



EXECUTIVE SUMMARY

Findings from the Center for Effective Philanthropy's Market and Impact Assessment

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Introduction and Methods

Study Overview

CEP sought to understand its market reach and perception, as well as the impacts its services have among foundations. To gather data about the reputation CEP has built and cultivated during its initial years of operation and to inform internal strategic planning processes, CEP engaged in a market and impact assessment research project. In December 2006, CEP engaged LaFrance Associates, LLC (LFA), an independent professional research and evaluation firm, to conduct this research (see text box at right for an overview of research methods). This summary provides highlights of key findings and recommendations for CEP's consideration.

Profile of Assessment Survey Respondents

Respondents to the assessment survey include a diverse set of foundation representatives:

- Half are CEOs/EDs (51%) and half are senior-level grantmaking or other staff (49%);
- Staff who have worked at their current foundation for a broad range of years (from less than one year to 32 years), with an average of ten years (and a median of eight years); and
- Staff who have worked in organized philanthropy for a broad range of years (from one to 40 years), with an average of 14 years (and a median of 13 years).

Private (non-family and family) foundations comprise the majority of the sample (71%), and 18% of respondents are with community foundations. Only 2% of respondents are with corporate foundations. The median grantmaking budget for respondent foundations' most recent fiscal year is \$17M (mean=\$47M, range=\$1.4M to \$1.5B).

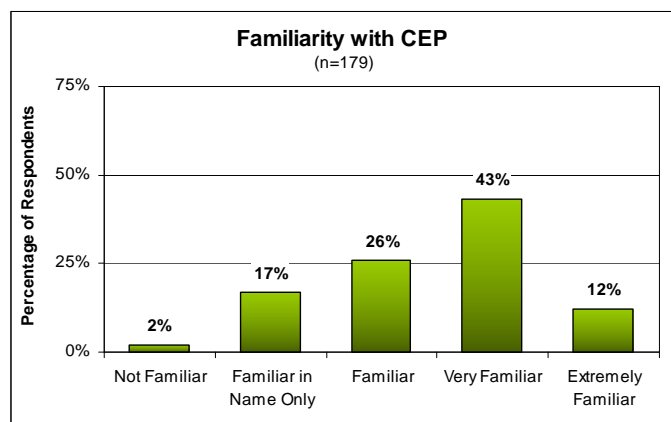
The aim of the study was to reach foundation staff who have a range of familiarity with CEP to identify the broadest possible set of market perceptions of and experiences with CEP. As shown in the exhibit at right, the survey reached foundations with the full spectrum of familiarity with CEP, from "not familiar" to "extremely familiar." The majority of foundations respondents (81%) are at least familiar with CEP, and just over half (55%) are very or extremely familiar. This composition is ideal for the study: the full range of familiarity levels is represented, and there are relatively more data available from foundations that can speak to both CEP's place in the market as well as its impact on foundations and the field.

Research Methods

Document Review. The LFA team reviewed all relevant CEP publications, research, and evaluations of the organization's work with an eye for market reach and intended impact.

Market and Impact Assessment Survey. LFA distributed a total of 833 surveys to CEOs and senior grantmaking staff at 471 of the 500 largest foundations in the U.S. (in a few cases only one staff member was identified). **A total of 181 of the 833 surveys were completed, representing a 22% response rate.**

Key Informant Interviews. In total, LFA conducted 21 confidential interviews with: 10 foundation leaders familiar with CEP; 4 foundations unfamiliar or familiar in name only with CEP; 4 thought leaders; and 3 competitors/collaborators.



Market Assessment Key Findings

This section provides findings from the market assessment component of the study, incorporating results from the survey and interview research.

Market Segments & Implications

LFA used cluster analysis to identify distinct groups of foundations that are internally similar in the *type, intensity, amount, and combinations* of use of CEP assessment tools, research reports, and programming. Four distinct clusters emerged, representing a continuum from low to high intensity of CEP service use. Bringing the “unfamiliar” foundations into the market segmentation analysis provides CEP with five market segments to consider, as summarized in the table below.

Summary of CEP Market Segments

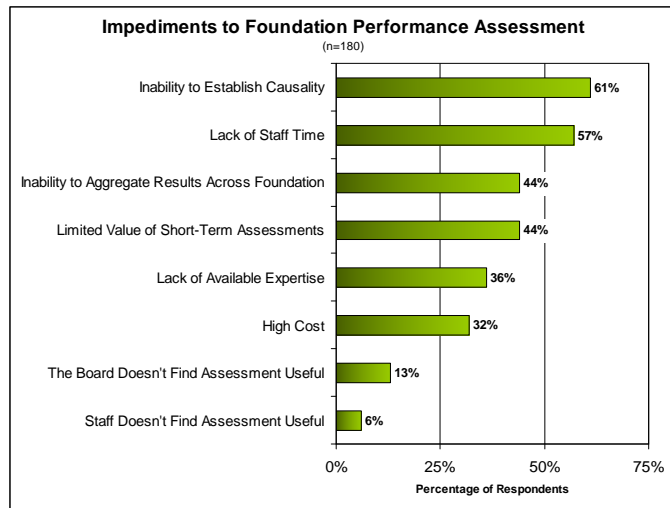
| Market Segment | Degree and Type of CEP Familiarity/Service Use |
|---|---|
| 1: Unfamiliar with CEP (n=32) | <ul style="list-style-type: none"> ▪ “Not familiar” or “Familiar in name only” |
| 2: Low CEP Intensity (n=47) | <ul style="list-style-type: none"> ▪ “Familiar” with CEP ▪ 57% have used no CEP service ▪ 43% have read a CEP research report or publication |
| 3: Low-Moderate CEP Intensity (n=32) | <ul style="list-style-type: none"> ▪ Have used the GPR only (97%) |
| 4: Moderate-High CEP Intensity (n=38) | <ul style="list-style-type: none"> ▪ Have used the GPR only (55%) or the GPR plus one or more other CEP assessment tool (45%) |
| 5: High CEP Intensity (n=19) | <ul style="list-style-type: none"> ▪ 100% have used the GPR plus one or more other CEP assessment tool |

