

# **“Striving for Philanthropic Success - Effectiveness and Evaluation in Foundations” International Foundation Symposium 2000**

**Bertelsmann Foundation, Germany**

## ***Theses on Effectiveness and Evaluation***

Thanks to the extraordinary growth of the global capital markets and the intergenerational transfer of wealth to the next generation, the prospects for a further growth of organized philanthropy are more than promising. These new resources and potentials will inevitably entail new fields of activities and a new definition of the functions of foundation work. In short, foundations will face new tasks and responsibilities in supporting an active civil society on a global scale. Simultaneously, the external context of the field is undergoing a radical transformation. It entails nothing less than a new balance in the division of labor between the state and civil society in many fields of public life.

The more foundations grow and the more they engage with 'public' tasks, the more they will be held accountable for the social impact of their efforts. Effectiveness and evaluation will therefore prove to be indispensable prerequisites to cope with the challenges lying ahead of the sector.

In acknowledgement of these challenges, the Bertelsmann Foundation has devoted the International Foundation Symposium 2000 to “Effectiveness and Evaluation in Foundations”.

The Foundation Symposium was held in Guetersloh, Germany, 26- 28 June, 2000.

The keynote speakers were  
*William White*, C.S. Mott Foundation, Flint  
*Luc Tayart de Borms*, King Baudouin Foundation, Brussels

As facilitators to the break-out groups served  
*Bruce Schearer*, Synergos Institute, New York  
*Flavio Brugnoli*, Compagnia di San Paolo, Turin  
*Craig Kennedy*, German Marshall Fund of the United States, Washington D.C.  
*Volker Then*, Bertelsmann Foundation, Guetersloh  
*Christine Forrester*, Charities Aid Foundation, Kings Hill  
*Paul Harder*, Harder & Co., San Francisco  
*Thomas K. Reis*, Kellogg Foundation, Battle Creek  
*Joseph Breiteneicher*, TPI, Boston  
*Henriette Heimgärtner*, B. van Leer Foundation, The Hague  
*Robert Stuart*, The Technology Project, Philadelphia  
*Christine Letts*, Hauser Center, Harvard University, Cambridge  
*Edward Pauly*, Wallace-Reader's Digest Funds, New York

The third bi-annual Symposium took place at the Bertelsmann Foundation Headquarters in Guetersloh and at the World Exhibition EXPO2000 in Hanover from June 26th to 28th, 2000. Bringing together senior executives of leading private foundations and specialists on foundation activities, primarily but not exclusively from Western Europe and the US, the conference dealt with core questions such as the relationship of output, outcome and impact of foundation work, transparency and accountability of foundations and the establishment of efficient management structures within the sector.

To share the key findings of the plenary and breakout group sessions, the Bertelsmann Foundation is glad to present this executive summary of the conference. In doing so, we hope to contribute to the vital discussion about 'the right things to do as well as a way to do them right', as William White, President and CEO of the Charles Stewart Mott Foundation, put it in his introductory statement of the conference.

## **1. ON THE RATIONALE OF DOING EVALUATION**

Evaluation is a substitute for competition in organizations who are neither subject to economic nor to political competition. It helps to measure success and effectiveness where no external mechanism of assessment applies. Organizing evaluation as an internal effort built into foundations is therefore key to substitute for external market control. To put this into effect, creating a culture of evaluation in a foundation and understanding it as part of the management techniques is fundamental.

"You have to create a climate for learning among staff, board, grantees and other partners. And what does that really mean? It means an openness about successes, failures and problems, honesty and a willingness to be self-critical."

*Craig Kennedy*

Rather than creating information to be used as a final judgement at the conclusion of a project, evaluation includes a strengthening of skills and contributes to the performance of the foundation. However, given the activities of many foundations operating successfully without explicitly evaluating their work, the case for the value added of formal evaluation still has to be made. In the opinion of some participants it is by no means clear that a foundation that explicitly evaluates its programs is really

a better foundation in the long run than a foundation that lets “the passion of philanthropy run its course”.

