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—— *Working Paper Series* ——

Measuring Community Foundations' Impact

by

Lisa Raghelli
Andrew Mott
&
Elizabeth Banwell

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THE ASPEN INSTITUTE

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In April 2006, the Nonprofit Sector and Philanthropy Program of the Aspen Institute held the first Community Foundation Colloquium for Practitioners and Researchers, "Beyond Asset Size: Non-Financial Measures of Community Foundation Performance." A community foundation's accomplishments, effectiveness, and sustainability traditionally have been calculated against the "yardstick" of asset size. Smaller foundations are continually working toward the magic \$10 million in assets. However, the field is changing and asset size is no longer the best measure of a community foundation's impact. But apart from growing assets, what exactly is meant by community foundation "success?"

With the help of the three provocative discussion papers commissioned by the Nonprofit Sector Research Fund for the Colloquium and presented here, participants in the all-day Colloquium explored other benchmarks for assessing the performance of community foundations.

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***How Community Foundations Achieve and Assess
Community Impact: Implications for the Field***

Lisa Raghelli
April 2006

Introduction

This “scan of the field” is intended to frame discussion and action around the question of how community foundations assess community impact, beyond such quantitative indicators as asset size and amount disbursed in grants. The Nonprofit Sector Research Fund (NSRF) sought to better understand whether community foundations consider other types of impact, such as community representation, leveraging of resources, communications strategies and leadership on critical issues. One goal of this initiative is to develop research-based measures of such impacts.

Interviews were conducted with twenty-two individuals, including community foundation CEOs and program staff, consultants, researchers, and staff of community foundation support organizations. The author solicited suggestions of persons to interview “who are thinking creatively about the question of impact assessment” from NSRF and other experts. Therefore the list of those interviewed is by no means a random sample of the field. However, an effort was made to survey community foundations that reflect small, medium and large asset sizes, rural and urban locations, and a mix of restricted and unrestricted grantmaking resources. Several recent published reports related to the community foundation field and to the topic of community impact and leadership were reviewed, as was information about individual community foundations available on the Web. The list of those interviewed and interview questions are appended to this paper.

Summary

When community foundations are asked *how* they assess community impact, most describe *what they do* to achieve impact. How community foundation leaders think about and define community impact will obviously have great bearing on what kind of impact is achieved and is a critical first step. The interviews demonstrated that community foundations bring creativity and commitment to achieving community impact in a variety of ways, but they struggle with the question of how to assess that impact. Methods of assessment include: logic models; use of data-gathering such as needs assessments and community indicators; outcome-based grantmaking; formative and summative evaluation; and cross-programmatic analysis.

It appears that for the most part foundations do not have consistent, ongoing assessment practices. Community foundations need help overcoming perceived obstacles and challenges to assessing impact, including: a broad mission that precludes targeted impact; lack of sufficient unrestricted resources to tackle any one issue; prohibitive costs related to formal evaluation; difficulty attributing cause and effect; and lack of control of external variables that affect outcomes. In thinking about possible next steps to move the field forward in assessing community impact, development of research-based indicators is one of several needed strategies, along with technical assistance, peer networking, research and fundraising.

Defining Impact

When foundation leaders were asked how they assess community impact, most responded by describing the ways they try to achieve impact, thereby implicitly defining what “community impact” means to them. Not surprisingly, there is no unanimity in how CEOs, program staff and others in the field define impact.

For some foundations, community impact relates primarily to **grantmaking**, and it is usually discussed in the context of (a) responsive grants to nonprofits and (b) special initiatives. The impact of individual grants is demonstrated by the outcomes that each grantee achieves and therefore is seen as somewhat diffuse in the aggregate. In special initiatives, the impact is expected to be more strategic and long-term, typically focused on a specific issue and/or constituency.

Many foundations believe that they cannot assess the impact of their responsive grants in any meaningful way and therefore do not attempt to do so. Several foundation representatives who were interviewed articulated the view that since their grants are spread so widely across the community, they cannot achieve impact on any particular issue. Another reason given is that community foundations often make small contributions to address a particular issue or fund a particular organization, so the impact of their dollars is not significant enough to take credit for particular outcomes. Factors over which the foundation has no control, such as economic forces, also can affect grantee outcomes. Furthermore, foundations are hesitant to burden grantees with extensive reporting requirements that are out of proportion to the small size of grants. Finally, large-scale outcome-based performance measurement, whether quantitative or qualitative, can be very expensive.

Because special initiatives by design tend to have a strategic focus on one issue and involve a multi-year commitment to that issue, community foundations are more comfortable using quantitative and qualitative evaluation tools to gauge impact. Some foundations evaluate after the project is completed, while others integrate evaluation into the initiative from the start. Nonprofit capacity-building is often a key objective in special initiatives.

For many in the field, impact is defined as **catalyzing investment** from people in the community for the community’s benefit. There are many different approaches to seeking impact within this broad definition. The goal may be to:

- educate existing donors about community needs so that they may consider increasing their unrestricted giving or broaden their fields of interest;
- solicit smaller donations from many more community members (as Janet Topolsky says, “build the endowment to build the community and build the community to build the endowment”); or
- educate as-yet-untapped prospective donors about the value of philanthropy, through giving circles that attract specific constituencies.

Those who think creatively about catalyzing investment from a broad cross-section of the community assert that the impacts will be seen in a variety of ways: freedom to pursue a bolder social change agenda (as in the case of Humboldt Area Foundation); freedom to fund unknown organizations that had never been funded before, opening doors to other philanthropic dollars for their work (the Maine Initiatives); opportunity to bring new donors, such as Latinos, into philanthropy through giving circles (Hartford Foundation for Public Giving). Funders may assume that catalyzing certain kinds of investment increases accountability to the community served, opens doors to support more policy and advocacy work, and leverages greater and more flexible resources to meet community needs. David Hammack at Case Western Reserve University suggests that indicators can be developed to test these assumptions. For example, with giving circles: “Are people giving more as a result? Are they changing giving habits? How does it affect their responses to big disasters?”

In defining impact, the majority of those interviewed also emphasized the importance of activities that can be broadly categorized under the label of “**community leadership**” or “community catalyst.”¹ In this view donors and grant-seekers are not the only customers; the entire community is the customer. Maggie Flanagan, CEO of Southern Illinois Community Foundation, described the “three-legged stool of grantmaking, donor services and convening.” Peter Pennekamp, CEO of Humboldt Area Foundation, says impact is defined by the community foundation’s ability to be used by local people to “get ahold of issues and opportunities in their communities and take enough leadership to make positive change.” Examples given of leadership roles intended to achieve impact include:

- convening stakeholders around a common problem or issue;
- forging partnerships that leverage additional public or private resources;
- brokering new, fragile or even contentious relationships;
- providing needed training and technical assistance to nonprofits;
- speaking out and using the media to raise visibility and spur action on an issue;
- commissioning research and needs assessments to identify gaps in services; and
- collaboratively creating new institutions.²

Some would argue that just by playing a leadership role beyond collecting donations and making grants, a community foundation is achieving greater impact. But not all attempts at community leadership are equally successful. When asked *how* they assess impact, some of the community foundation leaders interviewed responded by describing *what they do* to achieve impact, but not which specific measures they use to determine how well they have succeeded. For example:

¹ For more on this concept see *Community Catalyst: How Community Foundations are Acting as Agents for Local Change*, Irvine Foundation, January 2003; *Community Change Makers: The Leadership Roles of Community Foundations*, Chapin Hall Discussion Paper, 2004; and *On the Brink of New Promise: The Future of U.S. Community Foundations*, Blueprint Research and Design, 2005

² *Community Change Makers* developed the following categories of leadership: building useful knowledge; shaping community discourse; growing and linking local leadership; brokering regional solutions; maximizing access to government resources; nurturing high impact philanthropists; collaborating for local systems reform; advocating and partnering for policy solutions; enhancing community capacity; and strengthening accountability.

“We assess impact by looking at how we are supporting communities across the region to gain more voice, power and resources and linking them together.”

“I think about impact in terms of our convening role...we know what is happening and are well-respected in the community. We are the ones people rely on to get the word out and be a community player; we take the time to help groups when everyone else doesn’t.”

“I achieve impact by doing heavy lifting on a critical issue, like housing. I use my facilitation skills, clout, and small endowment fund to leverage more resources and better coordination on the issue.”

Some foundation leaders may not go through any sort of formal assessment process, but in each example they see the positive fruits of their labor: Communities are coordinating economic decisions regionally for the first time; a dormant nonprofit has new life breathed into it and can leverage funds for a federally designated park; and the county is finally working with stakeholders to address homelessness. In all likelihood, if the community foundation had not stepped up, these outcomes would not have been achieved.

In assessing community leadership, Jay Talbot suggests that each community foundation can ask itself a number of key questions, including:

- Have you built or improved an infrastructure to deliver goods and services?
- Have you mobilized resources beyond your own boundaries?
- Have you left a permanent, institutionalized, sustaining effort?
- What kind of leadership role have you played to spotlight an important community issue and take action?

A small segment of those interviewed also framed community impact in terms of **community involvement in foundation decision-making**. Those foundations that were most intentional about community involvement set up grantmaking committees or affiliates that are run by community members who are wholly empowered to make grant decisions. For example, the Cleveland Foundation Neighborhood Connections small grants program, which distributes small grants that are intended to engage residents in making Cleveland’s communities more livable, is run by a committee comprised of residents of Cleveland neighborhoods. Youth funds are another form of constituency-led grantmaking used in places like Michigan (Michigan Community Foundations’ Youth Project) and Maine (Maine Initiatives Chrysalis Fund).

In rural areas, geographic affiliates are burgeoning, bringing residents directly into decision-making roles. The Aspen Institute Community Strategies Group conducted a survey of geographic component funds (GCFs) that showed dramatic growth in the last decade, primarily but not exclusively in rural areas.³ While efforts have been made to

³ See *Growing Local Philanthropy: The Role and Reach of Community Foundations*, Community Strategies Group, Aspen Institute, 2005.

understand their scale, little has been done to systematically examine their impact. Janet Topolsky described GCFs as “a huge distributed leadership network for philanthropy” and urges more analysis of how they are shaping and changing community philanthropy.

Another way foundations define community involvement is through advisory boards that include community representation and give broad input on programs and policymaking or oversee special initiatives. For the most part the boardroom is not the place where involvement of the affected community is sought: While most foundations strive for diversity on their boards in terms of race, ethnicity, gender, and even age, most admit that they do not have much economic or class diversity. According to Joel Orosz, at Grand Valley State University, “This is the piece that [foundations] resist most heartily. It would be highly beneficial if folks who worked in factories and cleaned offices were on the boards of community foundations, with enough of a critical mass to speak for their communities.”

Some assessment of community involvement has been done, including in Cleveland and with the Michigan youth grantmaking initiative.⁴ Yet there does not appear to be more systematic exploration of how these programs may benefit communities. One assumption that could be tested is whether these strategies promote the growth of “social capital.” As summarized by Lew Feldstein and Thomas Sander, social capital is the connectedness and networking within and across social groupings that is seen as a primary contributor to positive community indicators.⁵ The authors argue that there is already strong research-based evidence that communities with strong social capital are healthier economically, socially, and in other ways. They urge the field to develop indicators to measure how effectively community foundations are promoting social capital in their grantmaking and other programming. Another assumption that could be tested is whether constituency involvement in grantmaking helps a community foundation become more knowledgeable about the community’s needs and, in turn, more responsive to those needs.

Assessment Methods

At first blush it may appear that most community foundations take an ad hoc, sporadic approach to assessing community impact, or do not assess it at all. They may be informally undertaking assessment but not recognize it as “evaluation” per se. The types of strategies identified by funders span a continuum of organizational practice, from the planning phase through implementation to evaluation.

Clear goals and measures of success: Several foundations develop very clear goals, criteria and measures up front. These are developed with and/or articulated to grantees at the beginning so that groups come into the process with mutually understood

⁴ See *Youth Grantmakers: More than a Decade of Outcomes and Lessons Learned from the Michigan Community Foundations’ Youth Project*, 2003 and *A Longitudinal Study of Youth Grantmakers (1993 - 2003)*, 2004, both by Karen E. Tice for the Council of Michigan Foundations.

⁵ See *Community Foundations and Social Capital*, Lewis M. Feldstein and Thomas H. Sander.

expectations. A few of the foundations interviewed have overhauled their grantmaking programs so that they now are targeted to achieve greater impact and to measure impact more effectively.

Recently the Pittsburgh Foundation more narrowly targeted its responsive grantmaking priorities in five key areas. Instead of broadly funding health care or education, for example, the foundation now only funds efforts to reduce healthy disparities for specific diseases and initiatives to improve learning at low-performing schools. In addition, the foundation developed quantifiable objectives and outcomes that grantees must meet for each priority area. According to Senior Program Officer Jane Downing, this shift has forced the staff to think more strategically about how to achieve systemic change. “In the area of health disparities, for example, our strategic focus has allowed us to support community organizing that is changing behavior away from an acute care approach to one of prevention.”

Strategic planning: Strategic planning processes have helped some community foundations tackle the question of impact assessment. According to Alvertha Penny, vice president of programs at the California Community Foundation, “It has been very difficult for us to provide evidence of the impact of our grantmaking, except in the area of affordable housing, where we can count the number of units. As a result of our recent strategic planning process, we are starting to look at how we can affect a field of work. We have shifted from project support to core operating support, and we are also shifting away from services toward greater support of policy and advocacy.” The foundation is in the process of developing new evaluation protocols, and is narrowing its grant programs both geographically and in terms of targeted beneficiaries.

