



FINDINGS FROM THE FIELD: THE ESSENTIAL ELEMENTS OF FOUNDATION EFFECTIVENESS



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At a time when our country and the world face severe financial and environmental threats, funders must find ways to do more with less. Addressing an audience of foundation leaders, CEP President Phil Buchanan said, “Given your unique role, you always have an imperative to operate as effectively as possible in pursuit of impact. Today, that imperative is even greater.”

Philanthropy can take on issues the business and government sectors can’t or won’t, said Buchanan, and all three sectors must “step up their game. To reach its potential, our society needs a high-performing business sector, a high-performing government, and a high-performing nonprofit sector.” Stressing the philanthropic sector’s unique role, Buchanan urged the audience to push harder for greater effectiveness.

Buchanan and former CEP Vice President – Research Lisa Jackson, PhD, argued that three core elements are essential to foundation effectiveness: clear goals; coherent, well-implemented strategies; and relevant performance indicators. “Put another way,” said Jackson “they are the ‘What?’ ‘How?’ and ‘How will we know?’”

CLEAR GOALS

Jackson revealed new findings from CEP’s latest research on foundation strategy, to be published in 2009. She reported that, in a survey of CEOs and program officers, only 48 percent of respondents indicated that the foundation board, CEO, and staff all clearly understand the foundation’s goals. “Without a shared understanding of goals, chances for achieving impact are diminished,” said Jackson.

Jackson urged funders to make their goals clearer, suggesting that they specify where work will take place, a time frame for achievement, and the issue being addressed. She recommended asking the following questions:

- Are your goals clear and specific enough to help you make choices about which strategy will help you achieve them?
- Are they clear and specific enough so that you can assess whether they are being achieved?

COHERENT, WELL-IMPLEMENTED STRATEGIES

Jackson reviewed CEP’s definition of strategy as a framework for decision-making that is 1) focused on the external context in which a foundation works, and 2) includes a logical causal connection between use of funder resources and goal achievement. She described the key characteristics of those who are more strategic, previewing findings from CEP’s forthcoming report on strategy.

Jackson said that 98 percent of CEOs and program officers surveyed believe that they will achieve all or some of their goals, yet only 37 percent indicate that there is complete agreement among the board, CEO, and staff that their foundation’s strategies are the most appropriate to achieve their goals. In addition, said Jackson, a significant proportion of the foundation CEOs and program officers CEP has studied don’t

approach their daily activities in ways that are consistent with being strategic. “When it comes to implementing their strategies,” she said, “too frequently, foundations work in ways that won’t lead to the achievement of their goals. The ‘how’ doesn’t match the ‘what.’”

RELEVANT PERFORMANCE INDICATORS

While CEP has seen an increase since 2002 in the number of foundations using robust performance indicators to assess effectiveness, many continue to struggle. “It is sobering to know that while 78 percent of foundation staff who responded to our recent survey on foundation strategy believe that their foundation is effective in creating impact, just 26 percent have performance indicators for all of their strategies,” said Jackson. “In addition, our surveys of trustees show that the area of greatest dissatisfaction among board members is the information they receive to assess progress against strategy.”

Still, she said, “We see that more and more foundations are acting on what they learn through their assessment efforts to improve and become more effective. In our work providing assessment tools to nearly 200 foundations, we have seen dramatic – stunning – examples of improvement. It can be done!”

Buchanan cited the Stuart Foundation’s Child Welfare Program as an exemplar. (For an overview of Stuart’s approach, see page 10.) He noted that, as simple as it may sound, exemplifying the essential elements of foundation effectiveness is anything but easy. “This work requires both dispassionate analysis and passionate commitment. It requires both an impatience with the status quo and the patience to really pursue – and implement – a strategy. It requires both sober, data-driven realism and an optimism that the toughest problems can be solved. A belief in the capacity of human beings to do amazing things to improve our collective condition. And a belief that we are absolutely obliged to try.”