However, the majority of the participants supported the view that foundations with a strong evaluative environment operate in a way different from foundations that do not evaluate. An emphasis on self-critical behavior and an open and reflective culture leads to programs with a much sharper focus, reflecting the advantages of evaluation:

- Proper use of evaluation can help a foundation to clarify on the front end of project planning about what it is the foundation wants to achieve.
- Any evaluation of project activities will have to distinguish the levels of output, outcome and impact in order to not only assess immediate results but also societal change accomplished and replication of outcomes effected by a project.
- Integrating an evaluation concept at the beginning of a project will help to clarify how much risk and difficulties the projects involves and which competencies are needed. Thus, evaluation will allow for good and informed decision-making.
- Evaluation can be very instrumental not only in setting objectives but also in defining what it is going to take to accomplish those objectives.

“There is some status quo that is being served by not doing evaluation. It is very important to understand what we will have to change if we were going to adapt these strategies.

The things that would have to change are obviously some of the barriers that make foundations not necessarily moving along the way that these discussions have lead us to believe they might.”

*Christine Letts*

- Evaluation allows to identify the difference made and informs about the innovations brought about by a foundation’s investment, thus enabling foundations to respond to changing environments.
- In the course of a project, evaluation will help to reconsider the initial project goals, to identify problems and obstacles in reaching this goal and to adjust the program design to new challenges and conditions.
- As a crucial element of a learning organization, evaluation can create a database that future generations and/or future staff are going to use.
- To the extent that evaluation assists in creating clarity and transparency it will reduce costs for grantees and other partners who prefer transparency and clarity to dealing with a black box.

Unanimously, the participants agreed that the majority of foundations evaluate either poorly or not at all. This conclusion is all the more striking when measured against the necessity to evaluate which results from several causes highlighted by conference participants:

- Since foundations are small players relative to most social problems and most significant problems are complex and involve multiple parties, foundations must collaborate with government, business, international agencies, other foundations, grantees and beneficiaries as well as other civil society groups. Accountability and transparency are therefore crucial to foundations, to the intended beneficiaries of foundations and to the public at large. This accountability requires evaluation and assessment of their work openly shared and responded to with appropriate learning processes and improvements where necessary.
- Foundations are full of extraordinary learning opportunities that lead to a wide array of applications. However, it requires a commitment to advanced learning to seize these opportunities. To the extent that evaluation can foster the learning, it is a vital pay-off for foundations to invest in evaluation.
- Done right, the business of assessing, analyzing, and tracking is part of what foundations owe to the public in terms of accountability and publicity. Done right it adds to the sector's legitimacy and to the standing in the public policy debate on issues that foundations care about.

"I think most evaluators would appreciate the chance to be called teachers and I think that is a very nice reformulation of the role of evaluation that makes it more integrated into the organizational life of a foundation."

*Paul Harder*

## **2. ORGANIZATIONAL ASPECTS OF EVALUATION**

Evaluation can only be an enabling tool in organizations with an environment that encourages learning as an integral part of the organization's culture. This implies:

- creating a climate for learning among staff, board, grantees and other partners and an openness regarding successes, failures and problems as well as honesty and a willingness to be self-critical. The attitude and the examples set by the chief executive officer and the board of a foundation are crucial: They can

encourage people to be franc and open with regard to the problems of their programs.

- seeing evaluation as a supportive endeavor but also being aware that it can spark a conflict. The question always has to be asked: How can we – meaning the stakeholders within an institution – perform our functions better? How can we as an institution be improved? How can we avoid putting the focus on a single program instead of making it a part of a larger effort?
- raising the question: What do we want our colleagues to know of our projects five years from now? The evaluation process actually generates a database that future projects or future staff can use.

“The message is the importance of the foundation world as it was taking the initiative to develop its repertoire of convincing forms of accountability and evaluation being a very important part of that.

And if that isn't grasped then there is the danger that the privileges, tangible and intangible, that the not for profit world has in our social systems and must have if we are to have a healthy civil society, will be under challenge.”

*Richard Fries*

Generally, we need to be clear from the outset what it is that we want to achieve with our programs and projects, set clear objectives and indicators to measure success, organize processes which provide the benchmarks, and evaluate against this framework. A part of this effort is to encourage the board to identify clear objectives and core values of the organization allowing for project proposals that are targeted at specific components of the general set of goals.

