Women in Development

March 2, 2009

Competing for Hearts, Minds, and Dollars:
What we are learning through a Results-Based Approach to Grantmaking

Thank you, Jane. And thank you to all of you for being here today. I have to tell you that I am blessed in having the opportunity to work with Jane as the head of our Board of Trustees. We would be hard pressed to find another unpaid president of an independent, staffed foundation who gives the kind of time and energy to the work of both the Foundation and the field that Jane does. She is always available to us, and always interested in and committed to our work and to that of our grantees, and those of you who have ever worked with Jane know that she is also a superb fund raiser, adding immeasurably to the "beyond-the-grant" value that the Foundation can bring to the organizations it supports.

I would also like to thank Robin Rosenbluth for inviting me to speak to you today. Robin and I first worked together in 1999, when the Altman Foundation made its first grant to the Department of Pain Medicine and Palliative Care at Beth Israel Medical Center. Robin was always a consummate professional in terms of any process issues—we always had the materials we needed, on time and in the proper format—but she also had an in-depth understanding of the programs we were discussing; writing a grant proposal was part of her involvement with a project, not the beginning and the end. We will talk more about this concept a little later.

As you may have realized, I have been in the field of philanthropy for a long time. We have certainly seen difficult times before, but this has been a long winter. We began working on a results-based approach at the Altman Foundation in 2006, under very different circumstances; we were planning for growth.

As some of you may know, the Altman Foundation has been around for a long time. In fact, we will be celebrating our 100th anniversary in 2013. The Foundation was created under the will of Benjamin Altman, the founder of the B.Altman & Company department stores. Benjamin Altman was the child of immigrants and was raised on the Lower East Side; he grew up to be a successful and respected businessman, an important art collector, and a philanthropist. He never married, and he had no children. He left his controlling interest in the B. Altman stores to the Foundation, which was created—in pre-income-tax days—to do charitable good deeds for the people of New York. It was not the usual corporate foundation arrangement; the Foundation actually owned the stores, and anytime you bought anything at Altman's, the profits went to charity. In 1985, because of changes in the tax laws, the stores were sold, 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 have, however, had a long presence in New York City and, I am always amazed to say, we still have among our current grantees, organizations that we were funding in the first two decades of the Foundation's life. As the endowment continued to grow, we were able to sustain long-time grantees while also responding to emerging needs and issues. In 2000, in fact, we worked with the Conservation Company, now the TCC Group, on a strategic planning 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 our 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. As development professionals, you better than anyone know how frustrating it can be to read a foundation's guidelines and come away no better informed than before about whether or not to apply. 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 left little time for what appeared to be layering the issue of evaluation on top. We looked at many different approaches to evaluation, but most seemed too quantitative or just too time-consuming for our staff or our way of working.

Luckily, we heard 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.

At the core of this approach is a shift from thinking of ourselves only as distributors of resources ("grantmakers") to seeing ourselves as <u>investors</u> in what Rensselaerville calls "creating human gain" for the individuals, families, and communities we serve. And if you think of yourself as an investor, there are three basic questions that you have to answer:

- What do we want to buy? In other words, what are the results that we want to pay for with our grant dollars?

- What are the chances that the nonprofits applying to us will achieve these results, and would these results have been achieved without the work for which the Altman funds are requested? and
- Given all the opportunities in front of us, is this the best possible use of our money?

Since we were interested in this approach, the first thing we had to do was become much more clear about the first bullet point—what did we want to buy? How could we be clear with grantseekers about what we wanted to achieve so that they could know whether their work would meet our investment criteria? Rensselaerville pushes you to move from talking about activities to talking about results—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 to 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.

Now, you might well ask, why is this, as interesting as it is, at all relevant for you in this very difficult climate? I would say that it is because the goal of all this results-based work is to help identify high-performing organizations by asking the organizations themselves to articulate, document, and communicate the outcomes--the results--they are actually achieving for their target populations.

I started by saying that this has been a long winter. Kristen Giantris, Vice President at the Nonprofit Finance Fund, begins her presentations on the current economic climate by putting up a chart that shows total revenue, total expenses, and the shortfall for nonprofits for the years 1986 through 2004. She shows Black Monday and the stock market drop of 1987, the recession in 1991, the credit crisis in 1998, and the recession that followed September 11, 2001. Then she points out that we are now facing a drop in the stock market, a recession, and a credit crisis, all at once.