Logic models: The West Central Initiative in Minnesota uses the Theory of Change approach as a planning and evaluation tool. It is a logic model that has been refined and given greater visibility by the Aspen Institute Roundtable on Community Change, to aid philanthropy in evaluating comprehensive community initiatives. As described by John Molinaro,

Theory of Change based evaluation works by developing a logic model or theory, which establishes a set of preconditions believed to be necessary to achieve a desired outcome. By mapping these preconditions, and determining which are and are not being met, an organization can strategically apply its resources to the “broken links,” or places where preconditions are not being met. Progress on addressing the broken links often can be measured even if dozens of other preconditions outside your control may also influence progress on the ultimate outcome. So while you can never conclusively say that your efforts caused specific movement in measurements of your desired outcome, you can show that you have made progress on preconditions that are necessary for achieving the final outcome.

Molinaro cautions that this approach requires a good deal of work at the front end of the process, but Anne Kubsich at the Roundtable encourages organizations of any size to try it out. “There are a variety of approaches, from Cadillac to tricycle.”

Formative and summative evaluation: Formative evaluation (which examines implementation) and summative evaluation (which looks at results) are often used for longer-term special initiatives and other grantmaking. The Hartford Foundation for Public Giving uses formative evaluation to make adjustments along the way, says Chris Hall, Director of Special Initiatives. “We redesigned our after-school initiative to have more measurable impacts after a national consultant told us that our old program was not having impact.” Jay Talbot at the Cleveland Foundation warns that how success is defined will change over the course of a multi-year effort. “You need to ask different questions at different points in time; impact in Year 1 will look different from impact in Year 2, Year 3, and so on. The measures of impact will get more sophisticated over time.”

Community Foundation Silicon Valley has an in-house evaluator who summarizes and synthesizes program officer assessments, grantee perception reports, and other information gathered at the end of the grant period to gain a more complete picture of impact. According to Linda Min, the organization’s program and evaluation officer, the foundation is experimenting with aggregating data across clusters of grants in a program area, to identify cross-cutting impacts and trends.

Data-driven strategies: Several community foundations cited data-gathering, needs assessments and community indicators as ways to make their impact more strategic and measurable. Nina Bohlen of Global Footprint Network has recently conducted community needs assessments for community foundations in California and Nevada, in both cases providing the foundations with up-to-date information to make more strategic funding choices and align grantmaking priorities with current needs.

Data-gathering can help funders better understand problems and issues in the community, and can provide a baseline “snapshot” of the community’s strengths and challenges. This may lead to more effective programs and practices, and it can catalyze a community’s leadership around a particular problem, but using data to assess impact directly is trickier because of the many obstacles cited earlier (such as causation challenges and factors outside the funder’s control). Joel Orosz reports that the Grand Rapids Community Foundation helped set up a community research institute, which generates data that has allowed the foundation board to measure the impact of its grants more effectively. “Every grant is measured before and after to see changes in the baseline. So now the CEO can go to the board and talk about outcomes and reasons for the differences from expected outcomes. This has been a ‘Eureka’ moment for some board members, who were previously focused on asset size only. Now they are looking at why poverty is so persistent, and which strategies are most effective.”

Evidence-based practice: Some foundations assert that their reliance on proven strategies makes the likelihood of positive impact greater. The Humboldt Area Foundation cites strong evidence, particularly from the public health arena, that mobilization of communities is the key to achieving community impact. “Therefore,” says Peter Pennekamp, “we feel on a sound research basis in presuming that broad engagement of

community leaders (both traditional but more often nontraditional) is a sound methodology to support community change.” While adopting approaches that have worked elsewhere makes sense, it offers no guarantee that the impacts will be as expected. Many foundations rely on the informal “I can see the results” method of assessment to affirm that such strategies are working.

Echoing and building on what this scan revealed about assessment methods, Tina Joh of Blueprint Research and Design recently surveyed a broad cross section of community foundations to find out how they assess the impact of their responsive grants. While she did not find widespread formal efforts to assess impact, she did identify seven strategies that are currently being used, individually or in combination. These are⁶:

- **“Knowing it when you see it.”** Observing new activities and physical changes in the local community (such as buildings or performances) funded by the foundation’s work.
- **Values/principles.** Assessing how well programs and activities exemplify a foundation’s priority values or principles (often values specified by the founder).
- **Community indicators.** Monitoring changes in standard quantitative indicators of community well-being, such as unemployment or teen pregnancy rates, that map to a foundation’s priority issues.
- **Cluster evaluation.** Identifying subsets of grantees with comparable goals and asking them to report on common outcomes so that the grantees’ work can be compared and summed up. Goals are determined by the foundation, often in consultation with grantees as a group, before the evaluation begins.
- **Emergent cluster evaluation.** Identifying subsets of grantees working in similar issue areas and observing, either retrospectively or prospectively, what common issues and outcomes emerge. Goals and outcomes are not predefined.
- **Cross-Programmatic.** Defining and then summing up outcomes from different program areas to calculate collective impact. In some cases, grantees choose outcomes from a menu of options, ensuring that all outcomes data can map to foundation goals.
- **Organizational capacity.** Using improvements in grantees’ organizational capacity to assess impact, since it is one of the few outcomes that cuts across the many types of nonprofits.

Communicating Impact

While some community foundation leaders are thinking very creatively about how to achieve impact, often they have paid less attention to how to most effectively communicate that impact. Several of those interviewed said their institutions rely almost exclusively on newsletters to donors and/or to the broader nonprofit community as their primary means of communication. One program officer responded frankly: “We don’t do

⁶ This list is from an unpublished paper prepared by Blueprint Research and Design for a major funder.

it very well. We may have done a better job on our [special] initiative than on other issues. We are not very effective communicators in a specific content area, and in terms of how to share experiences in a useful, meaningful way. Institutions don't like to talk about what they didn't do well."

Special initiatives seem to offer the best opportunity to share findings on impact and lessons learned, as they usually contain evaluation components and can allocate resources for the publication of findings. Public forums are another strategy sometimes used by community foundations. Larger foundations with a marketing or communications department may use the media to get the word out.

Urban Institute researcher Francie Ostrower's survey of foundation attitudes concerning effectiveness has interesting findings in this regard.⁷ Of those community foundations reporting that they conduct formal evaluations (40 percent of total surveyed), their primary goals are to learn about the success of the funded work and strengthen future grantmaking. Ranked as less important were the goals of contributing knowledge to the field, strengthening organizational practices in the field, or strengthening public policy. This data suggest that many community foundations may not see the value of communicating impact and lessons learned to the broader community.

Furthermore, a reluctance to view "failures" as learning opportunities (internally as well as externally) means that (a) community foundations may be less willing to take risks and make mistakes along the way, and (b) the field as a whole may not benefit from the learning that comes from openly sharing what didn't work as well as what did. Some CEOs do see the value of this, however. Maggie Flanagan, of Southern Illinois Community Foundation, wants to document all of the organization's outcomes, successful or not. Expressing frustration with the commonly heard refrain 'we tried that and it didn't work,' she said "I want to be able to leave clearly outlined outcomes whether they work or not. Even if they did not work, then another E.D. [Executive Director] would possibly be able to tweak the process with current information." Peter Pennekamp takes the idea further, observing, "If there are no 'failures' or serious tensions along the way, we assume that the effort is only cosmetic."

Challenges to Achieving and Assessing Impact

Certain obstacles to achieving and assessing impact were raised repeatedly by a number of foundation leaders. There is a healthy debate within the field about whether these obstacles truly stand in the way of realizing greater community impact.

'Moving the Needle': Numerous foundation leaders and experts asserted that because a community foundation must by definition and mandate serve the entire community, its responsive grant dollars must be spread broadly across the nonprofit sector. In fact, Ostrower's survey found that most community foundations believe it is very important to

⁷ See *Attitudes and Practices Concerning Effective Philanthropy: Survey Report*, by Francie Ostrower, Urban Institute, September 2004.

maintain a broad grants program, in contrast to the more-focused grantmaking favored by corporate and independent foundations. Therefore, community foundations argue that they cannot ‘move the needle’ on any one issue through responsive grantmaking.

Several of those interviewed challenged this attitude. One former foundation leader responded: “When community foundations say ‘We have to serve the whole community so we can’t have an impact in any one area,’ that is taking the easy way out. The fundamental question every community foundation can ask itself is: ‘What is the difference we want to make in the community? And what is the difference that will make the most difference?’ They need to be more strategic.” This strategic approach can occur through community leadership roles but also through grantmaking. A few of the funders interviewed described how their grant programs were overhauled to be more targeted and outcome-focused.

Some community foundations caution that narrowing responsive grantmaking priorities too much can cause foundations to lose sight of emerging community needs and strategies. “The difficulty in measuring impact can force community foundations to narrow their priorities to be more measurable. We don’t do that,” says Chris Hall of the Hartford Foundation. “We stay broad purposely so that the community can come forth with their ideas. We balance and assert priorities through our special initiatives.” One community foundation that had shifted the bulk of its unrestricted resources to several target program areas later decided to free up more of those resources for non-targeted grants.

‘Size Matters’: Many people in the field will argue that, when trying to achieve community impact, “size matters.” Certainly it is easier for larger foundations with substantial unrestricted endowments to target grant dollars in strategic ways, launch special initiatives and commit greater resources to achieve impact. However, when it comes to exercising community leadership, numerous experts believe that community foundations of any size can make a difference. For example, the Southern Illinois Community Foundation is barely five years old, with \$500,000 in assets and no endowment. Yet the foundation has embarked on an ambitious initiative to create regional partnerships across 16 counties on key issues of community concern. The project involves research, regional convenings, public meetings, identification of priorities, and fundraising. According to CEO Maggie Flanagan, the foundation is also looking into setting up affiliate funds in five counties and starting a youth fund while also building its endowment. At the same time, the foundation has become the ‘go to’ resource for nonprofits seeking organizational development assistance, guidance, and information on a range of subjects.

As important as size and distribution of donor resources are, “there are shaping influences like what kind of board you have and who it represents in the community, and what kind of strategic planning and focus your board, staff and CEO engage in,” observes Jay Talbot. In fact, some might argue that “the board matters” because board members’ vision for the role of the foundation and for the community guide the institution’s

direction. If trustees become engaged in new ways of thinking about impact, they may entertain new possibilities for the role of the foundation.

‘Evaluation is expensive and not always useful’: Even large foundations with ample resources at their disposal assert that evaluations can be costly and time-consuming. Many community foundations simply do not have funds available to hire outside evaluation consultants, and they do not believe they can afford to develop an evaluation capacity in-house. Some further argue that formal quantitative evaluations and outcome-based tracking often do not yield the most useful data. One community foundation program officer was frustrated that her foundation made a radical shift to outcome-based grantmaking without first conducting a needs assessment in the community to see if the outcomes sought would have the most impact. Ostrower suggests that foundations may be focused on outcomes without first defining effectiveness.

The broad mission of an institution, limited resources, and frustrations related to formal evaluation protocols need not be obstacles to achieving and assessing impact. Community foundations need to have a clear understanding of *what* impacts they are trying to achieve, decide *why* they want to assess impact and then, with technical support, determine *how* they can best measure impact in a way that will build on what they are already doing to assess programs.

Conclusion and Next Steps

By all accounts the community foundation field is in a tumultuous period, characterized by rapid growth in the number of new foundations, fluctuations in the stock market affecting asset size, and increasing competition from national financial intermediaries. In this context there are differing opinions about how community foundations can best position themselves to succeed. As this scan of the field proved, it is impossible to talk about how to achieve and assess community impact without acknowledging the tensions that arise from external pressures and diverse values and worldviews. For those who believe that community leadership strategies and other ways of achieving community impact are critical to the survival of the field (and central to the mission of community foundations), the first step is to legitimize this approach and encourage more funders to try it. In the words of Winsome Hawkins, with the Coalition of Community Foundations for Youth, “First we have to encourage foundations to undertake work that can be measured. They can’t assess impact unless they are seeking impact.” Thus this paper has focused as much attention on how foundations achieve impact as on how they assess it.

However a community foundation defines community impact for itself, the field is taking steps to help organizations achieve greater impact⁸ and can also help them more effectively assess it.

⁸ For community foundations that want to achieve greater impact but do not know how to get started, tools are already available to assist them. Blueprint R & D has created a Strategic Roles Assessment tool and a Prototyping Community Solutions tool. COF/CCFE now offers a two-day workshop on Strategic Community Leadership.

Develop assessment tools – This scan suggests that while many foundations believe they are achieving community impact, they may not have a systematic way of finding out for sure. Foundations often hold a series of assumptions about why a certain program or strategy should be successful. For example, when foundations engage specific constituencies in grantmaking, they may assume that: people who are ‘on the ground’ (i.e., closer to the issue or affected community) are more knowledgeable than the foundation and therefore will make better grant decisions; this approach leads to better foundation-grantee relations; it builds leadership, social capital, and networks that are beneficial to the community. Funders can benefit from tools that help them spell out the assumptions guiding their program work and test them. Ideally such tools can be adapted to the size and capacity of any community foundation.

Identify research opportunities: Larger trends in the community foundation field can be explored to better answer some impact-related questions—both in terms of how impact is being achieved and how it is being assessed. For example, are geographic component funds (GCFs) helping foundations achieve greater impact, and if so, how? Does constituency involvement in grantmaking and other foundation decision-making increase impact? How are giving circles achieving impact? How do data-gathering, needs assessments and community indicators efforts lead to more effective programming, and how are they used to assess program impact? How are the Impact Manager software and other tracking tools helping foundations assess impact?

Expand training and technical support – It is not enough to develop assessment tools and impact measures if foundations do not know why or how to use them. Also, community foundations would benefit from guidance on how they can more effectively communicate their impact. While annual conferences and trainings can offer some opportunities for learning, many in the field see the need for more year-round assistance. One foundation CEO suggested that ‘neutral’ case studies be developed that offer ‘alternative road maps’ for achieving impact. “The research needs to not say ‘this is right’ or ‘this is wrong,’ but it needs to say ‘Here is a highly successful example of an organization based on model A, here is one based on model B, etc.,’ and show what each can do, what are the challenges, what paths are opened through each.” Others asked for tools that help foundations take ‘baby steps’ in the direction of achieving impact and assessing it, so that they do not feel so overwhelmed that they take no action at all.

