



## USING DATA TO ASSESS FOUNDATION EFFECTIVENESS

Foundations are not afraid to take on some of the world's most daunting problems. Unfortunately, the task of measuring progress in tackling those problems is equally daunting. While assessing overall foundation performance is notoriously difficult, foundation leaders continue to strive for measurement tools to help gauge their progress.

James R. Knickman, CEO of the New York State Health Foundation (NYSHF) and Edward Pauly, director of research and evaluation at the Wallace Foundation, have both used performance scorecards – an assessment system that tracks foundation performance by defining goals, initiatives to support those goals, targeted outcomes, and measures. With input from session moderator Fay Twersky, director of impact planning and improvement at the Bill & Melinda Gates Foundation, Knickman and Pauly described several key benefits of developing scorecards: a more accurate read on their foundations' progress; a basis for learning that fuels important discussions and focused improvement efforts; and new insights about how foundations can measure performance.

**ROBERT WOOD JOHNSON FOUNDATION:**  
*an early scorecard user*

"Teams that can articulate their strategies perform better in the long term," argued Knickman, who first implemented a scorecard approach while he was vice president for research and evaluation at the Robert Wood Johnson Foundation (RWJF). At that time, RWJF was becoming increasingly strategic in its grantmaking and was seeking more thoughtful data-collection efforts to help the Foundation better understand its progress toward its impact goals.

While it had already been evaluating the performance of individual grants, RWJF wanted a way to assess the performance of its different teams as they tackled issues such as end-of-life care, public health, and reduction of tobacco use. The first step was for each team to



EDWARD PAULY, THE WALLACE FOUNDATION

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— Edward Pauly

develop and clarify the outcomes they were working toward and define indicators and targets of success.

According to Knickman, whose division was in charge of helping the teams develop their targets and metrics, this process required that they grapple with, develop, and articulate their strategies. Once the teams described their ultimate objectives, they worked backward to develop a set of indicators for the short (the following 12 months), medium, (13-36 months), and long term (36+ months).

For example, to measure the tobacco team's progress in reducing tobacco use, the Foundation tracked, among other data, the number of states that passed indoor air legislation and the average combined federal and state excise taxes on cigarettes (the higher the tax, the more prohibitive to smokers). They hypothesized that if these progress measures moved in the right direction, they were helping reduce the rate of tobacco use – the Foundation's overall goal.

With performance articulated at the team level, RWJF then turned to its organizational performance. To assess where it was as an organization, foundation leaders developed a scorecard with four axes relating to different aspects of the Foundation’s work: program development, program impact, customer service, and financial and human capital. Data sources ranged from surveys that gather staff members’ views on the Foundation’s tolerance of risk to team-level indicators and metrics such as turnaround time for processing grant applications and how external decision makers rate the Foundation’s contribution to health and health care.

More recently, Knickman has put his scorecard expertise to work at NYSHF, where he and his colleagues are defining measurable targets and investing in data collection. Although this remains a work in progress, they currently track indicators such as changes in insurance reimbursement policies in New York to help them gauge their effectiveness. They also have implemented process indicators for their own grantmaking, which Knickman said help staff members approach their work more logically.

#### USING DATA TO TIGHTEN STRATEGIC FOCUS AT WALLACE

“If you want to try to be focused on a strategy, it will be difficult for you if you don’t have ways to evaluate what you are doing. You won’t have ways to self-correct, and you won’t be able to assess whether you are getting there,” Pauly said. Like RWJF, the Wallace Foundation also uses a scorecard – enabling it to combine crucial performance data with measures that relate specifically to the Foundation’s goals within three areas: strengthening public school leadership, building effective citywide after-school systems, and expanding participation in the arts.

Wallace uses the scorecard process to help it focus on fewer, but more informative, indicators. Rather than looking only at how grantees are doing against their grant

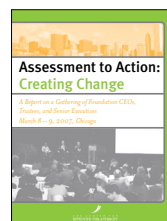
agreements, the Foundation now has two or three major indicators for each program’s core issues. For example, in the Foundation’s after-school focus area, foundation leaders went from looking at 12 pages of data to just two indicators – student enrollment in the programs they fund and sustained attendance in those programs.

One initial roadblock, Pauly noted, was that many of the cities in which Wallace was funding lacked the systems to track the data needed for these progress measures. As the cities planned their grant-funded work, they put the implementation of a reliable management information system for children’s attendance at the top of their priority list, and the Foundation agreed to support this effort.

In the beginning, it took significant effort on the part of the grantees and the Foundation; Pauly estimates that the time needed to collect data for their indicators has decreased by 80 percent. “The single best source of these indicators is grantees. Once the money has been awarded and the planning has been done, we know what they each see as their highest priorities. It’s very illuminating and tells us about the key things to watch,” he said.

At Wallace, assessing performance in this way requires a new level of candor among the staff, the board, and the CEO. According to Pauly, the Foundation has adopted an attitude that “facts are friendly even if they aren’t painting a rosy picture of the Foundation’s work.” Such facts, he said, “give people a common basis for having tough conversations and keep us moving forward on foundation-level goals.”

Twersky concluded that while scorecards may not be for everyone, finding a way to measure progress is crucial. “There isn’t a cookie-cutter approach to creating a scorecard, and not everyone has to develop one. Sometimes, you want to throw out seeds and see how they grow. But if you are really trying to produce yield, then you really want to measure your efficacy,” she said.



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