We have not seen a situation like this before, and the ramifications for the nonprofit sector are enormous, as I do not have to tell you. And one thing that I am beginning to hear, that to me at least seems very new, is that some funders, government and private, are beginning to think not about the needs of the nonprofits, but rather are going directly to the health of the individuals and communities these nonprofits serve. Being able to demonstrate need, your own or that of your community or constituency, will be less important than being able to articulate and demonstrate the actual results you are able to achieve for these communities. What are you really accomplishing that makes investing in your organization the best thing to be doing in this time of extremely scarce resources?

In preparing for this talk, I spoke with Hal and the staff of the Rensselaerville Institute about issues for development professionals at this time. 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." You have to be an integral part of the whole process, not someone brought in at the end to craft a proposal.

As Wendy Watson-Hallowell from Rensselaerville said, "Although [development professionals] will always be in the fund raising business, the distinction is on whether they do it in **traditional mode** or **with an outcome-based mind set."** Here I will draw on material that Wendy provided to me:

In the <u>traditional mode</u>, development staff:

- Rely on beautifully written proposals to carry the day;
- Speak to great values and strong activities and state results as goals and aspirations;
- Focus on work plans and their organization as the basis of success; and
- Include stories that can bring a tear to the eye.

In an <u>outcome-mind set</u>, development staff:

- State clearly the specific and verifiable results they will achieve for those served in the way of specific changes in behavior or condition;
- Clearly communicate why their organization and staff will be able to achieve these results (e.g., key success predictors), and why they are the best possible investment in this focus area;
- Include clarity on key staff people involved in achieving these results, as evidence shows that the people running the project or organization are as important as the model or approach; and
- Include stories that are: told by those who achieve success; clear on how and why the program prompted their gain; and placed in the context of how many success stories like it have resulted from the nonprofit's work.

As dollars become more and more difficult to raise, your ability to make the investment case becomes more and more important. We are all having to make difficult choices. I have to be able to demonstrate to my Trustees that given all the organizations working in our areas of focus, investing in your work is the best we can do. The words that I hear most frequently in funder meetings are "high-performing organization". Funders are looking for clear evidence that your organization, program, initiative will have the impact that you say it will. If your organization is not asking itself the hard questions, and thinking of results and outcomes not as something that you tack on at the end as a way of giving funding sources the data that they are requesting and that is useful only to them, but rather as a way of driving improvement throughout your work, it is going to be very difficult to make the case for support.

You need to be very clear about what is most important for your organization to achieve at this time (What does success look like?), align your organization's resources and make difficult choices so that you can deliver these results, track your progress, and be able to communicate all of this to your funders (including your own boards, who have to step up their own fundraising efforts and will benefit from very clear information from you in doing this). You also need to communicate clearly to your funders—to all your stakeholders—how your organization is addressing the economic downturn, but that is a topic for another talk. I would refer you to the Nonprofit Finance Fund website for some useful information on this topic.

Some grantees have said that it is too difficult to measure what they do. You have to find ways to do this. Former ambassador Sewanee Hunt, sister of Helen Hunt and one of the founders of the Sister Fund, once said, "The plural of anecdote is not evidence", and I have accepted that as a given. However, I have recently been reading a wonderful book, *Animals Make Us Human*, by an extraordinary scientist, Temple Grandin, in which Dr. Grandin says that there may be a point at which anecdotal evidence becomes truth. You have the anecdotes. You know what is happening with the people and communities you serve. If you track and document and analyze those anecdotes, you may be able to find that truth—and measure against it to show your results. And being able to communicate those results is going to be only more important as dollars become more scarce and funding sources more demanding—of you and of themselves.

As the saying goes, we measure what we value, and we value what we measure. The work your organizations do is invaluable and the benefits in total are probably immeasurable. But we have to start somewhere. We thank you for all that you do and we look forward to working in partnership for a long time.

Karen L. Rosa
Vice President and Executive Director
Altman Foundation