Some foundations find technical support through organizations such as the Aspen Institute Roundtable on Community Change and Community Strategies Group, Community Foundations of America, and the Council on Foundations Center for Community Foundation Excellence. An effort to review all the existing training materials and catalogue the current opportunities for community foundations, including those with limited resources, to access training and technical assistance on impact would be valuable for foundations to have and could help identify new tools and venues for learning. Also, those interviewed stressed that learning opportunities need to be available and marketed to community foundation boards, as well as CEOs and program staff, so

any review should consider which foundation stakeholders are participating and which ones need greater outreach.

Foster peer networking – Hawkins and others emphasize the importance of peer networking and learning opportunities, not only because good ideas and lessons are shared, but because the peer support makes participants more willing to take risks. It also offers a venue for exploring emergent issues. For example, more than one foundation leader mentioned their involvement for the first time in natural disaster response, such as Hurricane Katrina, and expressed interest in learning how others had achieved impact in this new program area. Others stressed the need for frank discussions about the challenges related to community impact and the larger trends in the field. One person commented, “Trainings are not what we need. We need strategic conversations.” Another observed, “There is not an honest conversation and platform to talk about community impact. . . . We need conversations to honestly share what is effective.” Opportunities to structure open dialogue about how community impact is defined, why it matters, how it is achieved, and how it is assessed—including debating thorny topics and sharing the stories of less successful efforts—could foster greater receptivity within the field.

Increase resources for assessment – Everyone worries that impact assessment will be costly and time-consuming for individual foundations. Developing assessment tools and training components for the field and creating peer networking opportunities does require resources. “It takes money and effort to focus on what we are accomplishing,” observed one leader. “It took money to invest in technology, it took money to create the [national] standards, and we would need money invested in this for it to happen. Most innovators are small institutions, and they cannot cover the costs of maintaining connections to peers across the country.” A fundraising plan with goals for the various pieces of work needed to help funders assess impact would provide a framework for seeking greater investment within the field and from private philanthropy.

Appendix A

Why Assess?

The scan of the field revealed a range of ideas about why assessment matters and why it is important for community foundations to demonstrate impact beyond just asset size and grant dollars. Being clear about the purpose of assessing impact will allow for a more directed discussion about how to help foundations in this area.

Making the case to donors – Some segments of the field place great importance on the need to demonstrate impact to donors. Impact Manager, a software tool developed by B2P in partnership with the Community Foundations of America, is intended to help community foundations do this by measuring grantee performance. Others suggest that donors do not have a strong need to see demonstrated impact. Community Foundation Silicon Valley surveys donors every year about whether they would like their grants evaluated, and the response indicates low interest, according to Linda Min. Amy Owen, CEO of Eastern West Virginia Community Foundation, says her experience suggests that donors just want to see the institution’s involvement in critical community issues rather than specific outcomes. Jack Chin at Blueprint Research and Design cautions that “donors are not monolithic. Newer donors are more driven my metrics than older ones, who are more interested in the story.” For many funders, the bottom line question is: Will demonstrating impact to donors result in increased giving?

Improving economic efficiency – In a climate of growing competition from the financial services sector and declining assets and contributions, the Foundation Strategy Group (FSG) attempted to demystify the “black box” of community foundation inputs and outputs to make comparisons across the field about how these institutions allocate resources. FSG concluded that their long-term sustainability depends in part on their ability to achieve economic efficiencies. FSG found that on average, the foundations they surveyed spend 11 percent of their budgets on non-grantmaking services to the community (i.e. community leadership), and that smaller foundations tend to spend more on community leadership, both as a percentage of total budget and in absolute terms. FSG also notes that affiliate structures (such as GCFs) increase total operating costs substantially. Susan Herr, managing director of CFA, asks, “How do you pay for these products? If community foundations are going to play leadership and convening roles they have to ask ‘Who will pay for it? Who is it serving?’” In this framework, community foundations are being asked to assess community impact to make sure that the benefits achieved are ‘worth it’ in relation to the resources expended. FSG reports that some community foundations have identified specific funding sources to pay for these activities. Being able to document the impact of community leadership activities may make it easier to raise funds specifically for them.

Planning, reflection and learning – Researchers see assessment as an important learning tool. Assessment helps institutions make sure that their activities are in line with their goals. Conducting community needs assessments and tracking community indicators are

two ways that community foundations try to make sure that their strategies are in line with what is needed in the community. Jack Chin at Blueprint R & D observes, “Tracking community indicators scares some program staff because they think they will be held accountable and judged on performance, but it is good to do for context and planning. Impact measurement is important not to prove that a strategy is successful for accountability reasons, but to help community foundations learn and improve as they go along.” Another expert suggests that the philanthropic obsession with ‘evaluation’ is misguided. “There is fear and misunderstanding about the role of evaluation. What is needed is reflection and learning. Collect basic information, sit back, and reflect on it. Then come up with a better set of questions.”

Promoting community-oriented goals – Almost everyone interviewed for this scan alluded to the “two masters” that community foundations must serve: donors and the community. One way to describe the community foundation field is to see it as a customer continuum, with donors at one end of the spectrum and the community at the other end. Each foundation is somewhere along that continuum depending on how much emphasis is placed on either customer, and also how narrowly or broadly each defines “donor” and “community.” Among those interviewed there were differing opinions about whether the continuum is in healthy balance or is lopsided. For those who believe that the majority of community foundations focus too exclusively on service to donors, documenting and assessing community impact is a very important way to advocate for more foundations to take on community leadership roles. One former foundation officer commented, “Because our peers have such a narrow definition of customer, they are really limiting their effectiveness. If you are just giving away money you cannot measure outcome impacts.”

Appendix B

Interviewee List

Charlie Bernstein, Program Manager, Maine Initiatives

Nina Bohlen, Global Footprint Network

Jack Chin, Blueprint Research & Design, Inc.

Jane Downing, Senior Program Officer, Pittsburgh Foundation

Maggie Flanagan, President, Southern Illinois Community Foundation

Charisse Grant, Director of Programs, Dade Community Foundation

Chris Hall, Vice President for Programs and Special Projects, Hartford Foundation for Public Giving

David Hammack, Professor of History, Case Western Reserve University

Winsome Hawkins, Coalition of Community Foundations for Youth

Susan Herr, Managing Director, Community Foundations of America

Tina Joh, Blueprint Research & Design, Inc.

Spence Limbocker, Executive Director, Neighborhood Funders Group

Linda Min, Program and Evaluation Officer, Community Foundation Silicon Valley

John Molinari, Associate Director, Community Strategies Group, Aspen Institute

Francie Ostrower, Urban Institute

Amy Owen, Executive Director, Eastern West Virginia Community Foundation

Joel Orosz, Professor of Philanthropic Studies, Grand Valley State University

Peter Pennekamp, CEO, Humboldt Area Foundation

Alvertha Penny, California Community Foundation

Heather Scott, Council on Foundations, Center for Community Foundation Excellence

Jay Talbot, Program Director, Cleveland Foundation

Janet Topolsky, Director, Community Strategies Group, Aspen Institute

Appendix C

Interview Questions

1. How do community foundations currently gauge their community impact? What are some of the more innovative approaches being undertaken? What are some of the challenges of trying to assess impact?
2. How effective are community foundations at communicating their positive impact? How do they convey their successes to the public in a way that broadens understanding, shapes discourse, and invites collective problem-solving? To what extent have community foundations' communications enhanced public understanding of the issues the foundation is addressing?
3. To what extent do community foundations leverage other resources for and within the community – including the endowment of civic institutions? What is the community foundations' reach (how broadly are grants distributed throughout community)?
4. How accountable are community foundations to the communities they serve? How do they involve communities in shaping solutions and effecting change? What is the community representation on the board and among staff and donors?
5. In what other ways do community foundations exercise leadership and play a strategic role in the community? Do foundations demonstrate community leadership, or willingness to speak out on controversial but critical issues?
6. What tools and resources are available to help community foundations achieve and assess impact? What tools are needed?

***Community Foundations' Effectiveness and Impact:
Lessons From Other Funders and Nonprofits***

Andrew Mott
April 2006

Introduction

As an increasing number of community foundations consider how they should go beyond tracking their asset size to develop other measures of their success and impact, they can learn a great deal from the experience of other funders and nonprofit groups that have been wrestling with the challenges of evaluating and increasing their effectiveness for many years. Those groups have learned many practical lessons along the way – lessons about how best to assess and learn from their experience, and lessons about how to have maximum impact on the issues they care about most. These lessons have strong implications for community foundations that want to avoid pitfalls experienced by other institutions developing strategies for maximizing the impact of their grant-giving and their leadership in the community.

These lessons fall into three major categories:

1. Lessons about the types of **evaluation and organizational learning systems** that can help community foundations keep strengthening themselves to maximize their impact and effectiveness;
2. Issues to explore concerning which **grantmaking strategies** are likely to have the greatest impact in meeting community needs; and
3. Questions to consider concerning the **convening and leadership strategies** that can add most to the foundations' impact and influence within the community

This paper reviews important lessons on each of these questions. It places those lessons within the framework of an integrated, ongoing learning circle that foundations and others can use to continually increase their impact and effectiveness. Planning, action, and evaluation/reflection leading to improved planning – those steps maximize the value of evaluation.

This paper starts with discussion of the lessons concerning evaluation of grant programs that have emerged from the experiences of many foundations and organizations. This analysis draws especially from the author's experience working with nonprofits and foundations on issues regarding evaluation, organizational learning, organizational development, poverty, neighborhoods, and community development.

Evaluation and Organizational Learning – Lessons from Experience

Many organizations and foundations have considerable difficulty deciding how to approach evaluation. They often feel uneasy in what seems like a highly technical field, and may well be bewildered by the many different schools of thought within the evaluation profession.

The most basic lesson for community foundations and nonprofits is that it is **extremely helpful to start by demystifying “evaluation,” by thinking of it as “learning”** rather

than “evaluation,” and by then concentrating on what they really want to learn and how that learning fits with their planning and operations.

Second, it is easy to be unrealistic and overly ambitious in setting goals for organizational learning. Initial brainstorming about goals for an assessment frequently results in a long list of different types of information that a funder or nonprofit would like to have. This list is likely to include information that would be “nice” to have but which is not essential. One central lesson from experience to date is that because it is very difficult to assess accurately many widely different elements of performance, **organizations must focus their evaluations on a very few key questions and then decide exactly what they want to know about each.**

This lesson is particularly important for foundations. A funder may have several different reasons for developing an evaluation system, and each of these considerations may lead it to different approaches to assessing performance. In particular, a funder’s principal goal for its evaluation may be:

- **To test performance and impact** – determining whether the grantee is achieving the goals it set in its proposal and whether the foundation is having the impact it wants
- **To improve performance and build capacity** – helping the grantee learn from its experience and keep improving its program and developing its capacity, or
- **To generate learning** – drawing from experience with the grant as part of knowledge-building for the foundation and others

Each of these goals is worthwhile, but it is virtually impossible to design a single evaluation that would do justice to all of them. Such an evaluation would be so complex that it would collapse under its own weight, suffering from a cumbersome research design, overburdening grantees, and ultimately failing to provide much useful information. Funders must single out one or two essential elements of performance they wish to focus on and then design an approach to evaluation based on this simplicity.

Therefore the key questions for a foundation are:

- What is the single most important reason for conducting an evaluation?
- Who will use the evaluation’s results and how?
- What information do they need and how can they get it most easily?

Another lesson from experience is that **there are great limitations to the traditional social science research approach to evaluation**, especially in assessing complex social programs and interventions. These limitations are so great that some now refuse to use the “e-word” because it so strongly suggests a research approach that is judgmental, focused on judging rather than improving, and wedded to a rigid research approach that they consider to be unrealistic and inappropriate for evaluating foundation or grantee performance. They point out that a strictly scientific and overly quantitative approach is often impractical in a field in which:

- It is unrealistic to seek similar control groups for comparison purposes in assessing, for example, the difference a particular grant or other intervention makes

- It is impossible to forecast the unpredictable events that often are so significant that they block efforts to measure the difference an intervention made
- Evaluating causation is a major challenge as there frequently are many different factors that come together to cause something to occur, and it is difficult and often misleading to isolate any one of these factors from the others
- Many important questions that a funder may want to examine do not lend themselves to quantitative measurement; instead they call for qualitative judgments, opinions and analysis
- If the primary goal for an evaluation is to foster learning – by the funder, the grantee, or others in the field – far more can be learned from exploring the full complexity and richness of the initiative, focusing on qualitative issues, surfacing different perspectives, and stimulating dialogue, debate and analysis among the different stakeholders

Because of these complexities, there are now dozens of different schools of evaluation. By one count, there are more than 200 different approaches, ranging from highly structured and quantitative evaluations by academic researchers to participatory approaches designed solely to help grantees achieve their goals on a project and build capacity for the long run.

Not surprisingly, there are as many criticisms of each approach as there are proponents. On one side are strong critics of traditional “summative” evaluations, which are oriented toward making judgments after the fact and therefore seldom have any impact on decision-making. They favor instead “formative” evaluations, which are designed specifically to provide grantees or donors with continuing feedback on their work and impact. On the other side of this argument are people with strong academic research skills who scoff at formative evaluations as unscientific and imprecise, and who are highly skeptical of the impartiality and value of participatory approaches that involve the donor or grantee who in the assessment process.

Fortunately, there are many whose views are more nuanced. It is within these richly varied schools of thought that community foundations can learn many lessons to help them think through the evaluation and learning questions they face as they assess their grantees or their own performance. These evaluators develop and pursue approaches that are tailored to a particular context, adapting their techniques to meet the evaluation needs and priorities that local funders and/or grantees define. Sometimes their approach is heavily quantitative, perhaps counting the number of people served or conducting surveys with rating schemes to measure how satisfied they are with the services. Participatory approaches which generate qualitative information will be much more useful in situations where it is important to create opportunities for stakeholders to come together to discuss the findings, express their different perspectives and opinions, and strive for a common understanding.

