures are among the factors that influence the capacity to do evaluation, and the capacities to do and to use evaluation influence each other. The consultant developed a semistructured needs and assets assessment interview protocol that reflected this framework, including questions addressing current capacities, key gaps, and how the grantee felt the gaps might best be addressed.

The evaluation consultant reviewed key documentation on each grantee partner's work (e.g., grant proposals and reports to Johnson & Johnson, theory of change documentation, organization's website), interviewed the Johnson & Johnson grant managers to understand why they had proposed the identified partners, and adapted the needs-and-assets assessment protocol to the particulars of each organization. The consultant then met with a point person or team from each organization via phone or online platform, for one to two hours, to pose and discuss the questions in the protocol.

TABLE 1 Healthy Future Evaluation Capacity-Building Projects

Name of Organization	Focus of Organization or Program for Which Evaluation Capacity Was to Be Built	Principal ECB Approaches		
		Evaluation Framework Development	Data-System Strengthening	Staff Training
Hand in Hand International	Fighting poverty with grassroots entrepreneurship in South Asia and sub-Saharan Africa	✓		
Water.org	Improving access to safe water and sanitation in developing countries	✓		
Women Deliver	Young Leaders Program in developing countries, with a focus on sexual and reproductive health and rights	✓		
Aga Khan University	Nurse scholarship program, East Africa	✓	✓	
Princeton in Africa	Fellowship for recent college graduates to work in Africa	✓	✓	
Americares	Medical product donation worldwide		✓	
Prerana	Countering human trafficking and HIV/AIDS in Mumbai, India		✓	✓
HAS Haiti	Improving the health and quality of life of residents of Haiti's Artibonite Valley		✓	✓

Following these discussions, eight of the organizations prepared brief proposals for HF ECB projects; two did not proceed with proposals, due to timing or logistical challenges. Each of the eight proposals discussed the specific need to be addressed, the project objectives and activities, and the timeline and budget. Instructions to each applicant emphasized the need to make the case for how the proposed project would build evaluation capacity in a sustainable way. Collectively, the budgets submitted by the applicants included requests for consultant time, equipment, travel, and training. To enhance ownership and thus contribute to sustainability of the ECB efforts, Johnson & Johnson required that applicants make an in-kind contribution to their project, such as the coverage of some staff time for the ECB activities.

The respective grant managers and the consultant who had conducted the needs-and-assets assessments reviewed and discussed each proposal and went back to the grantee organizations for further information, discussion, or revisions. The Corporate Contributions M&E manager also participated in a final discussion of each proposal and had final sign-off on each project. Following an iterative process with each applicant, Johnson & Johnson ultimately funded all eight projects. (See Table 1.)

Initiative Implementation

Projects proposed by the nonprofit partners naturally fell into three areas of ECB:

- evaluation framework development, focused on articulating guiding priorities and structures for evaluation;

TABLE 2 Approaches Employed by Evaluation Capacity-Building Projects

ECB Approach	Evaluation Framework Development	Data-System Strengthening	Staff Training
No. of HF Organizations	5	5	2
Primary Objectives	<ul style="list-style-type: none"> • Assess and articulate key outcomes and pathways of change, particularly related to health and advocacy. • Identify and prioritize core indicators to be collected. • Gain a deeper understanding of best practices related to data collection within the programmatic area. • Develop a data-collection plan for priority indicators. • Develop tools to measure key stakeholder program satisfaction and competency changes. • Ensure data-collection tools are integrated into an overall measurement and evaluation system. 	<ul style="list-style-type: none"> • Develop or update data-collection tools, test them, and integrate them into regular use. • Develop a system for collecting data to address baseline and endline outcome indicators. • Develop and test an algorithm for accurately estimating the number of patients treated with donated medications. • After engaging in evaluation framework development, define data-storage and management requirements for newly prioritized indicators. • Procure new computer equipment and enhance an existing electronic medical records (EMR) system with new data entry forms and reporting functions. 	<ul style="list-style-type: none"> • Train staff in basic computer skills and EMR system functions. • Train staff in logical frameworks and M&E tools, practices, work plans, and schedules.
Processes Used to Achieve the Objectives	<ul style="list-style-type: none"> • Interactive logic model development • Interactive development of question-and-evidence matrix • Development of data-collection tools • Development of reporting plan 	<ul style="list-style-type: none"> • Development of tools, systems, and procedures to address needs and leverage resources • Development and testing of an algorithm to estimate program reach numbers 	<ul style="list-style-type: none"> • Delivery of interactive trainings with hands-on exercises to a large number of organizational staff members

- data-system strengthening, focused on identifying challenge areas in data collection and management and identifying and implementing solutions to those challenges; and
- staff training, focused on providing guidance to staff on principles, best practices, and logistics of conducting effective evaluation and using findings. (See Table 2.)

The HF ECB projects lasted from four to 12 months, with the majority lasting approximately four months. Grants for ECB projects ranged from \$20,000 to \$50,000. The approximate total cost of the HF ECB initiative, including Johnson & Johnson staff and consultant time to plan, oversee, and evaluate the initiative, was \$250,000.

While each of the projects was proposed independently by the respective organizations, Johnson & Johnson recognized some overlap between the needs of some of the projects and saw this as an opportunity for peer learning. While limited resources and wide geographical spread limited the ability to bring all of the HF ECB organizations together, Johnson & Johnson initiated and hosted a convening for a subset of the organizations with similar missions and similar evaluation challenges to promote peer-to-peer learning.

Evaluation Framework Development

In five projects that included evaluation framework development, nonprofits worked with an evaluation consultant to build or refine several foundational evaluation tools, such as programmatic logic models, question-and-evidence matrices, data-collection tools, and reporting plans. Key objectives that nonprofits had for this work included:

- Assess and articulate key outcomes and pathways of change, particularly related to health and advocacy for health.
- Identify and prioritize core indicators to be collected.
- Gain a deeper understanding of best practices related to data collection within their programmatic area.
- Develop a data-collection plan for priority indicators.
- Develop tools to measure key stakeholder program satisfaction and competency changes.
- Ensure data-collection tools are integrated into an overall measurement and evaluation system.

The approaches used for these evaluation framework development projects were participatory, highly engaging, and focused on the unique assets that each organization brought to the table. (See Sidebar 1.) The approaches fell into a few major categories of M&E practice.

Logic Model Development

Four of the five organizations working on evaluation framework development created logic models. This work centered on mapping out the desired outcomes and their sequencing for a principal program or model of the organization. The mapping process began with the consultants doing a deep dive into the documents related to the program and building on any existing logic models that the organizations may have worked on in the past. Then, rather than developing or refining the model and bringing it back to the organization as a completed product, consultants engaged in conversations with program staff, communications staff, advocacy staff, and leadership to understand their perspectives on the overall intended social impact of the program, the target audiences, the direct outcomes from the program, and the ways data about the program can help them in decision making and communications.

Obtaining this wider range of perspectives helped to gain a more comprehensive view of the program, and led to the nonprofits engaging in strategy discussions, developing and building consensus on key aspects of the program, and obtaining clarity on the outcomes that the

organization's program or model should obtain and in what time frames. This integration of a wider set of stakeholders also aimed to create broader buy-in to the usefulness of the M&E tools that were being developed.

Question-and-Evidence Matrix

Four of the five organizations working on evaluation framework development also built question-and-evidence matrices. A

question-and-evidence matrix is built from the logic model and lays out the key evaluation questions that the organization wishes to answer as well as the indicators and data sources that will be used to answer those questions. Once the outcomes mapping (logic model) was established, the consultants worked with the nonprofit teams to review the existing indicators that were shaping data collection on their program activities and outcomes and to assess whether or not they

SIDEBAR 1 Building Princeton in Africa's Capacity to Do and Use Evaluation

Princeton in Africa (PiAf) is a New Jersey-based nonprofit founded in 1999 to offer yearlong fellowship opportunities with a variety of African-based organizations in order to develop young leaders committed to Africa's advancement (<http://www.princetoninafrica.org>). Since the fellowship's inception, 545 PiAf fellows have worked in 36 African countries.

PiAf joined Johnson & Johnson's Healthy Future (HF) evaluation capacity-building (ECB) initiative with a desire to more consistently measure programmatic outcomes for its fellows and their partner organizations. PiAf had done some initial work on drafting a logic model and had developed some data-collection tools, but it was seeking a way to more holistically develop a monitoring and evaluation framework that would help it use the data it collected and report programmatic outcomes to stakeholders in a timely manner.

PiAf participated in an evaluation framework development and data-system strengthening project with evaluation consultant TCC Group. In this project they developed an updated logic model, created a question-and-evidence matrix with core indicators, developed data-collection tools for programmatic site visits, created a reporting plan, and defined data-storage and management needs for identifying the appropriate database solution. According to PiAf, one of its challenges had been that data collection had traditionally been more ad hoc or was performed to meet specific deadlines. For PiAf, this meant that it had a difficult time seeing the bigger picture from what it gathered, analyzed, and reported. Through the HF project, PiAf developed a reporting plan that systematized its data collection and analysis throughout the year. PiAf reports that "this tool was especially helpful as it gave us a clear understanding of our evaluation practices and outlined a time frame to ensure that we were following through with these practices regularly."

PiAf's scores on the HF ECB pre- and post-project assessment of evaluation use showed that it increased its use of evaluation findings to improve services or programs, train staff, get additional funding, monitor programming on an ongoing basis, and eliminate unneeded services or programs. The most impactful part of the project, according to PiAf, was a tool developed for assessing current and prospective fellowship host organizations; PiAf had not had a strong system in place to do this. With the development of the partner assessment tool, PiAf was able to integrate both qualitative and quantitative data to understand how well organizations could facilitate the desired fellow outcomes, and how good a fit a particular fellow might be at helping create partner-specific outcomes. Additionally, because PiAf was involved in developing this tool with its evaluation consultant, the tool reflects the characteristics needed for staff to use it while conducting site visits in various parts of Africa. According to PiAf, this helps it "make more informed and impartial decisions relating to this important aspect of our work." Two years after the HF project, PiAf still regularly uses these tools and now feels that it is better able to make informed decisions about whether to continue with existing partnerships.

fit with the new logic model. Where needed, they worked together to develop new indicators and remove irrelevant ones. In order to establish their data-collection plan, the teams prioritized the indicators to be collected using the criteria of importance to the organization/program, feasibility for data collection, and potential use by the organization.

While in traditional consulting arrangements consultants may develop the indicators on their own as the “evaluation experts”, the interactive method used in the HF projects brought consultants and nonprofit teams together to ensure that the nonprofits had bought into the indicators that they themselves prioritized, that the feasibility of data collection was thoughtfully considered, and that the teams would now have the experience to replicate the process for themselves in the future.

Data-Collection Tool Development

Four organizations used HF support to develop the right tools for data collection. Three of these organizations had been through the question-and-evidence matrix development process and thus selected tools outlined in their matrix for creation or refinement. The fourth organization prioritized survey development for three of its specific stakeholder audiences. Each of these organizations worked with evaluation consultants to understand best practices in survey or tool creation, develop the appropriate ways of asking for the data, and put those into practice through tool implementation.

Tool development was iterative between consultants and the nonprofit teams in order to ensure that the tools met the needs of both the nonprofit staff and the populations they served. While consultants provided expertise on survey/data-collection design, nonprofit teams lent their expertise on culturally competent ways to engage with their program participants. The teams also helped refine the tools so that they were appropriately sized and formatted for the situations in which they would be used (e.g., site visits to rural locations, for use with illiterate populations, etc.). In some cases, consultants also included a “data-collection tool review,” where the organization’s existing tools were reviewed

[T]he interactive method used in the HF projects brought consultants and nonprofit teams together to ensure that the nonprofits had bought into the indicators that they themselves prioritized, that the feasibility of data collection was thoughtfully considered, and that the teams would now have the experience to replicate the process for themselves in the future.

to ensure that all data collected was being used and that all prioritized indicators were reflected somewhere in the data-collection tools. This would help with easing the burden of data collection and thereby increase the likelihood of the tools’ continued use.

Reporting Plan

Four organizations worked with an evaluation consultant to develop a type of reporting plan to bring their collected data together for use in communications and decision making. The plans generally touched on areas such as identifying how and when findings are distributed throughout the organization, and defining roles and responsibilities for key activities such as conducting analysis, creating reports, disseminating findings, and ensuring use of the findings.

Reporting plan development was also conducted collaboratively between consultants and nonprofit teams. Consultants helped provide the structure and key elements of a rigorous plan, and the nonprofits weighed in on the timing of key programmatic activities and grant reporting periods throughout the year. The collaborative

development of this plan helped to ensure clearly and reasonably assigned tasks among the team members and helped instill confidence in other stakeholders, such as leadership and communications staff, that data collection would align with important decision-making or communication points throughout the year.

Data-System Strengthening

Five HF ECB projects included a focus on data-system strengthening, which was designed to help the organizations address existing challenges in data collection and management. Key process objectives that nonprofits had for this work included:

- Develop or update outcome data-collection tools tied to a pre-existing evaluation framework, test the tools, and integrate them into regular use.
- Develop a system for collecting data to address baseline and endline outcome indicators.
- Develop and test an algorithm for accurately estimating the number of patients treated with donated medications.
- After engaging in evaluation framework development, define data-storage and management requirements for newly prioritized indicators.
- Procure new computer equipment and enhance an existing electronic medical records (EMR) system with new data entry forms and reporting functions.

In most cases, the approach to achieving these objectives was participatory, with consultants and nonprofit teams working together to identify the data-systems challenges and assess organizational resources and constraints in using new tools, and then working collaboratively to develop tools, systems, and procedures that would appropriately address the needs and leverage the resources of the organization. Additionally, the nonprofits engaged staff from varying roles across the organization,

considering perspectives of all users of their data systems. For example, one organization included those in programmatic roles in developing new data-collection tools to ensure that front-line staff would feasibly be able to fill out the information.

In the case of another project, the organization developed an initial algorithm for estimating the number of patients treated with donated medications based on a literature review and then tested the algorithm through a real-world evidence study that included a review of medical records from nearly 1,500 patients who had received the medications in 10 target countries around the world. Although this organization originally had plans to retain a consultant to lead this process, a new staff member with the appropriate skills and expertise ultimately spearheaded the work, contributing to the organization's sense of ownership of the project's processes and product.

Staff Training

Two nonprofits that utilized HF resources for data-strengthening support also included a major focus on evaluation-related staff training, with the primary goal of improving the staff's ability to engage in the practices needed to support high-quality collection and use of health outcome data. Key process objectives that nonprofits had for this work included training staff in basic computer skills and EMR system functions, and in logical frameworks and M&E tools, practices, work plans, and schedules.

In both instances, external consultants facilitated interactive trainings with a large number of organizational staff members, with the rationale that everyone in the organization has a role to play in evaluation efforts. The point person at each organization for the HF project, usually the person responsible for M&E, informed the selection of topic areas on which to focus staff training, based on specific organizational needs and aspirations. This broader level of participation in the training sought to build buy-in and use of the practices across the organization.

Peer Learning

During the HF ECB implementation period, Johnson & Johnson brought together two of the

organizations engaged in evaluation framework development and another Johnson & Johnson grantee that was also working on framework development outside of the HF ECB initiative. Each of these organizations worked within the youth leadership development sector, with a focus on improving health and related outcomes in developing country contexts, and thus faced similar questions in defining their outcomes and data-collection plans.

During a half-day, in-person convening, evaluation consultants facilitated a “mega logic model” activity in which each of the organizations contributed their program outcomes to a wall-size logic model and compared and contrasted how the similar programs defined their work. Consultants provided mini-workshops on how change can be assessed at the individual, organizational, and systems levels. The organizations also discussed challenges with data-collection systems and practices and how each was working to address them. Finally, the organizations reflected on ways to collectively share evaluation approaches with the broader youth leadership development sector.

Evaluation Methodology

The evaluation of the HF ECB initiative employed a practical, pre-test/post-test design that included collection of both quantitative and qualitative data from each of the eight participating grantee partners to assess changes in their capacity to do and to use evaluation.

The evaluation of the HF ECB initiative had three components:

1. Output/outcome reporting: Each grantee partner’s application for HF support included a table of project output and outcome targets related to the capacity to do and use evaluation. Three months after the official end of each project, the grantee reported actual accomplishments against the targets and explained over- or underachievement.
2. Quantitative pre-project and post-project assessment of evaluation use: At the beginning of the project and three months after its end, the ECB project lead at each agency assessed the organization’s use of evaluation results for each of eight purposes on a scale of 1 to 4 in which 1 = not at all, 2 = to some extent, 3 = to a considerable extent, and 4 = to a very great extent, using a scale adapted from the Evaluation Capacity Assessment Inventory (Taylor-Ritzler et al., 2013).
3. Qualitative post-project reflections on the ECB experience: Three months after the official end of each project, each grantee reported in narrative format on key changes in its ability to do and use evaluation, unanticipated outcomes, challenges, sustainability plans and actions, and recommendations for future ECB initiatives spearheaded by funders.

In addition, each HF ECB project that lasted more than six months (a total of three projects) submitted brief quarterly progress reports that addressed, in narrative format, three questions concerning project tasks accomplished in the past quarter, any challenges that arose and how they were addressed, and any unanticipated circumstances, learnings, or outcomes. The Johnson & Johnson Corporate Contributions M&E manager reviewed the reports and followed up with grantees, where appropriate, concerning challenges.

Findings: Output/Outcome Reporting

Outputs

The planned outputs of the ECB projects included staff members trained on evaluation, key organizational or program outcomes defined, outcome indicators prioritized, data-analysis plans developed, data-collection tools created, and staff trained on new tools. At the time of the final reports (three months after project end), three of the organizations had achieved all of their projected outputs and five organizations had achieved the majority of them, with a couple of outputs still in progress. Outputs defined as still in progress were related to data-collection tools that still needed to be refined or tested, as the implementation period

Intended ECB project outcomes centered on two main themes: the integration of new M&E tools into organizations' ongoing operations, and strengthened partnerships with key stakeholders (board members, peers, funders) that would occur through the sharing of their M&E work. At the time of the final reports (three months after project end), two of the organizations had completely achieved their desired outcomes and six organizations had achieved some outcomes and had others in progress.

for them was still in the future (e.g., program alumni surveys), and newer staff that still needed to be trained on the new M&E tools.

From the funder's perspective, the HF ECB initiative helped to achieve the following aggregate outputs:

- four partners with new or updated program logic models with clearly defined outcomes, particularly related to health outcomes.
- four partners with newly prioritized core indicators.
- six partners with new or updated data-collection tools.
- three partners with best practices for data collection and management identified.
- two partners with reports or technical documents produced to share with others.
- two partners with staff trained in M&E.
- one partner with new IT equipment for data collection.

Outcomes

Intended ECB project outcomes centered on two main themes: the integration of new M&E tools into organizations' ongoing operations, and strengthened partnerships with key stakeholders (board members, peers, funders) that would occur through the sharing of their M&E work. At the time of the final reports (three months after project end), two of the organizations had completely achieved their desired outcomes and six organizations had achieved some outcomes and had others in progress. For those that still considered their outcomes as a work in progress, they saw opportunities to build stakeholder relationships that would evolve over time, and/or they saw even more opportunities to integrate their new M&E tools in other areas of the organization or with additional staff members. One organization based in a developing-world context was still dealing with technology constraints at the time of the final report that had hindered it from fully using its new M&E tools.

From the funder's perspective, the HF ECB initiative helped to achieve the following aggregate outcomes:

- six partners with new data-collection tools integrated into staff operations and utilized to inform programmatic decisions and next steps;
- three partners with increased ability to communicate the impact of their work, particularly related to health outcomes;
- two partners with logic models mainstreamed in program development, strategy, and/or planning and implementation;

FIGURE 1 Organizations Reporting Use of Evaluation Results “to a Considerable Extent” or “to a Very Great Extent” (n=8)

- two partners with strengthened data-systems capacity; and
- two partners that made contributions to thought leadership within their fields.

Findings: Quantitative Assessments of Evaluation Use

The quantitative assessment of HF ECB grantees' use of evaluation results demonstrated that from before projects were implemented to three months after they were completed, the number of organizations that reported using evaluation results “to a considerable extent” or “to a great extent” increased for seven of eight uses. (See Figure 1.) In particular, use of evaluation results to a considerable or great extent grew from four organizations at baseline to eight at follow-up for “improving services or programs” and “getting additional funding.”

The only area in which use of evaluation results to a considerable or great extent decreased over time was “eliminating unneeded services or programs.” It is possible that the increased ability to use outcome evaluation information to improve programs or services resulted in a reduction in the outright elimination of services or programs.

Findings: Qualitative Post-Project Reflections

In their final reports, grantee partners were asked, through a series of open-ended questions, to reflect on the key benefits of their HF ECB projects and what is different about how they do and use evaluation, unanticipated outcomes, project challenges, sustainability plans and actions, and recommendations for future funder-led ECB initiatives. Several key themes emerged from their responses.

Several organizations that had taken an evaluation framework development approach to ECB reported that their project had brought a formal structure and more efficient processes to their evaluation work, such as elimination of data-collection activities that were redundant or that did not result in actionable information.

Changes in How Grantees Do and Use Evaluation

In terms of the most beneficial aspects of their HF ECB projects and what has changed about how organizations do and use evaluation, the main themes were:

1. increased structure for and efficiency of evaluation systems,
2. changes in staff and organizational mindsets and skills in relation to evaluation, and
3. improved ability to use evaluation findings internally and externally.

Several organizations that had taken an evaluation framework development approach to ECB reported that their project had brought a formal structure and more efficient processes to their evaluation work, such as elimination of data-collection activities that were redundant or that did not result in actionable information. For example, one organization reported:

As a result of these plans[,] we now have one document that provides a comprehensive overview of all the evaluation tools being used ..., including the dates of and means of data collection, the person(s)

responsible for collect[ing] the data, the methods of evaluation and reporting[,] and the needed outputs from each tool. With these plans, [the organization] is able to easily track our annual evaluation systems and identify gaps and redundancies in information collection.

The two organizations that included a staff-training approach to ECB indicated that their projects resulted in positive changes in staff skills, attitudes, and behaviors in relation to evaluation. One of these organizations, Prerana, which also took a data-strengthening approach to ECB, reported that staff came to see the organization's programming as a means to an end (i.e., positive health outcomes), instead of as an end in itself. Prerana also reported that outcome evaluation was no longer an isolated, peripheral activity, but instead had become a core function within the organization, thanks to the participatory nature of the ECB work and the comprehensive involvement of agency staff. (See Sidebar 2.)

In addition to focusing on changes in how they do evaluation, several organizations highlighted changes in how they use evaluation. For example, one organization described an improved ability to communicate with others: "We will now [be] able to communicate with our internal and external stakeholders[,] such as donors, distributors[,] and network facilities[,] to estimate [the reach of] our global medicine donation program."

Other organizations reported a new focus on use of outcome information to feed program improvement. One organization noted the institutionalization of evaluation reflection to inform program improvement: "Stakeholder meetings and management response documents are now standard for completed evaluations[,] to allow for deeper reflection on outcomes and how to improve programs."

Unintended Outcomes

When asked about unintended outcomes of their HF ECB projects, organizations' responses were very diverse, but some common themes emerged.

Two organizations reported that interest in efficient and useful M&E frameworks had expanded

SIDEBAR 2 Building Prerana's Capacity to Do and Use Evaluation

Established in 1986 and based in Mumbai, India, Prerana works to end intergenerational prostitution and to protect women and children from human trafficking by defending their rights, providing a safe environment, supporting their education and health, and leading related advocacy efforts (<http://www.preranaantitrafficking.org/>). When the Healthy Future (HF) evaluation capacity-building (ECB) initiative began, Prerana had over 40 staff members and an annual operating budget of approximately \$260,000.

The HF needs-and-assets assessment process identified several evaluation-related strengths and needs in the organization. Strengths included consistent documentation of programmatic outputs and good knowledge of Excel among project coordinators. Prerana's director also had a clear vision for the utility of outcome evaluation in documenting achievements, sharing successes, informing project improvement, and preparing more compelling funding proposals. Shortly before the outset of HF ECB grant funding, the director created and filled a new monitoring and evaluation (M&E) project manager position as part of a new commitment to improving evaluation capacity. However, Prerana's staff lacked knowledge of outcome evaluation and understanding of its importance, and the organization did not have the instruments and systems needed to conduct outcome evaluation successfully.

Prerana used HF ECB funding for a one-year project that engaged a local consultant to train over half of the organization's staff in basic principles and methods of M&E, and a second local consultant to work with Prerana to develop and pilot outcome-evaluation instruments and reporting systems for two projects, that could be adapted for other projects. HF project activities were highly participatory. For example, staff were actively engaged with the tools and systems consultant to develop practical instruments and collection and reporting systems.

After the HF ECB grant ended, Prerana reported that staff had increased knowledge of and buy-in to conducting outcome evaluation. Staff who had received initial M&E training were also training other staff in M&E, so that all staff would have the knowledge, skills, and attitudes needed to engage in it successfully. Moreover, the organization was establishing outcomes indicators and collecting baseline and follow-up data for diverse projects. Prerana's final report on its HF ECB project observed: "Today, we find every team member has moved from the activity-based mode to impact assessment. Every action and intervention are understood in the context of the impact that has to be achieved."

Prerana's scores on the HF ECB pre- and post-project assessment of evaluation use showed increased use of evaluation findings to report to a funder, improve services, obtain additional funding, monitor programming on an ongoing basis, and train staff. Prerana's final HF ECB report indicated that outcome data it had collected as a result of the project had helped inform a successful proposal to a new funder, and that another funder had invited Prerana to share its M&E system and HF ECB project learnings with the funder's grantee partners.

According to Prerana, the key factors in the success of the initiative in building its capacity to do and use evaluation were: (1) organizational readiness; (2) involvement of a local consultant who worked with the organization in a collaborative and participatory way to develop systems and tools that were tailored to the organization's needs; and (3) training of the majority of staff members in the basics of M&E, which promoted widespread buy-in to and support of new practices.

unexpectedly within the organization. In one case, although the HF ECB project was focused on health outcomes, a similar framework development process was being applied to other programming areas. In the other case, an organization reported that because of evaluation framework development for one program, other program areas “have increased their interest in developing a more formal monitoring and evaluation framework.”