There are significant differences across market segments in mean annual grantmaking budgets and in overall attitudes towards foundation performance assessment. Foundations in the first three market segments have significantly lower mean annual grantmaking budgets as compared to those in the fourth and fifth segments (between about \$16MM/yr and \$42MM/yr compared to between about \$84MM/yr and \$91MM/yr, respectively). Moreover, the overall attitude about foundation performance among foundations that are unfamiliar with CEP is that “enough is being done,” whereas foundations familiar with CEP are more likely to believe “greater effort is needed to assess foundation performance.” Engaging foundations that believe “enough is being done” will require the development of incentives for motivating a shift in internal attitudes regarding foundation performance assessment.

Higher intensity of CEP service use correlates with more favorable impressions and greater perceived impact. Across all dimensions, foundation ratings of CEP increase with increasing intensity of CEP service use. Foundations in the “high CEP intensity” cluster on average rated CEP about one point higher on the seven-point ratings scales than foundations in the “low CEP intensity” cluster.

Impediments to Engaging in Performance Assessment

Foundations identify a range of impediments to engaging in performance assessment processes, as depicted in the exhibit at right. Most commonly, foundations report the inability to establish causality (61%) and lack of staff time (57%) as impediments to engaging in performance assessment. Analysis of differences by CEP market segment revealed the following statistically significant findings:



- **Low intensity** users of CEP services, compared to high intensity CEP users, are **more likely** to identify the following as impediments to foundation performance assessment: **high cost** (37% v. 26%, respectively) and **“the board doesn’t find assessment useful”** (19% v. 5%, respectively).
- **High intensity** users of CEP services, compared to low intensity CEP users, are **more likely** to identify the following as impediments to foundation performance assessment: **lack of staff time** (74% v. 59%, respectively), and **inability to aggregate results of different pieces of foundation work** (68% v. 32%, respectively).

Opinion leaders in the field and interviewees from foundations unfamiliar with CEP underscored that cost is a critical impediment for foundations to conduct performance assessments, especially for small foundations. Most interviewees from foundations familiar with CEP agreed that lack of staff time and the inability to establish causality are key barriers to foundation performance assessment. Several also cited as a barrier the lack of mutual understanding and direction between the board and staff on the strategic interest of performance assessment.

“There is always more to be done but the real question is for spending more money and time, how much the board wants.”

—Unfamiliar Foundation Interviewee

“I am in favor of sliding scales but at the end of the day, [CEP’s] costs don’t change just because [they might be providing services to] a small foundation. So what they have to do is have a scholarship or needs-based approach to get other foundations to subsidize with over-paying.”

—Thought Leader Interviewee

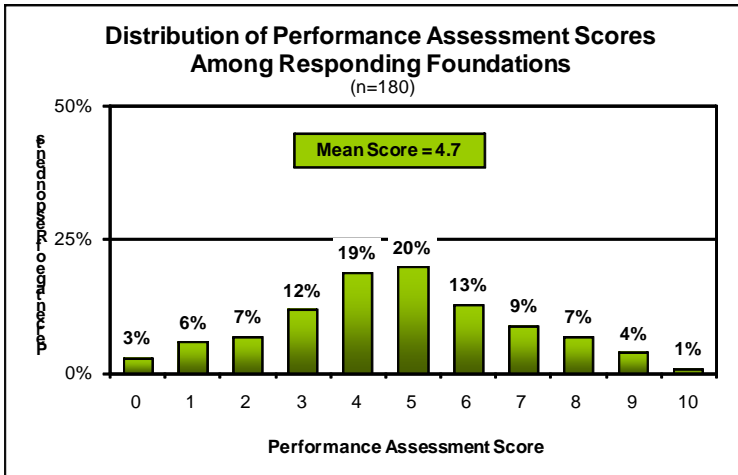
Barriers to Greater Foundation Effectiveness

Open-ended survey responses elicited additional concerns foundation staff hold related to achieving the foundation’s full potential. The most common themes identified include: the need for long-term vision, strategy and focused action (36%); internal capacity, including board and trustee leadership, as well as staff skills (28%); lack of mechanisms to incorporate constituent feedback or learn from outcome data (19%); lack of analytical or assessment tools (16%); and a lack of accountability or external incentives (10%).

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Engagement in Foundation Performance Assessment Efforts

On average, respondent foundations have used between four and five types of assessment processes to measure performance, as shown below. These findings reveal specific market opportunities for CEP; for example, only 47% of foundations have conducted board assessment surveys and 36% have conducted employee perception surveys, presenting market opportunities for CEP’s CBR and SPR, respectively.