The evaluation may not require developing elaborate methods or adding professional evaluators as staff members or consultants. It may instead only require that the

foundation's leadership clarify and simplify its goals regarding assessment and learning, and then decide how to achieve those goals as easily and inexpensively as possible.

Lesson 1: Take full advantage of the skills and knowledge you already have

Before you examine the approaches that professional evaluators pursue, remember one basic fact. In the words of the DeWitt Wallace Foundation's director of evaluation and learning, **"You know more than you think you do. ... Don't be afraid to trust your own common sense.**

"Learning is something we do all the time. It's not the exclusive property of evaluators! ... In my experience, foundation people are experts on taking charge of their own learning.

- We know who to call to find something out.
- We know what to read to learn about the background of a current issue.
- We know how to listen to the people we meet during site visits.
- We know how to dig up information that's not included in a grant proposal or a financial statement.
- We know how to get information fast, and we know what we can and can't learn from quick-and-dirty information.
- We know when we don't understand a complex problem, and which aspects of the problem we need to spend more time exploring. And we know how to keep exploring issues we don't fully understand.
- We know how to question an explanation we're given, so we can unpack it and probe deeply into the causes.
- We know how to consider and compare conflicting positions and perspectives, to sort out what they agree on and what they disagree on.

"Learning is something that we already do all the time. ... And fundamentally, it's not technical. It's part of what you already know and what you do well."

Lesson 2: Inventory and surface the assessment systems already in place

Most well-run organizations already have at least informal systems in place that are helping them assess performance. They may not think of them as evaluation systems, but see them solely as reporting requirements for grantees, informal meetings to discuss progress or frustrations with a particular set of grants, or site visits by Board members. However, those procedures frequently provide much of the information a funder may need to evaluate performance.

Therefore, funders should start by reviewing the procedures they already have in place and can integrate into a more carefully thought out and complete evaluation system. It is far easier to build on and strengthen these systems than to replace them. It is much more efficient to add key questions to current reporting systems, to refocus routine meetings so they are better geared to increase learning about the main issues of concern, and then to

supplement these systems, than it is to replace them or duplicate the effort with an entirely new evaluation system. This approach reduces the workload and cost for both the foundation and its grantees, and is much less disruptive.

The standard approaches of community organizing groups provide an excellent example of a set of nonprofits that usually have highly developed systems of internal reporting and reflection that can provide all or much of the information the organization and its funders need.

Community organizing groups typically involve hundreds of people in setting goals for the year at annual conventions. These provide a strong base for evaluating progress on the substantive issues the community has chosen for priority attention.

These groups usually require weekly written reflections by key staff and community leaders as part of a learning process. They usually provide quantitative information on such issues as:

- the number of new people the organizers contacted and interviewed
- the number of people who came to various types of community meetings, and
- how many people took on leadership roles in a public meeting for the first time?

Furthermore, they require that organizers reflect in writing on the issues they face and the progress they are making. These reports provide an excellent basis for evaluating the growth and health of organizing and leadership development work, and for providing an organizer with feedback and training from supervisors and peers.

These groups also are highly disciplined in “debriefing” after every public action or key event to give their staff and leadership opportunities to reflect and learn from their experience. These reflection sessions are a central part of leadership development and training. Typically, they start with the people who had primary responsibility for an event or “action” reflecting on what went well, what didn’t, and what they would do differently next time. Then others in the organization give their assessments, with staff encouraging them to be rigorous and candid so that it is a genuine learning experience for everyone. The senior staff person then adds his/her perspective to ensure the experience helps prepare people for more effective action in the future. The meeting ends with planning the next stage of the work.

Building on these systems and supplementing them as necessary is far more efficient and helpful to the grantee than requiring that a group take on the task of using a whole new set of reporting and evaluation approaches.

Lesson 3: Get help with your evaluation when you need it, but know what you need and who can provide it

If a foundation concludes that it needs outside assistance to strengthen its assessment and organizational learning systems, it should begin its search for help by clarifying whether it wants short-term help in establishing systems and training staff, board members, or

grantees, or whether instead it needs longer-term assistance with operating or monitoring its new evaluation processes. If it is feasible to internalize the systems, this will reduce costs and avoid dependency on outside assistance.

A funder may need help from professional evaluators as it designs and carries out its evaluation program. If help with research methodology is not needed, people with other backgrounds may have more appropriate skills and experience for the particular learning approach that a foundation adopts. For example, if a foundation's primary goal regarding assessment is to strengthen performance, it may want help from an expert in a particular program area. This expert can help a group think through ways of strengthening its work – basing this advice, of course, on an informal assessment of the strengths and weaknesses of a grantee's current work – including considering alternative approaches used by similar groups. In order to evaluate housing, day care, or job training programs, for instance, a funder may need help from an expert in that particular program area. A specialist could help the foundation identify key areas to explore or conduct an assessment that requires specialized knowledge in that field, or concentrate on helping grantees learn of other approaches to programming that could help them increase their effectiveness or impact.

Alternatively they may find that the best approach is to retain an organizational capacity-building specialist who can help the foundation devise a training, technical assistance or peer learning process to strengthen its grantees. In some cases peers can be particularly helpful in giving feedback on other approaches that may help grantees and foundations increase their effectiveness and impact. One advantage of using people with issue-area or capacity-building expertise is that they can far more readily create credibility and relationships of trust with grantees than can “evaluators”: their knowledge and usefulness are quickly apparent, and their role is far less threatening to nonprofits that inevitably are nervous that an evaluation will determine whether they get future funding. An increasing number of funders and nonprofits are finding peer learning circles to be particularly effective ways of helping groups learn and strengthen their work.

Lesson 4: Be realistic about a grant's likely impact

For any funder, it is essential to be realistic about the impact that a particular grant may have and what this implies for evaluation. This requires that it consider the following questions:

- How significant is the grant within an organization's overall budget?
- To what extent have the grantee and the funder been realistic about the cost of doing the work well and achieving their goals?
- How central are the grantee and this particular aspect of their work to resolving the issue that is being addressed?
- To what extent can you predict the impact of outside factors and events on prospects for success?

Lesson 5: Be very careful about causation and attribution

For many grants, it is extremely difficult to trace causation with precision. The situation may simply be so complex that it is impossible to isolate the impact of a single actor, initiative, or grant in ensuring that a particular goal was met. Success may well have depended upon efforts by several organizations, each playing different roles or being involved at different times. In these situations, it is essential that neither grantees nor their funders be tempted to claim too much credit. Instead they should try to gain sufficient perspective to make an informed judgment about one central question – How would the results be different if the grant had not been made?

Causation is particularly difficult to trace in situations that involve many actors. For example, complex community development projects such as rebuilding a community theater or an affordable housing project typically involve public agencies as well as nonprofits, several different sources of finance; influential people who can help overcome political and financial obstacles, etc. Without all these supporters the deal may be impossible.

Similarly, public policy victories inevitably involve many actors. These may include several nonprofits playing different roles, with one, for example, providing vital research, others being tough advocates, a coalition tapping collective power, backing from business or labor, and allies in the legislative and executive branches of government. Funders should be fully aware of these complexities as they assess the value of their contribution to a particular grantee.

Lesson 6: Don't fall into the quantification trap

Some grants lend themselves to quantitative reporting and evaluation – How many people received services? How many volunteer hours were devoted to a particular activity? Did these figures achieve the goals that were set for the grant?

Many others, however, require a qualitative approach. And the real lessons from the grant may require more complex analysis and judgments. Why did something happen? Who else was involved? What factors intervened? What is the significance of the initiative? What can we learn from it? What new thoughts does it stimulate about strategy or tactics and implementation? Is it replicable? What are the variables? What issues of capacity were crucial to success or failure?

Even when there are clearly quantifiable results, as in the recent victory by a citywide coalition in New York that resulted in \$135 million being committed to an affordable housing trust fund for the city, these more qualitative questions are immensely important. How did they finally win this victory after pursuing it for years? What can be learned from this experience that can be applied elsewhere? (Funders, the coalition, and political observers all agree that the victory resulted from the coalition's increased capacity to mobilize large numbers of people, which itself occurred because a consortium of funders enabled 17 coalition members to hire community organizers to focus on housing policy issues.)

Lesson 7: Do no harm; whenever possible use assessment and learning to strengthen nonprofits and improve performance

Many nonprofits complain bitterly when different funding sources ask them for different types of evaluation. They are particularly critical of evaluations that are standardized, not adapted to their context, and require that they devote extensive time to creating systems that they do not find helpful. They argue that these requirements impose unnecessary burdens and divert them from other more pressing duties, including properly resourcing the evaluation systems that they have created to ensure internal accountability and organizational learning.

It is essential that funders recognize that most nonprofits already have some systems for assessing their work and that there is great efficiency in using these as the foundation for building more robust assessment and organizational learning systems that can provide the nonprofit with the information it needs. In some cases the current systems are quite strong and effective, while in others they provide only the rudiments of the system that may be needed. Whatever the case, it is far easier – and less disruptive – to build upon the base that is already there than to impose evaluation approaches that will require building a whole new system. Added funding and technical assistance may provide the best approach for strengthening the current systems and deciding what supplements may be needed.

If organizational learning is a priority for the foundation as it approaches “evaluation,” experience in every field shows how much more receptive groups are to ideas and assistance from peers they trust, who have been in the same trenches they’re in, and who have more practical experience with their issue than any other source. The most useful assessments are those that provide grantees and funders with ideas of alternative ways of approaching tough issues, and this added value can only come from peers and other experts on those issues, not from professionals whose skills are solely in evaluation rather than that field of knowledge.

Grantmaking – Issues to Explore Concerning Maximizing Impact

Community foundations have two primary ways of impacting their communities. The first is through their grant-giving, including allocation of discretionary funds, which provides them with the flexibility to adapt their spending to meet the community needs they see as most important. Their secondary strength is their capacity to provide leadership and convene people and organizations on issues of common concern. Assessing a foundation’s impact therefore must focus on how effectively it uses both its grantmaking and leadership roles to achieve its goals in the community. This section concentrates on grantmaking and issues that should be explored in evaluating its impact.

As foundations mature and assume these roles, issues of impact become increasingly complex: Impact on what? What issues or activities should get priority? Who decides?

What is the basis for these decisions? What is the impact of the resulting priorities and strategies? Are there alternative approaches that could accomplish more?

These issues become more pressing as community foundations expand their discretionary spending. They then must make tough choices among competing priorities for foundation funding and decide how to respond to community pressures to open up decision-making and meet particular needs. Community foundations vary widely in how they handle these choices, with varying levels of control being exercised by their boards, staffs, advisory committees, and others outside the foundations.

Lesson 8: As discretion expands, so do tough questions about decision-making

Everyone working on community issues faces similar questions and challenges. They are constantly being judged on whether they are truly representative of their neighborhoods and concentrating on the issues that matter most to residents. Do they follow open processes of decision-making, involving the people who are most affected by a particular issue or project? Are the criteria and approaches they use in choosing priorities and approaches clearly thought through and responsive to local needs and opportunities? When they choose among different strategies, are they pursuing the ones that will be most effective and have the largest impact? Are they fully leveraging all their resources, including their leadership capacity and their ability to convene diverse actors and encourage them to collaborate?

As community foundations face pressure to open up their decision-making, there are a number of lessons they may want to consider in **evaluating their current decision-making processes** and how they might be changed. These lessons have proven very helpful for other foundations and nonprofits that face similar challenges, including the basic one – who decides on the grants, and upon what basis?

How are decisions made, and what is the role and influence of different actors in this process?

- To what extent is this process broadly representative of the community’s varied interests, including people who often have little voice and influence, such as poor people, people of color, and others from outside the “establishment”?
- Are there new approaches the foundation is taking to be more inclusive as it makes decisions?
 - Is it taking steps to make the board, committees, and/or staff more representative?
 - Has it created advisory committees or other mechanisms to be more inclusive of other segments of the community and/or potential grantees?
 - Does it conduct community surveys, focus groups or planning processes that involve additional people in identifying needs, potential solutions, and possible future funding priorities?

What **criteria** does the foundation apply as it chooses program priorities?

- Are these explicit? Known by all actors?
- Do these criteria reflect the viewpoints and priorities of the community as a whole, including people who customarily have no influence on these issues? Should they?
- What weight is given to different factors?
 - Is consideration given to the most pressing social and human needs?
 - How are issues of need balanced against such other foundation considerations as the potential for progress, the foundation's current skills, experience and partners, the foundation's long-term growth plan, etc?

Lesson 9: Be realistic when issues of impact conflict with political or institutional considerations

It is difficult for a funder to have a major impact on anything without concentrating substantial resources and attention behind it and developing an increasingly coherent strategy so that the foundation's grants and other forms of support reinforce each other and have a multifaceted impact on the issue. This presents particular problems for community foundations: typically a relatively small part of their budgets is discretionary, and there are many political considerations that make it difficult to resist spreading out the benefits of these funds to different types of charities, different parts of town, and different issues and strategies.

In addition to these political concerns, there may be other institutional considerations that could undercut impact. The foundation may have to weigh the desirability of having a programmatic or policy impact against such possible alternative goals as developing a track record or image that will attract more donors, building partnerships that will be important over the long-run, or increasing the foundation's capacity to play a convening or leading role with different sectors of the community.

If these pressures are a fact of life, any evaluation should be firmly based on an understanding that this is the case and that issues of impact and effectiveness should be approached with realism and institutional humility.

Lesson 10: Impact depends on strategy as well as the amount of giving

A key question for any funder is what kind of strategy is likely to have maximum impact on that issue? This requires that the foundation think through its "theory of change" – its understanding of how its grant-giving will lead to changes on the issues it's trying to address – and which of several alternative strategies will have the greatest impact.