Two other organizations reported unintended outcomes pertaining to new partnerships. One organization reported that its new M&E framework and practices helped attract a prestigious impact-research partner to collaborate on a four-year, randomized controlled trial of one its programs. Another organization, Prerana, reported that its new M&E system facilitated development of a proposal that resulted in a new funding partner. Prerana also reported that a funder has invited the organization to share its new systems and HF ECB project learnings with the funder’s various grantee partners.

Challenges to the ECB Work

While reporting various positive outcomes, HF ECB grantees also reported a variety of challenges to their work. Some were specific to evaluation work in settings with severely limited resources, such as limited electrical power and Internet access, lack of electronic medical and service records, and difficulty identifying appropriate local consultants to support the project. Other challenges included needing more time for the project than originally anticipated and difficulties concretizing and quantifying outcomes that initially seemed “intangible” to the organizations. Strategies that helped organizations to address these latter challenges included working with experienced consultants and scheduling regular meetings that were devoted to the ECB work.

Sustainability of the ECB Work

All eight organizations reported having taken concrete steps to promote the sustainability of their new evaluation capacities. Most of the organizations reported that new frameworks, tools, and procedures had been (or were in the process

of being) formally incorporated into organizational manuals, program processes, and/or staff responsibilities. One organization noted that the M&E framework is also now a part of training for new staff:

The first step is that we now have a formal data-collection and reporting plan in place, which covers all aspects of M&E. ... This document has been shared with all current staff and has become a part of the training for incoming staff. As the plan has very specific information about what position (not person) is responsible for each action, timelines for each action, and reporting methods for each action, it should be very transferrable during any changes in staffing.

Two organizations reported that staffing configuration changes that had resulted from the ECB project would support sustainability. In particular, one organization retained two of the project staff members who had initially been brought on only for the project: an EMR programmer, who was continuing to work to refine system forms and reports, and an EMR trainer, who was now serving in an M&E assistant role that included responsibility for data entry, patient registration, and monitoring of EMR use.

Grantee Recommendations for Funders of ECB Work

When asked what elements of the Johnson & Johnson HF ECB process could be done differently in future initiatives, the only comments offered (by one organization each) were that working with grantees to build ECB should begin earlier in the relationship, that the organization’s Statement of Work for the initiative should be clear to all parties from the start, and that participating organizations should be encouraged to recognize that capacity-building processes might take longer than they initially expected.

When asked what funders can do to encourage ECB aside from supporting projects like the HF ECB initiative, grantees provided a range of recommendations, from which two common points emerged: (1) ensure that an evaluation work plan is included in all funded projects and funding agreements; and (2) link grantees to other ECB

resources and help cover their costs, such as in-person trainings and webinars. On this second point, two grantees pointed out that small organizations cannot always afford to hire evaluation consultants, so it is imperative that staff have evaluation capacity. As one observed:

Having staff who are already knowledgeable about the work that we do also be trained to carry out long-term M&E projects would be a helpful step in sustainability. As a small nonprofit with limited funding, it is essential for all members of our team to understand and carry out monitoring and evaluation.

A grantee who had participated in Johnson & Johnson's convening of several organizations under the HF ECB initiative also noted that funders can also support grantees by creating "safe spaces" for multiple partners to share M&E challenges and strategies and in turn collaboratively build their evaluation capacity.

The findings from the evaluation of the HF ECB initiative are limited by the small sample size of organizations, which precludes generalizability beyond the sample. However, there was virtually no missing data, which supports the internal validity of the findings. Another potential limitation is the possibility that social desirability bias influenced the findings. In particular, evaluation data were submitted via email to the Corporate Contributions M&E manager, so grantees knew that Johnson & Johnson was aware of their results and feedback. However, grantees were strongly encouraged to provide honest feedback to help improve future initiatives and were told that their responses would not affect their current or future partnerships with Johnson & Johnson. The grantees did not seem reluctant to share challenges, and none consistently rated their use of M&E at ceiling, either at baseline or post-project. These factors suggest that social desirability bias was likely not a major factor in the HF ECB evaluation results.

Funder Perspective

As a supporter of nonprofit organizations seeking to improve health outcomes around the world, Johnson & Johnson also faces the growing

A grantee who had participated in Johnson & Johnson's convening of several organizations under the HF ECB initiative also noted that funders can also support grantees by creating "safe spaces" for multiple partners to share M&E challenges and strategies and in turn collaboratively build their ECB.

demand for accountability. Like all funders, corporate funders must seek to understand their partners' M&E capacities and consider what ECB approaches work best for them. The best-fit ECB approach will likely depend on several factors, including the funder's approach to partnering, as well as grantmaking and resource availability.

For Johnson & Johnson, which uses a highly participatory model for partnerships, it was important to develop and implement the HF ECB initiative in a way that allowed each partner to identify its own M&E challenges and shape its own solutions. The hope was that changes proposed, developed, and implemented by organizations themselves would be more sustainable. This tailored approach likely came with a higher cost in terms of resources such as staff and consultant time, as well as finances.

Time will reveal the extent to which partners are able to sustain changes in the long term. However, immediate findings do include promising sustainability-promoting factors, such as buy-in from staff across multiple levels of the organizations and the standardization of M&E tools and processes. In the future, it will be important to consider ways to maintain this tailored approach while balancing resource

The implementation of capacity-building support and the favorable results have informed conversations as the company has recently updated its social-impact strategy, including considering different ways it can support partners, beyond financial support for projects or programs.

utilization. For example, if there are some core M&E concepts that are important to all participating partners, regardless of their specific ECB goals, perhaps those can be shared with partners all at once, via webinar or other platforms, to streamline resources.

Given that Johnson & Johnson is a corporate funder, it is important to consider what was unique about the ECB initiative design, benefits, and lessons learned. While it is less common to see a corporate funder engaging in ECB work at all, neither the participatory nature nor the actual ECB methods used with partners were unique to a corporate funding approach. The genesis and design of the ECB initiative, however, may offer a perspective into a corporate funder's experience with ECB. As mentioned earlier, the work was tied to Healthy Future 2015, the corporatewide strategic initiative to develop citizenship and sustainability goals. Groups around the company were invited to set goals and targets, many of which, such as levels of carbon dioxide (CO₂) emissions, were readily quantifiable. This highly visible framework would serve as Johnson & Johnson's strategic "priority list" for its corporate citizenship work, both internally and externally, and groups all around the company would align programming efforts to meet these goals. While this was an opportunity to further integrate the Corporate

Contributions team's work with broader Johnson & Johnson efforts, which is highly valuable for such a group, this was not always easy — for example, it was challenging to set quantifiable targets for this work that made sense alongside targets for CO₂ emissions. In some important ways, the ECB initiative design was informed by this combination of the right timing, resource availability, an existing corporate value of partnership, and broad senior leadership buy-in. For example, to align with broader HF timing, the Corporate Contributions team decided to offer support in the form of smaller grants that were separate from the programmatic support given to each organization, rather than to fold support into existing grants. This gave grant managers, and the nonprofit partners, the space to focus specifically on M&E.

Some of the benefits and lessons learned can be viewed through a unique corporate funder lens. First, as a tangible example of how Johnson & Johnson's Corporate Contributions team valued M&E, the HF ECB initiative helped to raise the visibility of M&E of social-impact work with colleagues around the company. With initiatives like this one, M&E is viewed more as an area of strength, which is important as Johnson & Johnson continues to develop new ways to create social impact, often engaging more closely with the business. Additionally, this ECB work allowed Johnson & Johnson to test out the model of providing focused capacity-building support, which could be adapted to support other areas of capacity development (e.g., advocacy). The implementation of capacity-building support and the favorable results have informed conversations as the company has recently updated its social-impact strategy, including considering different ways it can support partners, beyond financial support for projects or programs. For example, in a recent social innovation challenge, Johnson & Johnson employees with specific expertise offered a capacity-building "boot camp" to finalists. In addition to these factors unique to the corporate funder, like all funders who adopt a participatory ECB approach, grant managers had the opportunity to develop a deeper understanding of their partners' M&E strengths, challenges, and needs, not

limited strictly to the specific grant supported by Johnson & Johnson. This is important as the company continues to strive for better awareness of partner needs and aspirations, so that together with partners it can identify the best opportunities to provide appropriate support.

Conclusion

Johnson & Johnson's Healthy Future evaluation capacity-building initiative demonstrated that, when brought into the design process of ECB support, grantees identify areas of challenge that are both common to other organizations as well as unique to their particular models. Given the opportunity to inform their capacity-building support, grantees can improve their ability to both do and use evaluation, and take concrete steps toward sustaining those improvements within their organizations.

Johnson & Johnson, as the funder, also benefited from the HF ECB initiative. In addition to fostering stronger partnerships with grantees and improving their ability to report health-related outcomes, the initiative raised the visibility and importance of monitoring and evaluating social impact within the company. Additionally, piloting a new way of working with grantees has fostered creativity within Johnson & Johnson's partnership model and is helping to inform its global philanthropic strategy.

The HF ECB initiative provides initial insight into the effects of using participatory design for funder-supported evaluation capacity building. More research should be done to determine if participatory designed approaches create more sustainable changes than do nonparticipatory designed approaches, and to understand how participatory approaches can be implemented at scale to build evaluation as well as other capacities of nonprofit organizations.

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Cricket Island Foundation: A Case Study of a Small Foundation's Impact Assessment

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Introduction

When people think of philanthropy and impact, it is common to envision institutionalized philanthropy: the independent foundations with office suites, an established staff, boards selected for their content expertise, and well-established giving strategies and guidelines. We sometimes neglect to imagine the smaller foundations, many of which are founded by well-intended families. Yet family foundations represent a significant part of the philanthropic ecosystem, comprising more than half of all private (family, corporate, independent, and operating) foundations and, with more than \$400 billion in assets, about 46 percent of all foundation holdings (Foundation Center, 2014).

Founded in 2000 following the sale of a family business, the Cricket Island Foundation (CIF) is a small family foundation with assets of approximately \$44 million and annual grantmaking of about \$2 million. Its mission is to develop the capacity and commitment of young people to improve their lives and communities. Family members involved with the foundation are highly engaged and have woven a strong ethos of learning into their philanthropic efforts.

Following its 15th anniversary, the CIF board was eager to learn more about the outcomes of its approach and identify ways to strengthen its impact, particularly as it was expanding its work from New York City, New York, and Chicago, Illinois, into a third city, New Orleans, Louisiana. The board commissioned an independent consultant to undertake a multimethod assessment of the CIF's grantmaking portfolio, both to look back on its impact and to inform future decision-making and strategy. The board

Key Points

- In 2015, the Cricket Island Foundation conducted a multimethod assessment of its grantmaking portfolio to examine its impact and inform future decision-making and strategy. The foundation, which supports youth-led social change using a cohort-based model, focuses on emerging and medium-sized organizations and provides capacity-building supports to help organizations achieve greater organizational sustainability.
- The assessment focused on two of the foundation's three cohorts and found positive trends in five key areas of desired impact: organizational capacity, youth leadership, nonprofit executive leadership, grantee collaboration and learning, and funder policy and practice. The assessment also identified areas for improvement to strengthen future impact, and prompted a review and update of the foundation's ongoing protocols for tracking its progress.
- This article will explore what was learned from a model of providing long-term capacity-building investments to grassroots organizations, and discuss the ways in which even small foundations can implement meaningful assessment protocols while minimizing data-collection burdens on grantee partners.

was clear that the assessment was intended to turn the mirror on the foundation itself — the goal was to examine and understand the ways in which the CIF's approach resulted in desired outcomes, rather than evaluating individual grantee partners per se. In addition, as a small family

foundation with a small number of grantees that are all emerging grassroots organizations, it was important to conduct the assessment in a manner that was manageable for both the foundation and its grantee partners.

This article explains the assessment methodology, examines the results of the assessment, and describes the steps the foundation has taken to integrate its findings. In doing so, it provides a case study of how a small foundation, with modest resources, can engage in an organizational learning process through assessment and build a culture of inquiry to help understand its impact over the long term, without engaging in an expensive, labor-intensive evaluation.

The Foundation and its Grantmaking

The Cricket Island Foundation was created in part to inspire a spirit of philanthropy within the donor's family. Its board consists of three generations of family members who live across the United States, and currently involves 15 family members and their spouses. Although the configurations have shifted over the years, the staff typically has consisted of a full-time executive director and program officer, as well as two part-time staff who support programs, operations, and finance. The CIF supplements its capacity with a small cadre of consultants, some of whom work with place-based cohorts and others who are engaged as particular needs arise.

Since its inception, the foundation has been passionate about its commitment to youth. Over time, it has evolved from awarding ad hoc grants to youth development and youth organizing groups across the country to a more focused grantmaking strategy. In 2007, the CIF adopted an organizational development and capacity-building lens to its work, with an emphasis on awarding multiyear, general operating support grants. Importantly, the foundation targets emerging and medium-sized organizations, typically with budgets of less than \$1.5 million, as the trustees believe these are the organizations best positioned to benefit from investments in organizational development. The CIF intentionally occupies a space in the philanthropic ecosystem where it supports smaller, emerging

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organizations. It focuses on capacity building and organizational development because it believes that stronger organizations have deeper impact. The belief that stronger organizations strengthen the field of youth-led organizing is central to the foundation's approach.

In 2009, the CIF's grantmaking shifted toward a cohort-based funding model, a decision rooted in the belief that investing in a critical mass of groups in a specific place and creating opportunities to promote collaboration and learning among them can advance broader field-building efforts. The foundation established its first cohort of grantee partners in 2009 in Chicago; it formed a New York City-based cohort in 2012 and, shortly thereafter, a third cohort in New Orleans. Its initial grants in New Orleans were

FIGURE 1 Cricket Island Foundation's Phases of Funding

exploratory grants designed for the CIF to get to know the groups and assess their readiness to benefit from the foundation's organizational development focus, and the New Orleans cohort was formally established in 2014. The foundation strives to build connections with local funders and other community stakeholders to ensure that it is attuned to local dynamics and is working in alignment with others in the field of youth-led social change.

Grantmaking Strategy

The Cricket Island Foundation's grantmaking consists of financial and in-kind support that helps facilitate cohort collaboration and progress toward organizational development goals:

- **Multiyear general operating grants.** The CIF provides general operating grants to the grantees in each of its cohorts. Grants are typically around 10 percent of the organization's annual budget, ranging from \$20,000 to \$100,000, and are generally awarded for eight to 10 years. In the initial phases, the emphasis is on learning and partnering with other members of the cohort. By the fourth year, the focus shifts to building and collaborating, and in the final phase, the CIF steps down its support as grantee organizations establish greater sustainability. (See Figure 1.) Each year, grantee partners in collaboration with foundation staff establish organizational capacity-building goals related to board development, succession planning,
- **Small grants.** To complement the larger grants, the foundation provides a set of small grants to support capacity-building initiatives, leadership development, and unexpected needs that may arise during the year. Each grantee partner is eligible for an additional \$11,000 each year to support activities that are aligned with its organizational capacity-building goals. For example, funding could be requested to hire a consultant to support the development of a strategic or communications plan, or to send youth leaders to a national conference of youth community organizing activists.
- **Field-building grants.** In addition to the grants it provides to small, grassroots organizations, the CIF allocates about \$200,000 a year to support collaboratives, infrastructure groups, and initiatives that help build the field of youth-led social change. This

financial health and sustainability, and staff development, among other areas. Using a multiyear grantmaking model signals a longer-term commitment by the CIF, helps establish deep and trusting relationships with grantee partners, and provides the broader time frame necessary to make progress toward organizational development and capacity-building goals (Independent Sector, 2016). At any given time, the foundation is supporting 20 to 22 grantee organizations across the three cohorts.

FIGURE 2 Cricket Island Foundation Theory of Change

allows the foundation to invest in efforts that engage it with the broader ecosystem of philanthropy, including larger foundations. The CIF devotes considerable staff time to advocating for grantee partners and for the broader field of youth-led social change. Recent grantees of this fund have included national collaboratives, such as the Communities for Just Schools Fund and the Funders' Collaborative on Youth Organizing, as well as local initiatives, such as the New York City Youth Funders Collaborative.

- Local cohort consultants. Staff and youth from grantee organizations within each cohort work with a local consultant who facilitates quarterly cohort meetings for collective peer learning and provides individual technical assistance and coaching to groups to advance their organizational development goals. Using a local capacity-building and organizational development

expert allows the CIF to support grantee partners more fully with an additional resource beyond foundation staff.

- Leadership development support. In recent years, the foundation has offered grantee partners a variety of opportunities to support executive leadership development and transitions. In 2015, it created the Leadership Circle as a pilot effort for new executive directors, hiring two consultants to facilitate group meetings and provide one-on-one coaching. More recently, the CIF offered to pay for individual coaching support for all executive directors who wished to participate.

Theory of Change

The Cricket Island Foundation's theory of change focuses on five key areas of desired impact: (See Figure 2.)

TABLE 1 Cricket Island Foundation Cohorts

Cohort	Grantees Since	\$ Invested	No. of Grantees
Chicago	2009	\$3.2 million	7
New York	2012	\$2.5 million	7
New Orleans	2013	\$ 250,000	5

- organizational capacity, with a desire to see grantees become healthy, sustainable nonprofits;
- youth leadership, with an aim of supporting the next generation of social change leaders who have the skills necessary to lead organizations;
- executive leadership, with a goal of helping executive directors develop effective leadership practices;
- cohort-based collaboration and learning, with the goal of contributing to a robust national network of nonprofits with youth leading social change; and
- funder policy and practice, with the desire to see a national network of funders who are increasingly supportive of youth social change efforts and adopting more grantee-centered processes.

Assessment Approach

The external evaluation consultant collaborated with a dedicated working group of board and staff members over an eight-month period in 2015 to design the assessment, identify questions of interest, collect and analyze the data, and review the results. The assessment focused on its Chicago and New York City cohorts; the third cohort, in New Orleans, was formally initiated in 2014 and at the time of the evaluation it was too soon to examine impact. (See Table 1.)

The foundation was cognizant of creating an assessment methodology that was proportionate to its size and, as a relatively new foundation, its stage of organizational development. Using its general theory of change connected to key impact areas as a guide, the CIF worked with the consultant to overlay assessment instruments to gather data in those areas. For a small foundation where every dollar going to grantees counts, the trustees did not want to spend large amounts of money on assessment; instead, it opted to use existing data, such as qualitative reports from cohort consultants and past survey responses from grantees, and supplement with additional data from focus groups and interviews for nuanced information about the cohort members' experience with the foundation. In addition, the assessment was designed to be relatively low-impact on grantees, so as not to burden them with multiple requests for data.

Four data sources informed this assessment:

- survey results from a tool focused on organizational capacity (Chicago – 2009, 2013),
- qualitative reports on cohort progress (Chicago – 2013, 2014),
- financial health indicators from IRS Form 990 (Chicago and New York City – 2011–2014), and
- transcripts from focus groups and one-on-one interviews with grantee partners (seven in Chicago and eight in New York City – 2015).

Organizational Capacity Survey

In 2008, in partnership with an assessment expert, the foundation created a customized organizational capacity assessment tool adapted from TCC Group's Core Capacity Assessment Tool.¹ The CIF's tool covers 12 organizational capacity domains and is completed by multiple stakeholders, including staff, board, and youth, to identify organizational capacity-building needs. The domains are mission, planning, leadership, board, fundraising and financial management, evaluation, program development, communications and marketing, technology, staff development and sustainability, human resources, and alliances and collaboration.

In Chicago, representatives of five grantee organizations took the survey twice — in 2009 (n = 43) and again in 2013 (n = 83), allowing for comparative analysis. To account for the fact that some questions changed significantly between the first and second surveys, analyses focused on questions common to both surveys. Thus, the assessment focused on nine of the 12 organizational capacity domains. The three domains not examined in the assessment were board, technology, and alliances and collaboration.

Qualitative Progress Reports

Local cohort consultants provided two major reports — one in 2013 on the five existing grantees and another report in 2014 on the two new grantees — that detailed progress toward building grantee organizational capacity. The 2014 report includes a ranking of organizational development capacities on six key dimensions (program development, alliances and collaboration, leadership, fundraising and financial management, board, and planning) according to three levels of functionality: high, medium, and low.

IRS Form 990

The evaluation consultant reviewed available 990s of Chicago and New York City groups from 2011 to 2014 to examine data related to organizational financial health. Although several years of

data were reviewed, the intent was less to assess for linear trends, which would be unlikely given the small size of organizational budgets, than to get a pulse on overall financial health.

Moreover, because more and more foundations, as well as agencies such as Guidestar and Charity Navigator, are using 990s to assess organizational finances, examining 990s was a way to determine whether the foundation wanted to integrate a review of 990s into its practices as an “early warning system” to determine if organizations might be at risk for financial trouble. The following indicators, considered good measures of organizational financial health, were examined: change in unrestricted net assets or operational surplus/deficit, functional expenses breakdown, months of and total liquid unrestricted net assets, and months of and total cash on hand (Kotloff & Burd, 2012).

Limitations

There are several limitations to keep in mind when reviewing the results. Although an independent consultant was hired to conduct the evaluation, some grantee partners may have still felt compelled to offer positive feedback in focus groups and interviews, knowing the information could potentially be shared with the foundation despite assurances of confidentiality.

In addition, due to the small number of grantee partners, surveys and other quantitative measures have a small sample size, meaning that averages could be easily skewed due to outliers. To address this, data were reviewed carefully for any skewed data that might influence overall averages.

With respect to financial health data, there is debate as to whether the IRS Form 990 is the ideal source of information, given that data are self-reported by nonprofits and provide relatively limited information. Audited financial statements, prepared by independent third-party accountants, provide more detailed and objective financial information. That said, the foundation

¹ The Core Capacity Assessment Tool (CCAT) is a 146 question online, survey-based tool that measures a nonprofit's effectiveness in relation to four capacities — leadership, adaptability, management, and technical capacities. Additional information about the tool is available at <https://www.tcccat.com/hc/en-us>.

FIGURE 3 Mission Capacity Among Chicago Cohort Members: 2009 and 2013 **FIGURE 4** Staff Development Among Chicago Cohort Members: 2009 and 2013

and external consultant wanted to minimize data requests and have consistent data across grantees. Since not all grantee partners (due to their small budgets) were required by law to conduct financial audits, the 990 was the only way to analyze financial health data consistently across grantee organizations.

Another limitation is the inability to account fully for context — other donor interventions, changes in the operating environment, etc. — that could have an impact on outcomes of interest, such as organizational capacity or leadership. During the interviews and focus groups, participants were asked for attribution to mitigate partially against this reality.

Findings

Data analyses found the most robust positive trends in organizational capacity, executive leadership, and youth leadership. There were also positive trends in cohort collaboration and additional learning and funder policy and practice, but these were more challenging to assess, and more work needs to be done in the future to examine impact in these areas.

In reviewing the findings, it is important to note what is unique about the types of organizations the CIF targets with its grantmaking. These are youth-led organizations, engaging young people programmatically and operationally in

FIGURE 5 Communications/Marketing Among Chicago Cohort Members: 2009 and 2013

FIGURE 6 Planning Capacity Among Chicago Cohort Members: 2009 and 2013

leadership roles. As locally focused organizing and policy advocacy organizations engaged in programs and campaigns responsive to community issues, they need to be nimble to adjust as constituency issues evolve. Organizationally, they operate with smaller budgets, generally leaner staff, and typically younger staff. These factors were considered as the evaluation consultant and the foundation interpreted its findings. The following section describes results in each area in greater detail.

Organizational Capacity

Between 2009 and 2013, all Chicago grantee partners reported increased mission capacity

— having a clear, concise mission that staff, youth, and board members know, discuss, and review. (See Figure 3.) Most members of the Chicago cohort also reported progress in staff development and in communications/marketing (See Figures 4 and 5.)

Findings related to human resources and evaluation were mixed, with only three of the five organizations reporting improvement. In the area of strategic-planning capacity, two of the five organizations reported improvement. (See Figure 6.) This may have been because several organizations were in the process of creating three- to five-year plans but had not yet begun

[G]rantees in focus groups shared how the foundation's long-term funding allows for authentic conversations on capacity building that are substantive rather than superficial. As one grantee observed, "We see a lot of other funders interested in capacity building, but they don't commit long term. It's hard in only a year or two to make real capacity gains."

implementation, which may have translated into perceiving a lack of capacity.

In fundraising and financial management, two organizations reported a significant gain in capacity and another reported a decrease in capacity, while the others showed little to no change. In the area of leadership, baseline ratings in 2009 were high (more than 90 percent of respondents responding "true" or "somewhat true") for all grantees and remained so in the 2013 survey. Similarly, for program development, baseline ratings were high in 2009 and stayed that way in the 2013 survey.

An analysis of liquidity — what many nonprofit experts consider the most important indicator of financial health — showed that all but one grantee had positive liquid unrestricted net assets. The majority of Chicago and New York City grantees had two to six months of liquid reserves across the four years of data that were examined. Chicago grantees had between 2.5 months and 5.8 months of cash reserves in 2014, with New York City grantees having a similar range (1.6 months to 5.5 months) during the same

year. Within the time period, there were no clear patterns — liquidity increased for some organizations from 2011 to 2014, while it decreased for others within the same period. This is to be expected given small organizational budgets, but that most organizations maintained recommended levels of cash reserves is promising. Again, the purpose of examining 990s for this assessment was to determine if there were any early warning signs of potential financial trouble.

Most grantees had no change in unrestricted net assets. When compared to the data from the Nonprofit Finance Fund's 2014 *State of the Sector Survey*, this places the CIF's grantees in line with the 31 percent of national nonprofits that reported break-even financials in 2013 (Nonprofit Finance Fund, 2014). Moreover, most are faring better than the 28 percent of national nonprofits that reported operating at deficits in 2013. The functional expenses breakdown showed that Chicago and New York City grantees generally report a healthy balance; overall, they fall within the Better Business Bureau Wise Giving Alliance's recommended range for program expenses (65 percent-plus) and fundraising expenses (well below 35 percent) (Better Business Bureau, 2018). Although these points of comparison are not ideal, given that they reference larger, national organizations rather than the small, grassroots organizations that the CIF supports, they provide a benchmark nonetheless and suggest that though these organizations are small, they are managing to maintain a level of sustainability with their finances.

