Philanthropy New York: Assessing Foundation Effectiveness

October 8, 2009

KLR Remarks

Part One:

Thank you, Chuck. I think my role here on the panel is to present the experience of a mid-sized, local funder with a long history of supporting primarily, but not exclusively, direct service in a broad range of areas. I am first going to give you an introduction to how we came to the evaluation framework we have chosen to use. Then Hal will give you an introduction to the framework itself. I will then outline our experience in implementing this at the Foundation, and Hal will end by illustrating how the framework is being put into practice at other organizations.

So, as to Altman: As you know from our materials, we support work in the areas of education, health, strengthening communities, and arts and culture. We fund, as I mentioned, direct service, but also capacity building, technical assistance, and applied research, advocacy, and policy work. Our work reflects the philanthropic interests of our founder, Benjamin Altman, founder of the B. Altman & Company department stores. The Foundation was created in 1913, and we, in fact, still have among our grantees organizations that we were funding in the first two decades of the Foundation's life.

In 1985, the Foundation, which actually owned B. Altman & Company, sold the stores, with the proceeds becoming the endowment of the Foundation. With far more dollars to give away than had previously been the case, the Foundation hired staff, drew up its first official guidelines, and moved into its current phase of existence. We were able to sustain long-time grantees, while also responding to emerging needs and issues.

In 1995, Jane O'Connell, our current president, took over the helm of the Foundation. Jane promptly began to move the Foundation into the modern era: for example, we began to publish an annual report. We also began to think about how we could become more effective in our grantmaking. In 2000, we began our first real strategic planning process and had the pleasure of working with what was then the Conservation Company, now of course the TCC Group, on a process that among other things, included focus groups of our grantees. The grantees praised the Foundation as a steady partner, one willing to take chances on new ideas without being too prescriptive in its approach, and one willing to stay the course over the long term.

However, they also reported that the breadth of our grantmaking made it difficult to know what we really thought was important; we basically had guidelines you could drive a truck through. So Trustees and staff, using Benjamin Altman's own interests and philanthropy as our touchstone, began to work together to focus in on what we thought was most important for us to support. We refined the guidelines, developing a set of Objectives and Strategies, grounded in a statement of values and operating principles that arched over the individual program areas.

The one piece, the elephant in the room, that we kept putting off was the issue of evaluation—the question of how we would know if we were making any progress toward the objectives we had set out. How would we know if the Foundation's work was making any difference at all? Of course we had reports on individual grants, and comprehensive evaluations of a few major initiatives, but we had no way to compile these into an overall picture of what we were accomplishing—or not. I also have to say that we were very leanly staffed, with a growing endowment, and the pressures of performing due diligence on requests and moving from one board docket to the next ("transactional grantmaking") left little time for what seemed to us at that time the kind of evaluation that would be needed.

As time went by, though, we began to hear from colleagues—Chuck Hamilton at the Clark Foundation and Lucy Ball at Lone Pine Foundation, through Jane—about the work of the Rensselaerville Institute and their “results-based approach” to grantmaking. We sent our then consultant, now program officer, Megan McAllister to a Rensselaerville workshop at the Foundation Center to learn about the approach. The ideas and materials Megan brought back resonated with us, and we began talking with and then working with Rensselaerville’s now former president Hal Williams, and his staff.

I want to stop at this point and give credit to both Jane and Megan for the enormous work they have done in moving this process forward. Jane and the Trustees felt strongly that being able to get a sense of the impact of the Foundation’s work was something that we absolutely had to tackle, and Megan did yeoman’s work in actually keeping us all on track and bringing us to where we are now. I will tell you quite frankly that changing your work in this way is challenging and time-consuming, for grantees, yes, but also internally. In my opinion, you do have to have a point person who is able to take this on and help bring everyone along. Megan was critical to this process. Another person critical to moving this forward is your grants manager, but I will get to that later.

In developing an evaluation approach, we had two primary interests:

1) Give Trustees and other stakeholders a better sense of how the Foundation is doing in terms of achieving its goals; and
2) Identify common challenges across similar programs, as well as separate program areas, that the Foundation might be able to address.

The Rensselaerville approach was appealing to us because it was straightforward and adaptable to multiple funding areas and strategies. It involves two fundamental shifts in thinking—from funder to investor, and from activities to results. I will now turn this over to Hal to give you an overview of the approach itself.

Part 2:

So how did we go about putting this approach into practice at Altman…

- Our first task was to build clarity for ourselves and our grantees about the results we wanted to invest in.
    - What do we want to buy?

We started with reframing our guidelines in terms of results. Much of what we were asking for, and what we were getting from grantees, had to do with activities. Or, as our former staff member Nina Mogilnik used to say when workforce development groups would report on having held X number of workshops, “Yes, but did anyone get a job?” So we spent a fair amount of time refining our guidelines—not changing our basic program areas, but trying to get a better understanding of what we were trying to accomplish and then communicating this to the nonprofits who would be reading the guidelines.

We developed new application forms. Since evidence indicates that key predictors of success for grants are the track record of the organization and the qualifications/experience of the key people on the program or project, we included questions about these. Our applications ask clearly about the results that the applicants are committed to achieving and about how they will verify that they have achieved these.

To help our grantees begin to use these applications, we held four workshops in 2008 and the beginning of 2009 for current grantees, at which Hal Williams and his staff introduced the “results-based approach” and walked applicants through the new application forms. (We actually first held a pilot workshop in 2007 with a small group of nonprofits and then revised the forms based on their experience in working with the prototypes.) Individual applicants had different questions about the applications, but the feedback on the new approach overall was overwhelmingly positive. Some sample comments included:

- “We liked the section about results...it is most helpful and interesting for us to think about how our programs impact the lives of our constituents and how we can develop accurate systems of measurement that will help us serve them even better."

- "The emphasis on 'tangible human gains' and 'changes in behavior not activities or level of satisfaction' is great. We appreciate the emphasis on impact over effort. These ideas refocused our thinking in a very positive way…The guidance and examples shifted our thinking about what we do, why we do it, and how we will be accountable for our results."

We also developed new reporting forms that begin by giving back to the grantees the results that they had committed to and then asking them how they did.

We are just completing our first year of working with these new application forms and have received our first round of completed reporting forms. I will say that this is very much a work in progress, and we are learning and adjusting as we go. Getting to a results statement (or a "negotiated results statement", in a nod to Chuck's "negotiated general operating support" at the Clark Foundation) with a grantee can be incredibly difficult and is one of our most challenging tasks. The goal is for the result statement to feel internal to the organization and not just be something that they are putting together for our benefit.

One of the strongest outcomes of the workshops that we held for our grantees was the new sense on the part of the development people who attended that the results-based approach requires them to play a different role, to be "stewards of the results" as Hal puts it. As one attendee said, "The role of the development person is to be an activist in moving an organization to define results and gear itself to achieving them."

Also, some groups want to manage your expectations and not over promise; others set goals that we know will be unmanageable in this economic environment. So negotiating the results that we will be looking for is time-consuming. But when it works, and you see organizations thinking about this work differently, it is extremely satisfying for both grantor and grantee, and I would say that this in one of the most important things that we are learning. We have already done one round of updates and edits on our forms, including more examples and asking for more financial information.

Role of the grants manager/critical in creating internal systems that support the new way of working.