In addressing social and human needs, for example, there are six basic strategies a foundation might support:

- providing services to people in need
- increasing their income
- developing their community physically or economically
- financing the organizing of the community into a powerful force for change

- advocating for policy changes, or
- investing in longer-term capacity-building with the goal of increasing impact over time

In deciding on its future strategy, a foundation should ask itself questions such as:

- Has the foundation chosen its strategy because it has the greatest potential for impact? If not, why not?
- Does this strategy address the root causes of the problem, or the symptoms?
- Is the strategy likely to lead to growing impact over time?
- Would a community organizing or advocacy strategy have a greater impact over time by leading to changes in policy or practice by major institutions?
- Is long-term capacity-building essential to having growing impact? Do current nonprofits need help building their capacity and power? Are new nonprofits, alliances, partnerships or coalitions needed to increase that impact?

The bottom line issue behind all these questions is whether these considerations should lead to changes in the foundation's theory of change and the strategies it emphasizes.

Leadership, Convening, Communications, and Other Nonfinancial Support: **Questions to Explore**

Questions of strategy are equally key to assessing and strengthening the way foundations perform their other major function – convening people, providing leadership, communicating what they are learning, and providing other non-financial support to their grantees and the issues they are addressing.

Lesson 11: You can increase your impact by using your funding to leverage other financial support

Some funders have become particularly adept at leveraging their own grants to persuade other sources to provide financial support. In some cases this attracts other foundations as partners or even as members of a formal multi-funder collaborative to support, for example, daycare or community organizing. In other cases, the leveraging has resulted in public-sector support, either as a grant or contract or as a result of policy changes that create new sources of funding or rechannel existing resources to the foundation's priority projects. Fifteen years of funding for the National Housing Trust Fund Project at an average level of \$200,000 per year has, for example, been instrumental in the creation of more than 450 new state and local trust funds providing more than \$1 billion a year for affordable housing.

Lesson 12: Another leveraging strategy is to make concerted efforts to increase public awareness of the issue and give visibility to the grantees' work

An increasing number of funders are now supplementing their funding in a particular giving area with several other strategies for leveraging their impact by:

- Providing communications assistance to grantees
- Publishing and disseminating reports and newsletters highlighting their work
- Financing polling and messaging assistance for them
- Giving prominence to the issue area and grantees in public meetings
- Involving the foundation's leadership in promoting the grantees' work in other ways

Some foundations are **proactive in seeking ways to be helpful** to their grantees. They work with their grantees on an ongoing basis to identify ways to help them, creating real partnerships through which they work with grantees to develop joint strategies for increasing their impact. Some funders use their prominent positions to **provide community leadership and advocate** for their grantees, amplifying their voice and providing them with critical support. The Willary Foundation, for example, has hired a consultant to keep in touch with a grantee that is trying to turn around a deteriorating housing project in Scranton, Pa. A foundation trustee is working closely with the nonprofit's leadership, using his contacts and influence to raise additional funds for the project and gain cooperation from public agencies and other allies, thus increasing their grantees' power and influence.

Some funders are willing to be risk-taking or controversial within the community as well as in their grant-giving. In Connecticut, for example, the Melville Charitable Trust has hired researchers and policy experts who are directly involved in housing policy debate in that state, and the Universal Healthcare Foundation has taken a strong public stance in favor of legislation providing universal health insurance in Connecticut while reallocating their funds to support a statewide campaign for health care reform.

Lesson 13: Capacity-building may be critical to substantial long-range impact

Some funders take a longer-range view of how they can maximize their impact and effectiveness. They concentrate on building the capacity of one or more nonprofits to be increasingly effective over time, investing in strengthening the organization and expanding its programs or policy work by providing **core support and/or program funds that emphasize capacity-building**. They may concentrate on expanding the staff, or strengthening the skills and knowledge of the staff and board, or providing them with opportunities to learn from their peers or from others who have extensive experience that is directly relevant to their situations.

The most ambitious of these foundations look more comprehensively at developing an **infrastructure of support** to help their grantees and others pursuing the same goals with the full range of advice and assistance they need to develop their capacity, power and impact. This may include organizational development help, or coaching, technical assistance in specialized areas, and help with research, communications, policy work, and coalition-building.

Conclusion:
Assessing impact and effectiveness

There are many useful lessons concerning evaluation, effectiveness and impact that community foundations can draw from the experience of other funders and the nonprofit sector. The Appendix provides additional guidance that may also be helpful; it sets forth a series of guiding questions to help foundations think through how they are fulfilling their grantmaking and leadership roles, and issues they might want to consider in shaping their future work.

These lessons can be of great help as community foundations grow and seek new ways of assessing their work that go well beyond merely measuring their asset size and address the far more complex issues of their impact and effectiveness. In particular, they can help funders assess how they are carrying out their grantmaking and leadership roles in the community and explore alternatives that might increase their impact on their priority issues.

This analysis is based in part on experience with social programs and neighborhood and community initiatives. However, the same basic lessons apply regardless of a foundation's area of interest. To be useful, evaluations must be grounded in the context of a particular giving program. They should focus on the issues that are most pressing for the foundation and its grantees and be as simple and non-burdensome as possible. They do not have to be "technical" or heavily quantitative. They should be designed to build on the reporting and decision-making processes that are already in place, adding whatever additional rigor, reporting, and assessment and learning processes are essential for the foundation and its grantees. And their primary purpose should be learning and capacity-building, not only for the foundation but also for the grantees whose organizational health and effectiveness is crucial to the success and impact of the giving program.

For further reading, the spring 2006 issue of The Nonprofit Quarterly, which the author guest-edited, is devoted entirely to evaluation and organizational learning and has a dozen useful articles for funders and nonprofits (<http://www.nonprofitquarterly.org/>). A guide on participatory evaluation by the author, entitled Evaluation: The Good News for Funders, was published by the Neighborhood Funders' Group of the Council of Foundations and is available on line at www.nfg.org or in hard copy.

Appendix

Guiding Questions on Central Issues

The following guiding questions may be helpful to community foundations as they dig more deeply into the issues raised in this paper. They are organized to follow the flow of the paper, providing some elaboration on the questions that the text discusses.

As community foundations face pressure to open up their decision-making, there are a number of guiding questions they may want to consider in **evaluating their current decision-making processes** and how they might be changed. These guiding questions have proven very helpful for other foundations and nonprofits that face similar challenges, including the basic one: who decides, and upon what basis?

How are decisions made, and what is the role and influence of different actors in this process?

- To what extent is this process broadly representative of the community's varied interests, including people who often have little voice and influence, such as poor and working people, people of color, and others from outside the "establishment"?
- Are there new approaches that the foundation is taking to be more inclusive as it makes decisions?
 - Is it taking steps to make board, committees, and/or staff more representative?
 - Has it created advisory committees or other mechanisms to be more inclusive of other segments of the community and/or potential grantees?
 - Does it conduct community surveys, focus groups or planning processes that involve additional people in identifying needs, potential solutions, and possible future funding priorities?

What **criteria** does the foundation apply as it chooses program priorities?

- Are these explicit? Known by all actors?
- Do these criteria reflect the viewpoints and priorities of the community as a whole, including people who customarily have no influence on these issues? Should they?
- What weight is given to different factors?
 - Is consideration given to the most pressing social and human needs?
 - How are issues of need balanced against such other foundation considerations as the potential for progress, the foundation's current skills, experience and partners, the foundation's long-term growth plan, etc.?

How heavily should the foundation **concentrate** on a particular issue and set of strategies?

- Is it wiser to concentrate the funding and other support in a few areas, or to spread it more broadly? Which will have the most impact?

- Are there political considerations that dictate that the money is spread around rather than concentrated?
- In reality, how important is impact to the foundation?
 - How much consideration should impact be given when weighed against such possible alternative goals as developing a track record or image that will attract more donors, facilitate the building of useful partnerships, increase the foundation's capacity to play a convening or leading role with different sectors of the community, etc.?
- If a funder decides to concentrate its spending, is it also developing an increasingly coherent strategy so that its grants and other supports supplement and reinforce each other and have a multifaceted impact on the issue?

What kind of **strategy** is likely to have maximum impact on that issue?

- What is the foundation's "theory of change"? What is its understanding of how its grant-giving will lead to changes on the issues it's trying to address?
- In addressing social and human needs, which of six basic strategies has the foundation decided to pursue – providing services? Increasing income? developing the community physically or economically? Organizing the community into a powerful force for change? Advocating for policy changes? Or investing in longer term capacity-building with the goal of increasing impact over time?
 - Has the foundation chosen this strategy on the basis of it having the greatest potential for impact? If not, why not?
 - Does this strategy address the root causes of the problem, or the symptoms?
 - Is the strategy likely to lead to growing impact over time?
 - Would a community organizing or advocacy strategy have a greater impact over time by leading to changes in policy or practice by major institutions?
 - Is long-term capacity-building essential in order to have growing impact? Do current nonprofits need help building their capacity and power? Are new nonprofits, alliances, partnerships or coalitions needed to increase that impact?
- Should these alternative considerations lead to changes in the foundation's theory of change and the strategies it emphasizes?

In addition to grants, what other help is the foundation providing to its grantees and their issues?

Is the foundation **proactive in seeking ways to be helpful** to its grantees? Is it working with grantees on an ongoing basis to identify ways to help and increase their impact? Is it a real partnership in which the funder and grantees develop joint strategy for increasing their impact?

Is the foundation making efforts to **leverage** its funding and increase funding from other sources?

- Is it willing to use its own funds to leverage other philanthropic support?
- Is it using that leverage and the foundation's influence to attract greater public funding to the issue area?
- Has it considered creating a funding collaborative to attract and educate other funders about this area of giving?
- Have these efforts resulted in other resources being committed? If so, what were they and who provided them? What evidence is there that these efforts had that impact?

Is it making efforts to **increase public awareness** of the issue and to give visibility to its grantees and their work on the issue?

- Does it provide communications assistance to the grantees?
- Does it provide polling and messaging assistance for its grantees?
- Does it publish and disseminate reports and newsletters highlighting the work?
- How well are the presentation, text and circulation geared to increasing public understanding? Are there examples of its use and impact?
- Does the foundation give prominence to the issue area and grantees in public meetings?
- Does the foundation's leadership promote the work and grantees in other ways?

Does the foundation use its prominent position to **provide community leadership and advocate** for or support the grantees' work and viewpoints?

- To what extent has the foundation exerted leadership and been willing to be creative, risk-taking or controversial in its grant-giving?
- How much has it played a "convenor" role?
 - Does it take measures to ensure that different perspectives are present in those discussions?
 - To what extent does it take steps to provide safe space within which controversial views can be heard, avoiding the "gentlemen's agreements" that often blocks honest dialogue in public forums?
- Is the foundation willing to advocate or intervene even when the grantees or causes may be controversial or unpopular?
 - To what extent has it exerted leadership rather than playing a neutral facilitating role?
 - What economic, social and political issues has it addressed?
 - Have foundation leaders spoken out on critical issues? On controversial ones?
 - What is the perception among other funders, nonprofits, leaders of the faith community, and people whose needs are often neglected about whether they are providing leadership in these ways?

Does the foundation focus on **capacity-building** as part of its strategy for maximizing its impact?

- Does the foundation provide **training and technical assistance** for its grantees? Does this include help with organizational development, program development and/or policy work? Does it involve grantees in identifying their needs for assistance and whose help they want?
- Does the foundation provide opportunities for grantees to come together for **peer learning and collaboration**, including possible joint policy work?
- Is the foundation engaged with the grantees in developing an **infrastructure of support** to help them develop their capacity, power and impact? Will this infrastructure offer a full set of tools, including assistance with communications, policy work, voter registration, and coalition-building?

What is the actual impact of the grant and other support from the foundation?

How great was the need for the foundation’s financial support? Did it “make the difference” in the program or organization’s effectiveness or impact?

What impact was sought by the grantee and grantor? To what extent was the emphasis programmatic, policy, or capacity-building?

If the primary goals were **programmatic**:

- Were the goals met?
- What impact did this effort make? Are there quantifiable results?
- Did it enable them to build greater capacity or power?
- What barriers did they overcome? What opportunities did they seize?
- What did the organization learn through this experience?
- Does it now see alternative strategies or other lessons that could increase its impact and effectiveness?
- How will this learning affect its future planning?

If the primary goals related to **policy change**:

- Has public policy changed?
 - If so, what documentation can you provide concerning the value of this change?
- How much credit should the organization get for that change (taking into account the roles of other organizations, coalitions, and “insiders”)?
- Has this strengthened their organization?
 - Added to their membership and internal strength?
 - Educated their membership, adding to their knowledge and strategic skills?
 - Won new allies?
 - Weakened opposition to their position?
- Has it increased people’s sense of their rights and motivated them to assert those rights?

- Has it helped people develop new political skills (e.g., conducting research on issues, public speaking, chairing meetings, planning strategy, conducting one-to-one interviews, registering voters, etc.)
- Has it expanded political space, created greater transparency, or provided “handles,” which organizations can use to increase their influence? Has it increased their access to power and influence with decision-makers?

If the primary goal was **capacity-building** for the nonprofit:

- Has its capacity and power increased?
 - Does it now have new skills and knowledge?
 - Has it developed new, more effective strategies?
 - Is it better able to gain more substantial, longer-term reforms or solutions for the problems it is addressing?
 - Does it now have new resources of people, funding or partners?
 - Has its influence on other organizations increased? Does it have stronger working relationships with key partners who add to its ability to get things done?
 - Have its management, accountability and learning systems strengthened?
 - Is it reducing its dependence upon others and moving toward greater sustainability?
 - Is its leadership broadening and deepening?
 - Is its active constituency increasing in numbers, sophistication and internal influence?