Coupled with this examination of quantitative data, grantees in focus groups shared how the foundation's long-term funding allows for authentic conversations on capacity building that are substantive rather than superficial. As one grantee observed, "We see a lot of other funders interested in capacity building, but they don't commit long term. It's hard in only a year or two to make real capacity gains." They noted that the CIF's impact is cumulative. Many in both Chicago and New York City described how its general operating support and small grants for capacity building built on each other to provide sustained support for organizational

development needs. Grantees in Chicago noted how foundation cohort meetings and retreats provided them with a unique space to talk about capacity building across their organizations and helped them prioritize capacity-building work.

Youth Leadership

Across cohorts, foundation support built grantees' structural capacity to engage youth and build their leadership skills. This direct impact on youth leadership was somewhat unexpected, given that the CIF's support of youth leadership tends to occur indirectly via grant support.

Qualitative and quantitative data showed that these capacities were built through organization-level experiences the foundation funds, as well as via cohort-level activities like financial management and other organizational capacity-building trainings. The Chicago survey results show that all grantees offer a variety of hands-on learning opportunities for youth to develop their skills as potential organizing and movement leaders, such as grassroots campaigns to improve local policy on issues ranging from food justice to school-to-prison pipeline reform. These grantees also engage youth regularly in their alliances and collaborative work, exposing youth to opportunities for networking and communicating directly with local, regional, and national community leaders.

Chicago local consultant reports showed, and foundation staff corroborated, that grantees provide youth with multiple opportunities to learn about and even influence organizational practices, from engaging them in hiring processes and program development to having youth on their boards. These opportunities have increased since 2009, as have opportunities for youth to access professional development. Participation in the cohort and cohort-funded activities has helped youth build skills and grow as leaders.

Chicago focus group participants noted how youth participation in cohort-based trainings on topics like financial management helped them gain analytical skills to understand how their success in movement-based work is fundamentally connected to their skills as operational leaders

who can effectively manage and execute based on limited resources. Some New York City grantees pointed to grants that they said helped them connect youth to larger networks of youth activists, which contributed to their leadership development. "Our youth group really became strong because of Cricket Island Foundation," said one grantee. "Through a combination of [the foundation's small grants] and local consultant trainings, the youth developed both their analytical capacities and organizational leadership skills."

Executive Leadership

In addition to 2013 survey data showing that grantees perceive that their organizations are led by individuals with vision and good relationships with community leaders, focus group and interview data affirmed that executive leadership had been strengthened, with grantees crediting the foundation's grantmaking and cohort workshops.

Many focus group participants also noted the value of the foundation's Leadership Circle program. At the time of the assessment the program was a pilot initiative, created as a 12-month program and staffed by leadership development consultants, to support new executive directors. Based on focus group and interview data, the Leadership Circle created a confidential, safe space with trusted peers and helped develop soft skills, such as self-awareness and relationship-building, of emerging leaders. In Chicago and New York City focus groups, executive directors discussed the value of being in a space with other social justice organizing leaders — how such leadership is unique and how connecting with others doing this work across cities built their knowledge and connections to other movement leaders.

In particular, the focus on building emotional-intelligence skills helped leaders identify strategies and techniques for managing the frustration, disappointment, self-limiting beliefs, and fear and uncertainty that sometimes impact the ability to exercise effective leadership and manage conflict. Participants also noted other modules, such as those on power dynamics, peer coaching, and receiving 360-degree assessments from staff, board, and allies, as beneficial. Said one

The foundation's greatest learning impact may be in helping to align knowledge and perspectives of internal organizational stakeholders on capacity issues. Chicago focus group participants discussed the merits of having staff, board, and youth attend CIF workshops. Involving other organizational leaders, beyond executive directors, helped grantees stay focused on capacity-building priorities within the organization and build a shared understanding of how to move forward on organizational development goals.

participant, "I've been to other leadership trainings. This is different. It's helping me own my strengths. I'm developing greater emotional intelligence and trusting in that."

According to focus group participants, the clear curriculum structure and expectations made this program successful. From a curricular perspective, participants mentioned the valuable combination of facilitated sessions on leadership skills and techniques, peer coaching, and follow-up on executive coaching.

Cohort Collaboration and Learning

According to interview and focus group data, CIF funding helped foster greater collaboration

and peer learning among cohort members through its quarterly cohort meetings. Chicago focus group data showed that learning workshops provided adaptable tools and deepened knowledge about how to approach capacity-building issues inside grantee organizations. Importantly, focus group participants noted how these workshops offered content relevant to small social justice organizations, such as how to stay values- and mission-focused as community movement builders.

One of the most notable findings: The foundation's greatest learning impact may be in helping to align knowledge and perspectives of internal organizational stakeholders on capacity issues. Chicago focus group participants discussed the merits of having staff, board, and youth attend CIF workshops. Involving other organizational leaders, beyond executive directors, helped grantees stay focused on capacity-building priorities within the organization and build a shared understanding of how to move forward on organizational development goals. "At the most recent workshop, which focused on values and mission, we had staff, board, and youth attend," said one participant. "What they learned has framed conversations we have had subsequently internally."

Focus group data has also showed that the foundation has planted the seeds in Chicago for more peer learning on organizational capacity via cohort meetings. According to participants, although many of the groups in Chicago had connected with one another on tactical campaigns, they typically did not come together to discuss issues related to fundraising, board development, or communications. As one grantee shared, "Cricket Island Foundation offers a unique space for us to connect. With all other tables, we're focused on campaigns and issues." Grantees discussed the value of digging in on the technical aspects of organizational development and then hearing from each other about what they are struggling with and what they are doing to build organizational capacity. Through the cohort, organizations in Chicago were able to develop a shared funding proposal for collaborative work and coordinated communications activities. While groups offered praise

for the current workshop approach, grantee partners felt the peer-learning potential could go even further to promote shared learning and collaboration. Grantees agreed they would benefit from more direct peer exchange, reflecting on their models of youth-led work, and what successes and challenges they've experienced in engaging youth as leaders.

Funder Policy and Practice

In addition to its support for grassroots youth organizing groups, the foundation also provides support to entities that help build the field of youth-led social change through its Field Learning Fund. As part of its theory of change, the CIF operates on the belief that it can use its voice to advocate for youth-led social change, as well as more grantee-centered funding practices, with its peers. Specifically, it encourages peer funders to consider multiyear general operating support grants as well as support for organizational capacity-building approaches. Although the assessment focused primarily on input from grantee partners in New York City and Chicago about their cohort experience, it also took a preliminary look at the extent to which the foundation influenced youth funding locally and nationally and helped shift other funders toward capacity building.

As a starting point to assess the CIF's field-building work, the consultant mapped the foundation's current grantmaking approach to field-building "best practices," identified in the philanthropy literature, including those noted by the Bridgespan Group in its 2009 report on how funders successfully build fields (James Irvine Foundation, 2009). This mapping showed that the CIF already employs many of these best practices, including helping to foster a shared identity via its cohort-based work, providing support for leadership development, and focusing on long-term general operating support grants. At the same time, its work around research and communications — two additional components of field-building practices — is fairly limited and represents opportunities for further growth.

Foundation staff also identified about 40 foundations that support youth-led work nationally as

well as locally in Chicago, New York City, and New Orleans, and mapped its connections to this group of funders. This mapping illuminated two findings: fifteen of these funders (seven national, eight local) already support two or more CIF grantees, and the foundation is already connected to 34 of these funders via the eight collaboratives and affinity groups through which the CIF currently holds membership.

Staff then reflected on ways they have exercised influence via these collaborative and affinity groups: for example, the CIF influenced the evolution of the Communities for Just Schools Fund and the Just and Fair Schools Fund donor collaboratives. In partnership with other collaborative members, the foundation worked to develop an increased focus on capacity building, in part through the creation of a \$200,000 capacity-building pool. In addition, it was able to introduce many of its grantee partners to the work of the Communities for Just Schools Fund, many of whom ultimately became grantees of the fund. The foundation has also used its leverage as a national funder to convene local funders in Chicago and New Orleans to discuss the value of youth-led social change, social justice funding, and other issues affecting its grantees. For example, staff helped five grantees secure local youth development funding in New York City and Chicago.

While these reflections are mostly anecdotal, as the foundation moves forward with its assessment work, it plans to examine its efforts to influence funder policy and practice — specifically its ability to funnel more dollars towards youth-led social change and its advocacy for more grantee-centered practices — in a more systematic and methodical way.

Lessons Learned and the Path Forward

Based on the assessment, foundation board and staff learned valuable lessons about what was working well and areas for improvement in its grantmaking practice. In addition, this comprehensive assessment prompted conversations about how to integrate assessment into the day-to-day work of the foundation to facilitate ongoing learning, feedback, and course correction.

Though leadership development is considered one of the most important components of building a strong field, it is an underfunded enterprise, especially for the types of groups the foundation supports. Following the assessment, the CIF expanded its pilot efforts related to the Leadership Circle, which showed robust outcomes, sponsoring a second iteration of the program to develop executive nonprofit leadership and cultivate a shared identity/network among grantee partners.

Critically, foundation leaders learned they could cost-effectively track impact by building on assessments in place, systematizing them, and adding a few other regular assessments into their practice — instead of paying expensive consultants to develop complicated methodologies that generate reports to sit on shelves rather than offer continuous data to improve the foundation's work.

Lessons for Grantmaking Practice

The positive results from this assessment underscore the efficacy of the CIF's grantmaking model and also offers opportunities to deepen this work. The foundation will continue to make general operating support grants, supplemented

by smaller grants for capacity building and leadership development, while also running local workshops on capacity-building topics for grantee staff, board, and youth.

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While cohort members appreciated the ability to come together with their peers, the foundation also received feedback from grantee partners that they wanted greater opportunities for peer exchange. Since the assessment, cohort meetings have been restructured to give the grantees full ownership of the agenda of the meetings, part of which includes developing a collaborative annual plan (or shared learning goals). In addition, the foundation has started providing more funds to support collaborative cohort work to facilitate deeper connections and shared work among cohort members.

Moreover, the CIF has tweaked its approach to working with cohort consultants so they can better support grantee partners. Following the assessment, the foundation created a consultant template to use across cohorts to ensure there is more consistency in how consultants support cohorts across different cities. It has also implemented regular consultant calls to hear updates, strategize about the work, and share ideas that can be used across locales. This, too, has fostered more peer exchange with cohort members in different cities, a process that has been facilitated by the consultants who have become more familiar with the work happening in other CIF cities.

Assessment Approach

The assessment process underscored the fact that expanding the CIF's capacity to understand impact would require developing an ongoing culture of assessment internally. Following the assessment, the foundation added staff capacity related to assessment and reviewed its assessment and reporting practices to create greater alignment. Specifically, it introduced several new assessment tools, such as a periodic cohort consultant survey, to create mechanisms for getting regular feedback related to collaboration and learning outcomes. In addition, it streamlined reporting requirements to align better with areas of desired impact and now asks grantees to share existing media, news coverage, etc., that demonstrate impact. This minimizes reporting burdens for grantee partners, while also better allowing the foundation to procure content for its communications efforts.

Expanding assessment has many implications, not the least of which impacts staffing roles and use of consultants. This is especially true for a small foundation with modest resources. The CIF has made decisions about what to put in place immediately, what to put in place over time, and how staff roles will need to be modified for implementation. Phasing in assessment practice in manageable doses makes the framework more doable and prevents the staff from wading through data that do not help increase the foundation's impact and effectiveness.

Board members and staff came to realize that communications would be another way to deepen their impact and advance the goal of building the field of youth-led social change. Since the assessment, the foundation has identified strategic ways to spotlight how grantees authentically engage young people as leaders, sharing their stories of impact. It developed a communications strategy, established a presence on social media, and targeted key philanthropic conferences to be able to share best practices more effectively. The foundation will also explore how this connects to its work influencing other funders (e.g., ramping up the CIF's speaker/panel engagements, blogging, etc.) to change funder policy and practice.

Capturing the foundation's influence as part of its field-building efforts is not easily measured, and the current assessment examined this area through cursory and anecdotal means. In the future, the CIF will develop a more robust, systematic mechanism for assessing its work around funder policy and practice, perhaps through periodic interviews or surveys with collaborative partners to garner nuanced understanding of its advocacy efforts.

The foundation is also reflecting on how values of trust fit in with more rigorous assessment practices. One of the CIF's core values is to be grantee-centered. This includes streamlining grantmaking and administrative processes and communicating a sense of trust and partnership, even within the power dynamic of a grantee-funder relationship. As the foundation adopts a more rigorous assessment approach, it is still grappling with how to collect information without placing too much of an administrative burden on grantee partners. The CIF has developed a process of data collection that strives to strike that balance, but feedback from grantee partners will be critical to assessing the extent to which that balance has been achieved.

Conclusion

The results of the impact assessment provide valuable insights to foundations that may be considering similar capacity-building approaches. In addition, this article serves as a case study showing how a small foundation can use existing data, complemented with focus groups and interviews, to develop a better understanding of its work. For minimal investment and adjustments (part of a staff person's time, streamlined reporting that aligns with assessment goals), the board and staff now have data to help them improve their impact. As a return on investment, this helps the Cricket Island Foundation stay on mission, while also sharing important learnings with others in philanthropy about this grantmaking approach and ways in which it can be improved.

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Less Is More: How Grantmakers Are Using Simple Financial Metrics

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Keywords: Due diligence, tools, fiscal health, nonprofit finance, financial metrics, grantmaking, liquidity, liquid unrestricted net assets

Introduction

The assessment of the financial health of nonprofits has always been part of good grantmaking procedure. But financial evaluation can be challenging for grantmakers, for three reasons.

First, nonprofit finance is notoriously complicated. While fund accounting and nonprofit financial systems are largely designed to ensure the good stewardship of charitable funds, nonprofit financial statements are not as well suited to understanding a nonprofit's financial circumstances or strategy. Second, grantmaking staff vary in their capacity to incorporate financial evaluation into grant assessments. Staff must be conversant in many factors of nonprofit activity, especially in program strategy. Smaller foundations may not be able to afford to hire financial experts. Larger foundations may employ both programmatic and financial experts, but they must figure out how to get them to talk to one another to connect and coordinate the different elements of evaluation. And third, every applicant is different. Nonprofit business models can vary dramatically, even within the same program area, and organizations' leaders are often more focused on programs than finance. Even those who are on top of their financial strategy are not always as capable of communicating that strategy to others.

In recent years, we have seen a growing exploration of key performance indicators for nonprofits, both for nonprofit management and grantmaking. Much of that work has centered on program performance and organizational

Key Points

- This article explores how the Financial Health Analysis Tool can bridge the gap between the capacity of grantmakers to conduct financial analysis and the need to incorporate financial considerations into both grantmaking and ongoing engagement with grantees.
- The tool presents four years of key financial indicators in graphs and charts that create a kind of dashboard of a nonprofit's financial health over time. This small set of simple metrics highlights patterns and trends that can help grantmakers and nonprofits see how the financial management of an organization is advancing its mission and strategy.
- Using a series of interviews with a group of early users of the tool, this article looks at how these metrics are deployed in practice by grantmakers and illustrates three areas where they can be of particular utility: due diligence and evaluating grants; capacity building; and recognizing larger patterns and opportunities.

capacities. But, along with those concerns, there has been a renewed emphasis on financial health. For example, the "Performance Imperative,"¹ an influential framework introduced in the book *Leap of Reason*, by Mario Morino, establishes seven "pillars" of high performance, one of which is "financial health and sustainability" (Morino, 2011). As Morino told us in a telephone interview, "Understanding the financial health of an organization is critical

¹ See <http://leapofreason.org/performance-imperative>

A renewed, sectorwide emphasis that sees financial health as integral to nonprofit performance has led to new efforts to capture and present financial data in simple metrics that are easier to communicate, track, and compare.

to knowing whether it can deliver on the programmatic goals it establishes in its mission” (M. Morino, personal communication, April 13, 2017). The Leap of Reason Ambassador Community is developing the Performance Imperative Organizational Self-Assessment (PIOSA), designed to help organizations’ leaders measure their standing and progress.²

A renewed, sectorwide emphasis that sees financial health as integral to nonprofit performance has led to new efforts to capture and present financial data in simple metrics that are easier to communicate, track, and compare. Helpfully, this emphasis has in many cases been tied to a recognition that the high-level financial literacy required to both present and interpret financial data is in short supply, among both foundation program staff and the leaders of nonprofits to whom they make grants.

This article explores the impact, in the words of users themselves, of one effort to capture and present nonprofit financial data in the form of a free and accessible Excel-based tool. The Financial Health Analysis Tool emerged from an initiative funded by the Wallace Foundation and was developed by FMA, a national consulting firm that provides financial management services and strategy to nonprofit organizations and grantmakers.³ The tool is part of an effort to

bridge the gap between the often-limited capacity of grantmakers to conduct financial analysis and the need to incorporate financial considerations into grantmaking decisions as well as ongoing engagement with and support to grantees.

Financial Metrics in Nonprofit Performance

Metrics, in this context, are numbers that summarize or measure some aspect of nonprofit condition or performance. Grantmakers are called on to review a variety of sources of data in evaluating opportunities to support current and prospective grantees. At the most basic level, metrics can help simplify that job, save grantmakers time and expense, and allow them to evaluate more opportunities or consider an even wider array of factors in making their decisions.

Developing metrics on financial health and strategy is different from developing metrics on program performance. Financial statements are already made up of measures and numbers. Simple presentation of financial attributes requires identifying numbers that sum up or represent the essence of more complex concepts.

There are three types of financial metrics:

- *Result* metrics, which lift a total directly from financial statements;
- *Relational* metrics, which illustrate the relationship between two or more figures from statements; and
- *Summative* metrics, which indicate overall fiscal health and strategy.

There are advantages and disadvantages to each type of financial metric, so to rely on a single, one-dimensional score can bias or misinform grantmaking. A simple financial tool can deliver on both basic and “big picture” benefits by presenting a mix of these three types of metrics.

² The PIOSA can be found at <http://leapambassadors.org/products/piosa>.

³ The Financial Health Analysis Tool is hosted and available for download at <http://StrongNonProfits.org>, an online resource library developed as part of the Strengthening Financial Management Initiative (Devine, 2016).

A basic kind of financial metric is a result figure lifted directly from financial statements. The traditional example of this is operating surplus or deficit, sometimes called the “bottom line.” This metric specifies the difference between an organization’s revenues and expenses for a year, and we speak colloquially of it when we say a nonprofit is “in the black” or “in the red.” Grantmakers recognize that this metric can be a useful indicator of viability and fiscal management. At the same time, a single year’s bottom line can be a misleading indicator of long-term or overall financial health.

A more advanced kind of financial metric is a relational figure, such as a ratio or a percentage calculated from two or more numbers drawn from financial statements. Relational metrics reveal interesting connections between distinct aspects of an organization’s finances. “Functional expense mix,” for example, communicates percentages of expenses devoted to program, fundraising, and administrative functions. Similarly, the “operating revenue mix” presents percentages of revenue drawn from various sources, such as individual donors, foundations, public institutions, and from enterprise earnings. Metrics that express a resource in terms of its value in time are also relational, such as “months of cash on hand.” There are many other examples of relational metrics that specialists have devised or recommended for the analysis of nonprofit finances.⁴

A third, higher-level metric is a summative metric, which stands as a proxy for overall financial health and strategy. The Financial Health Analysis Tool foregrounds one such metric: months of liquid unrestricted net assets (LUNA), which are calculated by taking the amount of unrestricted net assets on hand at any time and subtracting the illiquid net assets — those that can’t be easily sold or turned into cash. Months of LUNA is calculated by dividing that number by the average monthly operating expenses of the organization (Polanco, 2012).

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LUNA is a useful indicator of both financial health and strategy (Polanco & Summers, 2016). On the one hand, LUNA is an indicator of the ability of an organization to withstand a temporary shortfall. Like a “rainy day fund” indicator, months of LUNA measures the liquid reserves that an organization could draw on to cover its expenses. On the other hand, the level of LUNA reserves stands as a kind of summary of the organization’s financial practices over time. LUNA reserves are generated when an organization earns a net operating surplus. In any year when an organization suffers an operating deficit, LUNA reserves must be drawn down to cover

⁴ See, e.g., Analyzing Financial Information Using Ratios, by Kate Barr, at <https://www.propelnonprofits.org/resources/analyzing-financial-information-using-ratios>, and Top Indicators of Nonprofit Financial Health, by Peter Kramer, at <http://www.nonprofitfinancefund.org/blog/top-indicators-nonprofit-financial-health>

the loss. Thus, if an organization has an unusually low LUNA reserve, it has been operating close to the edge. But if an organization's LUNA balance is unusually high, that suggests the organization could afford to reinvest its resources in capacity building, research, and development. In this sense, the LUNA metric communicates summative information about a nonprofit's overall strategy and fiscal-management approach.

Results metrics, relational metrics, and summative metrics each have their uses, but each is also limited. They don't tell the whole story. That's why reliance on one-dimensional "scores" like "overhead rate" can be deceiving and counterproductive, and can end up wasting rather than saving time (Arneal, 2016). In the end, metrics should be used in tandem with financial statements and conversation. But taken together, a small set of simple metrics can help grantmakers and nonprofits highlight patterns and trends in finances that go beyond what even long financial statements reveal.

A simple approach like the Financial Health Analysis Tool can do more than just save time and effort. It can help us understand how the mission and strategy of an organization are working in its business model, and how the financial management of an organization is advancing its mission and strategy. That enables grantmakers to focus on the strategic fit between a grant and the nonprofit's financial direction. By presenting a key set of metrics in a way that most people can understand, the tool also sets up a kind of common language among stakeholders. Program staff and finance staff, management and board members, or grantmakers and grantees can look at the same tool together and use it to talk about what an organization has been doing, how it is working, and what opportunities that opens up for better and more effective work in the future.

The Financial Health Analysis Tool

The Financial Health Analysis Tool serves as a kind of graphic dashboard of a nonprofit's financial health over time. The tool is both simple to generate and easy to understand, presenting four years of a nonprofit's key financial indicators in

graphs and charts that can be viewed together on a single page. (See Figure 1.) The tool can be downloaded, free of charge, as a Microsoft Excel spreadsheet "workbook," with a page for inputs and another for output. Instructions are included, and there is an instruction video on the same page as the download.

Simple Data Input

A key benefit of the Financial Health Analysis Tool is that inputting the necessary data is simple. No special financial knowledge is necessary to generate the results; all that is required are copies of the organization's most recent financial audit, current-year financial reports, and budget for the coming year. Typically, the audit will include two years of information, the current-year financial report will include a third year, and the budget will project a fourth, resulting in four years of information. A few of the tool metrics are not generally available from the budget, so those will include only three years of data.

In color-coded graphs, the output page calculates and presents nine key performance indicators in three categories: operations, net assets, and cash on hand. The nine graphs represent what are, in FMA's judgement, the data points that most succinctly and completely summarize an organization's financial health over time. In addition to such common indicators as operating surplus/deficits and months of cash on hand, the graphs show changes in the operating revenue mix (individual, foundation/corporate, government, earned, and other) and functional expense mix (program, management and general, and fundraising). They also illustrate net assets (restricted, temporarily restricted, and unrestricted), any board-designated net assets, and the LUNA metric.

LUNA is a key financial metric: All of the grantmakers interviewed for this article cited its significance in evaluating the financial health of current and potential grantees. Jennifer Hoos Rothberg, executive director of the Einhorn Family Charitable Trust, called LUNA "one of the single best indicators out there to assess a nonprofit's health and sustainability."

FIGURE 1 Sample Output Dashboard

Synthesizing Practitioner Insights

The Financial Health Analysis Tool is relatively new. FMA has developed and tested it in client work over recent years, added it in 2017 to the StrongNonprofits.org library for use by nonprofits and foundations, and continues to apply the tool in client work and provide training on its use to nonprofits and foundations.⁵

To get a sense of how simple financial metrics are deployed in practice by grantmakers using this tool, we conducted a series of interviews with early users. Their insights are synthesized here to illustrate three areas of professional interest to grantmakers where simple financial metrics can be of great utility in clarifying conversations and making decisions. The seven early users who contributed their insights are:

- Jennifer Hoos Rothberg, executive director, the Einhorn Family Charitable Trust;
- Padmini Parthasarathy, program director, the California Wellness Foundation;
- Jeff Paquette, chief financial officer and chief operating officer, Youth INC;
- Katrina Huffman, chief program officer, Youth INC;
- Melissa Litwin, program director, the Henry and Marilyn Taub Foundation;
- Julia A. Stoumbos, program officer, the Henry and Marilyn Taub Foundation; and
- Nicole Kyauk, senior program officer, the East Bay Community Foundation.

⁵ For example, an overview training webinar on the tool was produced for the Emerging Practitioners in Philanthropy (2017) series.

In our synthesis, we identified three categories of benefit described by our sources: due diligence in the grantmaking process; capacity building, internally and with grantees; and as a data aggregator for identifying trends and opportunities across a portfolio of grantees. In every case, grantmakers emphasized the tool's role in communication and the importance of creating a shared language for talking about financial matters.

These sources represent a range of foundations — large and small, family foundations, a community foundation, and a venture philanthropy — and a variety of styles and approaches to using the tool. Some apply the tool across the organization and equip all staff to use it; in other cases, one or a few staff sought out the tool and training directly. Their financial experience ranges from general to expert. In some cases, foundation staff run the tool themselves using information provided by nonprofit grant applicants. In other cases, the foundation trains and asks nonprofits to populate it with their own numbers. Finally, some are applying the tool to groups of grantees either as a learning cohort or as an investment in a field or portfolio.

Three Benefits for Grantmakers

How are grantmakers using this tool, and how beneficial are these simple financial metrics to their grantmaking? In our synthesis, we identified three categories of benefit described by

our sources: due diligence in the grantmaking process; capacity building, internally and with grantees; and as a data aggregator for identifying trends and opportunities across a portfolio of grantees. In every case, grantmakers emphasized the tool's role in communication and the importance of creating a shared language for talking about financial matters.