Results based on a “Performance Assessment” score that sums the number of foundations’ reported assessment processes, from a list of 10 possible resources, as shown in the table at right ➡.

| Type of Performance Assessment | Percentage of Respondents (n=180) |
|---|-----------------------------------|
| Investment Performance Review | 83% |
| Grantee Perception Surveys | 68% |
| External Outcomes of Specific Funding Programs or Initiatives | 66% |
| Administrative Cost Review | 60% |
| Administrative Process Review/Assessment | 50% |
| Board Self-Assessment Surveys | 47% |
| Employee Perception Surveys | 36% |
| Other Stakeholder Surveys | 27% |
| External Outcomes Evaluations of Foundation-Wide Efforts | 23% |
| Other | 9% |

“Other” performance assessments include internal assessments of foundation operations and grantmaking strategies, and assessments of key stakeholders (e.g. donors).

Use of CEP Competitors & Collaborators

Other than CEP, foundations use the following organizations as performance-related resources: Council on Foundations (72%); BoardSource (57%); local Regional Associations of Grantmakers (57%); Grantmakers for Effective Organizations (GEO) (49%); Foundation Center (47%); field-specific affinity groups (46%); and Independent Sector (40%).

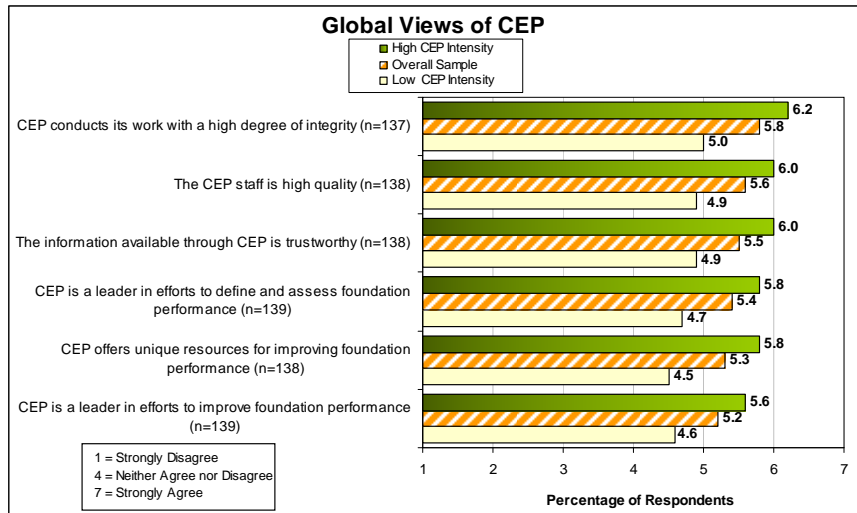
Most interviewees believe that CEP has a corner on the market of providing comparative data for foundation performance assessment. Several thought leaders expressed that they do not see any direct competitor to CEP’s work. One foundation representative mentioned that she has used individual consultant services for grantee perception surveys, but that CEP’s services were more affordable and provide greater comparative, benchmarking value.

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Global Views of CEP

High-CEP-intensity foundations more highly regard the organization.

To understand global views of CEP's work, staff, and leadership, foundation survey respondents were asked to rate CEP in various dimensions on a 7-point Likert agreement scale. The results are presented at right, showing differing views of CEP along the spectrum of low-CEP-usage intensity and high-CEP-usage intensity.



Note: Mean differences between low and high CEP intensity are significant at the 99% confidence level (p < .01) based on ANOVA tests. Sample sizes listed above represent overall sample sizes. Cluster sample sizes are slightly lower. Those respondents that did not provide all data elements for cluster analysis are excluded.

When asked to rate CEP's overall reputation, 98% of foundation survey respondents indicated that CEP has either a somewhat positive reputation (53%) or an excellent reputation (45%). Interestingly and importantly, there are no significant mean differences in the perceptions of CEP's reputation between low and high CEP intensity users.

Foundation respondents also identified in open-ended questions what they consider to be CEP's greatest strengths and weaknesses. The table below reveals CEP's top five strengths. Notably, the two most commonly identified strengths regard CEP's use of comparative data in general, and the GPR in particular, revealing how well known and valued CEP is for its flagship assessment tool.

"CEP's strength is the integrity of their work and their mission – they are clear about their purpose in this sometimes crowded landscape."

"CEP tackles a complex and difficult set of issues that haunt the sector (governance, strategic impact, operational effectiveness). CEP brings academic imprimatur and thus an ability for independent validation to an overlooked niche."

| CEP's Greatest Strengths | Percentage of Respondents (n=106) |
|--|-----------------------------------|
| Provides comparative, quantitative data and strong analytical skills | 27% |
| Provides the Grantee Perception Report service, seen as a valuable tool for measuring foundation performance | 26% |
| Provides high quality instruments, tools, and research materials | 20% |
| Raises awareness and provides a framework for foundation assessment | 15% |
| Conveys a strong sense of leadership and clearly articulates its mission | 11% |

"CEP has been very effective in communicating the importance of foundation assessment and in offering accessible tools and expertise for that purpose. They have been very useful in moving the field of philanthropy forward."

"CEP is the leader in applying rigorous evaluation/research protocols to gauge different aspects of organizational effectiveness for grant-making foundations..."

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CEP's top five greatest weaknesses, as identified by foundation survey respondents, are presented below. Topping the list are: 1) the criticism that CEP's services are tailored for larger foundations and 2) the belief that CEP's basis of foundation performance assessment relies on an assumption that grantee satisfaction is equivalent to effectiveness and impact.

"CEP's identification with the GPR tends to lead people to think that CEP equates grantee satisfaction with foundation effectiveness, which it does not."