To integrate a dynamic and fruitful use of evaluation into the organizational framework of a foundation,

- the project designs should be flexible enough to give staff a clear competence to manage according to the findings of on-going monitoring and evaluation results;
- the concept of evaluation should allow for changes to improve during the project and not only thereafter;
- a division of labor regarding the gathering of data and the processing and sharing of information should be installed from the beginning;

- regular ways of co-operation between the different partners of the evaluation process as well as communication routines between the strategic and operations levels of the foundation should be established;
- rules should be in place that guide the sharing of information, giving priority to those who are immediately involved in the project whereas communications to the board should be limited to significant divergences from what has been established in the proposal.
- As a general rule, information that can only be brought to fruitful use in internal management decisions should not be disclosed to the public and information that can help establish a favorable perception of the activities and contribute to program success should not be held back from the public.

“Evaluation if it asks the tough questions can be very helpful in terms of making sure that we are going down the right path. So it has got a clarifying function as a helpful tool for us as managers and as leaders and not just an impact function.”

*Tom Reis*

### **3. PRINCIPLES OF DOING EVALUATION**

Evaluation needs to be seen as an enabling tool, a management aid rather than a controlling instrument. Being a component of a foundation as a strategically organized learning institution, evaluation bears a great potential that can be leveraged if some principles of evaluation are respected.

There certainly is no blueprint for an ideal evaluation. The choice of scope and method depend on the purpose and the objectives of the evaluation. It is therefore crucial to define from the beginning

- what kind of information you want to produce and
- how you are planning to implement the results.

Only after this, one can decide on

- the right level and scope of the evaluation (Individual grant, cluster of grants, organizational effectiveness of the grantee or the funder)
- the right method to be applied (process or outcome evaluation)
- an implementation strategy for using the results of the evaluation, creating opportunities for organizational learning.

Although it was understood that every evaluation is unique, the participants identified several general principles, which should apply to every evaluation.

- The data and information generated by an evaluation may be different from what was intended. It is important to recognize the value of this result. Thus, you need self-confidence and flexibility to have a commitment to evaluation, to do it systematically, and to actually act on the results.
- Evaluation should involve the various participants and stakeholders: their thoughts, their issues, their values, their perspectives should come into the discussion and then be integrated into the project plan and design.
- The objectives, methods and standards of an evaluation should be as transparent as possible. Only if those who are being evaluated know what they are being evaluated for and how the data will be used, the evaluation will be instrumental in having a positive impact on management and organizational effectiveness.
- Evaluation is most effective when it starts at the beginning of a project rather than at the end. Evaluation should not determine the program design, but needs to understand and to reflect it at the outset so that the information collected is responsive to the questions that need to be answered at the time.
- Evaluation methods and framework should be easy to use, short and visually interesting.

“The challenge in using evaluation may be to challenge oneself to be as flexible and as creative as possible and to be critical about the limits of evaluation and when it can and cannot be useful.

If the evaluation is not the most powerful way to learn - and there are many other ways to learn than investing in evaluation - those other means ought to be pursued.”

*Edward Pauly*

## 4. CHALLENGES TO EVALUATION

In general there seems to be a cultural difference in dealing with the topic of evaluation: representatives of American foundations tend to see evaluation very much as a professional tool and fear that too much professionalism drives out the passion, whereas their colleagues from Europe are concerned with evaluation being a controlling exercise stifling innovation, i.e. evaluation leading foundations to do only projects that are easily evaluated at the expense of projects that may be difficult to evaluate but are worth doing nevertheless.

Several participants voiced their uneasiness regarding risks and challenges that might limit the positive impact of evaluations.

- How, for instance, can we prevent evaluation from making us risk-averse?
- How can we avoid the danger of falling into the trap of evaluation determining program design?
- As long as grantees depend on their funders, will there ever be a relationship which is open and fair enough to allow for evaluations admitting mistakes and disappointing the wishes of the funders?
- How can we overcome the notion of evaluation being a static control tool and establish it as a dynamic process of learning and improvement?

There certainly is no easy answer to these questions. The consensus regarding the ways to cope with these problems - engage all stakeholders, create a culture of learning, link evaluation methods to the project design from the beginning – can not disguise the fact that the field still has not agreed on standards of organizing evaluation.