Performing Due Diligence and Evaluating Grants

The grantmakers said they are finding the tool helpful in assessing the financial health of grant applicants. But they are using the financial metrics less as a screen than as a window into the circumstances and strategies of their grantees.

Grantmakers perform due diligence to ensure that a nonprofit is ready and able to use grant funds. Most of the grantmakers we spoke with emphasized their due diligence work and the protection of donors or endowed funds. The tool gives grantmakers a clear picture of a grantee's financial-management practices while allowing them to forecast the effects of the scale and timing of a grant on an organization's financials.

For grantmakers, due diligence is not just a compliance process; it also works in the interest of grantees. Katrina Huffman, of Youth INC, pointed out that a grant can hurt a nonprofit if it is made at the wrong scale or for the wrong purpose. She cited the case of a nonprofit that received a grant to hire a development director; the organization, however, wasn't large enough at that time to make proper use of a dedicated development director and the change led to unproductive staff relationships. Had Youth INC been able to easily contextualize an investment in development relative to other financial trends in the organization, Huffman said, the tool might have helped avoid that kind of problem.

The Financial Health Analysis Tool helps assess an organization's baseline qualifications to receive a grant. But the conversation doesn't end there. The grantmakers all said that financial health is not a black-and-white determination, and that they use the tool as an opportunity to spark a discussion. Nicole Kyauk, of the East Bay

Community Foundation, said her financial analysis is “not to penalize or catch applicants, but to make good decisions.” Melissa Litwin, of the Taub Foundation, concurred; the tool “is not a ‘gotcha,’” she said, “but a way to get to partnership more quickly.” Rothberg, of the Einhorn Family Charitable Trust, said the tool helps staff perceive what is special and important for each organization — information that “isn’t good or bad,” she said, but that gives staff the insights necessary to relate a nonprofit’s financial health and strategy to other elements of its performance.

A snapshot view of an organization is one of the tool’s benefits, but the grantmakers said they also value how it combines information on the past, present, and future in a way that can be helpful for charting a sustained relationship with an organization. Jeff Paquette, of Youth INC, said “the four-year trend information is so valuable because it provides us with the integration and synthesis we are looking for.” Litwin echoed that sentiment:

We want to see how our support can help. If the tool shows an organization is growing in fiscal strength, the projects we fund can be part of that growth. If an organization’s finances are flat, funding may help the group invest in the future.

The grantmakers we interviewed were particularly enthusiastic about how the tool enables them to track and understand a nonprofit’s LUNA. Paquette said that while he has tracked “months of working capital” before, he knows that figure can be deceptive because it doesn’t exclude cash earmarked for specific purposes (i.e., restricted). He added that he had never before seen the “instant translation of organizational health into a visual” that is provided by the graph showing LUNA reserves over time.

Padmini Parthasarathy, of the California Wellness Foundation, also focused on the LUNA reserves, citing research her organization did showing that grantees that received core support were much more likely to have weathered the recent economic recession (Angeles, 2013). Whether an organization is granted money for reserves or builds them by creating surpluses,

Foundation staff who specialize in program analysis or who must wear several hats said the tool strengthens their financial understanding, builds their confidence, and leverages their knowledge in other areas.

LUNA can be a quick and reliable measure of its capacity for resilience.

The grantmakers use the tool to relate more commonplace indicators, like operating surplus or deficits, with other indicators, such as the functional expense mix. “We know that people look at ‘low overhead’ as a plus for nonprofits, but we also use the functional-expenses graphs to ask when overhead might actually be too low,” Paquette said. Taken with operating results, he said, the functional expense mix trends might support a nonprofit’s strategy to invest in fundraising and stronger core systems.

Building Capacity

The grantmakers were strongly positive about how the Financial Health Analysis Tool has helped to build the internal capacity of foundation staff and to communicate to board members the financial story behind a grant.

Foundation staff who specialize in program analysis or who must wear several hats said the tool strengthens their financial understanding, builds their confidence, and leverages their knowledge in other areas. Litwin, of the Taub Foundation, is part of a small staff who must each perform diverse functions. “Cash flow is intuitive to me,” she said, “but different 990 tax returns and audits can be a lot more challenging to interpret.” Litwin said the tool helped her to “get comfortable quickly” with key indicators: “It’s given me a way to take the temperature of an organization, and see if I need to dig deeper.” Understanding the indicators, she said, “has

Several of the grantmakers said they have used what they've learned from simple financial metrics to tailor their support to a nonprofit's circumstances and strategy; low LUNA reserves, for example, can inform grant design.

allowed us to move forward on good investments with more confidence.”

Parthasarathy, of Cal Wellness, said she doesn't love numbers, but, as a public health professional trained in epidemiology, she does love graphs. She fills in the numbers from the financial statements and said she feels empowered by her grasp of the graphic-form results the tool generates. She sees where the numbers go and how they relate. And, as she connects this information to the stories and program characteristics of nonprofits, she “gets it.” Now, when she looks at a nonprofit's Financial Health Analysis dashboard, she said, “I can see it in a minute.”

Huffman, of Youth INC, said she likes how the tool complements the venture philanthropy's data-driven approach. “When we talk about metrics in philanthropy, we are usually referring to program metrics,” she said. “But the Financial Health Analysis Tool shows how complex organizational finances can be analyzed around some simple summary metrics.”

Staff with various roles and specialties use the tool to work better together. Kyauk said that the East Bay Community Foundation trains staff and grantees in the use of metrics like LUNA as part of its effort to provide more than just monetary support to its community partners. She said she's seen how the tool has empowered staff and grantees, calling it “a tangible product that is easy to use.”

Shared financial metrics can help unify staff analysis and facilitate teamwork. Einhorn's Rothberg said that the trust is focused on helping nonprofits become and remain “high-performing organizations.” She said that the trust's staff, primarily generalists, know finance but were challenged to assess financial information consistently across prospective and current grantees. The tool gives staff a shared set of information that functions like a common language across team responsibilities for relating finances to program and organizational strengths and strategies. Using the tool “opens opportunity for collaboration,” Rothberg said, and builds teamwork among staff that deepens understanding throughout the grantmaking process.

As of now, Rothberg said, trust staff enter the data for the tool themselves rather than burdening their nonprofit partners with that part of the process. Moreover, she said, by running the tool and reviewing the results, staff are “learning by doing.” Rothberg said the tool has been “incredibly useful” in building staff team capacity and that, over time, the trust will be assessing ways to use the tool in partnership with its grantees to make that relationship even more transparent and robust.

The tool also gives grantmaking staff a better way to share financial information with board members. Huffman said she uses financial metrics and the tool in conversations with the Youth INC board, and said it helps clarify and simplify case presentations and helps the board decide when to support riskier grants. Since the Youth INC board members are also donors and donor representatives, Huffman said, the presentation experience helps Youth INC staff relate to what grantees encounter when they use the tool and simple metrics to tell their stories to their own donors.

Several of the grantmakers said they have used what they've learned from simple financial metrics to tailor their support to a nonprofit's circumstances and strategy; low LUNA reserves, for example, can inform grant design. Parthasarathy, of Cal Wellness, said she reviewed the application of a nonprofit who ended the past year in

the black but still showed very low reserves at yearend. This encouraged her to discuss strategies with the nonprofit for building fundraising capacity and to structure a core operating support grant to support those strategies. Litwin, of the Taub Foundation, related a similar situation: The tool highlighted how state budget cuts had impacted the LUNA reserves of a nonprofit, leading Taub to help boost a fundraising campaign.

Strong LUNA reserves can also inform grant design. Huffman shared an example of a youth-serving agency that had built up extraordinary LUNA reserves. With technical assistance and targeted grant support, that nonprofit decided to reinvest some reserves in hiring staff with more on-the-ground experience and in developing some evaluation tools designed to help build donor support over the longer term. Cal Wellness had a case of an organization showing 95 percent program expenses over time; the information led Parthasarathy to ask about the load on program staff and initiate a conversation with the grantee about using a core operating support grant to build management and fundraising operations.

The tool also helps grantmakers communicate with grantees, by preparing them, identifying important questions, and, in cases where the grantee also uses the tool, providing a common language for staff-board communication. Discussions about simple metrics can help break the ice with grantees. Julia A. Stoumbos, of Taub Foundation, said she “found the tool particularly useful with several new grantees over the past years, when I needed more details on their financial health and wanted to get to a sense of how they communicate with partners.” Parthasarathy, of Cal Wellness, said,

Now that I know the right questions to ask, I get to the real issue. Grantees are almost always able to explain and discuss the issues I notice. But I think of all the things I would have missed if I hadn’t known to ask. Grantees appreciate the good financial questions. I had a grantee recently who said to me, “No one ever asked us that before,” when I asked a question about the revenue mix. That got us talking about strategies for balancing and sustaining revenue.

When a grantmaker also trains nonprofits in the use of the tool, as the East Bay Community Foundation does, then it might communicate better with grantees. “Using the tool with our grantees means we’re speaking the same language,” Kyauk said. “That means grantees can tell their story in ways that are a lot deeper, and we can shed light on issues we might have overlooked.”

The grantmakers observed that nonprofit boards are not always conversant with finances. The graphics-aided presentation of simple financial metrics can help orient and engage those board members. Huffman, of Youth INC, shared a story of a youth agency that reviewed its own results before a site visit, leading to a good conversation among the staff and the board that participated in the visit; Huffman said she was impressed by the knowledge and insight displayed by board members.

While the grantmakers we spoke with emphasized the importance of building their own and colleagues’ internal capacity, they were quick to note that their nonprofit partners and grantees build financial management capacity when they complete and submit the tool themselves as part of an application or investment process. “Capacity building starts at the application,” Huffman observed.

Perhaps the biggest benefit to nonprofits is how graphic illustration of simple metrics helps clarify the relationship between an organization’s finances and its strategy for accomplishing its mission. When financial management seems technocratic, finances can seem to be removed from operations. By making financial information easier to understand, the grantmakers said, the tool helps leaders see how their programs and missions generate revenue to sustain the organization, and how their finances make those program efforts possible. Kyauk, of the East Bay Community Foundation, said she believes that the LUNA metric is particularly useful in helping organizations understand their position and direction. When staff and board leaders are discussing LUNA and their sustainability strategy, she said, “that elevates the conversations and engages the board in powerful ways.”

The grantmakers said they believe that training and practice with simple financial metrics will help nonprofits make their case with other funders, donors, and supporters. “If nonprofits can tell their story with us,” Kyauk said, “we think they will be better prepared to engage the community and leverage other funding.”

Recognizing Larger Patterns and Opportunities

Even as grantmakers are starting to build experience in applying the tool with individual nonprofits, they are acting on ideas to expand its use in larger applications.

Huffman, of Youth INC, has observed several youth organizations whose finances indicate an opportunity to grow by adding expert fundraising staff. But when she compared financial metrics like scale and growth with their organizational charts, she said, such a hire did not seem advisable. So, Huffman is working to assist these organizations through the Youth INC capacity-building process and keeping an eye out for a collaborative opportunity, such as sharing a development director among several nonprofits. Litwin, of the Taub Foundation, said she sees similar potential for a group of early childhood development centers facing market shifts and public policy changes: “If we see trends across groups, that may suggest we consider joint marketing, fundraising, or public education efforts across the field.”

The East Bay Community Foundation has already engaged a cohort of community nonprofits in financial management training focused on the tool and LUNA. Kyauk noted that this process has engaged the finance staff and leaders of nonprofits, who aren’t often included in community collaboration efforts. She is tracking the progress of this effort to see how nonprofits continue to share and collaborate, and to see if the growing capacity of the group helps lift good nonprofit work in the East Bay community.

Rothberg, of the Einhorn Family Charitable Trust, said she sees potential in another kind of collective perspective — portfolio analysis: What if the trust could summarize the key financial

indicators for all its grantees in a portfolio, using a kind of portfolio-level Financial Health Analysis Tool? It would give the board a new level of information and insight to help the staff identify patterns and trends across the portfolio, and inform foundation strategy in a new way.

And Paquette said he has considered the possibility of running Youth INC’s own finances through the tool. He raised an interesting question for future exploration: How would simple financial metrics help grantmakers lead and direct their own grantmaking operations?

Renewing Nonprofit Finance: A Change in the Wind?

The grantmakers interviewed for this article enthusiastically embraced the use of simple, key financial metrics as tabbed and illuminated by the Financial Health Analysis Tool. They reported that the tool saves staff time, facilitates teamwork, and increases the capacity to evaluate opportunities and make good investments. The tool appears flexible enough to be useful to small and large foundations, to individual staff and entire teams, and to community foundations, venture philanthropies, and family foundations.

Key financial indicators and simple utilities like the Financial Health Analysis Tool will never replace complete nonprofit financial statements and in-depth analysis — it is a complement to traditional statements. However, the reception it has received suggests that philanthropies and nonprofits are hungry for these kinds of tools and metrics. Early indications are that a simple, visual utility like the Financial Health Analysis Tool can actually deepen grantmaker understanding and strengthen grantmaking practice, and demonstrate that fiscal management needn’t be confined to experts or isolated from nonprofit strategy.

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Unpacking the Role of Data in Philanthropy: Prospects for an Integrated Framework

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[L]eadership and boards across the country are tired of not knowing what is happening with their investments. They're just data hungry. ... [I]n philanthropy and nonprofits and for-profits, this idea of being a learning organization and always improving is something that's just universal. It's important no matter what your organization is.

— Philanthropic evaluation officer, central Texas

Introduction

The social sector is in the midst of an evolutionary shift in the way nonprofits and foundations contribute to solving society's most challenging problems. It is evolutionary because change is slow, but also because the transformation underway significantly alters the pathways of action and impact into the future.

We live in an age of data and analytics. Terms such as big data, open data, data-democratization, and data-driven decision-making are increasingly being used. The volume and variety of data, combined with increasing computing capacity and algorithms that connect data sets, have enabled ever broader and deeper analysis. New methods of data extraction, strategies of data translation (to move from information to actionable knowledge), and techniques for data visualization have changed the parameters of decision-making. When combined with financial

Key Points

- This article reports qualitative research that explores the role of data in philanthropy and proposes an integrated framework. Interviews with charitable foundations in central Texas, including members of a regional evaluation and learning collaborative, reveal an orientation toward data that is becoming increasingly institutionalized.
- The research suggests that data are generated and used in a multiplicity of ways, including identifying populations and geographies in need of investment, informing funding decisions for service delivery as well as policy research and advocacy; evaluation and learning; and measuring community impact.
- This article discusses these thematic findings, notes specific practices, and presents six principles for integrating a data perspective into philanthropy.

resources, data is being seen as the fuel for innovation and social change.

Foundations and nonprofits are riding this wave and using data to inform action and measure impact (Fruchterman, 2016; MacLaughlin, 2016). Over the last decade an enhanced focus has been placed on data and analytics for evaluation and strategic learning (Frumkin, 2006; Leahy, Wegmann, & Nolen, 2016) and for many years prior, data has been a key part of evaluating philanthropic efforts. Frumkin notes, "Conceived carefully and executed with precision, evaluation research can be a critical tool in advancing

the quality of philanthropic decision making” (p. 347). The innovation is not simply using data for summative evaluation to “prove” program effectiveness, but rather, data are being used for purposes of strategic learning with a focus on adapting to changing circumstances (Leahy et al., 2016). An adaptive or emergent philanthropy (Ditkoff, 2014; Kania, Kramer, & Russell, 2014) requires not only data, but trust, technical capacity, and a culture of data, none of which are easy and all of which may be necessary for the sector to adequately address complex social and environmental problems.

Designing, collecting, and analyzing data in meaningful ways requires capacity that is not only technical, but that also requires a higher-level strategy that answers “how” and “why.” Foundations are poised to build capacity in this space, both internally and in nonprofit grant partners. According to a study by the Center for Effective Philanthropy (CEP) (2016), the most important change evaluation staff hope to see in the next five years is a more strategic way of planning and designing evaluations, so that the information collected is meaningful and useful.

Being “strategic” is critical if the sector is going to address increasing demand for services. According to the *2015 State of the Sector Nonprofit Survey* from the Nonprofit Finance Fund (NFF), 76 percent of nonprofits reported an increase in demand for services and 52 percent of nonprofits could not meet that demand (NFF, 2015). At the same time, the number of nonprofits across the country is increasing. From 2004 to 2015, for example, the number of nonprofits in the Austin, Texas, metropolitan area increased by 36 percent (Mission Capital, 2015). A data and analytics strategy can bring focus to both foundations and the nonprofits they support. Data can be utilized at multiple decision points in any foundation-nonprofit data ecosystem to build effective strategies that maximize impact.

Yet, data and evaluation raise important considerations about the power differentials between funders and community partners. Financial and

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information resources strongly shape dynamics between grantor and grantee, and important considerations are needed for creating open dialogue so that nonprofits feel comfortable sharing not only their successes, but also the challenges they are facing.¹

Data in Philanthropy: Functions and Touchpoints

This article explores these issues from the perspective of foundations in central Texas. We develop a systems framework that integrates the perspective of foundations as part of a social-sector data ecosystem. The article is based on interviews with eight charitable foundations and the authors’ firsthand experiences working in the foundation-nonprofit data space. To be clear, this article is not about advanced analytical techniques or technologies combining big data for impact measurement. Rather, with the acknowledgment that the topic of data in the social sector is undertheorized and in need of conceptual framing, we outline a framework for understanding the conceptual functions and specific touchpoints of data in philanthropy. The framework can serve as a heuristic for future research and practice. For the latter, six principles and recommendations for funders to better

¹ See, e.g., Grantmakers for Effective Organizations, 2015.

FIGURE 1 Governance and Technological Infrastructure for a Regional Data Ecosystem

support community partners in the areas of data and evaluation are reported.

Before proceeding, a couple of definitions are necessary. First, “data” is used to refer to individual pieces of information. Considerations of the role of data in philanthropic decision-making is not new or innovative. The broad framework of outcome-oriented or evidence-based philanthropy, which suggests that donors seek to achieve clearly defined goals and direct grants to support organizations that are using evidence to solve problems (Brest, 2012), has been increasingly used across the sector over the past couple of decades. Some suggest the sector has always been evidence-based (Frumkin, 2006). What has changed is that the advances in digital technology have significantly increased our ability to collect, store, and analyze data.

When data sets extend beyond a single data repository and are too large or complex to be processed by traditional database management and processing tools, it is referred to as big data (Desouza & Smith, 2014). By “impact,” we are referring to affecting root causes of social problems and sustained significant change. Finally, we will also refer to the “regional data ecosystem,” which provides the context for this research and practice. By this, we are referring to

the technological infrastructure and governance mechanisms in place to coordinate a wide variety of actors in sharing and utilizing data for the social sector. The data ecosystem has producers, consumers, and enablers of data that shape decision-making around the flow of information and resources within the system, which in this case refers to Austin, Texas. (See Figure 1.)

Increasingly in the social sector, value and outcomes are created by transforming data into information and insights. Information and insights drive philanthropic strategy, which in turn creates impact in communities. The role of data in philanthropy is threefold: data for informing, data for social learning, and data for emergence. (See Figure 2.) Within these three broad functions, we identify five touchpoints where data can deliver insights to philanthropic decision-making: need identification, fund programs, fund research, evaluation and learning, and measuring community impact. Each touchpoint fits into a broader function, which will be examined in the following sections.

Data for Informing/Need Identification

The first function is data for informing, which includes touchpoint No. 1: need identification. According to Merriam-Webster.com,² to

²<https://www.merriam-webster.com/dictionary/indicate>

FIGURE 2 Integrated Framework for Data in Philanthropy

“indicate” can be defined as “to point out or point to” or “to suggest the necessity or advisability of” a course of action. Our experience and evidence suggest that data for informing plays an important function in identifying community needs to inform program and organizational strategy. Using data in this way was summarized by a representative of a community foundation in Austin: “[W]e tend to look at it ... using a community lens, and identify what the data is telling us about the biggest needs in Austin. That’s sort of how we start to drive some of our decision-making around here.” The same interviewee addressed how data are used to inform investment strategies, starting with using data to inform about community needs:

We do three things. We inform: By using data, we inform our community about the biggest

needs. We invite, so we invite people to the table to talk about that data. And then we invest: We work with our fund holders and others to invest in promising solutions.

Frequently referred to as community indicators, data in this sense are used to inform issue areas in need of investment and used to calibrate investment toward specific goals. Indicators describe context, identify trends, and translate multiple data points into an aggregate number that is easier to communicate and reduces the complexity of most social challenges. Moreover, community indicators must meet the criteria of credibility, legitimacy, and salience to be effective. If trusted and effective, indicators provide important context for how community issues are framed, funding decisions are made, and impact is measured. As another interviewee observed:

FIGURE 3 Data for Informing and Touchpoint No. 1: Need Identification

It is important to have access to information that is served up in a way that cannot only give organizations data to enact change to serve people better, but also to help them better understand the context in which they're operating.

To provide context, community indicators are aggregate measures of information reported at a population level (e.g., school, census tract, zip code, city, county, metropolitan area), require valid and reliable primary-data collection and a high level of analytical capacity. Information gleaned from the decennial U.S. Census and the bureau's American Community Survey are good examples of indicator data. Primary data are collected and analyzed and an average statistic is produced to say something about the status of a

community: poverty rate, median income, percentage of uninsured, teen-pregnancy rates, and graduation rates are all examples of indicators. Indicators can have top-down effects in a system — for example, when a rising homelessness rate affects the actions of foundations and nonprofits. Data here helps identify community needs. This is touchpoint No. 1 in the role of data in philanthropy (see Figure 3).

Many community indicator projects exist across the United States to serve as data and information hubs for the community.³ Acknowledging the function that indicators can play in the community, the RGK Center for Philanthropy and Community Service began managing the Austin

³ For a guide, see www.communityindicators.net/indicator-projects.

Area Sustainability Indicators (A²SI) in 2015.⁴ The project is a compilation of secondary data metrics and results of primary data collection through a telephone-based community survey. Using a statistically representative sample of residents, the data collected reflects the perspectives and opinions on a wide range of issues related to quality of life in the Austin area. Data for the survey was collected biennially from 2004 through 2010; in 2015 and 2018; and will continue to be collected on a biennial cycle. The longitudinal data set resulting from each wave of the community survey is a unique asset for an indicators project. The project develops indicators from primary survey data as well as curates and reports out secondary metrics from the U.S. Census Bureau and other federal and state agencies.

The A²SI project has developed close working partnerships with a couple of regional foundations resulting in different reports, one of which is known as Understanding Austin, a collaboration between the RGK Center and the Austin Community Foundation (ACF) to use indicator data from A²SI in identifying areas of need for investment in the community. The initial report developed for the ACF's 40th anniversary uses data from census and community surveys to describe the rapidly shifting demographic context of Austin, the growing economic divide, and the disparities in health, education, and public safety that persist (ACF, 2017). Recently, the foundation released a report that uses A²SI data and analysis to review the status of women and children in central Texas (ACF, 2018). An additional report, on Hispanic quality of life, will be released this year as part of the Understanding Austin series. In this example, the ACF is both a consumer and enabler of data in the ecosystem.

Through working partnerships between A²SI and regional foundations, the indicator project is “informing” philanthropic work. However, to date, strategies to reach or influence a broader audience of philanthropists and decision-makers

are yet to be effective. In theory, contextual data in the form of indicators has both intrinsic and extrinsic value in that they guide the internal direction of the grantor-grantee relationship and also can be communicated to the general public (King, 2016). In practice, the specific mechanisms that make actionable the intrinsic and extrinsic value of indicator data are challenged by the often-fragmented nature of data systems in communities. It is frequently unclear to foundations and nonprofits where to go to request and access data, as well as how data can be applied to drive positive community change. Collectively, funders can help to draw attention to the gaps in data infrastructure and advocate for changes and improvements to the data ecosystem.

Data for Social Learning

Data for social learning explains the function that data play in a learning process within a social sector data ecosystem. This function includes three touchpoints: funding programs, funding research, and evaluation. Social learning, in general, explains the learning that occurs between social groups through interaction leading to new knowledge, shared understanding, trust, and, ultimately, collective action (Argyris, 1982). Social learning can be described on several different levels — learning from the outcomes of specific actions (single-loop learning); learning about the assumptions underlying our actions (double-loop learning); and learning that challenges the values and norms that underpin our assumptions and actions (triple-loop learning) (Romme & van Witteloostuijn, 1999; Argyris & Schön, 1996). What is learned can be cognitive (factual knowledge), normative (changes in norms, values, and belief systems), or relational (building trust and understanding the worldviews of others), and the outcomes of social learning include changes in practices as well as institutional changes.

Data play an important function in social learning in foundation-nonprofit systems because they

⁴The RGK Center is a research and education center in the Lyndon B. Johnson School of Public Affairs at the University of Texas-Austin whose mission is to educate the next generation of philanthropic and nonprofit leaders. For a look at the A²SI, see www.austinindicators.org.

⁵ See <https://www.austincf.org/WhatWeDo/UnderstandingAustin>.

FIGURE 4 Data for Social Learning and Touchpoints No. 2, 3, and 4: Funding Programs/Research and Evaluation and Learning

provide factual evidence on programmatic effectiveness, inform an assessment of underlying assumptions about the nature of the problem and what is needed, and build relationships and trust between grantor and grantee. If and when triple-loop learning occurs, it empowers nonprofits to work collectively with foundations and other nonprofits to co-design programs addressing challenging social and environmental issues.

Good Measure — a collaborative of foundations in central Texas committed to strengthening the community’s ability to collect, access, and utilize data for program learning and

improvement — leverages data for social learning to drive a larger conversation in the region. The idea for Good Measure came about in the spring of 2015, with founding members⁶ meeting informally to explore how they could work together to strengthen data capacity among their grant partners. The members acknowledge their responsibility to ensure grant dollars are spent effectively and efficiently, while concurrently recognizing that nonprofit partners operate programs in complex social and political environments and therefore can benefit from learning together.

⁶ Founding members of Good Measure (see www.goodmeasuregroup.org). include the Andy Roddick Foundation, Applied Materials Foundation, Michael & Susan Dell Foundation, St. David’s Foundation, and United Way of Greater Austin. Backbone support is provided by Mission Capital, an Austin nonprofit whose mission is to multiply the impact of mission-driven people and organizations.