"By the very nature of its work, CEP has primarily focused on the larger foundations. Some of its tools and approaches are simply too unwieldy or not applicable to smaller and/or family foundations."

| CEP's Greatest Weaknesses | Percentage of Respondents (n=61) |
|---|----------------------------------|
| Work is tailored to largest foundations rather than a variety of foundation types (e.g., mid-size and smaller foundations) | 30% |
| Basis of foundation performance assessment relies on assumption that grantee satisfaction is equivalent to effectiveness and impact | 28% |
| Overshadowed by other organizations providing services to foundations | 11% |
| Expensive consulting costs | 10% |
| Work is based more on theory than practical experience with foundations (staff lack on-the-ground experience) | 10% |

"Few of their staff have ever run a foundation or NGO. They are not aware of the actual dynamics in these organizations from direct personal experience. All theory...heavily biased, similar to journalists who write about fields where they have no road-tested experience."

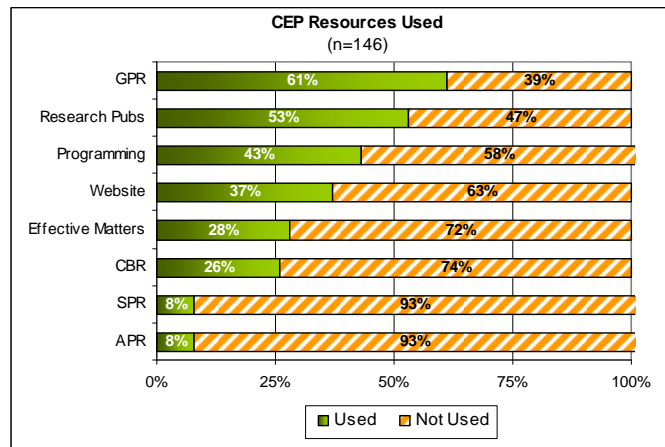
"CEP is able to document what foundations do, but it is not able to say whether this really results in greater IMPACT in the community or not."

Impact Assessment Key Findings

This section summarizes key findings regarding CEP's impact on foundations, including results related to the usage of CEP resources as well as the degree to which CEP is recommended by one foundation to another.

Use of CEP Products and Services

The GPR, research reports, and programming are the most commonly used CEP resources. As shown at right, just under two-thirds of foundation survey respondents (61%) have used the GPR, just over half (53%) have read at least one research report, and just under half (43%) have participated in a CEP conference or other program. On average, foundations have used one CEP assessment tool, though two foundations reported using the four CEP assessment tools included on the survey.

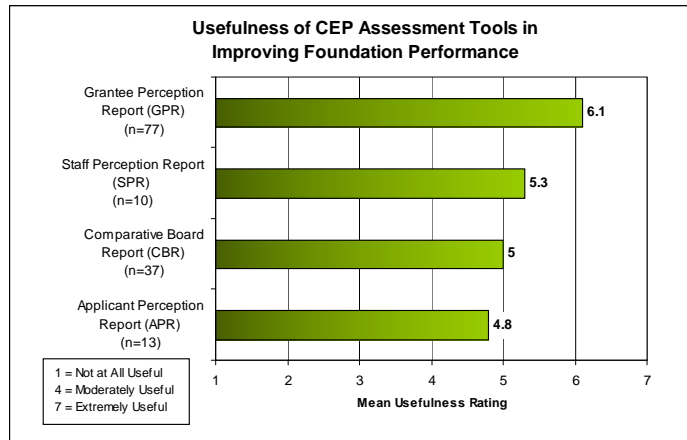


Two-thirds of foundation survey respondents (68%) have recommended a CEP resource to a colleague. Furthermore, three-quarters of respondents who have recommended CEP have suggested colleagues use one of CEP's assessment tools; 34% have recommended CEP's research reports; and 15% have recommended CEP programming.

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CEP Assessment Tools: Usefulness, Quality, and Impact

Foundations on average rated all CEP assessment tools as more than moderately useful. The GPR received the highest average usefulness ratings (mean=6.1). (Note that the majority of respondents rating the CBR had received a pilot version of the instrument that did not include any interaction with CEP about how to understand and use the tool. Ratings must be interpreted with this caution in mind.)



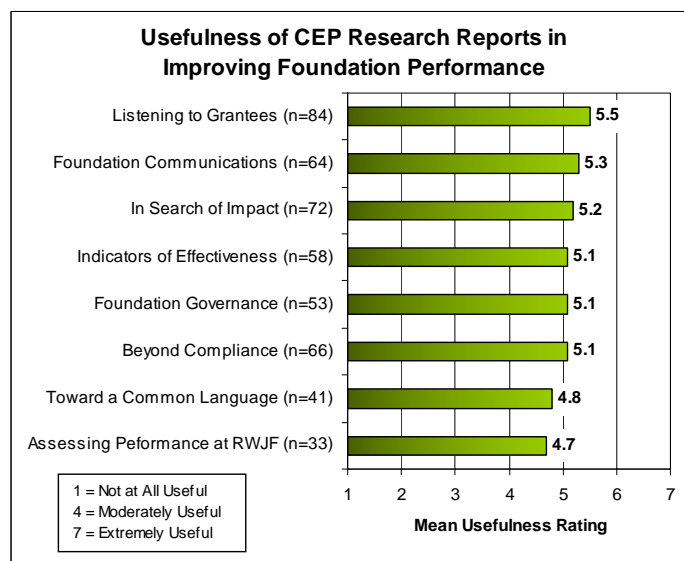
Staff with different positions in foundations provide varying average usefulness ratings for CEP assessment tools, except the GPR. CEOs rate the usefulness of the SPR higher on average (mean=5.8) as compared to VPs of Program (mean=3.5). CEOs also rate the usefulness of the CBR higher on average (mean=5.2) as compared to VPs of Program (mean=4.3) and Directors of Research/Evaluation (mean=3.7). On average, Vice Presidents of Program (mean=5.3) and Directors of Research/Evaluation (mean=5.0) rate the usefulness of the APR higher than CEOs (mean=4.0).

