

ASSESSING PERFORMANCE AT THE
ROBERT WOOD JOHNSON FOUNDATION:
A CASE STUDY

Phil Giudice and Kevin Bolduc



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CASE STUDY SERIES

This publication represents the first in a series of Case Studies that will be developed by the Center for Effective Philanthropy to highlight interesting practices in the field of philanthropy. This case focuses on one foundation's development of a foundation-wide performance assessment system. We hope that by describing the Robert Wood Johnson Foundation's experiences, other foundations can apply lessons learned to their own efforts to assess their performance.

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ASSESSING PERFORMANCE AT THE ROBERT WOOD JOHNSON FOUNDATION: A CASE STUDY

How are we doing? The question seems straightforward, and for some an answer is simple: A foundation bestows money on worthy causes, so by definition, it must be performing well. High-profile stories of successful foundation-funded projects and enthusiastic acclamation from grantees, the public, and colleagues can seem to confirm the perception that a foundation is creating great impact.

For an increasing number of trustees and executives of charitable foundations, however, relying on these intangibles is not enough. Good intentions and anecdotes do not systematically provide data that can allow for learning and improvement nor demonstrate clear accountability to key stakeholders. These foundation leaders believe that to increase their ability to fulfill their missions, it is their obligation and perhaps most crucial challenge to implement a more comprehensive understanding of overall foundation performance.

ROBERT CAMPBELL: GOOD INTENTIONS NOT ENOUGH

In 1993, Robert Campbell, the former Vice-chairman of the Johnson and Johnson Company (J&J), joined the board of the Robert Wood Johnson Foundation (RWJF) and began asking this simple, but elusive, question: “What are we aiming for, and how will we know when we’ve gotten there or if we ever will?”¹ The answers he received were not satisfying.

In his role at J&J, Campbell had used a comprehensive set of measures to inform his understanding of the company’s performance. He looked at financial measures, operating benchmarks, market share, results versus sales targets, and qualitative opinions from customers and analysts. These measures taken together provided J&J’s stakeholders – directors, leaders, employees, customers, and investors – a thorough sense not only of how the company was performing overall but also how individual business areas contributed to that success.

This assessment system helped J&J learn which areas needed work and which were working well. This culture of learning has been cited often as a significant contributor to the continued success of the company. (Profits at J&J have risen 11 percent annually over the last 100 years and 17 percent annually over the last decade). “J&J has an unbelievable management track record that you can’t ascribe to luck. Luck only lasts for a while, not for generation after generation,” said David Saks, chief investment officer of the Saks MedScience Fund and Ladenburg Thalmann.²

¹ Robert Campbell Interview, July 2003.

² Pierson, Ransdell. “Johnson & Johnson, 116 and growing like a teenager.” Reuters February 14, 2003.

Campbell did not want to entrust the foundation's results to luck. And while he recognized that understanding RWJF's performance would require a different set of tools than at J&J, he wanted to push the foundation past what he saw as a tendency to equate performance with purpose. Although Campbell strongly shared the sense that the purpose, and stated mission, of RWJF – to improve health and health care for all Americans – was noble, he believed RWJF had insufficient insight into how well it was actually achieving this mission.

Campbell, now the board chair, has been a major force in what has been a decade-long joint effort by RWJF staff and board members to create tools that assess foundation performance comprehensively. Given the challenges of measuring the work of a foundation, an organization only indirectly responsible for the impact created through its chosen grantees, only some of the performance assessment systems tried have worked well. Other efforts have over-reached, lacked comprehensiveness, or otherwise fallen flat. In 2003, Risa Lavizzo-Mourey, in her new role as President and CEO of RWJF, pushed the performance assessment system to evolve one step further to its current state. She asked the RWJF staff to standardize programs into an "Impact Framework" that clearly places every RWJF grant within a strategy that would facilitate tradeoffs between programs and clusters of grants based on results measured against targets.

Over the years, the performance assessment system has evolved from a simple summary of selected successes and challenges for RWJF to a sophisticated, comprehensive, board-level articulation of progress against the foundation's theories of change and indicators of performance. Even as it continues to evolve, the performance assessment system provides the staff and board a crucial common ground for discussing the fundamental question of how RWJF is performing and how it could continue to learn and improve.

This brief study compiles the experiences of RWJF over the last decade and raises some key challenges for any foundation attempting to get beyond a simplistic answer to important questions of foundation performance. The material for this paper comes from a series of discussions with RWJF board members, current and former staff, consultants and a review of key documents produced over the last 10 years.³

A SOLID FOUNDATION: GRANT AND PROGRAM EVALUATIONS

Performance assessment is not a new concept at RWJF; the foundation has a rich tradition of using data to make better decisions. As one comprehensive study of foundation evaluation stated: "There can be no doubting the impact of The Robert Wood Johnson Foundation's commitment to evaluation on nonprofits' growing interest in the field during the 1980s."⁴ Since the late 1970s, the foundation has had an internal evaluation department and has been commissioning third-party appraisals of its grantmaking. Throughout its history, the foundation's staff, comprised of professionals with advanced degrees, doctors, research scientists and veteran health practitioners, have attempted to understand, where possible scientifically, the results of their grants.