Good Measure operates with the belief that opening an honest dialogue about what works, what doesn't, and why is critical to achieving transformational community change. With these insights, the collaborative adopted a theory of change in early 2016 that seeks to achieve progress in several key areas:

- Jointly invest in providing evaluation skill-building to nonprofits through educational programs, coaching, and peer-based learning sessions.
- Identify ways in which philanthropic institutions can shift their own internal practices to better support community providers.
- Explore opportunities to increase timely access to quality community data.
- Increase the level of commitment and engagement among central Texas funders to support data and evaluation efforts.

Good Measure has also developed a set of guiding principles for the role of data in the funder/grantee relationship. (See Figure 5.) These principles offer some sideboards to move from data strategy to integrating data into grantor-grantee practice, and eventually to higher levels of organization.

Data can provide the entrée to foster open dialogue with nonprofit partners so that, together, grantors and grantees can achieve clarity around program success and what is necessary to deliver outcomes. For example, one foundation officer said:

I'm thinking back five years ago, when we first started talking about outputs versus outcomes and just starting that conversation. Then, maybe three years ago, [we] went to 60 different nonprofits for data site visits where we just sat there and brainstormed about, "OK, I see you do this. What do you think is important to measure? What do you internally measure to speak to your success?"

Data provide the platform for these conversations.

In order for data to function and facilitate social learning, several components are necessary: financial resources, technical skills and capacity, leadership, and trust. Collecting, analyzing, and utilizing data is a time- and resource-intensive endeavor, and foundations can create the "safe space" for conversation more readily by supporting nonprofits in covering the cost of the time it takes to conduct internal evaluation. Paying for evaluation also sends an important message to community partners that foundations value their evaluation efforts.

Even with financial resources, if a trusting relationship between the foundation and nonprofit partner is not present, then data-driven conversations are less likely. One foundation representative spoke to the important role of trust for social learning:

Our grant partners have come along on this data journey with us because we've built trust with them. When they've had hard times, we haven't left them. I think a lot of this is related to building a trusting relationship and helping people along.

The data for social learning function is characterized in three similar but separate dimensions: (1) decisions to fund nonprofit service-delivery programs, (2) decisions to fund research and advocacy, and (3) evaluation and learning, of both service delivery and research grantees.

Nonprofit Service Delivery

Foundations are critical in providing the financial support and capacity building necessary for nonprofits to deliver human services or engage in direct community work. Nonprofits, through investments made by foundations, generate data on populations being served and on nonprofit program outputs and outcomes. In many cases, this information is specific and targeted around the outputs of a specific program. Logic models, pre-tests, post-tests, observational and qualitative data are all tools that nonprofits utilize to generate programmatic data. This information is used to report back to funders through formal grant reporting mechanisms and is also increasingly shared informally through broader collaboration between nonprofits and foundations.

FIGURE 5 Guiding Principles for Data in Philanthropy

GUIDING PRINCIPLES FOR DATA IN PHILANTHROPY

1

View evaluation first and foremost as a critical tool for partner's own learning and program improvement

- Communicate the view of **evaluation as a "learning process"**
- Limit the number of funder-required metrics and **clearly communicate** the reason behind any requirements and how the data will be used
- **Ask questions** to assist in thinking about the types of data that allows for meaningfully assessing work
- **Co-create metrics**, when applicable
- **Ask how requirements and processes can be improved to better support partner efforts**

Create a safe space for partners to share data, including their challenges

2

- Acknowledge that the work of **creating change is difficult**
- As funders, recognize **there are no quick fixes** or easy solutions
- Work to **develop honest, transparent relationships** with community partners
- **Balance expectations** of ability to deliver on outcomes with a realistic understanding of what it takes to truly achieve results
- When results aren't as anticipated, **be open to exploring why**

3

Help clarify what constitutes "good data" and "good evaluation"

- **Speak openly** about the challenges of evaluation work and the differences between assessing causation versus contribution
- **Help clarify** what types of data are meaningful, given the grant partner's specific program and circumstances
- **Encourage partners** to build a case for how their program contributes to the outcomes they are hoping to achieve

Fund the evaluation efforts of grant partners

4

- Include grant **funding for evaluation**, either through general operating funds or by adding a line item for evaluation
- Consider **funding more in-depth evaluation needs** when possible like database systems, and external evaluation staff support

5

Support evaluation capacity building efforts

- Start a dialogue to **better understand capacity** for evaluation work, the challenges, and the types of training and tools that are most useful
- **Fund evaluation capacity** building activities, including data champions
- Help **connect service providers** with each other to share best practices and useful tools and resources

Advocate for community data infrastructure and access efforts

6

- Ask what **specific barriers and challenges** are related to data access
- **Raise the visibility of data access** and infrastructure gaps and advocate for creative solutions to these challenges
- **Fund projects related to community data access** and infrastructure

Creating the “safe space” for information sharing and social learning between nonprofits working on similar issues and between nonprofits and foundations is critical for a strong sector. For example, one nonprofit that works in a predominantly Hispanic and low-income community of Austin discussed the role of a foundation in creating a space to discuss with other nonprofits “common milestones, so we are collaborating and not competing.” Foundations can drive collective impact initiatives through requests for joint funding proposals, resulting in collective models with data on outputs and, potentially, data on collective outcomes.

Balancing the usability of data with due diligence and external accountability must be considered, yet it is critical to create an environment where partners have the freedom and flexibility to collect and utilize metrics that are both meaningful to them and lend themselves to broader conversation and learning.

Nonprofit Research and Advocacy

Foundations play an important role in supporting research and analysis that informs policy and makes government more effective (Collado, Gerlach, Ticse, & Hempstead, 2017). A representative from a foundation that operates in the environmental sector offered the following statement: “‘You can’t manage what you don’t measure,’ I think, is extremely true and relevant.” From that perspective, the decision to fund a nonprofit is linked with the generation of data that can inform public-policy processes. The data that are generated is circulated back to the foundation both informally and through formal grant reporting. The foundation has thus played the role in the data ecosystem as data producer.

A different foundation articulated a similar aspect: “I would love to use [data] for policy work, to get city council members, counties, focused on the data and on these issues. Get other funders doing that.” The MacArthur Foundation offers an excellent example of this data touchpoint in “Foundations and Public Policy” (Benedict, 2004); this brief observes that foundations can shape policy by generating data to make fundamental change in the structure

Foundations and nonprofits engage in cycles of funding, data collection, reporting, evaluation, and learning. Advancing the capacity of individual nonprofits and foundations to be more data literate is a key focus of evaluation and strategic learning. The Good Measure collaborative focuses on building the capacity of its grant partners to gather, analyze, and utilize information for decision-making.

and institutions of policymaking. Through support for policy change or for structural transformation, philanthropic grantmaking can have far-reaching consequences. To reach that potential, however, foundations need to identify and measure progress at both the grantee level and at the broader portfolio or systems level, and have mechanisms in place for continuous learning (Beer & Reed, 2009).

Evaluation and Learning

Foundations and nonprofits engage in cycles of funding, data collection, reporting, evaluation, and learning. Advancing the capacity of individual nonprofits and foundations to be more data literate is a key focus of evaluation and strategic learning. The Good Measure collaborative focuses on building the capacity of its grant partners to gather, analyze, and utilize information for decision-making. It also acknowledges that building technical evaluation capacity in the nonprofit community is only one piece of a

larger puzzle. Nonprofits need support in creating and maintaining a data-driven culture in which organizations regularly seek to answer questions such as: “How do we know we are making a difference?” “Is our work creating fundamentally better outcomes for our clients and the community?” “How can we use data to improve our offerings?”

Social-sector discussions of “data” typically occur in the evaluation and learning space. The trend in philanthropy is for partners to measure their outputs and outcomes, frequently employing a “results chain” or “logic model” that has roots in evaluation dating back to the 1960s. Typical logic models have five categories of information: inputs, activities, outputs, outcomes, and impacts. Nonprofits have been most successful at collecting and reporting data on outputs, whereas outcome measurement is less common and more difficult to do, given that organizations have less control over the activities and events beyond organizational boundaries (Ebrahim & Rangan, 2014).

In 2017, Good Measure instituted Measuring What Matters, a six-month program to move from theory to practice on developing specific, data-driven evaluation outcome goals. Organizational teams receive ongoing support via group learning sessions and individualized coaching as they work to answer the question, “How do we know that our work is producing meaningful results?” Importantly, this initiative was a collective endeavor where the multiple foundations of Good Measure and their multiple nonprofit partners participated together. One foundation interviewee said of Measuring What Matters:

I think it’s helped our thinking in how we work with our [nonprofit] partners, but it’s also helped them get a different take on evaluation and hear it from another source that’s not just us. ... And even if they weren’t doing it for a program that we’re funding ..., it’s all about the culture and how they’re looking at how they do evaluation overall. So, I think it’s helped accelerate their growth and understanding, and really get them to buy into this evaluation culture in a bigger, faster way.

Good Measure is demonstrating how the evaluation and learning cycle is transformative in the ways it develops trust, technical capacity, and organizational culture around data. By working collectively, it is effectively building this capacity and culture at a higher level of organization than a one-on-one, grantor-grantee relationship. Coordinated evaluation is increasing in the sector, with 42 percent of foundations saying they are engaged in such efforts (CEP, 2016). These collaborations move the conversation forward in meaningful ways that better link data to strategy at both the individual grantee organization and around collective issues. Yet, advances in learning and evaluation are still one step removed from the role of data in measuring broader community impact.

Data for Emergence

Emergence — a term borrowed from the science of complexity — is best described by the phrase “the action of the whole is more than the action of the parts” (Holland, 2014, p. 2). Here, we conceptualize a regional data ecosystem of data producers, consumers, and enablers (of foundations and nonprofits as well as an array of public- and private-sector actors) that, at the aggregate, exhibits properties not obtained by the sum of its parts. Emergent systems result from the interacting subsystems at multiple levels. Kania, Kramer, & Russell (2014) write that “to solve today’s complex social problems, foundations need to shift from the prevailing model of strategic philanthropy that attempts to predict outcomes to an emergent model that better fits the reality of creating social change in a complex world” (para. 1). Data for emergence begins to conceptualize this complexity.

At finer scales and in specific subsystems, there will be grantor-grantee cyclical processes of identifying need, funding, evaluation, and learning. (See Figure 6.) These subsystems go through their own cycles, using and generating data at touchpoints No. 1, No. 2–3, and No. 4. To be effective at higher levels of organization, the governance and technological infrastructure demands increase. An increasing culture of data is necessary, including access, sharing, and understanding the value-added proposition,

FIGURE 6 Increasing Levels of Organization of Data in Philanthropy

as well as the nuts and bolts of governance (i.e., Who makes decisions? How? When?) Similarly, the technological infrastructure to handle a high volume and variety of data, utilize analytical computing capacity and algorithms, and combine multiple data sets is increasingly important at higher levels of organization.

In some cases, multiple foundations and nonprofits work together at a higher level of organization. This new system is emergent, guided by what's happening at lower scales, and has characteristics that are not simply summative of actions/interactions at smaller subsystems. In the case of Good Measure, where multiple regional foundations are collectively working to advance the data capacity and culture among many foundations and nonprofits, there are opportunities for strategy alignment, evaluation, and learning at a community level. When multiple funders coordinate evaluation work with a range of nonprofits working on the same

issue areas, opportunities emerge for measuring broader community impact.

Measuring Community Impact

Measuring the impact of philanthropy at the community level emerges from the interactions of many actors working to solve social problems: nonprofits, foundations, public sector, and private sector. Through interaction, the actors exchange resources and information the sum of which can provide meaningful data to measure community impact beyond the ability of any one effort. This is touchpoint No. 5 in the role of data in philanthropy. (See Figure 7.)

Part of the challenge with measuring community impact is one of alignment: designing metrics and measurement systems to support the achievement of well-defined, systemwide objectives. Measuring community impact necessitates an agreement on what is being measured, strategic alignment of programmatic and

FIGURE 7 Data Touchpoint No. 5: Measuring Community Impact

operational recourse, and shared understanding of desired impact.

This can be achieved from a higher level in the regional social sector ecosystem to see how the work of multiple subsystems fit together to achieve impact that are greater than the sum of the parts. It also requires foundations to think from the perspective of collective investment and seek alignment around the different nonprofits and programs they fund. This process is emergent and strategic (but nonlinear), and requires data to provide feedback to the system so that foundations and nonprofits can adapt.

At touchpoint No. 5, innovative techniques for data visualization and strategies that make data actionable are key. One interviewee remarked:

Usable data is information that helps [grantees] make some sort of behavior change or programmatic improvement that can either accelerate impact [or] deepen impact for those they're serving. That's what we mean by usable data: information that can be immediately connected to something practical.

Effective community-impact measurement systems will have a high degree of system governance (agreement on what to measure and how) as well as a high degree of technological infrastructure (a system that can leverage big data). This emergent system will combine the data functions of informing (what does the data say) with social learning (we all agree with what the data says and understand the impact we want to create). The following observation from an interviewee captures the challenges of governance

and infrastructure: “We’re trying to move to this roll-up of information about a community. What are proxies that are showing that a community is changing in a positive direction?”

This relatively simple statement has complex implications for the who, what, and where of that “roll-up of information” and the agreement on proxies and direction of change. It implies a transparent and results-based governance framework that can provide data in real time for tracking performance and strategic learning. Undoubtedly, this requires a high level of capacity within a regional data ecosystem.

Conclusion

Our research suggests that the role of data in philanthropy is increasingly important, yet multifaceted and nuanced. There is much more to understand about what it takes to effectively utilize data in philanthropy, develop a culture of data, deal appropriately with grantor-grantee power dynamics, and employ data-driven strategies in ways that lead to measurable community impact. An awareness of the key functions of data — informing, social learning, and for emergence — as well as the touchpoints of data in philanthropy can provide insight for developing a data strategy at multiple levels. Substantive and ongoing conversations are occurring in central Texas regarding the regional data ecosystem for philanthropy and nonprofits, and we are excited to continue seeking a systems-based understanding of the role of data in philanthropy.

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Learning From the Opportunities and Challenges of a Philanthropy-Private Sector Partnership

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Introduction

Persistent health disparities and the rising cost of health care call for more innovative mechanisms to improve population health in the U.S. With a mutual interest in supporting healthier communities across the nation, in 2015 the Robert Wood Johnson Foundation (RWJF) and Humana Inc., an investor-owned health company, embarked on a partnership to improve community health outcomes. They established a philanthropy-private sector partnership (PhPP) — an atypical form of cross-sector partnership — with the primary purpose of learning how to engage in PhPPs. This article draws upon an evaluation of the RWJF-Humana partnership to highlight key insights for forming and implementing a formal partnership between a philanthropy organization and an investor-owned business.

Partnerships are essential when no single organization can solve an existing problem. Genuine partnerships are characterized by a high level of engagement, frequent interaction, bidirectional exchange of interdependencies, and sharing of resources, risks, and benefits; and they are complex to manage (Austin, 2000). Defined as a formal alliance between two or more organizations representing different sectors of society (e.g., government, business, nonprofit, philanthropy), cross-sector partnerships are particularly critical for addressing deep-rooted, complex social issues (Selsky & Parker, 2005). Such partnerships enable organizations to take on larger social agendas, tougher issues, and longer-term challenges (Huang & Sheldon, 2014).

Key Points

- Cross-sector partnerships are essential for addressing such complex social issues as improving population health. Among such partnerships, a philanthropy-private sector partnership is rare in practice; they may seem incompatible due to differences in their missions and cultures. However, these collaborations can yield positive returns for philanthropy organizations and businesses, as well as the broader community.
- This article draws upon an evaluation of a partnership between the Robert Wood Johnson Foundation and Humana Inc. to highlight key insights for forming and implementing a formal partnership between a philanthropy organization and an investor-owned business.
- Establishing and maintaining a philanthropy-private sector partnership is highly complex and challenging. For philanthropy staff interested in establishing a private-sector partnership, the findings suggest four key considerations: due diligence in exploring partnership fit, active engagement with philanthropy staff and in addressing key partnership issues, a process of co-creation on partnership activities, and continuous monitoring and assessment.
- Within these key considerations, this evaluation highlights unique organizational attributes that have important practical considerations for philanthropy-private sector partnerships. However, these considerations also have relevance for other types of cross-sector partnerships.

[A] PhPP can help philanthropies accelerate their timeline for social improvement, as investor-owned businesses bear stricter accountabilities. Partnering with a business that is “resource rich” can also further the goals of the philanthropic organization by elevating the existing pool of intangible and tangible capacities, including direct access to consumers.

Cross-sector partnerships can facilitate innovation by bringing together new and different ideas (Brinkerhoff, 2002), reduce duplication and competition among partners to increase organizational efficiency and effectiveness (Mattessich, Murray-Close, & Monsey, 2001), expand organizational capabilities (Frost & Sullivan, 2013; Kanok, Schumann, & Flower, 2015) and influence (Benedict, 2003), and increase the availability of tangible and intangible resources to sector members (Brinkerhoff & Brinkerhoff, 2011; Doz & Hamel, 1998).

In recent decades, health and human service organizations have turned to cross-sector partnerships as a vehicle for social improvement. This effort was accelerated following a 2003 report from the Institute of Medicine (2003) on America’s public health, which called for a new generation of intersectoral partnerships. The philanthropy sector has also long been invested in population health outcomes. The W.T. Kellogg Foundation (n.d.), for example, seeks to create equal opportunities for all families and communities regardless of race or income. The Annie E. Casey Foundation (n.d.) works to improve the

future of children who are at risk for adverse outcomes in education, social, economic, and health. And the RWJF (2017) is committed to creating a “culture of health” and improving population well-being. Philanthropic organizations have also leveraged cross-sector partnerships as a strategy for social change; however, these partnerships have been predominantly with nonprofit organizations (e.g., YMCA and United Way) and public entities (e.g., schools and academic institutions). One cross-sector dyad that holds great potential, but which has been relatively rare in practice and publication, is a partnership between the philanthropy and private (business) sectors.

Untapped Potential: Philanthropy-Private Sector Partnerships

It has long been thought that PhPPs are incompatible, given underlying differences in organizational vision, mission, and culture. Philanthropic organizations exist to improve human welfare and social conditions, and are driven by charitable purposes. Investor-owned companies provide services or products that maximize profits for their owners and shareholders; they are driven primarily by financial incentives. Despite disparate organizational missions, investor-owned companies such as Humana have long recognized the value of corporate philanthropy, focused on direct charitable giving, as part of a business’s corporate social responsibility (CSR). In April 2015, Humana also unveiled its Bold Goal population health strategy, aimed at helping the communities it serves become 20 percent healthier by 2020.

In the current decade, businesses have begun exploring alternative CSR models that increase their own economic value by creating shared value with the communities in which they operate (Porter & Kramer, 2011). Businesses are also seeking ways to tie philanthropy to their organizational strategic aims; partnering with philanthropy can be a promising mechanism to improve their competitive context (i.e., the quality of the business environment in which they operate), and thereby align social and economic goals with long-term business prospects (Porter & Kramer, 2002).

Philanthropic organizations such as the RWJF continue to evaluate their approach to social improvement in the interest of deepening their social impact. While philanthropy partnerships with the public and nonprofit sector have resulted in social gains, progress tends to be slow and incremental. Additionally, resources are generally limited in nonprofit and government organizations. Presuming an optimal organizational match, a PhPP can help philanthropies accelerate their timeline for social improvement, as investor-owned businesses bear stricter accountabilities. Partnering with a business that is “resource rich” can also further the goals of the philanthropic organization by elevating the existing pool of intangible and tangible capacities, including direct access to consumers. Businesses also have important interests in the communities in which they are situated and can make various kinds of contributions (e.g., financial support for the United Way and corporate volunteerism). Two recent studies by Sanzo, Alvarez, Rey, and Garcia (2015a, 2015b) that examined a business-foundation partnership found that this type of partnership can strengthen key foundation capabilities and resources.

While there are reasons to believe in the potential of PhPPs for advancing population health, little has been described in the literature about how to form and develop this unique type of partnership. In order for PhPPs to be successful and have an impact on complex social issues, there is growing evidence that they first need to learn about the realities of their own partnership and their developmental progress (Siegel, Erickson, Milstein, & Pritchard, 2018). In this article, we share insights gleaned from an exploratory PhPP involving the RWJF and Humana, and focus specifically on key issues during the formation and implementation stages of this kind of partnership.

The RWJF-Humana Partnership

The idea of partnering to further population health was spawned by conversations between the CEOs of the RWJF and Humana. In 2015, the two organizations formalized their commitment to work together by executing two memorandums of understanding that articulated the goals

of the partnership. At the community level, these goals were to improve community health capacities in New Orleans, Louisiana, and develop an information website for businesses interested in improving population health.

The aim of the community-health project is to better understand and evaluate effective strategies for making sustainable, positive impacts on health and to help shift attention and resources onto the upstream determinants of health through activities in New Orleans. Prior to the partnership with the RWJF, Humana was working to address four community health concerns: obesity and chronic disease prevention, injury and violence prevention, built environment and infrastructure, and access to healthcare. The partnership brought greater resources to the project, and the RWJF worked with Humana to address barriers and improve community engagement. The foundation’s brand reputation was recognized as a unique asset for this effort.

The “culture of health” website effort focused on the development of a platform for the business community that would provide both a case for investing in community health and resources for working with communities, including how to establish cross-sector partnerships. This effort encouraged a genuine co-creation process, with decisions about the vision, content, and infrastructure of the website determined collaboratively through a series of face-to-face and phone meetings involving RWJF and Humana staff.

Recognizing the exploratory nature of the PhPP, another major goal of the partnership was to learn about the process of establishing one. The Carolina Evaluation Team, a group of external evaluators from the University of South Carolina and the University of North Carolina at Charlotte, was hired by the RWJF to evaluate the process and effectiveness of the RWJF-Humana partnership.

Evaluation Method

This evaluation assessed the process of forming a formal partnership between the RWJF and Humana. Prior to collecting formal data, the evaluation team attended in-person team

Philanthropy Perspectives: Reflections From RWJF Staff

To solve a problem, you can't just treat the symptom — you have to address the root causes. The same holds true when tackling the biggest challenges facing both our health care system and our communities. For too long, the health care system has been focused on treating symptoms. However, the best way to reduce health care costs is by addressing the underlying causes of illness and chronic conditions, and identifying solutions to help people lead their healthiest lives possible.

This is the ultimate goal, and challenge, of the collaboration between Humana and the RWJF: to shift the health care system's focus to health and away from disease, and to make sustainable, positive impacts on communities.

Unique partnerships like the Humana–RWJF collaboration are springing up across the nation, bringing together representatives of health systems, government, insurance companies, health departments, foundations, and patient groups. No one entity has the ability to transform health in the United States by working alone. In order to create healthier communities, we must come together and think about systems, and not just individual projects. As partnerships become more common, it is important to understand how they develop over time, and what it takes for them to work.

meetings with key stakeholders from both organizations. Progress updates and planning for partnership activities, including the evaluation questions and plan, were discussed in a collaborative way. These meetings provided the team with insight into the content and nature of the RWJF-Humana relationship. Observational data were collected during meetings in the early stages to identify key issues to probe and monitor. Evaluation leaders from both organizations were invited to provide input into the method

and questions prior to data collection to ensure that the evaluation was targeting meaningful areas of the partnership.

Data were collected via 15 phone interviews conducted between May 8 and June 19, 2017, with key employees — eight from the foundation and seven from Humana. Two of these recorded and confidential interviews were 30 minutes in length; the remaining were one hour each. Coding was conducted by two trained evaluators on the team, who analyzed the data thematically across three partnership stages: formation, implementation, and current and future stage. Inconsistencies in coding were resolved via team discussion.

Preliminary results were shared with leadership and program staff during an internal RWJF learning session aimed at reflecting on lessons learned from the perspective of a philanthropy organization and making data-informed decisions about next steps. Based on discussions, the evaluation team was asked to conduct three additional interviews: two 30-minute follow-ups with key personnel at the foundation to increase understanding about certain aspects of the preliminary information report, and one new 60-minute interview with the senior director of RWJF programs to discuss how the findings might inform strategic partnerships. These additional interviews were aimed at future partnership planning and optimizing the lessons learned from this evaluation. Preliminary evaluation findings were also shared individually with key Humana staff. Subsequently, the RWJF and Humana had a joint, team-based meeting where detailed results from the interviews were presented and discussed.

Key Findings

The evaluation of the PhPP led to many important lessons learned for the RWJF-Humana partnership, as well as for other philanthropies interested in partnering with the private sector. In this section, we highlight themes from the evaluation that have particular relevance for those philanthropies and that illuminate promising practices for forming and implementing a PhPP.

Leadership Support

There are many different ways in which PhPPs can be initiated. With the RWJF and Humana, the partnership began as a joint interest and vision between the CEOs at each organization. The vested interest in the partnership from the highest level of leadership was consistently reported by interviewees to be beneficial to the PhPP, especially in the early stages of partnering. Their early involvement demonstrated that the partnership was a priority within each organization and helped propel it forward by motivating staff to make the CEOs' vision become reality.

Interviewees noted a few specific ways that executive leaders demonstrated support. First, the CEOs were not simply telling staff that the partnership was important. They actively and visibly demonstrated their commitment through one-to-one check-ins with each other, especially in early stages of partnership formation, and active participation in its early conceptualization. They did not simply delegate tasks, but worked together to shape the vision. Second, the CEOs demonstrated commitment through their presence and engagement at planning meetings. For example, Humana and the RWJF hosted a large leadership summit that brought together representatives from both organizations — a significant investment in time and resources (e.g., cost for travel, opportunity costs associated with time away from core responsibilities). Both CEOs attended and were actively engaged — a demonstrable show of leadership support that interviewees indicated sent a strong message that the partnership was a priority. The CEOs also allocated sufficient resources, including senior leadership staff, which communicated the expectation that the vision of the PhPP should be executed well.

Similarly, interviewees identified the senior leaders who led the PhPP as a major strength of the partnership. These leaders demonstrated commitment in various ways, such as the prioritization of partnership activities that sometimes meant conducting those activities on off-work hours, and ongoing interorganizational communication. The commitment of the senior leaders to one another was observable and respected by operational staff.