Foundations on average rated the overall quality of CEP's assessment tools as just one point below "excellent quality" on the seven-point scale (mean=5.9). With respect to increased insight (mean=5.6) and improved practices (mean=5.1) resulting from use of CEP assessment tools, foundations on average rated CEP's impact as being between a moderate amount and a great deal.

| Ratings of CEP Assessment Tools | | |
|--|------|---------------------------------------|
| Survey Item | Mean | Scale |
| Overall quality of CEP's assessment tools (n=90) | 5.9 | 1=Poor Quality 7=Excellent Quality |
| Increased insight gained from CEP's assessment tools (n=88) | 5.6 | 1=Not at All 7=A Great Deal |
| Improved practices inspired by CEP's assessment tools (n=87) | 5.1 | 1=Not at All 7=A Great Deal |

CEP Research Reports: Usefulness, Quality, and Impact

Foundations on average consistently rated the usefulness of CEP research reports for improving foundation performance as being just above the moderately useful point on the scale. *Listening to Grantees* received the highest average rating (mean=5.5) and *Assessing Performance at RWJF* received the lowest average rating (mean=4.7). Still, there is less than one point difference between these high and low average ratings.



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Foundations on average provided a high rating of the overall quality of CEP's research reports (mean=5.6), but say that the impact of these reports on improving practices is moderate (mean=4.1). Additionally, over one-third of survey respondents (36%) state that CEP's research reports have been the subject of major staff or board discussions.

| Ratings of CEP's Research Reports | | |
|--|------|--|
| Survey Item | Mean | Scale |
| Overall quality of CEP's research reports (n=113) | 5.6 | 1=Poor Quality 7=Excellent Quality |
| Rating of CEP research reports as informative resources for improving foundation practices (n=111) | 5.3 | 1=Not Informative 7=Extremely Informative |
| Increased insight gained from CEP's research reports (n=112) | 4.7 | 1=Not at All 7=A Great Deal |
| Improved practice inspired by CEP's research reports (n=108) | 4.1 | 1=Not at All 7=A Great Deal |

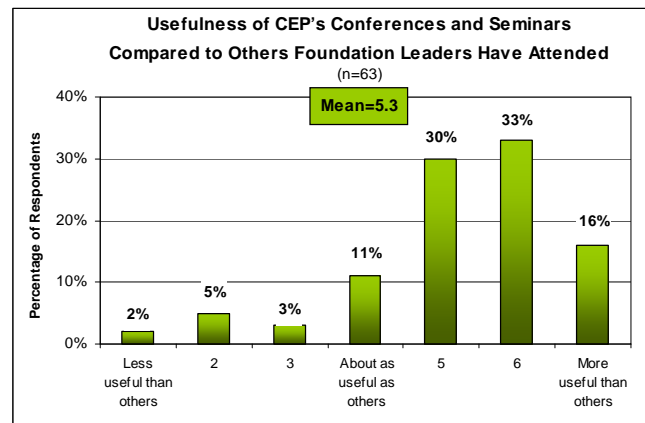
In response to an open-ended survey question, respondents identified the following ways in which CEP research reports have led to action at their foundations: 33% (8 of 24) reported using CEP products for general context and staff knowledge and 21% (5 of 24) utilized CEP reports for specific internal conversations or strategic planning. On the other hand, one-third of open-ended comments (8 of 24) indicated that CEP research reports did not have the necessary depth or quality to be applicable to their foundation.

"The report on strategy really helped encourage our Board to engage in strategic planning."
—Familiar Foundation Interviewee

"The latest report on general operating support was a good start to the issue, but didn't result in a lot of new knowledge...This report provided us with some of what we needed, but had the ability to go further..."
—Survey Respondent

CEP Programming: Usefulness

The vast majority of foundation staff (89%) reported that CEP's conferences and seminars are at least as useful as others they have attended. About half of foundation staff surveyed (49%) said that CEP conferences and seminars are on the extreme positive end of the scale, indicating they believe CEP's programs are much more useful than others.