To make matters worse, the methodologies are far from being satisfactory. There is still no natural fit between social science and philanthropy. The tools available to the profession of evaluation are not appropriate in many instances to the needs of philanthropy to make decisions. We have yet to find a common ground between the practical realities of what can be measured and the necessity to reflect what is ultimately the intangible aspect of philanthropy. Moreover, methodologies to accommodate issues such as the fear of sanctions and the fear of risk appropriately, are still missing.

However, the symposium showed that many promising approaches are under way. To sustain and further promote these approaches an effort to clarify the numerous terms and notions was considered most helpful. It would be a good starting point for a further debate about evaluation if we could better determine the differences between the various

"If you want that your philanthropy has an impact, hire a bunch of energetic, creative young people and then get out of their way!"

*William White*

approaches which we label evaluation but which are in fact different matters and if we were able to define and identify those aspects of our work which we are attempting to maximize with each of these different methods.

## **5. CALL FOR COMMENTS AND REMARKS**

Since we consider these *Theses on Effectiveness and Evaluation* to be a starting point for further discussion rather than a closing summing up of the conference, we invite everybody to step forward and engage in the discussion. Please feel free to share your ideas and comments on this paper with: • [volker.then@bertelsmann.de](mailto:volker.then@bertelsmann.de)

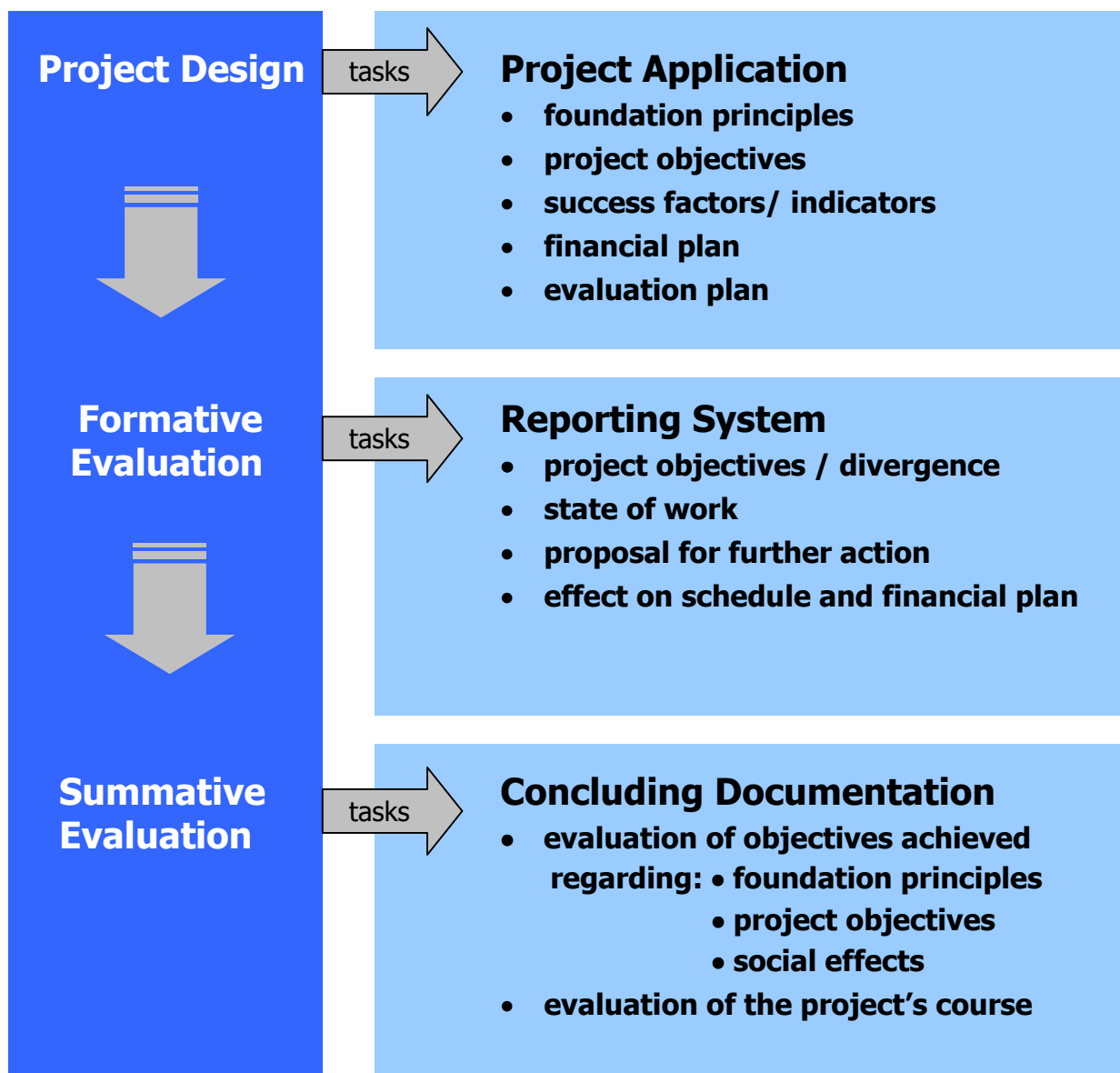
To offer materials for further systematic consideration, we have attached an annex including checklists for an evaluation design.