A downside to the PhPP being initiated by the CEOs and transferred to senior leadership was that, by the nature of their position, the CEOs' involvement decreased over time. This left ambiguity about some of the details of the original vision and the expectations for partnering; for example, the specific goals of the partnership were undefined. The risks, benefits, and accountabilities associated with partnering also had to be clarified, along with determining the partnership structure: Who would work with whom? Who would report to whom? Interviewees acknowledged that it would be impractical to sustain high-level CEO involvement, but indicated that it would have been useful to have greater engagement in the early stages of formation to fully understand the vision and charge of the partnership.

Building Relationships

At its core, a PhPP is a relationship between two organizations and, as such, requires deliberate efforts and continuous attention to cultivate and sustain a strong connection. The fostering of interpersonal relationships across Humana and the RWJF was identified as crucial to the formation and implementation of the partnership by interviewees. One of the most consistent evaluation findings was the influence of the strong relationships between senior leaders at both organizations. Interviewees characterized their relationship as "candid," "honest," and "showing a genuine like for one another"; a number of them indicated that the strength of the connection between the two CEOs allowed the PhPP to overcome challenges during partnership implementation.

Yet, the evaluation showed relationship building at the leadership level was necessary but insufficient for partnership formation. Interviewees noted the importance of including operational staff in the early stages of partnering to facilitate stronger relationships across organizational levels. This was deemed particularly important because of differences between Humana and the foundation and the diversity of background experiences and training (e.g., public health, law, business, communication) among team members. Operational team members said that

relationship building early in the partnership would have been helpful when sensitive topics arose during partnering, such as how to navigate a balance between the prioritization of a public health focus and business needs and shareholder accountability. Keeping conversations at the leadership level created a missed opportunity to develop the open relationship needed when partnership activities and tasks begin. Interviewees spoke particularly to the importance of learning upfront about the operations, organizational culture, work, and interests of the other organization. Interestingly, even operational staff who played a peripheral role in the partnership — assisting with implementation activities but uninvolved in core planning processes — said that they wished to be part of initial conversations. The evaluation revealed that these individuals were willing to participate in early conversations and had unique input that could have shaped the partnership in important ways.

Establishing an Effective PhPP Team

The PhPP team is core to organizational partnerships. A major activity during partnership formation is deciding who will be on the team from each organization and how the two organizations will work together.

Team Formation

One of the facilitators of effective partnering was the establishment of a unified team with diverse representation. The PhPP team members were selected by senior leadership based on expertise, competency, and ability to work collaboratively with a cross-sector organization. Nearly all interviewees indicated that a major strength of the partnership was the individuals involved, with representatives from executive leadership, legal counsel, and communications as well as market segment leaders, public health experts, and community engagement specialists.

At a personal level, the partners expressed an overall liking for one another, which created a pleasant working environment. Interviewees expressed great respect for their cross-organizational colleagues and diverse areas of expertise.

They said they enjoyed working together and deeply appreciated the opportunities for learning.

Despite very different organizational cultures and accountability structures (e.g., to the public versus to shareholders), RWJF and Humana staff formed strong relationships. Interviewees attributed their shared goals and orientation toward success as reasons for the positive work climate, despite cultural differences. The timeline of work completion was an example of a culture difference between organizations. As a corporation functioning on a quarterly accountability structure, Humana implemented more rapid timelines and was accustomed to producing work quickly. The foundation, conversely, was more sensitive to the need for research, planning, and the inclusion of diverse collaborator perspectives. Despite these timeline differences, there was high motivation and both organizations worked together to achieve common objectives. Interviewees explained that the commitment to the “bigger picture” helped team members persevere through day-to-day partnership challenges.

Team Expectations

One critical lesson learned from the RWJF-Humana case was the importance of establishing a clear understanding of how the interorganizational team would function day to day at the onset of partnering. Specifically, there was ambiguity over the nature of the relationship between the two organizations. Would it be characterized as a collaborative relationship with joint accountability and co-creation, or would one organization play a consultative role to improve processes within the other organization? The intent was the former, but interviewees reported confusion over these expectations. Such confusion hindered the progress of the partnership on the New Orleans project, in particular — largely because the New Orleans project was based on an existing Humana program that the RWJF was joining (versus the web development project, which was new to both organizations). This confusion was made explicit and resolved via open group conversations after evaluation data were shared with partnering members, underscoring the

importance of having an external evaluator as part of the team when engaging in a new PhPP.

Candid Conversations

The evaluation surfaced the importance of holding candid conversations early in partnership formation (we define “candid conversations” as explicit conversations regarding sensitive issues and concerns that may be difficult to express and navigate). While these conversations can be uncomfortable, they were deemed to be integral to the planning of the partnership. Interviewees highlighted multiple candid conversations that were either beneficial or should have occurred both intra- and interorganizationally. Interorganizational conversations were reported to be important to ensure alignment between the organizations: Were goals aligned? Were risks acknowledged and discussed? Were the benefits of partnering considered? Intraorganizational communication about the outcomes of these conversations was reported to be important for the day-to-day functioning of the partnership by having clear expectations of work.

A number of early questions that emerged as critical to ask and discuss internally and with the partnering organization surfaced during our evaluation:

- What are the goals and desired outcomes for partnering? (Note that this question is related to what each partnering organization wants to achieve by partnering, not the outcomes in terms of population health.)
- What is the motivation for partnering?
- What are roles and responsibilities of each partner?
- What are the expectations for how the two partners will work together? What are the potential risks associated with partnering?
- How will decisions be made?
- What is the accountability structure in place for partnership activities?

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Interviewees recognized that these conversations were difficult to hold, regardless of the degree of alignment. But the evaluation revealed that these are the kinds of challenges that arise in a PhPP and that, therefore, should be considered in its early stages.

Memorandums of Understanding

For both the RWJF and Humana, a PhPP was a new kind of partnership. With its deep degree of integration — shared resources, a higher level of staff engagement, greater interdependence — the PhPP was a big step away from conventional relationships where funds are transacted or grant dollars are awarded. Therefore, establishing the expectations and legal boundaries of this relationship was a critical step in the formation process.

A primary lesson learned from the RWJF-Humana partnership was that the development of the memorandums of understanding (MOU) required more time and energy than partnering members had anticipated. The process of developing the MOU was described as “very intentional” and “thoughtful” by interviewees. The legal departments of each organization

Interviewees also underscored the importance of making partnership activities part of the core daily activities of each organization, perhaps reducing other responsibilities to ensure time for partnering. This included identifying staff with time allocated to partnership activities and aligning individual and organizational performance metrics to the goals of the partnership.

facilitated the process; attorneys in this PhPP indicated that in the future it would be beneficial to engage operational staff in the process so that their input was considered early on.

The MOU signified official organizational commitment to the partnership, including resources — time, staff, project dollars. Challenges arose from the need for Humana to maintain proprietary processes within the corporation, while the foundation needed to have publicly available deliverables and transparency in action. Attorneys from both teams collaborated to create documents that ultimately met the needs of both organizations. The final product outlined the constraints of each organization, but also built in flexibility to the design.

The MOU process led to two specific lessons learned that are worth highlighting. First, a noteworthy feature of the RWJF-Humana case that facilitated success was the development of two separate memorandums. The first MOU was simple and outlined the process of developing the subsequent MOU and scope of work; the second outlined the actual partnership work

and deliverables. This structure was reported to be highly beneficial for early success because it demonstrated organizational commitment to the planning and partnership formation.

Second, interviewees reinforced the idea that the MOU is intended as a legal document and formal agreement, and not an implementation plan. The MOU should not replace planning activities associated with implementing partnership agreements. Although formal relationships can facilitate collaborations and provide defined expectations, they may be less representative of how each organization operates (Brewster, Kunkel, Straker, & Curry, 2018). In addition to an MOU, a clear implementation and accountability/operational plan is needed to outline how the deliverables will be achieved. In the evaluation, several key questions surfaced for project management:

- How will the organizations prioritize partnership activities among other job responsibilities for operational staff?
- Are the partnership activities compatible with other job responsibilities for operational staff? Is there time allotted for partnership activities, or is this an “add-on” to other responsibilities? Does this fit with performance measures?
- Is there role clarity for operational staff, especially regarding the role as a consultant or co-creator of deliverables?
- Is there clarity around inter- and intra-organization decision-making? Who has the authority to make partnership decisions, and when?

The Partnership and Daily Work

Interviewees indicated that a challenge to implementing the partnership activities was the balance of time spent on partnership-related activities versus other job-related responsibilities. The amount of time individuals were expected to engage in partnership work varied: Certain partners were external consultants specifically hired to engage in partnership activities, while others

were operational staff who perceived the partnership as an add-on to the typical job functions.

Interviewees also underscored the importance of making partnership activities part of the core daily activities of each organization, perhaps reducing other responsibilities to ensure time for partnering. This included identifying staff with time allocated to partnership activities and aligning individual and organizational performance metrics to the goals of the partnership.

Key Considerations: Suggestions for Practice

The evaluation of the RWJF-Humana partnership provides insights particularly useful for philanthropy-private sector partnerships.

The Partnership Fit: Exercise Due Diligence

The differences in how philanthropy and investor-owned companies operate are real. A major distinction is in performance metrics — both the type of data tracked and frequency of tracking. Investor-owned companies are accustomed to short-cycle, frequent performance measures, such as quarterly earnings, as well as longer-range reports. Return on investment, shareholder value, and customer satisfaction are key metrics. Philanthropies, on the other hand, generally operate according to annual or longer-term metrics and attend to social impact.

These differences shape the kind of initiatives in which the two organizations invest, how they go about engaging in the initiative, and the culture of the organization. For example, an investor-owned business with a quarterly performance structure may be more inclined to adopt a pre-packaged community-improvement intervention and to use top-down approaches. Changes in health outcomes take time at a population level, which may make their value difficult for businesses and their shareholders to recognize (Fry, Nikpay, Leslie, & Buntin, 2018). The partnering philanthropy, with a longer

Corporate Perspectives: Reflections From Humana

"It is important in any professional partnership to understand how the overall organization operates, [to] respect the differences, and to come to the table with an open mind. By joining our collective knowledge [and] expertise and settling on some common goals, we were able to learn from each other. We appreciated the thoughtfulness of the RWJF staff and their approach to solving for community health problems. From our partnership came a better understanding of how social determinants of health — such as food insecurity, loneliness, and social isolation — impact health, and how we might be able to help solve for these issues at a local level."

performance-reporting horizon, might prefer a community-centered engagement process and be comfortable with the months or years it would take to implement successfully.

Another critical distinction often observed between investor-owned businesses and philanthropic organizations is in their organizational cultures. If poorly understood, these differences can result in tension and conflict. Prior to establishing a formal PhPP, it is essential to research the prospective partner's history, culture, strategic plan, drivers/performance metrics, and brand reputation. This process should include intraorganizational reflection and interorganizational discussion on the risks and benefits to partnering, alignment of interests/drivers and values, expectations for partnering, and issues pertaining to intellectual property. A partnership assessment tool might be used to facilitate a more systematic and comprehensive process for assessing partnership fit.¹ However, a limitation

¹ Examples of these include the Partnership Self-Assessment Tool, from the Center for the Advancement of Collaborative Strategies in Health (<http://www.nccmt.ca/knowledge-repositories/search/10>); and the Partnership Assessment Toolkit, from the Canadian Coalition for Global Health Research (<http://www.ccghr.ca/resources/partnerships-and-networking/partnership-assessment-tool/>).

In the RWJF-Humana initiative, the process evaluation data were critical to understanding the PhPP journey; identifying points of tension, challenge, and strengths; and for making adjustments to improve the quality of partnering. The data served as a pulse-check of the PhPP and facilitated crucial conversations.

of existing tools is that none are designed specifically for a PhPP.

Another way to be diligent in assessing partnership fit, suggested by a RWJF-Humana interviewee, is for the prospective organizations to collaborate on a small, well-defined, and time-limited project before committing to a formal PhPP.

Engage Philanthropic Staff and Address PhPP Issues

A major asset for a philanthropy is its brand reputation. As is the case elsewhere in the non-profit sector, philanthropy staff are likely to have implicit or explicit concerns about partnering with an investor-owned company (Reed & Reed, 2009). Among those concerns are a dilution of the organization's identity and goals, reduced autonomy, being overpowered by the business organization, conflicts of interest, unclear accountabilities, and negative reputational impact (Andrews & Entwistle, 2010; Austin, 2000; Barr, 2007; McKinnon, 2009; Trafford & Proctor, 2006; Wettenhall, 2003). These concerns can range from ambivalence to a strong opposition to the partnership.

The RWJF-Humana evaluation offered some useful ways that leadership can facilitate PhPP buy-in. The RWJF recommended engaging philanthropic staff in conversations about a PhPP early on and encouraging them to express any concerns, and having executive leadership outline the value of partnering with an investor-owned company to point out areas of overlap in goals and vision. They also suggested holding a formal, all-staff event to launch the partnership, and issuing press releases about the partnership.

Use a Process of Co-Creation

Given differences in organizational culture, operations, and accountabilities, the RWJF-Humana evaluation indicated that new PhPPs might do best by taking on initiatives that encourage co-creation — for example, the design and development of a new virtual platform for improving community health that would appeal to the private sector. Staff indicated that the process of co-creation was more conducive to team and rapport building, and urged participants to “think through things together.”

During the process of co-creation, particularly for a new PhPP, face-to-face meetings are highly valuable. Such meetings enable partnering members to attend to nonverbal signals, which lend useful information (e.g., What is resonating well? Where are there points of confusion or resistance?) when working with a new entity. In-person meetings or video conferences also accelerate the process of relationship development, including fostering trust and commitment — two key dimensions to successful collaborations (MacMillan, Money, Money, & Downing, 2005).

Continuously Monitor and Assess the Partnership

The formation and implementation of a PhPP is no easy undertaking. Beyond being time and resource intensive, it involves complex, systems-level integration and coordination across two entities that are constitutionally different in culture, mission, and operation. Another key insight that surfaced from this evaluation is the importance of continuously monitoring and assessing a PhPP.

In the RWJF-Humana initiative, the process evaluation data were critical to understanding the PhPP journey; identifying points of tension, challenge, and strengths; and for making adjustments to improve the quality of partnering. The data served as a pulse-check of the PhPP and facilitated crucial conversations. The RWJF-Humana staff also reported that it was highly valuable to have the evaluation conducted by a third party, since it eliminated concerns about bias.

Additionally, staff noted that to reap the full benefits of ongoing evaluation requires a spirit of continuous quality improvement from both organizations. Deliberate monitoring and ongoing evaluation of a cross-sector partnership fosters trust among partners (Johnston & Finegood, 2015).

Conclusion

If we keep doing what we've been doing, then we will keep getting what we have gotten. Improving population health requires social innovation, or "tapping into the ingenuity of charities, associations and social entrepreneurs to find new ways of meeting social needs which are not adequately met by the market or the public sector" (European Commission, 2010, p. 21). It is well established that cross-sector partnerships are essential to improving population health. As a social innovation, we believe PhPPs are a promising breed of cross-sector partnerships.

Through the RWJF-Humana partnership, the foundation learned about how to approach collaborations with an investor-owned company, including what kind of changes and consumer-engagement activities are feasible in the context of a company's profits and performance culture. Humana increased its understanding about what it means to undertake a population-health approach to improving member well-being. While members of both organizations described the work of a PhPP as being hard and bearing unique risks, they have continued with it because they believe there is a real shared value to partnering.

Philanthropy and private-sector organizations bear unique organizational attributes that have

important practical considerations for PhPPs. However, our evaluation also has insights that are highly consistent with best practices for other types of cross-sector partnerships. The importance of creating links among member organizations at multiple levels (leadership, middle managers, operational staff) to facilitate successful partnership outcomes is noted by Bryson, Crosby, and Stone (2015) in their review of a decade of partnership frameworks. In their review of public-private sector partnerships, Johnston and Finegood (2015) speak to the utility of monitoring and evaluation activities for facilitating partnership improvement. They and others (e.g., Yankey & Willen, 2010) note the significance of assessing partnership fit along key organizational attributes — culture, mission, and vision. These similarities suggest that there is much in the way of transferability when it comes to partnering across organizations from different sectors.

Our work with the RWJF and Humana offers key insights into the process of forming and implementing a PhPP. It adds to the currently sparse literature on these partnerships. Our evaluation focused on the early stages of developing a PhPP, and we believe there is still much to be studied about both the process of their formation and implementation and how to sustain this type of cross-sector partnership.

Our takeaway from the RWJF-Humana evaluation is this: Two organizations interested in establishing a PhPP might have strongly aligned aims and enter the partnership with true commitment, good will, and good intentions. The partnering members may be bright, highly competent, and skilled in fulfilling their core organizational responsibilities. Nevertheless, PhPP success cannot be assumed. The partnership — its relationship and activities — requires deliberate engagement and surveillance of macrosystem trends (e.g., federal legislation, national strategy, economics, political shifts). The task of establishing and engaging in a PhPP is complex and highly challenging; its success relies on the relationships between individuals at all levels of the two partners, from leadership to operations.

The work requires candidness, foresight, patience, and flexibility.

The work also requires reflective evaluation, whereby members consciously examine linkages between individual action and the state of the partnership. As external evaluators, we applaud the Robert Wood Johnson Foundation and Humana for their candid interviews. Both organizations truly embody the spirit of continuous learning and improvement. We believe this spirit is essential when embarking on a new way for achieving progress toward large-scale social goals like improving population health.

Perspective From RWJF Staff:

“Cross-sector collaborations are not easy, and require systems to think about how to evaluate and sustain them. As new partnerships are created, it is critical to continue to research, evaluate, and learn how and why cross-sector partnerships are formed and sustained. It’s also critical to understand the conditions under which cross-sector partnerships are necessary or more effective than other strategies for fostering equity and population health improvement.”

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Developmental Evaluation of a Collective Impact Initiative: Insights for Foundations

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Keywords: Collective impact, developmental evaluation, realist framework

Introduction

Seven years ago, the publication of Kania and Kramer's (2011) influential paper on collective impact caught the attention of organizations across sectors, including nonprofit organizations and philanthropies (Cabaj & Weaver, 2016; Cooper, 2017; Easterling, 2013; Lynn, Breckinridge, Denault, & Marvin, 2015). The Colorado Health Foundation was one of the organizations that saw the potential of collective impact to help tackle complex, systems-level health issues in Colorado.

In 2013, the Foundation embarked on a collective impact initiative focused on health care delivery system and payment reform (DSPR), an area in which the Foundation had made large investments for many years and where significant partnerships were already established. It was conceptualized as a statewide effort intended to align actors and realize greater impact from the Foundation's investments. By the end of 2016, the collective impact initiative had been dissolved by mutual agreement of the initiative's steering committee and the Foundation.

This article describes the collective impact initiative and the role that developmental evaluation — and a realist framework — played in aiding both the initiative's steering committee and the Foundation in making decisions about its accomplishments and future. It highlights the developmental evaluation approach, how that informed decisions, and how it helped surface broader insights about doing highly collaborative work.

Key Points

- The 2011 publication of John Kania and Mark Kramer's influential paper, "Collective Impact," caught the attention of organizations across sectors, including nonprofit organizations and philanthropies. The Colorado Health Foundation was one of the organizations that saw the potential of collective impact to help tackle the state's complex, systems-level health issues.
- This article describes a collective impact initiative and the role that developmental evaluation — and a realist framework — played in aiding both the initiative's steering committee and the Colorado Health Foundation in making decisions about the initiative's accomplishments and future.
- The article highlights the developmental evaluation approach, how that informed decisions, and how it helped surface broader insights about the many challenges of doing highly collaborative work.

Context

The term "collective impact" was first named and described in a 2011 article in the *Stanford Social Innovation Review* by John Kania and Mark Kramer (Kania & Kramer, 2011). The authors suggested that the nonprofit sector traditionally supported isolated impact — directing resources to individual organizations thought to be the best change-makers in specific areas. They also suggested that this strategy had not resulted in the innovation needed to address large, complex social problems, and that what was needed was cross-sector coalitions engaged with those outside the nonprofit sector — a strategy they

dubbed collective impact. Such problems require a systemic approach to social impact that focuses on the relationships between organizations and the progress toward shared objectives. Kania and Kramer further proposed that five conditions — now known as the five pillars of collective impact — were needed for successful collective impact initiatives:

1. a common agenda,
2. shared measurement systems,
3. mutually reinforcing activities,
4. continuous communication, and
5. backbone support organizations.

In the years since Kania and Kramer's article, philanthropic organizations, nonprofit organizations, government, private industry, consultants, and others have embraced the concept of collective impact. While entities have engaged in varying forms of collaboration for years,¹ what Kania and Kramer tried to do in their 2011 article was to synthesize and bring structure to a collaborative approach that is more rigorous than typical collaboration.

The Colorado Health Foundation embarked on a DSPR collective impact initiative in 2013, with an original collaborative group that included executive representation from 11 Colorado organizations. The initiative's genesis was twofold. First, there was a 2011 request by the Foundation's board to find a way to create greater value for the considerable investments that it had been making for many years in the DSPR space. The board's direction catalyzed Foundation staff to consider new ways of supporting coordination among grantee organizations so as to reduce duplication of efforts, create better alignment among organizations working on the topic, and realize greater impact. In early 2013, as the idea of collective impact gained momentum, a grantee stepped forward

to suggest that it might be a suitable backbone organization to organize and drive the work among actors in the DSPR space. Though the Foundation did not fund that initial request, it did assess how it might use a collective impact approach to support its DSPR grantees, how interested organizations might pursue such an effort together, and what the Foundation's own role would be if the initiative was pursued.

The Foundation knew it would need external expertise to help execute a collective impact approach, since the concept was new to both leadership and staff. To this end, the Foundation in early 2013 engaged a consulting firm that specialized in managing the processes associated with setting up and executing collective impact initiatives. The consultants assessed stakeholder readiness, conducted landscape scans, and began to assist the newly formed steering committee to put in place the building blocks necessary to create the five pillars of collective impact. The readiness assessment helped the Foundation explore:

- the environmental context around whether there was a belief that coordinated action could lead to greater impact on this issue, and a propensity towards trust;
- the potential to align around a common vision and strategies for achieving it;
- stakeholder interest in engagement; and
- strength of key stakeholders related to roles and responsibilities.

The consultant's assessment showed that most of these criteria were met. The Foundation was particularly excited to learn that stakeholders believed there was considerable potential for a collaborative process to create greater impact. Stakeholders clearly said that the Foundation could play a unique role as partner, leader, and funder in launching the work. The results left the Foundation with the impression that there was

¹ In a 2014 interview, Faye Hanleybrown and John Kania were careful to say that Kania and Kramer had no interest in copyrighting the term "collective impact" (Weaver, 2014b).

The Foundation believed that it needed to telegraph strong support for the collective impact initiative in order to garner broad buy-in. To this end, it decided to tie its entire funding in this area to what emerged from the collective impact effort. In practical terms, this meant that the Foundation would not fund DSPR grants outside of collective impact, which positioned the steering committee to prioritize and design bodies of work that the Foundation would then fund.

a clear desire to have it serve as both a convener and a key partner in the work.

While early meetings about collective impact included organizations not funded by the Colorado Health Foundation (including at least one other foundation), those who joined the steering committee that would help move the collective impact initiative forward were, in fact, all Foundation grantees. This coalition of the willing consisted of senior organizational representation from physicians, health data organizations, health networks, business interests, the state Medicaid department, researchers, and others.

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end, it decided to tie its entire funding in this area to what emerged from the collective impact effort. In practical terms, this meant that the Foundation would not fund DSPR grants outside of collective impact, which positioned the steering committee to prioritize and design bodies of work that the Foundation would then fund.

The Foundation also sought to create funding alignment with the emerging collective impact initiative by lining up existing grant timing and expectations. This created a single point in time when existing grants for organizations represented on the steering committee ended, and the Foundation could make new grants that included the requirement that grantees participate in, and align portions of their work with, the goals determined by the collective impact initiative. In addition, the Foundation provided funding for backbone support and evaluation through contracts that were directly held by the foundation. The backbone function initially consisted of support from a facilitation consultant, with the expectation that this function would be formalized later in a backbone organization.

The Foundation demonstrated its organizational commitment to rapid-cycle learning from the beginning and partnered with external evaluators to support that learning. The steering committee chose to partner with evaluators at the Georgia Health Policy Center at Georgia State University through a competitive bidding process in late 2014, and the evaluators began work in May 2015 — a time at which the Foundation was also in the middle of a national search for a new CEO. By September 2015, the new CEO was in place and was interested in exploring how effectively the collective impact approach was achieving what had been intended.

Methods

Developmental evaluation formed the basis of the collective impact evaluation; it is defined as an approach to understanding the activities of a program operating in a dynamic or novel environment characterized by complex interactions (Norman, 2011). The method focuses on strategic learning rather than simply assessing outcomes. It examines activities in context and

provides feedback to the overall process (Patton, 2010). Collective impact initiatives address challenges that are complex and adaptive (Kania & Kramer, 2013; Mann, 2014; Weaver, 2014a). Since delivery system and payment reform was seen by the Foundation as complex, adaptive, and requiring innovation, and due to the organizational desire for strategic learning to inform their own practice (in addition to that of the broader field), developmental evaluation was seen by the Foundation and evaluation team as a good fit for this initiative. According to Patton (2006), the tools and techniques of developmental evaluation should be utilization focused, with measures and tracking mechanisms developed as outcomes emerge. The approach uses rapid, real time feedback, and the aim is to nurture learning.

The Foundation's commitment to evaluation as a learning tool was rooted in an interest in real-time improvement, and understanding what actions influenced success or failure more broadly in deeply collaborative work. The process of working together to create collaborative change is very complex and is constantly impacted by many uncontrollable factors (Minyard, Phillips, & Baker, 2016). As such, the evaluators added a realist evaluation lens to help unravel the web of conditions and actions that influenced success or failure. The method explores the relationships among context (organizational setting and external constraints), mechanisms (reasoning and resources), and outcomes (intended and unintended results) (Pawson & Tilley, 1997). The realist framework assumes that innovations, programs, and interventions work only in particular contexts and that the purpose of evaluation is to find those conditions: Which mechanisms work, in which contexts, to produce which outcomes (Greenhalgh et al., 2009)? By understanding the interactions of these factors and how they enabled or inhibited outcomes, it was hoped that the findings would be more useful not only to the Foundation, but also to decision-makers beyond this particular initiative.