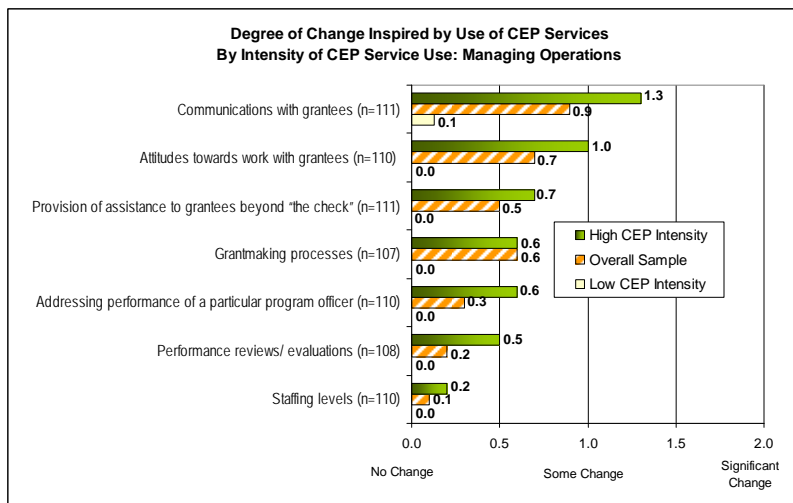
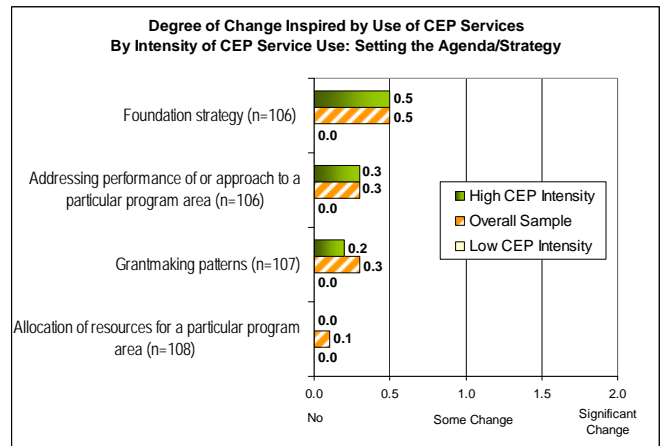
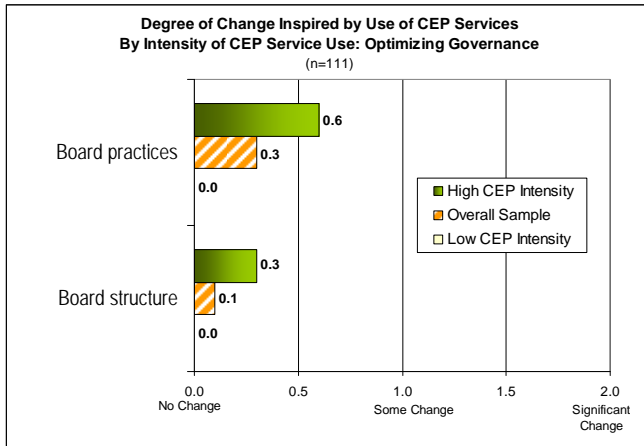
Most foundation interviewees have attended CEP conferences and provided very positive feedback on their value. A number of interviewees referred to networking opportunities presented through these events and gave kudos to CEP for bringing "all the right people together." Some suggestions for CEP events include holding them on a more frequent basis (e.g., every 18 months) and developing new formats beyond panel discussions. One foundation representative felt there was too much CEP marketing at these conferences and another proposed more programming geared towards specific foundation roles, i.e. CEOs.

"Since I've been to each, they are getting better: the content and the speakers. Attendance has gotten larger and that always helps because of networking and providing a wider range of ideas."
—Familiar Foundation Interviewee

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CEP's Impact on Specific Areas of Foundation Performance

The following three graphs provide foundation survey respondents' ratings of the degree of impact CEP's services have inspired, organized according to three dimensions of CEP's indicators of effectiveness framework. Results are also broken out according to intensity of CEP service use.



Note: Sample sizes listed above represent overall sample sizes. Cluster sample sizes are slightly lower. Those respondents that did not provide all data elements for cluster analysis are excluded.

Survey respondents reported that CEP's most significant impacts are on the way foundations communicate with grantees and the attitudes foundation staff hold towards working with grantees. These results underscore the finding that the GPR is CEP's most well known and utilized resource.

CEP seeks to deepen its impact on foundations. With this in mind, the following section presents a variety of recommendations CEP might consider regarding its place in the market and its impact on foundations.

Recommendations

“Maintenance” Recommendations

Keep up the commitment to excellence. In just over five years, CEP has attained significant market reach and has established a solid reputation for providing high quality services. Indeed, CEP has captured the attention of the field. Regardless of the direction CEP chooses moving forward, by maintaining a commitment to excellence the organization will keep its position of respect, and its products and services will continue to be received as serious additions to a growing arsenal of approaches to foundation effectiveness assessment.

Stay in the fray and do not fear controversy. While much respected, CEP also finds its flagship assessment tools amidst some controversy regarding the relevance of perceptual data in understanding overall foundation effectiveness. Ultimately, this controversy appears to make a much-needed, constructive dialogue-sparking contribution to the field. Herein lies a second “maintenance” recommendation we offer to CEP: resist urges to be all things to all people and to be liked by all in the foundation field. Keep agitating, in the purest sense of the term.

Market-Related Recommendations

Build upon CEP’s solid reputation and unique identity. Over the course of many interviews, LFA heard repeatedly that CEP is one-of-a-kind. For virtually all interviewees, there is no other organization currently working to develop the comprehensive comparative datasets and knowledge that CEP has built in its unique approach to supporting and fostering foundation effectiveness. CEP is in a great position to build on this solid reputation and distinct market identity.

“They have built an identity and reputation now. In a 5-year window, what they have accomplished is pretty impressive.”

—Thought Leader Interviewee

Address, but don’t be overly concerned with, identity conflation with the GPR. Many in the field know of CEP solely in relation to the GPR. This is a mixed outcome: it is neither purely negative in the context of the known, valued quality of the GPR, nor is it purely positive given the broad range of other, less well-known, work in which CEP is engaged. The quality of the GPR and its impact on the field are significant. However, CEP’s many other tools and resources deserve greater attention, for they also have shown to deliver value and impact to foundations. By exerting effort to raise the profiles of these other resources, over time CEP will be seen as the more holistic provider of tools and resources for foundation performance that it is. Indeed, the efforts to publicize the results of the recent strategy study are an excellent example of how CEP can build its reputation for solid research as well as unique assessment tools.