***One Foundation's Story:
The New Hampshire Charitable Foundation Makes a
Significant Impact With Public Policy***

Elizabeth Banwell
April 2006

Introduction

This paper, “One Foundation’s Story,” was prepared for the first Community Foundation Colloquium, which has been organized by the Aspen Institute’s Nonprofit Sector Research Fund to encourage community foundations to develop their organizational capacity for effectiveness beyond traditional financial measures of success, such as asset size and grantmaking. This paper tells the story of how the New Hampshire Charitable Foundation developed as an organization to make a significant, positive, social impact on the state of New Hampshire by employing activities that helped shape public policy as a means of addressing issues on a systemic level, and securing broader social change. While this should be viewed primarily as one organization’s story, and not a prescriptive model for all foundations, the paper’s secondary goal is to inspire spirited discussion, offer suggestions for performance, and share information that might be useful to other community foundations interested in broadening and deepening their community impact by becoming involved in government-related decisions that shape social programs and influence the lives of people in their states.

One Foundation’s Story

When Lewis Feldstein arrived in Concord, New Hampshire, in 1986 to be interviewed for the post of president of the New Hampshire Charitable Foundation (the Charitable Foundation), what remains memorable for a few board members who knew him at the time is the frayed sport coat he wore to his interview, his passion for social justice, and his background, which included seven years as a senior staff member for New York Mayor John Lindsay, time spent in the civil rights movement in Mississippi, and his role as provost of the Antioch New England Graduate School.

On the surface, Feldstein – a liberal Jewish activist from New York – may have seemed an unlikely choice for the Foundation. As Feldstein recalls, then-outgoing president Bill Hart, Jr. (who went on to establish a community foundation in Washington, D.C., and is remembered as a formidable fund-raiser), had never registered to vote. In fact, Feldstein adds, Hart chuckled when he heard Feldstein announce publicly, at his first annual meeting as head of the Foundation, his unequivocal commitment to social justice – an approach Feldstein now agrees was strategically naïve. Even so, that commitment has undoubtedly shaped his 20-year tenure and contribution to the Foundation.

Feldstein is the first to admit that the successes have come alongside political blunders, as well as many opportunities to learn on the job. “I came to this job with a feel for politics. I had to learn about New Hampshire, which was a different language, but it helped that I had spent a big part of my career in and around politics. When I started the job, people said, ‘this is nuts. You’re too liberal.’ They were quite strong about it. An early mistake I made was telling people I was going to get into public policy. The term *public policy* was toxic. I eventually stopped talking about it and instead began working on the issues

that people cared about, such as improving the schools and saving land from development.” (Lesson 1: Watch Your Language, see p. 14)

“It never would occur to me that working with the public sector isn’t part of what we do,” adds Feldstein. “Our goal is to make change and improve lives and communities. The dollars we have are a sacred trust, and we need to figure out the best way to leverage them to help make change. This strategy was prompted by a strong belief that total foundation giving is tiny in relation to the big issues that we care most about – from land protection to taxes, public education, health, and other issues. The overall impact of the community foundation is ‘bubkus’ if we can’t influence the public and private sectors.” (Lesson 2: A Vision and Strategy Are Essential, p. 14)

While the visible terrain of the New Hampshire Charitable Foundation in 1986 may have looked barren in regard to its involvement in public policy the Foundation of that era might better be compared with a New Hampshire field in winter, dormant but with much potential for growth. The Foundation board had already planted some critical seeds that would support Feldstein’s political acumen, vision, and strategy, and would position the Foundation to become a major player in the arena of public policy in New Hampshire.

One of those seeds was the strategic decision – made in the early to mid-1980s under Hart’s leadership – to remain a statewide foundation but also to create regional divisions. The divisional structure has turned out to be a brilliant move that has allowed the Foundation to attract leaders and resources from all over the state and guaranteed both a local, grassroots presence and a statewide perspective. “The statewide focus gives us clout. If we were a city foundation, could we go to the governor? I don’t know,” says Harold Janeway, an environmental activist and Charitable Foundation donor. (Lesson 3: Balance Local with Statewide Perspectives, p. 15)

Kimon Zachos, a former board member who was chairman when Feldstein was hired, recalls: “Before Lew, an important decision was made by the organization that paved the way for Lew. That decision was to keep the Foundation statewide, and to intervene on its reputation as the ‘Concord Gang’ by conceding to the Portsmouth division that had raised significant money and felt it could be more effective alone. It was apparent to those of us on the board at the time that if we didn’t work something out with Portsmouth, they would go off on their own and we would lose our signature status as a statewide foundation.” (Lesson 4: Align Organizational Design, p. 15)

In addition to the decision to establish regional divisions and retain a statewide focus, another strategic seed planted early on was to recruit and engage board members with a knowledge of, and passion for, public policy. In the early days, the board included Zachos, a Republican attorney and former Deputy Speaker of the House; John Crosier, a Republican and then director of the Business and Industry Association, the principal lobbying organization for the major business sector in New Hampshire; and Walter Dunfey, a confidante of President John F. Kennedy, and a long-time activist in state and national Democratic politics.

“In the early days, the New Hampshire Charitable Foundation would have been described as a more traditional community foundation,” Zachos recalls. “When Bill Hart left, some people on the board were getting anxious about wanting to make more of a difference, and they said that when the new president was hired, he had to buy into public-private partnership. We went looking and stumbled onto Lew.”

Former board member Martin Gross remembers a 1985 board retreat to which he was invited as a guest, a year before Feldstein arrived, as a turning point for the Foundation; a few board members were pushing the board to do more with public policy. “They felt, and I agreed, that the quality of public discourse could be improved, and the initial vision was to provide resources for better public policymaking,” he said. “In New Hampshire, government is limited, so there is a real role for philanthropy in public policy. Philanthropy has to step in here. Some of us perceived the vacuum and helped the community foundation step into it. Lew was critical to the effort.” (Lesson 5: Visionary Leadership Is Key, p. 15)

Former board member John Crosier recalled that a core group of board members wanted to enter the public policy arena, “but the board response to entering public policy was certainly not unanimous. Public policy doesn’t give a lot of people goose bumps; only a few of us. Public policy work really started with Lew and a few people on the board. The Foundation has developed its muscle slowly. We have earned our way onto the field incrementally.” Former board member Harold Janeway puts it this way: “Our development in the public policy arena was organic. Like case law, it was built on a precedent of what came before.” (Lesson 6: Develop Capacity Incrementally, p. 15)

Today, there is absolutely no question that the New Hampshire Charitable Foundation is a major player in the public policy arena in the state. Among its public policy initiatives, the Foundation’s involvement includes three that are of special significance: (1) playing an integral role in the Trust for New Hampshire Lands, a public-private partnership that raised \$50 million in public funds to protect more than 100,000 acres from development; (2) establishing a nonpartisan, public policy think tank (New Hampshire Center for Public Policy Studies) that produces new research used by lawmakers to make decisions on critical issues; and (3) creating New Futures, a statewide organization that has played a leading role in helping to pass six to eight pieces of significant legislation designed to reduce underage drinking, and funded cutting-edge adolescent alcohol and drug treatment programs.

Beyond these planned initiatives, it also seems that the Foundation is invited to participate in or lead many of the major public policy conversations. Ned Helms, a Democrat who served as commissioner of health and human services, says: “It is literally impossible to talk to anyone in corporate, government, environment, healthcare, or social justice who doesn’t know about the New Hampshire Charitable Foundation. I can’t imagine anyone convening a conversation without the Foundation at the table.”

Over the years, Lew Feldstein and the Charitable Foundation have collaborated with state governors on the left and on the right. Working together, a Republican governor and the

Foundation created the nation's only endowed fund to prevent child abuse. When the pulp mills in the economically impoverished northern community of Berlin closed, laying off many local residents, the Foundation worked in coordination with the governor and state officials to assist the community. At the invitation of the state's transportation commissioner, Feldstein is now chairing the first-ever citizens' committee to develop a long-range transportation plan for the New Hampshire Department of Transportation.

Other invitations come in regularly, prompted by the Foundation's successful role as a convener. The Foundation worked closely with Governor John Sununu to shape and secure legislative passage of the New Hampshire School Improvement Programs; then the Charitable Foundation collaborated with Governors Judd Gregg and Stephen Merrill and their staff members to secure state funding to administer this statewide school improvement program over a seven-year period. Acting on the request of Governor Jeanne Shaheen, Feldstein later secured a \$1 million grant from the Nellie Mae Foundation and then worked with Shaheen to secure \$7 million in public funds to launch and support the "Best Schools" program for five years.

In the late 1990s, as New Hampshire moved to deregulate its electric power industry, the Foundation convened a two-year mediation process funded by the state's largest electric utility, Public Service of New Hampshire (PSNH). Every two weeks, the process brought together a broad spectrum of parties that included chambers of commerce, the Business and Industry Association, environmental groups, legal services, and the Clamshell Alliance, a community-based group that led the opposition to PSNH's effort to build a nuclear-power plant at Seabrook. Another example is Governor Craig Benson's invitation to the Foundation to host the announcement of his signature effort to provide free computers to sixth-grade students in selected schools, and then to serve as fiscal agent for the private funds collected to support the project.

Even the invitations that the Foundation's board has carefully declined reveal its prominence in the state. For instance, the Roman Catholic bishop of New Hampshire invited Feldstein to chair a statewide citizens' committee to explore ways the church might respond to charges of sex abuse by priests. After substantial consideration, the board reluctantly chose not to participate in this work, believing that while the issues were critical to community well-being, the Foundation was unlikely to be able to make a substantial difference.

Senior Program Officer and former New Hampshire Legal Assistance attorney Deborah Schachter explains the Foundation's role in public policy: "In many areas, New Hampshire does not have a deep well of nonprofit policy experts, so the Foundation is called upon to play a role and to be a credible convener." Other unique characteristics of New Hampshire have also shaped the role that the Foundation has been able to play in the state, including the state's relatively small size. (Lesson 7: Environment Matters, p. 15)

Over the past 20 years, Feldstein and the Foundation have developed the ability to be effective in the public policy arena through a broad spectrum of activities, including taking on the high-profile, high-stakes, and long-term public policy initiatives mentioned

earlier; leveraging resources strategically behind the scenes; and making grants to such advocacy organizations as the New Hampshire Citizens Alliance, New Hampshire Public Health Association, New Hampshire Small Business Development Center's Office of Economic Initiatives, the nonpartisan New Hampshire Institute of Politics, Conservation Law Foundation, New Hampshire Children's Alliance, and New Hampshire Cares.

Schachter, who oversees the Foundation's advocacy grantmaking program, assesses its grantmaking decisions: "One of our challenges is sifting through the possibilities. Where can we have the most impact? The criteria are individual to each issue. Is there a role for us to play? What are the risks and benefits, the chances of success, the resources demanded? Are we really needed? Is this group poised to do anything about the issue they propose addressing, or are they riding the white horse by themselves? Are they talking to the right people? We try to strike a balance between being responsive and not responsive. It is hard for us to set limits and to say no. When an issue is unclear, we take it to the board for discussion." (Lesson 8: Public Policy Activities and Advocacy Grantmaking Are Distinct Functions, p. 15)

By now, the Foundation has become an adept player of the "inside game" – the relationship-building, the strategizing, and the conversations that occur continually behind the scenes and end up shaping public policy. One colorful example of Lew Feldstein's ability to play political hardball occurred after then-chair of the House Ways and Means Committee (later to become Speaker of the House) Donna Sytek approached the Foundation for a \$10,000 contribution toward a \$50,000 tax study the committee had decided to commission. After the Foundation awarded the grant, Feldstein received a call from someone in Washington, D.C., warning him that supporting such a study could leave the Foundation open to an IRS audit. Feldstein called a *New York Times* investigative reporter he knew – someone who had just published a book drawing attention to the political use and misuse of audits. The reporter, also known for his stories on Karen Silkwood and Frank Serpico, advised Feldstein to call his source in Washington and let him know that the reporter would soon be joining the Charitable Foundation Board of Directors. Feldstein did just that, and the threat of an audit never materialized.

Feldstein is aware of the perils of playing in the policy arena. He has had governors yell at him and threaten not to support the Foundation's policy initiatives if the Foundation or members associated with it did not back the governor's agenda. "It is no longer questioned that we can do public policy work," he explains. "But I am always aware that something could blow up. In the end, we have to protect the institution. If we undermined it or did something wrong, it would lead to outrage." (Lesson 9: Learn to Play the "Inside Game," p. 15)

Some board members argue that the Foundation could never have become such a strong player without financial resources that are flexible and unrestricted. "We wouldn't have been able to do any of the major public policy initiatives we have done. You've got to have the bucks," says former board member Kimon Zachos. (Lesson 10: Flexible and Unrestricted Resources Help, p. 16)

Feldstein, on the other hand, believes the Foundation's power has come from the people it has attracted and the trust it has built. From his point of view, the Foundation's public policy successes are due primarily to its relationships and partnerships, along with the diversity, skill, and standing of the Foundation directors, who are willing to engage individually and collectively in this work.

Even the Foundation's formidable endowment – \$342 million now, up from \$25 million when he started in 1986 – is more a reflection of the people behind the money than the actual dollars, Feldstein argues. “The geographic divisions that form the structure of the Foundation,” he believes, “strategically contribute to its impressive reach. It wasn't the money as much as it was the people. Financial resources only matter a little. The resources that matter the most are social capital. Who can call the Speaker of the House, the head of a union, the governor? It is never one person. We are always looking for and working with a mix of people. We never do the work alone. We can't bring enough money to the table to buy a solution to any of the major issues the state faces. Partners matter.” Feldstein continues, “To use a poker analogy, the Foundation has enough money to meet the ante, and that gets us in the game. After we do that, we have to see what the other people at the table have in their hands. We are there to see who else has resources and what they are. We are never just sitting there saying, ‘Fund or not fund.’ The key resources of the community foundations are all concentrated in the civic arena – key decision-makers and access to decision-makers.” (Lesson 11: Mine Social Capital; It's Worth More than Gold, p. 16)

Thus, board development and composition are both critical to the Foundation's success. “The way we seed our board and other boards is an important element of our advocacy,” explains Harold Janeway. “We expect results from the people we invite. As a board, we have had many discussions about what to take on and what not to take on. The board's contacts are used aggressively and appropriately – major donors, people who can sit with the governor, people who can connect with the business community.”