Consistent with Patton's (2006) call for the use of tools and techniques that match the developmental needs of evaluation users, the evaluation team

used a variety of approaches to collect and analyze data around the collective impact initiative:

- *Document review.* The evaluators began in spring 2015 by reviewing more than 200 documents and emails that had been generated over the previous two years. Notes were abstracted from the documents by two researchers, and thematic analysis was conducted.
- *Key informant interviews.* The evaluators conducted 20 semistructured key informant interviews with individuals who were currently, or had been, connected to the initiative. The 12 interview questions covered thoughts on collective impact, the Foundation's role in the work, the initiative's funding structure, steering committee membership and dynamics, and ideas about short-term and long-term success. A thematic analysis was conducted of these data.
- *Polling.* In June 2015, the evaluation team administered a poll to gauge the steering committee's opinions about whether the initiative in which it was engaged was developmental, the degree to which the group had adaptive capacity, and the degree to which it was ready for developmental evaluation (Cabaj, 2014a). In August 2015, the team created a short survey to assess the five pillars of collective impact (Preskill, Parkhurst, & Juster, 2014) and explore what the group believed it had accomplished over the past two years of work.
- *Participant observation.* From May 2015 through July 2016, the evaluation team observed 17 steering committee meetings. At least two, and often three, evaluation team members documented observations with structured meeting notes that aligned with the context, mechanism, and outcomes of the realist framework. Notes were compared and synthesized by theme.
- *Feedback loops.* The evaluators established a number of feedback loops in order to collect, process, and reflect information

While members reported that nothing would be possible without the Foundation's funding, they said it "increases the sense of competitiveness among [steering committee] members, contributing to uncertainty about future funding and lack of trust among members." One steering committee member commented, "It's hard for the Foundation not to own it" — an observation that reflected the Foundation's own struggle with what its role should be.

back to stakeholders. The feedback loops included monthly calls with a member of the Foundation evaluation team, the steering group facilitators, and a subgroup of steering committee members who served as a four-member evaluation advisory group; and periodic check-ins with internal and external stakeholders. The establishment of an evaluation advisory group is a standard of Georgia Health Policy Center's evaluation practice in alignment with the Centers for Disease Control and Prevention's evaluation guidelines to engage stakeholders (Milstein, Wetterhall, & Group, 2000). Conversations with the steering committee facilitators enabled the evaluators to be kept apprised of local dynamics and served as a check on what evaluators were observing during steering committee meetings. Regular dialogue with the evaluation advisory group enabled the evaluators to

pressure test information with a subset of the steering committee prior to sharing with the larger group. Monthly meetings and calls with the Foundation enabled staff to reflect on how the work was unfolding, explore how they were showing up as actors in it, and consider how that was impacting the group's progress.

- *Sense-making.* Although the use of a realist framework is method neutral, an important aspect of the approach is pattern recognition (Pawson & Tilley, 1997). The evaluators referred to this process of pattern recognition as sense-making. The evaluation team leveraged the opportunity of reviewing data and information with a number of stakeholders, including the steering committee, the Foundation's staff and philanthropy committee, and the facilitators so that everyone was engaged in identifying patterns that were emerging from the work. Soon after joining the initiative, the evaluation team worked with the facilitators to establish a portion of the monthly steering committee meeting that would be spent reviewing evaluation data and sharing feedback to help identify patterns in what was unfolding. The evaluation team also met internally on a quarterly basis to make sense of the information that was emerging.

Results

The initial interviews conducted by the evaluation team in May 2015 provided the first systematic information the Foundation received about participants' perceptions of the collective impact work to date. Overall, data showed that steering committee members were supportive of collective impact. They acknowledged it was a long process with many moving parts, especially since Colorado was concurrently involved in many federal health reform efforts; one steering committee member commented that Colorado was "eating from the all-you-can-eat health reform buffet." However, they asserted that they wanted to take some kind of action soon. Said one: "We need progress, not process." They acknowledged there had been past issues around trust among organizations and individuals on

FIGURE 1 Participants' Early Perceptions of Collective Impact Work

the steering committee, but felt that, over time, trust had improved. Several expressed concern about how the initiative would continue to be managed given that the backbone function was spread across the participating organizations — a situation they referred to as a distributed backbone model. Regarding the composition of the steering committee, members were pleased by the addition to the group in late 2014 of providers and insurers that were not Foundation grantees.

Steering committee members remarked that they saw the Foundation as a champion, and acknowledged its potential to build partnerships. “This would not have happened without the Foundation bringing us together,” one member observed. But the data also illuminated challenges. While members reported that nothing would be possible without the Foundation’s funding, they said it “increases the sense of competitiveness among [steering committee] members, contributing to uncertainty about future funding and lack of trust among

members.” One steering committee member commented, “It’s hard for the Foundation not to own it” — an observation that reflected the Foundation’s own struggle with what its role should be. As one staff member put it, “We’re not sure how to balance grant monitoring and how to be a partner at the table.”

A poll of steering committee members administered in June 2015 revealed that it wasn’t clear whether members were thinking about the work as a complex adaptive problem. (see Figure 1.) About 50 percent of members disagreed with the statement, “The challenge we want to address is difficult to define”; and more than 60 percent disagreed with the statement, “The factors that contribute to progress in meeting the challenge are unknown or unclear.” Almost 90 percent disagreed that “We have a history of innovation and tackling complex challenges”; and almost half the members disagreed that “We have the patience to experiment with new approaches and generate results.”

In September 2015, the evaluation team polled the steering committee members to gauge how much progress they felt they had made along three of the five pillars of collective impact. The poll did not assess shared measurement or backbone support, as the committee had not yet addressed them. On a five-point scale, the group gave itself a “two” for pursuing a common agenda, continuous communication, and mutually reinforcing activities. The members rated themselves highest in attendance and in participation in subcommittee meetings, and lowest in communicating with stakeholders, developing a collective plan of action, and the degree to which they held each other accountable. Prior to polling the steering committee, the evaluation team had separately created its own ratings using the same scale, based on all its data and observations to date; the team triangulated its assessments with those of the steering committee and discovered that they had very similar conclusions.

Between October and December 2015, the evaluation team reported back to the Foundation and the collective impact steering committee about their conclusions to date, based on all the data collected and sense-making with the various stakeholders. A number of important concerns surfaced about the usefulness of the collective impact framework and the steering committee members’ commitment to it. This feedback helped the Foundation recognize that its approach had created unintentional challenges and barriers for steering committee members and their organizations that were hindering progress, and it shared the concern that collective impact might not be the most appropriate way for this group of organizations to collaborate.

The October 2015 steering committee meeting provided an important opportunity for the committee and the Foundation to consider what had been learned from the evaluation so far, and how this should inform next steps. Some steering committee members shared that the work around collective impact had always been too focused on what the Foundation wanted, and they were not comfortable having the collective impact work tied to organizational funding. Committee members also reflected on the

group’s challenge in figuring out its goal and direction. “In our heart of hearts,” remarked one member, “do we want this to continue? Are we bringing value?” Another said, “I don’t give us a good prognosis. There are too many groups working on this. We don’t add value, but we are a think tank. Maybe we should focus on a narrower goal.” In contrast, other steering committee members still felt the group could come together to play a key role in the state’s work around delivery system and payment reform, and that it could help stimulate systems change. “What was exciting about this initially,” said one member, “was that it was an opportunity to fill the gaps that the Foundation misses.” Another reflected, “I would like to see what the dynamic is around the table without the Foundation present.” As a result of the evaluation findings and discussion with the steering committee, the Foundation concluded that its presence was more detrimental than helpful to the group. In December 2015, they announced a decision to step off the steering committee and remove the requirement that grantees participate in collective impact (the grants otherwise remained the same). The Foundation continued to provide funding for facilitation and evaluation support.

The steering committee sustained its monthly meetings, but quickly decided (in January 2016) to switch from collective impact to a learning network model of working together. Though it was no longer on the committee, the Foundation was interested in helping it set its own goals and expectations of success. The evaluation team polled the steering committee to determine what members would consider evidence of progress by April 2016: 26 percent said establishing concrete goals and objectives; 22 percent said evidence of two or more partners working together; and 13 percent said evidence of alignment around a common goal. When asked if the committee was moving in a positive direction, the members gave their group a rating of 5.2 on a 10-point scale.

In April 2016, the point at which they wished to see signs of progress, steering committee members offered meeting feedback such as, “I find myself becoming more disengaged in this work the more we revisit old conversations and focus

on our past,” and “I think we will continue to lose momentum and participant morale until we become much more specific.” Others expressed more optimism: “I think there is potential for the conversation to go either way. ... I think it would be a shame to call it quits.”

At the July 2016 meeting, the steering committee announced that it wanted to decline the Foundation’s offer to continue financial support for facilitation and evaluation; at the time, members said they were willing to chip in small amounts of funding to support additional facilitation if that was needed. But evaluation data continued to suggest that the group was struggling with its purpose. “I don’t know what my organization gets out of participating in this group,” said one member. “I don’t know how much longer we can continue to spend staff time and energy on just talking about things, with no actual outcomes.” Another observed, “I think there is progress in that the group realizes something is wrong. However, the group should stop trying to force-fit a reason for meeting and be brave enough to stop doing so, if there truly is no need.” That was the last time they met as a group. Their vision to continue meeting on a regular basis as a learning network did not come to fruition.

Reflections

In the evaluators’ analysis, observations did not fit neatly into the realist framework categories of context, mechanism, and outcomes. For example, a mechanism or outcome in one instance appeared to be context in another. Still, through participant observation, qualitative analysis, and internal sense-making over 14 months, the evaluation team identified several dominant patterns that emerged in the initiative’s dynamics:

- *Group progress and morale.* The evaluators observed that the steering committee’s action or progress toward goals and the resultant increase or decrease in morale appeared to be mutually reinforcing — the more progress members made, the greater their morale; the greater their morale, the more progress they made or at least they perceived they had made. Likewise,

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stagnation or backsliding appeared to reduce morale, and low morale appeared to reduce inclination toward action. Additionally, evaluators observed that variations in members’ buy-in for collective action — the degree to which participants felt committed to the group and its goals and their resulting level of focused engagement — was sometimes an impediment to action and, in turn, a damper to morale. When there was strong buy-in, there appeared to be greater action and progress. When buy-in was low, action and morale appeared to be reduced.

While the concept of collaboration is, of course, not new, collective impact is innovative, particularly in the realm of health systems, which have seen fewer applications of the framework than the field of social services.

Collective impact participants must embrace their role as innovators and be accepting that the road to greater impact may be unpredictable.

- *New information and continuity of direction.* The evaluators observed that steering committee members were consistently enthusiastic to learn. When new data and information were presented, members often left meetings in high spirits, with positive morale and energy. However, sometimes the new information, instead of reinforcing the direction the group had previously set, shifted its focus to a new objective. In such instances, new data negatively influenced the group's continuity of direction, which in turn hampered progress.
- *Leadership.* It appeared from the evaluation team's observations and conversations with steering committee members that lack of agreement on a formalized leadership structure left the group somewhat adrift. The group did not invest authority in the external facilitator to help keep itself focused and hold members accountable for their own decisions, nor did the group agree to a leader from within until after members had decided to abandon the collective impact model.

- *Foundation influence.* Conversations with Foundation staff revealed that they recognized the potentially adverse impact of real or perceived power differentials, and took specific steps to mitigate the perception (e.g., by not having more than one Foundation staff member present in steering committee meetings and specifically not participating on the evaluation advisory group with other committee members). Despite those efforts, the perception of power dynamics around the Foundation's presence negatively impacted progress. Even after the Foundation removed grant contingencies that had required participation in collective impact, committee members continued to express concern about aligning their work with future Foundation priorities to ensure continued organizational funding.

Insights for Foundations

The Colorado Health Foundation embarked on a collective impact journey with its partners in order to align its funded work within DSPR, to realize greater value from its DSPR investments, to reduce duplication, and, ultimately, to improve the health of Coloradans. Because the field of collective impact is still emerging, few case studies exist to guide new work — particularly in the areas of health and health care. The Foundation and the evaluation team have reflected deeply on this experience and explored insights about collective impact itself and about the Foundation's thinking and approach more broadly. The insights shared here represent exploratory thinking based on the experience of this specific collective impact effort, as well as a consideration of the broader literature on collective impact.

Innovators of Change

Those participating in collective impact acknowledge that its implementation is complex and even unnatural. But what may be missing from early reflections on these efforts is acknowledgement that the collective impact process is still in many ways experimental. While the concept of collaboration is, of course, not new, collective impact is innovative, particularly in the realm of health

systems, which have seen fewer applications of the framework than the field of social services. Collective impact participants must embrace their role as innovators and be accepting that the road to greater impact may be unpredictable.

Applying collective impact to DSPR at a state level was a novel experiment, without documented precedent, and it was an approach the Foundation had not attempted before. Both steering committee participants and the Foundation acknowledged that the work was difficult, but there may not have been recognition enough that the work was groundbreaking and required a willingness from everyone involved to change their behavior as they entered uncharted territory. Says Cabaj:

The only way to move the needle on community issues is to embrace an adaptive approach to wrestling with complexity. This means replacing the paradigm of pre-determined solutions and “plan the work and work the plan” stewardship with a new style of leadership that encourages bold thinking, tough conversations and experimentation, planning that is iterative and dynamic, and management organized around a process of learning-by-doing (2014b, p. 111).

In hindsight, the Foundation recognized that although at the time it believed it was approaching the work in an open way, it actually adopted a more “formulaic” mindset, believing that if the Foundation provided the process supports, the group could simply put in place the five pillars of collective impact and move forward in an aligned way. Instead, the Foundation discovered that this type of collaborative work relied on much more than good process, and it developed more nuanced understandings of the roles that trust, power, and organizational dynamics have in the success of a collaboration. The Foundation also came to understand that the focus on using the model of collective impact hampered its ability to recognize when that process wasn’t actually leading to effective collaboration. This helped the Foundation recognize the importance of not getting attached to a particular approach, but rather entering the work with a learning mindset that allows for experimentation about what it will take to

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effectively collaborate in a given context, and having the flexibility to modify the approach depending on what is discovered during the process of working together.

Who Initiates Collective Impact Matters

The Colorado Health Foundation is the third-largest health philanthropy in the United States. When the Foundation proposed collective impact as a way to realign its work, it was flexing its convening power to bring stakeholders to the table around an important issue. This was widely seen by stakeholders as positive, and in fact, early data from stakeholders who indicated that the Foundation was uniquely positioned to drive this work forward was a key driver in the Foundation’s decision to move forward with a collective impact approach.

This was also the opposite of how most collective impact movements have started. In many cases, stakeholders approach a funder to support a collective impact movement that has already been emerging, whereas in this case a funder proposed collective impact as a model and asked stakeholders to come to the table. While its intentions were laudable and the Foundation attempted to mitigate its perceived influence, the imbalance of power created from the beginning by the funder being the one to propose collective impact may have been insurmountable.

In retrospect, the Foundation learned that tying grantee funding to expectations around collective impact, as well as tying its own strategic funding in the DSPR space to the activities of the steering committee, was counterproductive.

The Importance of Leadership

Leadership is important for accomplishing collaborative goals, and the structure, process, and individuals involved are all important (Huxham & Vangen, 2000). Leadership is often provided by an individual who possesses a commitment to stewardship of the collaborative (Emerson, Nabatchi, & Balogh, 2012). Leadership is also a theme that has been highlighted in the collective impact literature, and it is one that emerged throughout the course of this initiative. Two years after their seminal paper on collective impact, Kania and Kramer (2013) reflected on how collective impact influenced complexity and the role of leadership: “Our own experience, and that of several leading practitioners, has shown that the principles of adaptive leadership are extremely useful in guiding the collective impact process” (p. 7). Adaptive leadership is needed in unpredictable, complex situations involving multiple partners. This leadership can come from within the group or it can be ceded to a high-performing backbone organization. A funder taking on the leadership role introduces another layer of complexity to the dynamic:

When funders proactively create networks in support of an identified cause, the vested interest in achieving desired results may lead to the problem of funders trying to direct activities rather than acting as facilitators to draw out the collective wisdom of the participants. This temptation to direct

the group may undermine the very collaboration required to create change. (Mann, 2014, p. 59).

In the case of this initiative, the group operated for several years without a leader, deciding instead to practice shared decision-making among the group as it distributed the role of a backbone organization among its partners. As was previously highlighted, this was not always effective, potentially impacting the group’s direction, progress, and accountability. On several occasions, the Foundation’s program officer attempted to provide leadership by focusing the group on metrics, goals, and strategic plans. Later, the program officer encouraged the group to name a chair, and this did result in them agreeing to an internal leader. However, not long after this the group decided to adopt a looser structure as a learning network.

Money Complicates Things

One of the primary motivations of the Foundation choosing collective impact was to realign its investments in DSPR. Those investments had day-to-day implications for the participating, funded partners. So, it was perhaps no surprise that when a partnership was formed, it was a self-selected group of Foundation-funded organizations that stepped forward. They were, appropriately, working in their organizations’ own best interests in wanting to have a say in how the effort proceeded. In retrospect, the Foundation learned that tying grantee funding to expectations around collective impact, as well as tying its own strategic funding in the DSPR space to the activities of the steering committee, was counterproductive.

A potentially more effective path would have been to fund the initiative in a low-cost and low-risk way (e.g., funding backbone functions and small actions by the group), which would have supported a healthier dynamic around relationships and funding. This was an important insight that shifted the Foundation’s mindset about how to approach experimentation; it recognized that although the Foundation had the risk tolerance and interest in engaging in novel experiments, it is critical to right-size investments in experimentation so that appropriate supports are available,

and no stakeholder feels so over-invested that it cannot recognize or discontinue an experiment that is not proving effective.

The Role of the Backbone Organization

The literature indicates that the most successful collective impact efforts can be tied back to a strong backbone support function (Bartczak, 2014; Kubisch, Auspos, Brown, Buck, & Dewar, 2011; Pearson, 2014; Weaver, 2014a). In the case of this work, every time the group discussed backbone support it returned to the idea of distributing the functions among the members. While this may have made sense to them at the time, none of the stakeholders had time to be able to truly commit to completing backbone functions, given that each stakeholder had their own organization to manage.

An independent backbone organization may have been able to continue the work between meetings to move the group's agenda forward. While stakeholders did commit time and resources to various subcommittees, the results were piecemeal and may not have been as coordinated had they been the responsibility of one dedicated organization. In hindsight, this is an area where the Foundation may have been justified in being more directive.

The Role of Evaluation

Within the context of collective impact, evaluation is a role often taken on by a backbone organization. The Foundation wanted to include evaluation as a core part of collective impact and, in collaboration with the steering committee, chose to hire an outside evaluation partner to fill this role. Complex change initiatives like this group's attempt to impact delivery system and payment reform call for a kind of evaluation that is neither formative nor summative. Approaching this effort as a developmental evaluation positioned the evaluation as a process of co-learning between the evaluators and those implementing change.

As evaluators, the Georgia Health Policy Center established data collection strategies, regular feedback loops, and sense-making tied into

decision points. The findings from the evaluation helped both the Foundation and steering committee understand how the group was functioning as a collective impact initiative and the role the Foundation was playing as a funder. The information raised red flags that led the Foundation to reassess its own assumptions, approach, and role in the work. Although the Foundation already had a strong commitment to learning and evaluation, the experience with collective impact reinforced its view that learning is a critical component that has to be embedded early and engaged in intentionally and often.

Conclusion

Collective impact continues to evolve (Cabaj & Weaver, 2016), and some have even questioned its validity as means of effective community engagement (Wolff, 2016). Seven years into its practice, though, it still draws great interest. Not all collective impact initiatives will succeed, and the field can learn from initiatives that are both successful and not so successful. The experience of the Colorado Health Foundation helped it see the importance of approaching any collaborative process with a learning mindset and dovetailing that with an openness to doing things in a fundamentally different way than it had before, including how it thought about the Foundation's role, its interactions with stakeholders during collaboration, and the way it engaged in experimentation. Developmental evaluation, with its frequent cycles of data collection and sense-making — not just among the evaluation team but with those doing the work — was a critical support for learning and adaptation throughout the collective impact process.

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Resilient Funders: How Funders Are Adapting to the Closing Space for Civil Society

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Keywords: Grantmaking, resilience, civil society, closing space, adaptive capacity, funding, foundations

Introduction

The closing space of civil society around the world over the last decades has created a challenge for funders of social, economic, and environmental civil society organizations. Funders are working now in more restrictive political environments and are subject to new and enhanced restrictions on their activities, increased cost of operations from new red tape, and even physical and other immediate threats to their staff and networks.

While efforts to advocate for reforms of these restrictions directly are crucial, both funders and the organizations they support must adapt to this new environment. We cannot expect the conditions that prevailed during the rise of formal nongovernmental organizations (NGOs) over the last half century to continue unchanged. Most work in the area focuses on how to advocate for civil society organizations and enabling policy environments, with little consideration given to what we have learned about the key practices of resilient funders that enable them to continue to operate under shifting circumstances.

Fortunately, the emerging field of resilience studies is developing insights that can help funders prepare for and recognize ways to adapt to changing conditions and continue to support civil society organizations. The literature on social resilience is vast. Useful reviews and frameworks can be found in Westley et al., 2013; Gunderson & Holling, 2002; Bené et al., 2014; Tyler & Moench, 2012; Pendalla, Foster, & Cowella, 2010; and Plsek, Lindberg, & Zimmerman, 1997.

Key Points

- The closing space of civil society around the world over the last decades has created profound challenges for funders. Many analyses of how to respond to this reality focus on advocacy and promoting enabling policy environments. Few consider key practices of resilient funders that enable them to continue to operate under shifting political circumstances.
- Increased adaptive capacity along three dimensions — varied procedures, multiple strategies, and an adaptive environment — promotes the flexibility to weather the shocks and stresses of tightening restrictions and increasing violence. Within those dimensions, funders are finding that three characteristics of resilience are especially critical: flexibility; diversity and redundancy; and resourcefulness and ability to learn.
- Drawing on lessons from the experience of those working in countries of concern, this article proposes a conceptual framework for weathering threats from changing conditions, with the aim of providing a simple yet powerful way of assessing and improving current practices.

We use the term “resilience” to refer to the capacity of a system to continue its functions in the face of shocks and stresses. The greater the adaptive capacity of a system, the more resilient it is to changing conditions. Currently, new regulations and practices are disrupting the traditional system of funders and formal NGOs, reducing the ability of both funders and civil society organizations to function. This article

Funders that have grown in the old system must also adapt to the new realities by changing strategies and practices to effectively maintain support for civil society. Unless funders find these ways to support innovative and emerging associative forms, the ability of the associations to keep working effectively will be even further constrained.

applies a resilience lens to the funding system and suggests ways that this lens can help funders understand how to adapt so they can continue supporting civil society in old ways and new.

Even when nongovernmental or nonprofit forms of organization are threatened, people have a tremendous capacity to adapt forms of association to the changing conditions. Such adaptation is normal. Civil society is regularly shifting forms of association — the once-prevalent fraternal clubs are on the decline, for example, while virtual and networked organizations have been booming. Associations need to innovate and adapt to the changing circumstances in unforeseen ways that not only enable them to survive, but also to make them better (Banks, Hulme, & Edwards, 2015).

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associative forms, the ability of the associations to keep working effectively will be even further constrained.

The closing space of civil society takes many forms (Carothers & Brechenmacher, 2014; Rutzen, 2015; Dobichina & Joshi, 2016; Harvey & Kozlowski, 2016; International Civil Society Centre, 2016; Civicus, 2013, 2016; Oram & Doane, 2017). None of these restrictions are new, but they are emerging on an unprecedented scale across the globe. Thomas Carothers, vice president for studies at the Carnegie Endowment for International Peace, notes:

We are currently witnessing the greatest collective effort of governments since the 1980s. These restrictive laws are part of a phenomenon that marks the end of a period of democratic opening in the [19]90s and begins a period of democratic stagnation. This is a time that is redefining the balance of power between citizens and the state (as cited in Carbajosa, 2016, para. 2).

This article proposes a conceptual framework for weathering the threats from these changing conditions. We have drawn this framework from our decades of experience as grantmakers and working in philanthropic support organizations, supplemented by discussions with dozens of funders — community foundations and thematic grantmakers in areas such as women's rights, the environment, and human rights and supporting organizations — over the last two years. The majority are not endowed, and thus raise their funds domestically and internationally from private and public funders.¹

These reflections are not a “how to” guide. Those are available elsewhere, and are of high quality (e.g., ARIADNE et al., 2015; Oram & Doane, 2017; Funders' Initiative for Civil Society, 2017). We present this conceptual framework to provide a simple yet powerful way of assessing and improving current practices.

¹ Given the sensitivity of the issue in many places, we maintain confidentiality of all informants. No organization cited here participated in interviews with the authors.

FIGURE 1 Three Dimensions of Funder Resilience

Funder Resilience: The larger the box, the more resilient the funder.

Resilient Funding

What increases resilience for funders? We have seen that funders who learn to adapt across three dimensions of resilience will have a greater ability to respond to the closing space of civil society. Adaptive capacity is the ability of a funder to change what it is doing, or the context in which it operates, to maintain its functions. The three main dimensions of resilience to consider are:

1. varied procedures – how to support social action;
2. multiple strategies – what to support; and
3. adaptive environment – the conditions that impact support.

Increased adaptive capacity along these three dimensions promotes the flexibility to weather the shocks and stresses of tightening restrictions and increasing violence. The more funders

address these dimensions, the more resilient they are to shocks and stresses.

This concept is illustrated by the “resilience box.” (See Figure 1.) Expanding adaptive capacity along any dimension makes the box bigger, indicating increased resilience. It is possible to increase resilience in any dimension — it is not necessary to work on all three at once.