“I do conflate CEP with the GPR...It is a high-grade problem to have, and one not to be consumed by. CEP offers something that people think is high quality, and it is good to be associated with it. Given the number of touches CEP has with CEOs, they should just continue to use their personal touch to educate and anchor individuals to the range of their work, interaction by interaction.”

—Thought Leader Interviewee

Capitalize on the significant market opportunities for the CBR and SPR. Furthering points made above, the CBR and SPR assessment tools respond to substantial yet-to-be-realized market

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opportunities. Less than half of foundations responding to the survey are currently conducting staff or board perception assessments. Stimulating increased usage of these tools will be a challenge, however, given the non-market environment in which foundations operate. Survey respondents readily offered the lack of accountability or external incentives as barriers for foundations to achieve their full potential. A critical question for CEP to (continue to) engage with is: *How can we develop incentives within the foundation community for engaging in assessments other than the GPR?* LFA views the work of identifying and articulating incentives for conducting other CEP assessment tools as critical to stimulating broader usage (beyond a tight performance-focused cohort of foundations) of CEP services.

Create incentives for performance assessment in philanthropy's non-market environment:

Make the case using the academic and business literature. LFA understands that CEP is looking to business psychology literature to make the case for foundations to conduct an SPR (at a minimum). LFA encourages CEP to investigate fully the academic and business literatures for such linkages to make the most compelling argument to foundations about the value of engaging in some of CEP's lesser known assessment tools. In turn, CEP should build as much evidence as it can that it is creating higher performing foundations, thus addressing concerns some foundation leaders hold about the nature and validity of perceptual data. Moreover, original CEP research identifying linkages between staff perception and foundation performance, board perception and foundation performance, as well as the existence of foundation strategy and grantee perceptions' of foundation impact will further make the business case for CEP services.

Another possible way to make the case for foundation performance assessment is to draw comparisons across sectors that could wake up philanthropy to the privileges and pitfalls of its non-market environment. One key informant suggested that CEP identify some indicators of "business" practices that could be compared across the philanthropic, private, and public sectors. For example, CEP might investigate the percentage of employees terminated for performance-related reasons in philanthropy as compared to the private for-profit sector. The purpose of this type of research would be to call attention to ways in which philanthropy tolerates less-than-optimal performance more than other sectors because of the lack of market forces it uniquely enjoys.

"In terms of being less myopic, they should look across sectors – how do things compare to business practices? Public agency practices? When you are trying to push a field, to have some comparative data and analysis is a way to wake people up. A specific example is, just even on the data point of, how many foundation people are terminated for performance compared to the business sector? Foundations are more like communist governments than anything else. And so that is where...we want CEP to do research. How do you run an effective organization when you are in a non-market environment?"

—Thought Leader Interviewee

Consider segment-based marketing approaches. CEP would be well served to use market-segment-specific approaches to engaging foundations in its assessment tool services. A review of the data offered in this report encourages a targeted approach to foundations. Engaging foundations with a strong orientation towards foundation assessment requires a different approach than the engagement of foundations of a particular type (e.g., family, community, private, etc.). By segmenting the market according to perceived barriers to engaging in performance assessment, CEP can begin addressing the concerns of foundations more directly, and in turn widen its market reach.

Impact-Related Recommendations

Based on conversations with key informants and the LFA research team's knowledge of the philanthropic sector, CEP is largely responsible for developing the first comprehensive framework for measuring foundation effectiveness. Compared to five years ago, conversations within the foundation community related to measuring foundation performance are more common, and are happening with CEP as the champion. It is undoubted that there is a larger acceptance of the idea that assessing overall foundation performance is important. For many foundation and thought leaders in the field, there now exists a hypothesis that the *process of thinking about performance*, coupled with *real efforts to assess performance* will increase foundations' ability to make greater social impact within their respective fields. There is much credit for CEP to take in this regard. And there is more to be done.

Deepen impact. In just over five years, CEP has established a solid foundation of delivering important comparative data for foundation performance improvement. Building on this groundwork, as CEP moves forward with new products and research, the emphasis must be on deepening its impact. It is still too easy for CEP's critics to write off CEP's impact as simply affecting process-related aspects of foundation performance rather than foundation strategy. CEP's research on strategy (discussed in further detail below) is one effort that could contribute to deepening its impact. One suggestion LFA offers CEP is to consider leveraging the trust it has with grantees to collect datasets on foundation impact in particular fields of social impact work, such as youth development, the arts, environmental education and conservation, etc. In essence, we are suggesting CEP could turn the focus of its comparative analyses from foundation internal performance indicators to indicators of a foundation's social impact. For example, CEP could survey grantees of multiple foundations known to concentrate their work in youth development, focusing on a set of impact indicators from the youth development field, and compare assessments of impact across foundations.

"One way to look at the issue of what else CEP should do is think: What are they the best at? What relationships do they have that are exceptional and unique? How could they leverage these? The whole survey capacity and capability around grantees and comparative analysis – nobody else has it, so they should build on it. They are trusted and skilled in this regard."

"Within their target, what other sources of data can they derive? Using comparative data is such a powerful tool in a data-less environment."

