

INDICATORS OF EFFECTIVENESS:

A Practical Worksheet for Foundation Staff and Board

THE CENTER FOR
EFFECTIVE PHILANTHROPY

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FRAMEWORK: ASSESSING OVERALL FOUNDATION PERFORMANCE

TOTAL SOCIAL BENEFIT CREATED
RELATIVE TO RESOURCES INVESTED

Social benefit created can be inferred from
measures of performance, such as those below.

BENEFICIARY MEASURES	<p>ACHIEVING IMPACT</p> <ul style="list-style-type: none"> • Program Objectives <ul style="list-style-type: none"> – What is the aggregated impact directly caused by all our programs? – Have we been successful in meeting program related goals? • Grant Objectives <ul style="list-style-type: none"> – Are we selecting the grantees who can best achieve impact? – What impact can we attribute to this grant? – Did this grant successfully meet our goals? 	→
INTERMEDIATE MEASURES	<ul style="list-style-type: none"> • Strengthening Grantees <ul style="list-style-type: none"> – Are we improving grantee effectiveness? • Funding Influence / Leverage <ul style="list-style-type: none"> – Do we influence others to fund our grantees? • Field Effects <ul style="list-style-type: none"> – Have we advanced the field by influencing thinking of policymakers, funders, thought leaders, or the public? 	→
FOUNDATION MEASURES	<p>SETTING THE AGENDA / STRATEGY</p> <ul style="list-style-type: none"> • Focus Areas <ul style="list-style-type: none"> – Have we identified appropriate program areas to concentrate on? • Goals <ul style="list-style-type: none"> – Are our goals in each area clear and achievable? • Approach <ul style="list-style-type: none"> – Have we selected the best approach (theory of change) in each area to reach our goals? 	→
	<p>MANAGING OPERATIONS</p> <ul style="list-style-type: none"> • Consistency with Objectives <ul style="list-style-type: none"> – Have we adhered to our stated strategy? • Grantee Selection Process <ul style="list-style-type: none"> – Is our selection process clear and uniformly implemented? • Grantee Interactions <ul style="list-style-type: none"> – Are we responsive to our grantees and do we treat them fairly? • Staff Recruiting, Review and Retention <ul style="list-style-type: none"> – Are our staff satisfied, qualified and high performing? • Administrative Expense <ul style="list-style-type: none"> – Are our administrative costs appropriate to our activities? • Endowment Investment Performance <ul style="list-style-type: none"> – How well have we managed our financial assets? – Do our investments conflict with or further our social mission? 	→
	<p>OPTIMIZING GOVERNANCE</p> <ul style="list-style-type: none"> • Accountability <ul style="list-style-type: none"> – Is leadership held accountable for performance? • Stewardship <ul style="list-style-type: none"> – Is the board of directors fulfilling its fiduciary responsibilities? • Active Engagement <ul style="list-style-type: none"> – Are we using the expertise of our board members to further the foundation's goals? 	→

WORKSHEET: IDENTIFYING INDICATORS OF FOUNDATION PERFORMANCE FOR MY FOUNDATION

MY FOUNDATION'S INDICATORS OF EFFECTIVENESS	SAMPLE INDICATORS OF EFFECTIVENESS
	Program and grant evaluation data, census data
	Grantee perception surveys, grantee financial operational statistics and evaluations, grantees' funding growth, foundation's reputation, outside experts' opinions, changes in policy, research, opinion polls
	Program evaluation data, strategic review, research outcomes, outside experts, comparison to other foundations, comparative grantmaking characteristics from a relevant cohort of peers
	Foundation spending analyses, grantee perceptions, denied grant applicant perceptions, internal tracking of grantee contact, internal survey results, benchmarking data
	Senior management performance review process, board policies and procedures, strategic reviews, board self-assessments

Foundation leaders are increasingly concerned with understanding and assessing the overall performance of their foundations, convinced that better performance assessment will lead to greater effectiveness and, in turn, to more social impact on the people and issues they affect.

Because it is so difficult and costly for foundations to directly measure the social benefit of the myriad grants they make, foundations are beginning to experiment with indirect indicators. These may not provide definitive proof of social impact, but serve as useful guidance to management in seeking to improve performance.

—*Indicators of Effectiveness*¹

This worksheet is intended for foundation staff and board to use in facilitating conversations about indicators of foundation performance in four areas: achieving impact, setting the agenda/strategy, managing operations, and optimizing governance. This framework was informed by extensive conversations and surveys of foundation CEOs, trustees, and grantees during the Center’s Performance Metrics Pilot Study.

As you use this worksheet:

- Keep in mind that “perfect” indicators may not exist in each area, and that indicators can be refined after testing.
- Consider what data the foundation regularly collects—most foundations already gather information that could be used as part of an overall performance assessment system.
- Ask your peers about their practices, and seek comparative data where possible.

At the Center, we are continually seeking to understand how individual foundations assess their performance and share exemplary practices with the field through focused research, data collection, case studies, seminars, and workshops. If you would like to share your foundation’s experience with performance assessment or learn about what others are doing, please contact the Center at 617.492.0800.

The Center for Effective Philanthropy is a nonprofit research and educational organization whose mission is to provide foundation executives and trustees the management and governance tools needed to define, assess, and improve overall foundation performance.

For more on the Center’s work, please visit our Web site at www.effectivephilanthropy.org.

¹ Indicators of Effectiveness is available for download on the Center’s website, www.effectivephilanthropy.org, or by calling 617.492.0800.