Feldstein agrees. “The most important ingredient on our board is the mix of members representing the left and the right – high-profile people who have access to party leadership. We want to have access to prominence. The Foundation board meets monthly. We do very little work in committees; we work as a committee of the whole. We take this approach because of the political differences on the board. We have to build trust on issues within the board across major political and ideological divides by working together as a group over time, and on tough issues. With all the networks and partners we have, we can mobilize quickly.” (Lesson 12: Board Development and Composition Are Critical, p. 16)

Three of the larger public policy initiatives mentioned earlier in the paper are described below. They are emblematic of what the Foundation has contributed to New Hampshire by working in the public policy arena and how the Foundation has developed the ability to work in this area.

Trust for New Hampshire Lands

The Foundation's first major public policy success took place between 1987 and 1993, not long after Lew Feldstein arrived. Paul Bofinger, then president of the Society for the Protection of New Hampshire Forests, came up with a plan to create a temporary organization, The Trust for New Hampshire Lands. Over a five-year period, the organization would conserve 100,000 acres across the state, thereby nearly doubling the protected land outside the White Mountain National Forest, and then disband.

The Foundation contributed seed money to the effort, but even more importantly added its connections and Feldstein's political know-how to help secure the support of the governor and the legislature. Feldstein testified before the legislature, chaired the task force that would establish criteria under which the land could be saved, and joined in conversations with then-Governor John H. Sununu. The result was a public-private partnership that succeeded in permanently protecting land worth a total of \$83.3 million. This was affected through conservation easements purchased with nearly \$50 million in public funds. Over \$3 million in private funds raised from the general public underwrote all operating expenses, including the identification of potential pieces of land and negotiations with each landowner over conservation easements. At the end of the project, 100,876 acres of land were protected from development. Not since the creation of the White Mountain National Forest in 1911 had there been such an ambitious undertaking in the name of conservation in New Hampshire. (Lesson 13: Scale Counts; Choose Something Big, p. 16)

In addition to experiencing a very public success, Feldstein learned an important lesson in how to proceed with a public policy agenda. "What I came to understand is that we had erred in focusing on talking about public policy work, instead of the issues we were interested in tackling. Yankees love the land. People didn't look at land conservation as public policy. No one objected to me testifying before the legislature and negotiating with the governor when it came to land protection. As a foundation, we are not smart enough to decide the relative importance of competing long-term issues that face our state and our communities – be they health, education, environment, or the economy. They all have a claim on us. What we do is look at where we can make the most difference, and the answer comes from our partners and, where there is momentum, elected officials, donor interests and resources, employers, national foundations. We can never do it by ourselves. We are always one of many partners." (Lesson 14: Look for Opportunities and Partners, p. 16)

In retrospect, Harold Janeway says, "The Trust for New Hampshire Lands initiative gave the Foundation a sense of what was possible. We didn't know what could be done up to that point. At that point we expanded our ability to be a good collaborator. It was a great program with great outcomes."

New Futures

Feldstein responded to another opportunity to shape policy when the Foundation embarked on another major public policy initiative in 1996 after receiving its largest gift – a \$10 million donation, followed four years later by a \$31 million bequest – to address

substance abuse problems in the state. An advisory committee, established by the Charitable Foundation, staffed by a team from Brandeis University School of Public Health, and comprising people in business, the prison system, and healthcare, conducted a seven-month study to determine how to use the [initial] money. “We wanted to know what could be done with \$10 million to make a dent in substance abuse,” recalls Susan Leahy, an attorney and former Foundation board chair.

The advisory committee determined that rather than awarding grants, it would devote all its resources to making an impact on public policy. In addition, the group recommended that the initiative’s initial focus should be to reduce underage drinking and provide appropriate treatment for children and adolescents. The Foundation accepted the recommendations, and New Futures – an initiative of the Foundation – began working on both local and statewide levels.

They hired John Bunker as director one of the advisory committee members. Blue Cross/Blue Shield had recruited Bunker to New Hampshire because of his extensive experience with substance abuse treatment. “Our strategy at New Futures from the outset was to work on public policy change at both the grassroots and policy levels,” recalls Bunker. He began his tenure by raising additional monies from the Robert Wood Johnson Foundation to develop a grassroots leadership program that has since trained 600 residents from all over the state. The committee also hired a skilled and well-respected political lobbyist to begin influencing public policy on the legislative level. Phil McLaughlin, then New Hampshire attorney general, recalls the Foundation’s commitment to public policy. “Within 10 days of my taking over as attorney general, Lew Feldstein and John Bunker showed up at my office.”

The New Futures initiative was committed to changing the legislative environment in order to reduce underage drinking, the number-one problem amongst New Hampshire teens. At that point, New Hampshire ranked fiftieth in the nation in allocating public funds for alcohol abuse prevention, and the group began pushing for the allocation of additional state funding. Because of budget pressures, then-Governor Jeanne Shaheen vetoed the legislation. In response, the Foundation and New Futures told the governor they would oppose her decision. By drawing upon the grassroots support built through its leadership program, the group swayed the legislature with the public outcry. The effort led to the only legislative override of a veto in Shaheen’s three terms as governor. The net result of overturning the governor’s veto was an increase of \$3.3 million in public funds for the treatment and prevention of underage drinking. Combined with \$1.8 million of state funds already allocated, the \$3.3 million brought the total of public funding for treatment and prevention of underage drinking in 2001 to \$5.1 million – a 180 percent increase.

To raise awareness of the problems facing New Hampshire teens, New Futures published three studies, *We Need to Talk*, *We Need to Act*, and *We Need Treatment*. In addition, the organization played a key role in the passage of six to eight pieces of legislation, including a bill requiring the registration of every keg sold; a bill allocating a portion of alcohol sales to prevention and treatment of alcohol problems; a bill requiring insurance

companies to provide insurance parity for alcohol and drug treatment services; and legislation making it a criminal offense for adults to allow house parties where there is underage drinking. In addition, New Futures spearheaded the development of the first state strategy to reduce underage drinking.

From the very beginning of this venture, when the Foundation chose to focus its resources on public policy, Feldstein and the Foundation Board of Directors knew it was only a matter of time before the initiative to reduce underage drinking would need to move beyond the auspices of the Foundation and become a stand-alone organization. “We knew we were entering tough political territory,” recalls Feldstein. “The retail grocers and the liquor industry play political hardball.” (Lesson 15: After Saying, “Yes,” Own the Issue; Accept and Manage Risk, p. 17)

In 2001, five years after the launch of the initiative, New Futures was created as a separate nonprofit organization with its own board of directors. Now, New Futures is helping to pilot substance abuse treatment programs around the state. To develop these programs, New Futures and partnering organizations visited top treatment programs around the country. The programs are based on state-of-the-art, evidence-based practices of the most effective ways to treat teens and children with substance abuse problems.

Susan Leahy, who was on the New Futures organizing committee and the Charitable Foundation board, sums up the accomplishments of New Futures: “New Hampshire was in virgin territory in addressing this issue. New Futures certainly raised awareness, and that may be our biggest contribution. We got the issue unburied from one small department in state government. We got the involvement of the state attorney general and legislators. We made an impact on public policy by making a forum available for legislative debate on issues. We created a partnership among government, donors, and outside funders.” (Lesson 16: Be Willing To Seed Initiatives and Organizations – and To Let Go, p. 17)

New Hampshire Center for Public Policy Studies

A third major public policy initiative, the New Hampshire Center for Public Policy Studies, was established by the New Hampshire Charitable Foundation in 1996 in response to a need – by lawmakers, community leaders, advocates, and the media – for nonpartisan research on such public policy issues as education, health care, the economy, and the prison system.

In the past ten years, the Center has published one hundred reports analyzing public policy issues facing the state of New Hampshire. “Legislators lacked the research needed to make good decisions,” explains former board chair Martin Gross. “Decisions were made on assumptions or surface reactions.” Donna Sytek, former Republican Speaker of the House and a current Foundation board member, agrees, adding, “For me, in the legislature, it was frustrating not having good data on which to base decisions. There was a real dearth of information.”

In keeping with Feldstein's opportunistic approach to influencing policy, he and the Foundation board built the Center for Public Policy Studies around Doug Hall, a former state representative who was leaving the House and had been the "go-to guy on budget analysis and research." Hall, who has been director of the Center since its founding, is well respected and trusted by lawmakers on the left and the right. "My colleagues and I took a wait-and-see approach to the Center and its research," recalls Sytek, who now also sits on the Center's board and believes it makes an invaluable contribution to shaping public policy in the state.

"It was important that the Center was perceived as credible and nonpartisan. We didn't want to be labeled as liberal or conservative. We decided to provide the information but to refrain from engaging in direct advocacy," says Martin Gross, who has chaired the Center's board since its inception.

"The New Hampshire legislature needed good information," adds former Charitable Foundation board member John Crosier. "The state has one of the largest legislatures in the country, with 424 legislators, and it is sparsely staffed. When I was director of the Business and Industry Association, I used the Center's research all the time – especially on healthcare. We invited the Center to speak on issues and used those presentations to take stands."

To support the establishment of the Center, the Charitable Foundation did much more than just identify Hall, its key staff person. Between 1996 and 1999, the Foundation (and donors recruited by the Foundation) granted or raised virtually 100 percent of the total funding for the Center's first six years. The Foundation made this investment to ensure that the Center would have long-term unrestricted funding in its formative years so that it could take on long-term issues, regardless of how controversial, without needing to secure additional funding. In addition, the Foundation made this decision in order to maximize the likelihood that the Center would be seen as impartial and independent; the funding freed the Center from the need to seek contracts with agencies, state departments, or nonprofit agencies that might be the subjects of the Center's policy analyses. Between 2000 and 2005, the Foundation increased its own grants to the Center to \$100,000 a year and provided incentives for the Center to move toward greater financial independence. In addition to supporting Hall and providing significant seed money, the Foundation helped build the Center's board with well-respected board members from across the political spectrum. The Center has now developed other donors, has a budget of \$500,000, and has four employees. (Lesson 17: Change Takes Time, Long-Term Funding, Patience, and Humor (Humility and Perspective), p. 17)

Measuring Impact

The question of how to measure impact – how to assess whether these three major initiatives have contributed to significant social change in New Hampshire – is one that preoccupies both the key people involved in the initiatives and the Foundation. Doug Hall says, "The Foundation's success in the advocacy area compels them to ask the question, 'What has changed?'"

In thinking about the Trust for New Hampshire Lands effort, Harold Janeway is proud of the measurable successes, at the same time arguing, “Funding for land conservation is not embedded in our state. In other words, every appropriation for a program has to be fought for in the legislature each time around. There is no dedicated revenue source. I would like to get a portion of real estate taxes directed to land preservation. We do great work, but the legislature goes its own merry way. We haven’t changed the legislature.”

In regard to the efforts made by New Futures to reduce underage drinking, Susan Leahy states: “It is still to be determined whether what we have done will make a difference long-term. The question remains: Does New Futures change kids’ behavior in the long run?” On the subject of measuring impact, John Bunker responds: “When people ask me how many kids have stopped drinking, I try to encourage this question: ‘How did the work that New Futures has done improve the public policy environment?’”

Phil McLaughlin agrees with Bunker and explains the impact of New Futures: “I don’t view effectiveness as outcome, but rather maximizing potential for outcome. If we really want to change the trajectory of our state, we won’t do it unless we change the fundamental decision-making and environmental perspective. Life expectancy has increased 30 years in the past 100 years due in part to legislation calling for cleaner air and no drinking of alcohol while driving. Civil society is the continuous redefinition of the unacceptable. Think about when it was okay to throw litter out of the window. Behavior changes take patience and a long time.”

While it is clear that the New Hampshire Center for Public Policy Studies has contributed a great deal by providing accurate information on key issues, Doug Hall and others associated with the Center are concerned with the question: “How do we measure what we do? How many public policy decisions have we made?” Answering his own question, he says, “There are too many forces involved to know.” He shares the example of an investigation of high school dropouts that the Center for Public Policy Studies began in 1997. According to Hall, in 2002, when the Center released its first report on this topic, revealing that one of every four New Hampshire students was dropping out of high school, considerable media and political attention resulted. Since then, the Center has continued to present more data on the topic, and the legislature has established study committees and has begun to fund special dropout prevention programs for the first time. The current governor and the commissioner of education have made increasing the graduation rate a major initiative. “So, you see, in this case, it took nine to ten years to move this policy issue,” said Hall. “The implications are that making significant change takes a long time. If we had only been given one grant by the Foundation, the Center never would have made it.”

Referring to more recent research pointing to significant problems with the prison system in New Hampshire, Doug Hall said, “Despite our findings, there is no statewide organization looking at how we can improve our county jails or asking the question, ‘Why are half of the new admissions only old admissions who have been recycled through the system?’”

Hall adds: “With the understanding that the public has to be ready to take on issues, we can create the spears, but we need spear throwers. I think the Foundation needs to think about who will use the information that is generated. For some fields of research, there are community-based organizations out there that are interested – environment, economic development, education – but no one wants to hear about prisons now. I think the Foundation needs to be one step removed. They need to ask, ‘What organizations need to exist?’”

Senior Program Officer Maryellen Burke is overseeing the Charitable Foundation’s plan to establish a system that will enable the Foundation to measure the impact of its public policy efforts and thus learn from its work. The Foundation has hired a firm to help evaluate the effectiveness of the adolescent treatment programs recently established by New Futures. In addition, the Foundation is working with another consultant to help the Foundation board and staff members think about how to establish an organizational culture and the systems to better assess impact. Creating this learning culture, Burke says, will require the Foundation to build in more time for reflection and to seek to establish greater mutuality with grantees to promote greater disclosure about mistakes and successes. The Foundation is approaching in a measured way the notion of assessing its impact, says Burke.

When Feldstein reflects on the impact of the Foundation’s policy work, he feels he might have done more to develop the capacity of other staff to work in the public policy arena. He acknowledges key partners on staff who have joined him in playing a role in public policy initiatives, but adds, “We haven’t been able to do many of these big public policy projects at one time.”