—Thought Leader Interviewees

Find appropriate ways to continue to get the word out about the "Indicators of Effectiveness" framework and identify the multiple "hooks" for engagement. We encourage CEP to continue to articulate and make the case for its foundation effectiveness framework. In interviews with foundation leaders, some referenced the framework and expressed a hope that CEP had not moved away from the model. To one foundation leader in particular the concept that there are multiple dimensions for collecting and tracking data related to foundation performance has helped her foundation develop a performance assessment plan reliant on several data sources. The Indicators of Effectiveness framework, however, may not be the "hook" for engaging non-converts—those that have yet to accept the idea that measuring foundation performance is a critical and vital task for foundations seeking to achieve the greatest impact. Instead, CEP should adopt numerous hooks, creating what would essentially amount to a "no wrong door policy." Ideally, with multiple hooks, or points of entry, more foundations would turn to CEP for an array of tools,

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research, or programming. Once a meaningful relationship with a foundation is established, then perhaps CEP should introduce the Indicators of Effectiveness framework and articulate how the indicators overlay CEP's menu of services. The doorways through which foundations engage with CEP will vary as will the length of time it takes to develop the relationships with foundations deep enough to present the Indicators of Effectiveness.

Keep climbing up the “Indicators of Effectiveness” ladder. With its recent strategy research, CEP has climbed the highest north on its “Indicators of Effectiveness” framework ladder. We encourage CEP to continue this type of research and progress up its own framework. In open-ended survey comments, respondents identified the need for vision, strategy, and focused action as the most significant challenge to foundations realizing the greatest impact.

Shy away from in-depth consulting. Another way in which key informants felt CEP could assure the greatest impact is to avoid diluting focus by becoming in-depth consultants. The feeling among interviewees is that consulting work would compromise CEP's integrity and result in narrow impacts at a small number of foundations. Interviewees strongly encouraged CEP to stick closely to what it does best: collecting and analyzing comparative survey data and conducting original research.

“Should they consult? Probably not...They have the premier reputation about this performance assessment work and they should stick to it...Maybe they should have a strategic partnership with a premier consulting firm.”

—Thought Leader Interviewee

Focus original research on developing more cases studies. Several key informants indicated they feel CEP's original research efforts could add significant value to the field by developing more case studies on foundation performance. These could be retrospective, telling the story of foundations that have used CEP services and how they have improved performance over time. Alternatively, the research could be prospective, identifying a small cohort of foundations that are implementing various approaches to improving their performance and then tracking whether, and if so how, they do so. This type of research could provide “carrot” incentives for foundations to engage in performance assessment and improvement efforts.

“Are there particular case studies that they could highlight where change occurred in the foundation that lead to better results? [CEP could] work with four foundations over a period to improve their effectiveness and measure the indicators. Are there any shining models of how program officers are evaluated? They could take the top five foundations who are doing phenomenally interesting things and research what are they doing relative to others that are not performing highly. Do they reward risk and innovation in their program officers?”

—Thought Leader Interviewee

Develop a community foundation-specific assessment tool. There appears to be an additional niche assessment tool for CEP to consider developing: the “donor perception report.” In this research and through LFA's stand-alone assessments of the GPR's impact, community foundation leaders often talked about their role as being different from that of counterparts at private foundations. They stressed that they have more stakeholders to hear from than grantees, staff, and board. A donor survey marketed to the community foundation segment would increase the available perceptual data and add important value to a significant number of foundations. Like the GPR, which has inherent incentives, a donor perception report would likely have built-in incentives as

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well: namely, it is good practice to hear from the community member donors relying on and supporting community foundations to act in their philanthropic interests.

Find strategic ways to bring nonprofits more centrally into the dialogue. CEP does have a unique opportunity to bridge the nonprofit and philanthropic worlds, and should think creatively and strategically about how they can continue and deepen the ways in which they bridge these worlds within the social-profit sector. Fundamentally, by being “non-partisan” in this way, the dialogue about how the funder-grantee partnership can result in the greatest social impact could be enriched significantly. Examples of how CEP could do this, as highlighted in the key informant interview quote at right, include periodically hosting mixed funder-grantee forums (such as focus groups), bringing more nonprofit representatives onto CEP’s board, and making an effort to include nonprofit representatives at CEP conferences and other programming while building in appropriate and strategic conversations for funders and grantees to have together about how to maximize effectiveness.

“If they want to really be perceived as being bold and innovative and pushing effectiveness, they have to be more of a bridge between those who are funding and those who are getting funded. They could do this strategically. Do they do focus groups throughout the year that are half foundations and half nonprofits? They (CEP) are funded by (foundations), so I realize this reality, but they could do more with their programs that make sure the grantee voice is included more than ‘we survey them.’ They should ask (high-performing nonprofit leaders) onto their board.”

—Thought Leader Interviewee

Conclusion

The findings from this market and impact assessment reveal that within a few short years CEP has emerged as a unique and important resource for foundations seeking to enhance their effectiveness in achieving social impact. CEP has a solid, positive reputation among representatives from the largest 500 foundations in the U.S. for providing high quality assessment services, research reports, and conferences.

Building on its solid reputation, there are significant market opportunities for CEP to pursue. Within the largest 500 foundations in the U.S., there are untapped opportunities for CEP’s existing assessment tools. The challenge for CEP is to address the impediments to engaging in foundation performance assessment expressed by those who have been least likely to use CEP services: namely, foundations with annual grantmaking budgets under \$50MM. It will take creative cost schedules and the development of other incentives to motivate these foundations to engage in CEP’s assessments.

CEP’s products and services do create change in foundations, particularly in the areas of grantee communication, attitudes towards partnership with grantees, and providing assistance other than grant dollars. Although it is still early to assess, CEP’s newest work in the area of foundation strategy also appears to influence foundations’ thinking about strategy and to inspire involvement in strategic planning activities. This is an exciting development that shows promise for deepening CEP’s impact in ways the organization aims to accomplish.

Fundamentally, this study demonstrates that CEP is well-positioned to continue to grow in the breadth and depth of impact through the development of new tools, research, and programming designed to reach existing and untapped markets.