## ANNEX –

### CHECKLISTS FOR AN EVALUATION DESIGN

To gear the results of the conference to practical implementation, we suggest some checklists which are based on the findings of the Symposium. The lists are neither meant to be comprehensive nor compulsory - they point out tasks and critical aspects in the process of an evaluation and put forward questions to be asked in the planning, implementation and communication of evaluations.

#### CONCEIVING THE OVERALL PROCESS



## PLANNING AN EVALUATION

### ✓ Clarify the responsibility for the evaluation !

- decide on internal vs. external key responsibility
- build a team for the evaluation tasks
- specify overall and individual responsibilities

### ✓ Determine central characteristics of the project !

- test project idea against standards for project conception
- formulate the most important project objectives
- define standards for success (outcome or output)
- develop concrete evaluation criteria
- anticipate particular problem areas

### ✓ Clarify what information the evaluation is meant to produce for whom !

- formulate the questions which the evaluation is meant to answer
- determine the relevant interested parties who should be informed
- specify the tasks for formative evaluation
- specify the tasks for summative evaluation

### ✓ Include internal and external partners !

- identify all relevant internal and external project partners
- formulate interests of the internal and external partners
- list advantages and disadvantages of external partnership regarding evaluation
- decide on partnerships and include all partners

### ✓ Plan a strategy for data collection and evaluation !

- identify relevant phases in the schedule for the project
- identify persons or dimensions affected by the project
- determine relevant collection variables
- decide whether to use existing or to collect specific data
- select appropriate instruments and plan their use

## IMPLEMENTING AN EVALUATION

### √ Support the development of a culture of evaluation !

- communicate the benefits of evaluation
- make clear agreements on project evaluation
- make the evaluation as transparent and participatory as possible
- create freedom of decision-making at a local level

### √ Control the implementation of an evaluation !

- name persons responsible and introduce them to their tasks
- control adherence to the evaluation plan and modify it as necessary
- solicit co-operation from those affected by the survey
- co-ordinate the work of all those involved

### √ Guide the data collection !

- ensure that all relevant data are collected
- ensure the competent use of all appropriate instruments
- define the tasks for formative evaluation
- define the tasks for summative evaluation

### √ Guide the data evaluation !

- ensure that all relevant questions are answered
- ensure skilled evaluation work
- define tasks for formative evaluation
- define tasks for summative evaluation

## USING AND COMMUNICATING THE RESULTS

### ✓ **Make sure to concentrate on both substance and strategy !**

- evaluation of the project's content
  - did the project reflect the values and principles of the foundation?
  - were the goals and exceptions met?
  - did any major divergences occur?
- evaluation of the project's strategy
  - was the implementation of the project and the evaluation successful?
  - has the co-operation with external partners been productive?
  - were the strategies appropriate, practicable and constructive?

### ✓ **Use the results to direct and guide the project !**

- clarify the responsibilities and managerial competencies to make changes to current projects
- clarify the responsibilities and managerial competencies to alter the evaluation design
- draw conclusions for the future of the project
- make recommendations for further evaluations of the project

### ✓ **Communicate the results of the formative evaluation during the project !**

- share the results internally within your division on a regular basis
- communicate the results to your project partners
- inform the board in case of significant divergence

### ✓ **Communicate the results of the summative evaluation after the end of the project**

Share them with ...

- the division/ department
- your project partners
- staff and other divisions of the foundation
- the board and the executives
- the public if appropriate