In reflecting on the competencies needed to succeed in the public policy arena, Feldstein listed the following skills he uses as the leader of the Foundation: comfort with complexity and the pace of change in politics; interest and enjoyment in connections and “reading” what is going on; ability to recruit active and well-connected board members; a strong connection to the state. In addition, he says, “I understand that we can’t be an ideological entity. I know that we can’t win from the left or the right. We have to find issues where others share the ground. Otherwise, change won’t happen.” Finally, he says, “One of the hardest aspects is finding a way to do the work and to accept that a lot of it can’t be public. Credit has to go to elected officials. If your ego is too big, you can’t do this work.”

“We really think about the difference between philanthropy and charity,” Martin Gross explains. “Philanthropy moves society rather than just alleviating suffering. You’ve got to look for leverage for your few dollars. You can move the needle or the boulder, but you need to find the lever. Public policy gets at the conditions that create the problems.”

Perhaps most important, Harold Janeway adds, public policy is an organization-wide commitment at the New Hampshire Charitable Foundation. “Lew leads this effort. But it didn’t start with him and it won’t end with him. It is part of what we do. The board and organization self-selects people who believe in this approach, and it attracts a lot of

people. Donors really like the public policy approach.” (Lesson 18: Build an Organization that Supports Public Policy Successes, p. 17)

Implications for the Field

The way the New Hampshire Charitable Foundation developed its capacity to shape public policy in New Hampshire is truly one foundation’s story – unique to the circumstances, place, and people who shaped it – but the story also contains elements and lessons that are useful to the community foundation field.

Given the inherent complexity of organizations, it is helpful to look at an organization using a conceptual framework for thinking about the organization as a total social system. Such a framework or model indicates which factors in an organization are most important and shows how these factors are related. In a sense, a model serves as a roadmap that can be used to make sense of the terrain of organizational behavior.

In an attempt to construct the elements of the New Hampshire Charitable Foundation’s success, it is useful to consider a model for diagnosing organizational behavior. The premise of one model in particular, The Congruence Model (Nadler, D. A., and Tushman, M. L., 1980; see Appendix D), is that for an organization to be effective and achieve its intended outcomes, its subparts or components must “fit” together and be congruent. Specifically, the Congruence Model calls for the alignment of the environment, the organization’s history, its resources, and its strategy, which, in turn, influence and must be congruent with the organization’s work, the people connected to the organization, and its formal and informal structures. The alignment of these components results in greater organizational effectiveness.

As described earlier in the paper, the environment, resources, and history of the New Hampshire Charitable Foundation clearly supported the strategy that Lew Feldstein and the Board of Directors sought to implement. In turn, the organization’s strategy drove both the development of the Foundation’s informal structures – leadership behavior, informal working relationships, communications, and influence patterns – as well as formal structures, such as the organization’s design.

More specifically, the Foundation’s strategy, which includes its vision and mission, drove its entry into, and success with, public policy efforts. Leadership, in general, has been essential to the Foundation’s success in the arena of public policy. By all accounts, Feldstein and the board have a strong appetite for public policy. In addition, they have demonstrated the ability to assess and tolerate risk, are well connected, represent diverse political points of view, and can convene the “movers and shakers.” On the staff side, Burke and Schachter believe it has been essential for the Foundation to hire staff members who have experience with public policy issues and the capacity to analyze and understand core problems.

The strategy could not have been accomplished without Feldstein and the board's leadership. In fact, the Board of Directors made such a strong commitment to public policy that it changed the language in the Foundation's instructions to its grantees, eliminating language that prohibited participation in public policy, and adding language that actively encouraged participation in the public arena. Through their tremendous belief in and commitment to public policy, they established within the Foundation a culture comprising values and norms and traditions, which continue to support these efforts. The ability to harness both financial and human resources certainly contributes to success, as well.

Likewise, the Foundation's formal organizational design facilitates public policy efforts. That is, the creation of regional divisions, the location of foundation headquarters in the state capital, Concord, and later the establishment of a chief operating officer position within the Foundation, minimized the president's the day-to-day management of the Foundation and freed up Feldstein to develop the necessary relationships and respond quickly to developments in the political arena.

Lessons

What, if any, lessons can be gleaned from what Lew Feldstein and board members clearly describe as the incremental process of developing the New Hampshire Charitable Foundation's organizational capacity to make an impact on public policy?

The following 18 lessons are offered as suggestions and points for discussion that might be adopted by other foundations interested in exploring the territory of extending positive social impact to the realm of public policy.

Lesson 1: Watch Your Language

Some key people found the words *public policy* to be threatening and alienating when Feldstein first introduced them early in his tenure. While he believes it is critical for a foundation leader to be clear with the board, he cautions foundation leaders not to talk publicly about "getting into public policy" and instead to focus any public discussion on specific issues that have strong interest and backing among their constituents.

Lesson 2: Vision and Strategy Are Essential

Feldstein and members of his board "had a feel for politics" and deeply understood how the Foundation could make a much bigger impact on the state by entering this arena. They used this understanding as compelling energy to drive the Foundation's strategy.

Lesson 3: Balance Local with Statewide Perspectives

As a statewide foundation with extensive involvement in local communities, the Charitable Foundation has benefited tremendously from its local and statewide reach.

Lesson 4: Align Organizational Design

It turns out, somewhat serendipitously, that the Foundation's decisions, related to its design (divisional structure, COO position, location), have supported and fueled its success with public policy activities.

Lesson 5: Visionary Leadership Is Key

The Foundation would not have experienced the public policy successes it has had without a president and board that understood the terrain they were entering and the risks they were taking, and who maintained a strong commitment to public policy.

Lesson 6: Develop Capacity Incrementally

Each public policy "win" built on earlier ones and helped the Foundation develop the relationships, competencies, and capacity it needed to take on the next opportunity.

Lesson 7: Environment Matters

The particular characteristics of New Hampshire, and that state's government, along with the strength of the state and national economy during the past 20 years, have shaped the Foundation's particular approach and contributed to the Foundation's success.

Lesson 8: Public Policy Activities and Advocacy Grantmaking Are Distinct Functions

Program staff members drive advocacy grantmaking decisions in almost all cases. But in the case of major public policy initiatives or activities, the Board of Directors and Feldstein weigh and make the decisions. "Our discussions are not formulaic. They are iterative, fluid, open discussions heavily driven by targets of opportunity and the presence of strong partners," explains Feldstein. "We give each one the 'finger in the wind' test."

Lesson 9: Learn to Play the "Inside Game"

So much of public policy is shaped by what happens behind the scenes. Developing the relationships and skills to move in this arena is essential. Also, keeping elected officials informed is critical. Modesty is key, too. A foundation must be comfortable with little or no public discussion of its role in much of the work. It is neither useful nor appropriate for Foundation officials to trumpet their role.

Lesson 10: Flexible and Unrestricted Resources Help

Financial resources certainly helped get the Foundation to the table and to create and support new initiatives and organizations, but Feldstein strongly believes that smaller foundations should not be discouraged from entering the public policy arena for lack of financial clout. “Dollars are rarely the key piece. Political heft matters. There are different ways to get at the issues,” he adds.

Lesson 11: Mine Social Capital; It’s Worth More than Gold

While some board members argue that the Foundation could not have accomplished what it has without its financial heft and unrestricted assets, Feldstein argues that the money only reflects the social capital behind it, which truly facilitates the public policy successes. Social capital “refers to the collective value of all ‘social networks,’ and the inclinations that arise from these networks to do things for each other,” according to Robert D. Putnam, author of *Bowling Alone: The Collapse and Revival of American Community*. According to Putnam, social capital is a key component to building and maintaining democracy. It’s the political heft created by these networks, Feldstein believes, that is worth more than gold.

Lesson 12: Board Development and Composition Are Critical

Because of the sensitivity of public policy issues, the Board of Directors gives a lot of attention and thought to board composition and development. The board selects at least some members because they have standing in their political party, in addition to other key qualities. “We are not looking for token Republicans and Democrats. We recruit proven leaders who have standing with affiliations across the political spectrum, relevant experience, and a willingness to work and make calls,” says Feldstein. The board is limited to 10 members, meets monthly, and by design almost always works as a committee of the whole. The goal behind the decisions to meet regularly and to work as a committee of the whole is to build trust among members who often hold strong and differing positions on key issues, to be able to respond to opportunities quickly and efficiently, and to build the board’s capacity for engagement, debate, conflict, and risk.

Lesson 13: Scale Counts; Choose Something Big

These are complex issues in which the stake for the Foundation can be high. They require the direct and, often, the sustained involvement of the board and the CEO. The system can only manage a very small number of such high-stakes, high-attention issues at any one time. Choose public policy initiatives that will result in significant success.

Lesson 14: Look for Opportunities and Partners

Don’t take on an issue alone. Find partners. Always ask, “Who needs to be involved?” Work with likely and unlikely allies. Feldstein explains, “We aren’t willing to throw ourselves on the sword. Because we are interested in making significant social change, and we are not just looking for endorsements for Columbus Day, we need partners.”

Lesson 15: After Saying “Yes,” Own the Issue; Accept and Manage Risk

Foundations need to be advocates for the issues they adopt. That means providing multiyear funding, seeding boards, and creating short-term, mid-term, and long-term indices to measure success.

Lesson 16: Be Willing to Seed Initiatives and Organizations – and To Let Go

Lesson 17: Change Takes Time, Long-Term Funding, Patience, and Humor (Humility and Perspective)

Lesson 18: Build an Organization that Supports Public Policy Successes

Foundations that are interested in developing the capacity to influence the public policy arena will do best if they think of their efforts in terms of the totality of their organization and incorporate their efforts into their vision, strategy, leadership, formal and informal structure, and culture.

Appendix A

Interviewees

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Appendix B

Interview Questions

1. What has been your relationship to the New Hampshire Charitable Foundation? When did it start? What has it entailed?
2. What are some highlights of your personal/professional background? Any involvement in public policy?
3. With which public policy initiative are you most familiar (Trust for New Hampshire Lands, Center for Public Policy Studies, New Futures)? How are you familiar with it?
4. In retrospect, what did the Charitable Foundation contribute and what did you learn as an organization through this project?
5. From your perspective, do you believe the Charitable Foundation has made an impact in the area of public policy? If so, what is that impact (as specifically as possible)? How have they done it?
6. When you think about the development of the Charitable Foundation and its involvement with public policy, what were the key points/turning points that strengthened your commitment to making a contribution in that way? What happened? Who was involved?
7. Who played key roles in the development and commitment to public policy (board, staff, others)?
8. How did you become seen as a “player” in this area? What were the key relationships?
9. How did you think about success? What activities were particularly successful? How did you determine that?
10. What expertise or core competencies did the Charitable Foundation and staff members have to develop to be effective in this area?

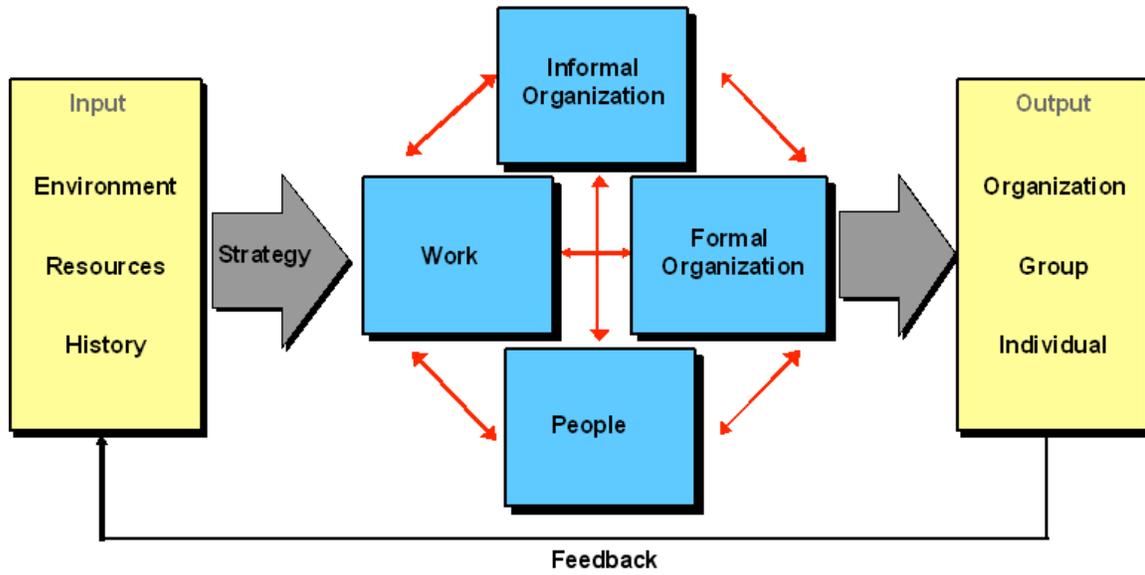
Appendix C

Questions for Lewis Feldstein

1. What beliefs, values, theory of change guide your commitment to marrying public policy with grantmaking?
2. What has been your public policy vision or strategy?
3. How have you thought about public policy? How have you developed the Charitable Foundation's capacity in this area? How have you built the Foundation's capacity to repeat success?
4. How did you build an organization that could make a contribution to the public policy arena?
5. What skills have you consciously brought to bear on the area of public policy?
6. If you think of the organization 10 years ago, 15 years ago, what can you do now that you couldn't do then?
7. When you think about the development of the Charitable Foundation and its involvement with public policy, what were the key points/turning points that strengthened your commitment to making a contribution this way? What happened? Who was involved?
8. Who played key roles in the development of and commitment to public policy?
9. How did you come to be seen as a "player" in this area?
10. How did the Foundation develop its political muscle?

Appendix D

Nadler-Tushman Congruence Model



Source: Nadler, D.A., & Tushman, M.L. (1980). A model for diagnosing organizational behavior. *Organizational Dynamics*, Autumn.