How do we know what practices increase resilience? Within each of these three dimensions, it is helpful to keep in mind the characteristics of resilience that increase the adaptive capacity of each. There are many characteristics of resilience: Common lists include flexibility, diversity, redundancy, connections through multiple trusted relationships, safe failure, ability to learn, and transparent, accountable and responsive decision making (Simonsen et al.; Arup International Development, 2015; Allan, 2015; Castro & DuPree, 2014). To simplify the framework to make it easier to use, we propose an

abbreviated model that stresses three characteristics funders are finding critical:

1. **Flexibility** — The ability to change processes, procedures, and strategies to continue to support civil society in new ways.
2. **Diversity and redundancy** — The ability to fund through multiple channels. Funders operate in different ways with a variety of partners, and civil society organizations vary in strategies, structure, legal status, geographic focus, scale of operations, and styles of working. Different types of organizations contribute to social outcomes in various ways.
3. **Ability to learn and resourcefulness** — The ability to monitor changing conditions and adjust operations accordingly, experimenting with new approaches.

In this article we explore and apply these characteristics to the three principle areas of adaptive capacity to suggest ways that funders can maintain support for the civil society sector. (See Table 1.)

Varied Procedures – How to Support Social Action

Funders who have only one procedure for supporting organizations can be hamstrung by changes in rules or contexts. The more ways a funder can support its partners, the more likely it is to be able to continue that support when any particular avenue of funding is constricted.

Ensuring Flexible and Diverse Channels of Support

Funders can ensure, in a wide variety of ways, that some form of support is able to reach organizations. The prevailing form of grant support tends to be composed of a formal review of proposals and transfer of funds to legally registered NGOs. However, the actual function to be maintained is support for social action, in whatever form possible and in whatever form civil society needs it.

While transfers of funds to formal NGOs are a very important form of support, it is only in the last half century that they have become the norm. As the viability of this form of support wanes, many funders are already establishing alternate channels of support:

- “Internets of funders” are loose networks of independent funders who share learning, joint action, and, often, grantees. These networks expand reach by creating multiple paths to provide funds or influence campaigns, such as through intermediaries that can directly fund partners or introducing partners to other supporters, information, or networks that can help them to succeed.
- Nongrant, direct financial support includes prizes, fellowships, loans, contracts for services, in-kind donations, and provision of assets.
- Indirect support can be provided through publications, studies, and inclusive planning processes that benefit partner organizations or their issues.
- Projects operated by funders themselves, such as legal workshops, can accomplish similar ends or help partners to be more productive.
- Support for diversification of sources of income can be useful for funders who raise money.
- Publicity and building awareness by speaking at important conferences and gatherings can draw attention to the work of partner organizations and their issues.
- Funder influence can be tapped to promote the causes of partners in venues where funders have special access, such as funder conferences and meetings with policymakers.

These practices represent a flexible approach to key practices. The diversity of procedures increases the ability of funders to keep support going.

TABLE 1 Characteristics of Resilient Funding

	Varied Procedures <i>How to Support</i>	Multiple Strategies <i>What to Support</i>	Adaptive Environment <i>Conditions for Support</i>
Flexibility	Uses a variety of support and internal procedures <i>Example: Funds directly and through intermediaries</i>	Chooses from multiple strategies <i>Example: Funds different types of organizations as needed, from grassroots to policy NGOs, governments, social entrepreneurs</i>	Addresses changing conditions as part of ongoing program <i>Example: Creates strategic frameworks that can quickly change, rather than elaborate plans that are difficult to adapt</i>
Diversity and Redundancy	Reaches the same or similar organizations in multiple ways <i>Example: Uses networks to channel funding and get information</i>	Has a wide range of strategies for the same ends <i>Example: Funds training, advocacy, research, community organizing, organizational development</i>	Connects with others that can perform same and related functions <i>Example: Uses internets of funders to support issues directly and indirectly</i>
Ability to Learn and Resourcefulness	Experiments with new ways of supporting social action <i>Example: Uses non-grant support such as prizes, fellowships, loans, contracts for services, in-kind donations, and provision of assets</i>	Monitors changes to reach effective organizations <i>Example: Intentionally learns from partners what works</i>	Actively engages with the narratives and needs of organizations <i>Example: Supports experimentation with new narratives and media for communication</i>

This list will seem familiar to many funders. Many are active in internets of funders specifically to increase their adaptability. Women's and environmental funding networks, for example, are no strangers to hostile funding environments. They team up when needed and operate separately when appropriate, allowing them to keep resources flowing when parts of their networks are under strain. For example, when laws governing NGOs and funders changed in China in 2017, funders with domestic and international networks were able to find the means to keep funding flowing with a minimum of disruption.

Learning From Experience of Varied Procedures

Civil society organizations around the world have historically adapted in the face of restrictions on organizations or funding. In China through the first decade of the 2000s, for example, the laws around NGOs were ambiguous and confusing. Yet in that period thousands of NGOs operated across a variety of sectors — most unregistered, some registered with government departments, and many registered as for-profit businesses. To support these various forms of organization funders had to be flexible in their procedures.

[T]he bottom line is to remember the function of funders — to support social action in a shifting ecosystem of organizations of which they are a small piece. Keeping this function going requires flexible and diverse procedures and continual learning about what works and what does not.

In terms of philanthropic regulations, Pierre Omidyar (2011) of eBay discovered that registering his new foundation as an NGO would restrict its ability to invest in businesses with a social impact, whereas forgoing tax exemption would allow the foundation to achieve the impact it wanted at a cost of about 1 percent of its total. And the Islamic world has a long history of investing without requiring interest, a practice known as waqf. Civil society has taken these traditional practices and adapted them to its needs. Supporters provide endowments or income-generating assets, such as office buildings that generate rent for support of NGO activity (Tedham, 2012; Nejima, 2016).

Buying property rather than giving grants is an approach many NGOs in fast-growing economies have long urged supporters to adopt, since property ownership reduces their ongoing cash needs and can provide them with an asset that will appreciate in value. One of the important environmental organizations in Russia's Far East got its start in the 1990s by using a donated computer and printer as a local print service, supporting its activities in part with the revenue generated. Even in struggling economies, ownership of productive assets or real estate by civil society organizations ensures that people continue to have a place to meet and insulation against financial difficulties.

For funders who must raise their own resources, diversifying sources of income is another way to increase resilience. Funders have learned not to rely on a few grants from international organizations. Instead, they create a varied fundraising program where the different sources are not all subject to the same rules:

- Contributions from individuals often involve adaptations on traditional forms of mutual support — such as qoqolela and stokvels, or collective savings programs, in southern Africa — to support civil society work.
- Self-generated revenue resources include natural resources (farms, forests, waters, etc., especially for indigenous peoples in control of their territory), infrastructure (property, rent, royalties on natural resources, user fees), and entrepreneurship (casinos, consulting, triple bottom line business, etc.).
- Domestic funders may include foundations, corporations, or government programs in sympathetic departments.

Finally, creating and defending associative space is important as an enabling element for civil society. Resilient funders can support gathering places even when the outcome of this support is not clear. For example, many faith communities have a long history of building the agency of poor communities through providing a space for discussion and support to organize and plan. Schools and universities are other venues that have the infrastructure to support the emergence and growing impact of groups. These examples of diversity in procedures — funding various types of organizations, forgoing tax deductions, providing productive assets, diversifying income — all increase funder resilience to changing regulations.

Can these types of support work for everyone? Of course not. Middle Eastern activists are now being arrested for working on contract for foreign foundations, property transactions can be enormously complicated, and partner organizations need cash because there are limits to how

much time people can volunteer or work without funding. But the bottom line is to remember the function of funders — to support social action in a shifting ecosystem of organizations of which they are a small piece. Keeping this function going requires flexible and diverse procedures and continual learning about what works and what does not. In difficult environments, the point is not to struggle to return to an old normal, which had its issues of power differentials, but rather to adapt funding procedures when conditions change.

Multiple Strategies – What to Support

The purpose of funders is to advance action on social priorities that are best met through civic action, not simply to fund NGOs. With this simple reminder, the scope for social action opens up considerably. Small businesses, collectives, faith-based organizations, and community groups are among the many proven ways of organizing social action. These groups have a multitude of ways to mobilize the resources they need — and many have never even had a grant. Funders are increasingly using three broad avenues to diversify their strategies: funding the informal sector, engaging the public and for-profit sectors, and transforming mainstream activities.

Funding the Informal Sector

One strategy is to go beyond legally registered NGOs. The rise of the formal civil society sector since World War II has created an expectation that social problems are addressed by formal organizations acting for disadvantaged people. The costs of running formal, legally registered organizations are significant. Such organizations must pay for salaries and other operating expenses. Now that formal NGOs are under fire in many places, it is important to remember that there is a far larger informal sector of civil action. Expanding and blurring the boundaries between formal and informal society broadens the funding landscape for social action. For example, under U.S. tax law, international grantees do not need to be formally registered NGOs to receive grants from U.S.-based funders. Within many countries the same logic applies — formal registration is not required to

[F]ew social transformations take place solely based on formal NGOs. As it becomes harder to fund formally registered NGOs, funders need to find ways to support informal organizations and their alliances that represent citizens rather than NGOs.

receive funds, only for those donations to be tax deductible. Funders who forgo the need for their donations to be deductible have vast new possibilities before them.

In Czechoslovakia in the 1970s and 1980s, for example, Vaclav Havel and colleagues organized book clubs when most formal organization was highly controlled or forbidden. Coffee shops in Prague became the front lines of social struggle. Under the dictatorship in Brazil in the 1960s, the Catholic Church pastoral offices became a lynchpin of social action. Civil society in South Africa in the apartheid era adapted a kaleidoscope of organizational forms to keep a step ahead of government crackdowns. In the U.S., the civil rights movement was largely driven by communities of activists with few connections at all to formal funders. In all these environments, the scope for independent social action was very restricted. People found ways to organize, and funders found ways to support them.

From a social movements perspective, few social transformations take place solely based on formal NGOs. As it becomes harder to fund formally registered NGOs, funders need to find ways to support informal organizations and their alliances that represent citizens rather than NGOs. To reach this wider set of organizations, funders are using a more diverse set of practices, broadening the environment for social change work.

FIGURE 2 Resilient Funding in Informal Sector

Including support for informal civil society organizations as well as formal organizations enables a funder to rapidly find new ways to maintain support under increasingly restrictive conditions. (See Figure 2.) As one human rights funder said to us, “protest and mobilization are changing. In our funding, we should pay attention to the forms of human rights activism that are not necessarily institutionalized.”

Engaging the Public and For-Profit Sectors

Expanding the scope for social action to include government, academia, and private companies is another strategy that allows funders to become more flexible and diversify the avenues for addressing social issues. There are a number of ways to do that that are already well developed, while others require more experimentation and creativity.

Some critical government departments are chronically underfunded, and in many countries, it is becoming standard practice to support the transport, expenses, and even time

of government staff to get the work done. In advocacy campaigns this type of support to sympathetic policymakers can be effective. Funder support for state environmental departments in some of the Amazonian states of Brazil, for example, has stimulated government/civil society partnerships to develop environmental policies.

The private sector can be mobilized as well. Funders in the impact investing sector, for example, have found ways to remedy social problems by supporting or creating sustainable businesses that address social issues. Low-interest mortgages and finance for agriculture and small businesses are addressing issues on a scale beyond what is possible with grants, and doing so with little or no involvement of NGOs. Corporate volunteer and giving programs can be platforms for engaging large numbers of people. Funders in Mesoamerica, for example, have seen that engaging companies to invest in rural communities where they operate has drawn these companies into alliances with civil society organizations to support rural development.

Transforming Mainstream Activities

Since there are fewer restrictions on funding mainstream, noncontroversial programs and services, some funders use that opportunity to build the capacity of citizen groups. While funding mainstream charity and education programs, funders can simultaneously build skills and awareness of broader systemic issues behind “the symptoms” (poverty, illiteracy, unemployment, illness, etc.) being addressed. Enabling participation of direct-service groups in learning and action networks where issues of rights and justice are addressed, ensuring that marginalized populations are actively included in these fora, and linking groups together are all ways in which donors use their resources to meet social change objectives from within mainstream programs. The activities provide a platform and megaphone for activists. A funder with whom we spoke observed that “people using varied identities are now multiplying — comedians are environmentalists are human rights workers. Songs and tweets grow into a ball of fire.”

In apartheid South Africa, for example, the Social Change Assistant Trust could not directly support organizations to take down racist laws and structures, but it could address the lack of information, voice, and access to government services faced by African communities. By supporting legal resource centers that strengthened the capacity of these communities to relate with the government, it altered the power dynamics of the system. In the 1990s in Brazil, toymakers became aware that police and state agencies were punishing and even killing homeless children. They addressed the issue obliquely by forming the Abrinq Foundation, which mobilized thousands of dentists, doctors, and companies to provide essential services to poor children. As a result, Abrinq strengthened a constituency committed to improving recognition of the rights of street children. Even the most restrictive environment is susceptible to strategic influence. These examples show that the ability to adopt creative and multiple strategies is an adaptive capacity that enables funding to have an impact even in harsh conditions.

Even the most restrictive environment is susceptible to strategic influence. These examples show that the ability to adopt creative and multiple strategies is an adaptive capacity that enables funding to have an impact even in harsh conditions.

Adaptive Environment – Conditions for Social Action

While procedures and strategies are largely internal matters for funders, influencing the environment in which they are working can also increase adaptive capacity. Three systemic levers for improving the environment merit action by funders: narratives on civil society, an internet of organizations, and legal frameworks.

Diverse Approaches to Narratives on Civil Society

Along with the increasing legal restrictions on civil society, there is a growing narrative in many countries that describes this work as unpatriotic, anti-development, and even terrorist. While charity activities are rarely labeled this way, an increasing amount of civil society work on social change issues is. Public policy decisions that in the past have been up for public debate are now often closed off to civil society. “There is no space for new answers,” lamented one Indian activist.

It is important for funders to dispel this shifting framing, and support efforts in the media, academia, private sector, and civil society sector to do so as well. Support for advocacy in all possible forms, improving public messaging around the sector, refraining from making claims that are not supportable, and taking a stand on the benefits of citizen action are all crucial for pushing

back. At the same time, as civil society develops new forms, funders need to support new relevant narratives as they emerge.

Many funders report that they are not effective at making the case for civil society per se, since they use language that is hard for the public to relate to. Instead, they are working to translate the issue into a more accessible framing. As one funder noted “We broadcast rather than dialogue or engage ... which is not very effective, and can be counterproductive. We use jargon and frames that don’t resonate, lack coherent arguments and evidence, and lack channels and allies to push out the counter narrative.”

It is necessary to strengthen these messages, as well as build constituencies and alliances to construct an effective counter narrative as a consistent effort. It is instructive to look at similar campaigns. One human rights funder pointed out that the organization has two programs: one for grantmaking, and a second to educate people about the importance of human rights: “People cannot support you if they don’t know what human rights are.” Similarly, it is impossible to build support for civil society if people do not know what it is.

Increased government scrutiny of their grants has also led some funders and grantees to be more innovative in finding channels to strengthen counter narratives. Some funders have increased support for initiatives that use social media, music, or art, challenging the negative narratives in ways less threatening than direct opposition. Other funders publicize data on the contribution of civil society to national income and well-being. This approach has been effective in changing views on the value of civil society in Nigeria and Kenya, where proposed legislation on foreign funding and regulation of social media were defeated.

Diversifying the ways of promoting new narratives about the value of civil society increases the resilience of the entire sector.

Internet of Organizations

Fundamental to resilient systems are multiple connections to a variety of types of organizations. Networks among funders, among civil society organizations, and across social movements all create social infrastructure that can be mobilized to:

- organize collective advocacy;
- generate collective understanding of who is funding what and how, so there is a clearer picture of what parts of the sector are stressed and how;
- create multiple paths to funding — direct to organizations, or indirect to intermediaries domestically or internationally;
- support each other when organizations are attacked or confronted; and
- create redundancy, so the loss of one funder or key grantee does not undermine the entire sector since many organizations of multiple forms are supported.

Networks can take many forms, some of which are better structured to increase resilience than others. Hub-and-spoke networks, in which all members are connected to a single hub, are the most vulnerable. (See Figure 3). We see these networks in unions or industry groups that channel input into a central body to create a representative voice. Hub-and-spoke networks are also replicated in many formal networks where the need for resources in the center often drive the work of staff and leadership. Taking out the hub (say, by restricting funding or creating onerous legal hurdles) forces the whole network to collapse.²

Networks with multiple, diverse connections can be harder to manage, but are more likely to continue to function if some parts are blocked or even removed. (See Figure 4.) Consequently, they are better insulated from the collapse of funding

²Note that collective impact efforts often expose themselves to this type of organization with their reliance on “backbone organizations.” Any inhibition on the action of the backbone organization can stymie the entire movement.

FIGURE 3 Hub-and-Spoke Network

because parts of the network can innovate and access alternative funding more readily.

Membership matters, too. Networks made up of homogeneous organization types will all be affected by shocks and stresses in a similar way. For example, networks of private U.S. foundations will all be subject to similar restrictions when government rules on banking are tightened. In a network of public and private funders, NGOs, academics, and progressive businesses, each type of member will be affected a different way, providing more options for responding. Those organizations that are least affected can pick up the slack or provide support to their colleagues. Diverse networks are also more likely to generate new ideas, since members think differently and tap into different sources of information.

The phenomenon of closing space has prompted response from a number of networks: the Donor Working Group on Cross-Border Philanthropy, the Funders' Initiative for Civil Society, the International Civil Society Centre's International Civic Forum and Civic Charter, and the Global NPO Coalition on FATF are all examples. The rise of these collaborative networks suggests a

FIGURE 4 Multiple, Diverse Connections Network

resourcefulness to the sector that bodes well for adapting to current and future challenge.

Resilient social systems have multiple connections, allowing people within them to shift approaches and alliances when they encounter blockages. Working in diverse networks strengthens connections and creates new ones.

Enabling Legal Frameworks

The most obvious environmental factor for resilient social action is the set of laws and regulations that govern how organizations can legally operate. Advocacy by as many means as possible to maintain a supportive legal framework is clearly important. Since this is one of the main problems in the closing space, organizations know this already. Yet, despite that knowledge, our discussions with civil society funders around the world reveal a reluctance to engage publicly on resisting increasing restrictions, usually for fear of being targeted as a result. In these cases, networks can help.

Yet even in the most restrictive environments, people find ways to manage. One observer in West Africa noted that “for every bureaucrat making a rule, there are a hundred people trying to find a way around it.” When the apartheid-era

South African government banned some organizations and arrested their leaders, other leaders stepped up and created “civic associations” that organized citizens and carried on similar functions with a different form of legal organization. When dozens of African countries proposed restrictive NGO legislation in the 1990s, civil society organizations came together to oppose them, together with Northern donor governments, and in many cases successfully defeated the measures.

Funders who are flexible and support diverse approaches to maintaining enabling legal environments increase the chances that civil society work can continue to operate.

Conclusion

Through a resilience lens it becomes clearer that managing a changing system goes far beyond simply opposing legal restrictions. Adaptive capacity includes changing how funders support social action, what they support, and the conditions under which they operate. For each of these dimensions, resilience increases as they become more flexible, create redundancies and diversity, and learn about new ways to work.

Funders are very aware of the dramatic implications of the closing space for civil society taking place in many forms and ways around the world. When citizens are penalized for expressing their truths and acting for the improvement of their communities, it is not only a tragedy for the people directly affected, it is a concern for all of us. Solving the problems and challenges we face around the globe becomes more difficult and harder to sustain.

Despite this, civil society is up to the challenge. Civil society is adapting. The challenge for funders is to adapt as well to support citizen action as the rules of the game change.

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executive summaries

Results

7 Partner-Centered Evaluation Capacity Building: Findings from a Corporate Social-Impact Initiative

Lisa Frantzen, M.B.A., TCC Group; Julie Solomon, Ph.D., J. Solomon Consulting, LLC; and Laura Hollod, M.P.H., Johnson & Johnson Global Community Impact

Funders can play a proactive role in helping to fill the gap between funders' expectations and nonprofits' ability to evaluate grant results. Using a partner-centered design, Johnson & Johnson piloted an evaluation capacity-building initiative that supported eight grantees in strengthening their ability to measure and use findings concerning health-related outcomes, by focusing on key evaluation challenges identified by the grantees. This article describes the design, implementation, and results of a participatory, nonprofit-partner-centered evaluation capacity-building initiative, and shares learnings from the perspectives of both the corporate funder and the nonprofit participants.

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26 Cricket Island Foundation: A Case Study of a Small Foundation's Impact Assessment

Anna Pond, M.P.A., Anna Pond Consulting; Seema Shah, Ph.D., COMM|VEDA Consulting; and Elizabeth Sak, M.B.A., Cricket Island Foundation

Following its 15th year anniversary, the Cricket Island Foundation's board was eager to learn more about the outcomes of its approach and identify ways to strengthen its impact, particularly as it was expanding its work from New York and Chicago into a third city, New Orleans. The Board commissioned an independent consultant to undertake a multi-method assessment of its grantmaking portfolio both to look back on its impact and to inform future decision-making and strategy. This paper explains the assessment methodology, examines the results of the assessment, and describes the steps the Foundation has taken following the assessment to integrate its findings. In doing so, this article provides a case study of how a small foundation, with modest resources, can engage in an organizational learning process through assessment and build a culture of inquiry to help understand its impact over the long-term, without engaging in an expensive, labor-intensive evaluation.

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Tools

41 Less Is More: How Grantmakers Are Using Simple Financial Metrics

Hilda H. Polanco, C.P.A., FMA and Luther K. Snow, M.B.A., Independent Consultant

This article explores how the Financial Health Analysis Tool can bridge the gap between the capacity of grantmakers to conduct financial analysis and the need to incorporate financial considerations into both grantmaking and ongoing engagement with grantees.

The tool presents four years of key financial indicators in graphs and charts that create a kind of dashboard of a nonprofit's financial health over time. This small set of simple metrics highlights patterns and trends that can help grantmakers and nonprofits see how the financial management of an organization is advancing its mission and strategy. Using a series of interviews with a group of early users of the tool, this article looks at how these metrics are deployed in practice by grantmakers and illustrates three areas where they can be of particular utility: due diligence and evaluating grants; capacity building; and recognizing larger patterns and opportunities.

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Sector

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Unpacking the Role of Data in Philanthropy: Prospects for an Integrated Framework

R. Patrick Bixler, Ph.D., University of Texas at Austin; Marisa Zappone, LMSW, Mission Capital; Lin Rui Li, University of Texas at Austin; and Samer Atshan, University of Texas at Austin

When combined with financial resources, data is being seen as the fuel for innovation and social change; yet, there is no one way that “data” is conceptualized in its various functions. This article, based on participant observation and interviews with charitable foundations in Central Texas, reveals a complex and nuanced approach to data in philanthropy. Results suggest that data is generated and used in a multiplicity of ways, including for: need identification, fund programs/research, evaluation and learning, and measuring community impact. Six recommendations are identified that offer best practices for integrating a data perspective into philanthropic work. These include: view evaluation as a tool for learning, create a safe space to share data, clarify what is “good data” and “good evaluation”, fund evaluation efforts of partners, support evaluation capacity, and advocate for community data infrastructure.

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Learning from the Opportunities and Challenges of a Philanthropy-Private Sector Partnership

Victoria C. Scott, Ph.D., M.B.A., University of North Carolina at Charlotte; Andrea Lamont, Ph.D., MAS, and Abraham Wandersman, Ph.D., University of South Carolina; Leslie Snapper, B.S., University of North Carolina at Charlotte; Mona Shah, Ph.D., M.P.H., Robert Wood Johnson Foundation; and Erik Eaker, M.H.A., Humana, Inc.

A philanthropy — private (sector) partnership (PhPP) is a cross-sector partnership that is rare in practice. These collaborations have the potential to yield positive returns for philanthropy organizations, businesses, as well as the broader community. This article draws upon an evaluation of the Robert Wood Johnson Foundation and Humana partnership to highlight key insights for forming and implementing a formal partnership between a philanthropy organization and an investor-owned business. For philanthropy staff interested in establishing

executive summaries (continued)

a PhPP, the findings suggest the following four key considerations: 1) exercise due diligence in exploring partnership fit, 2) actively engage philanthropy staff and address key partnership issues, 3) use a process of co-creation on partnership activities, and 4) continuously monitor and assess the partnership.

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Reflective Practice

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Developmental Evaluation of a Collective Impact Initiative: Insights for Foundations

Glenn Landers, Sc.D., Georgia State University; Kelci Price, Ph.D., Colorado Health Foundation; and Karen Minyard, Ph.D., Georgia State University

The 2011 publication of John Kania and Mark Kramer’s influential paper, “Collective Impact,” caught the attention of organizations across sectors, including nonprofit organizations and philanthropies. The Colorado Health Foundation was one of the organizations that saw the potential of collective impact to help tackle the state’s complex, systems-level health issues. This article describes a collective impact initiative and the role that developmental evaluation — and a realist framework — played in aiding both the initiative’s steering committee and the Colorado Health Foundation in making decisions about the initiative’s accomplishments and future. The article highlights the developmental evaluation approach, how that informed decisions, and how it helped surface broader insights about the many challenges of doing highly collaborative work.

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Resilient Funders: How Funders Are Adapting to the Closing Space for Civil Society

Chris Allan, M.A., Ajabu Advisors, and Scott DuPree, Ph.D., Civil Society Initiatives

The closing space of civil society around the world over the last decades has created profound challenges for funders. Increased adaptive capacity along three dimensions — varied procedures, multiple strategies, and an adaptive environment — promotes the flexibility to weather the shocks and stresses of tightening restrictions and increasing violence. Within those dimensions, funders are finding that three characteristics of resilience are especially critical: flexibility; diversity and redundancy; and resourcefulness and ability to learn. Drawing on lessons from the experience of those working in countries of concern, this article proposes a conceptual framework for weathering threats from changing conditions, with the aim of providing a simple yet powerful way of assessing and improving current practices.

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call for papers

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- **Tools.** Papers in this category should describe tools useful for foundation staff or boards. By “tool” we mean a systematic, replicable method intended for a specific purpose. For example, a protocol to assess community readiness and standardized facilitation methods would be considered tools. The actual tool should be included in the article where practical. The paper should describe the rationale for the tool, how it was developed, and available evidence of its usefulness.
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