³ For a timeline of developments in RWJF's performance assessment and for a list of some principals in these developments please see the Appendix on page 16.

⁴ Hall, Peter Dobkin. "A solution is a product in search of a problem": A History of Foundations and Evaluation Research." Unpublished Essay. <http://ksghome.harvard.edu/~phall.hauser.ksg/EVALUATION%20ESSAY.pdf>

Initially, RWJF's evaluations were a mixture of baseline investigations to determine which current health problems were most pressing, formative studies to help direct new grantmaking programs, and summative evaluations to describe outcomes produced by specific RWJF interventions. Significantly, since its early years RWJF has committed to producing results reports for nearly all of its grants and to conducting broader program evaluations. Each grant report describes the research that informed the rationale for the grant, what was done in the grant, and key findings and their limitations. Positive or negative, RWJF remains committed to making grant-related reports public. Currently, more than 1,700 grant reports are freely available on RWJF's web site⁵ to other researchers, practitioners or anyone interested.

The public results of both these grant reports and the foundation's evaluations have provided insight informing specific grant making decisions for RWJF, as well as for other groups working in RWJF's chosen fields. However, the RWJF model of conducting ambitious, scientifically-designed evaluations has proved to be an expensive one only appropriate for a portion of the foundation's activity. In 2001, RWJF committed a further \$20 million for new program evaluations to the \$56 million in evaluations already ongoing. These hypotheses-testing rigorous evaluations enable RWJF to advance the knowledge of the field. (See sidebar "Beyond Grant Evaluations" for a description of RWJF's efforts to leverage the value of its evaluations.)

Despite their value in examining individual grants or programs, the evaluations and reports were only somewhat helpful in guiding the foundation at the board level to understand overall performance. Dr. David Rogers, RWJF's president from 1972-1987, articulated at his retirement that evaluations were most useful in helping diverse staff reach consensus on expected outcomes – necessarily focusing grantmaking.⁶ The goal of informing objective measurement of overall impact was secondary and more difficult.

If grant and program evaluations alone weren't the answer to Robert Campbell's questions, then what was? Assessing the overall performance of the foundation – as opposed to assessing

BEYOND GRANT EVALUATIONS: DATA COLLECTION TO DEVELOP IMPROVED UNDERSTANDING OF HEALTH AND HEALTH CARE

RWJF's commitment to data gathering extends beyond internal use of grant evaluations. For instance, the foundation develops detailed quantitative and qualitative assessments of the key populations and issues in which it chooses to work. These studies, published under the "Occasional Reports"¹ section of the foundation's web site, develop a context for the field and promulgate a theory by which the foundation and other practitioners can affect positive change.

Additionally, the foundation has created a public archive based at the University of Michigan's Inter-University Consortium for Political and Social Research. This archive houses all the data collected through its sponsored research. The data is available for any researcher to use to test new hypotheses and answer questions that are outside of the original focus of the RWJF-funded research project. By keeping the data in the public domain, the foundation leverages the talents of other researchers both now and in the future.

¹ <http://www.RWJF.org/publications/other.jsp>

⁵ <http://www.RWJF.org/publications/grantReportsNew.jsp>

⁶ Rogers, David. "On Building a Foundation." *Foundation News*. July/August, 1987.

specific grants, clusters of grants, or program areas – was a new challenge and required a shift in thinking throughout the foundation. Campbell wanted measures that could be aggregated to the level of describing the entire foundation; he continued to challenge the foundation to understand its performance better.

Steve Schroeder, RWJF's president from 1989-2003, decided to try a new approach to answer Campbell's question. Like Campbell, he believed a system of assessment that addressed broad foundation-wide strategies was necessary. "Evaluation doesn't get into strategy and missed opportunities. RWJF could have a number of grants that weren't performing well, but only looking at individual evaluations, you could have missed the forest for the trees. I don't think you can be satisfied with an evaluation piece alone, but any system of assessment that didn't include them would be poor."⁷

CREATING A SCORECARD AND SETTING THE STAGE FOR COMPREHENSIVE PERFORMANCE MEASUREMENT

To develop an overall understanding of RWJF's performance, Schroeder and Campbell tapped two of the foundation's senior staff, Lew Sandy, Executive Vice President and Jim Knickman, Vice President of Research and Evaluation. Knickman and Sandy recognized the significant challenge of moving beyond grant evaluations and agreed it was crucial in answering the question of RWJF's performance. As they quickly discovered, however, the process of actually building the system would be much more difficult.

The task of creating an assessment system to track foundation performance began somewhat haltingly at RWJF. Citing concerns about the difficulty of summarizing the changing and diverse work of the foundation, some staff resisted the effort. Others worried that it would be hard to start in the middle of certain programs. (See sidebar "A list of concerns, and responses"). However, as Maureen Michael, the Research and Evaluation Officer now responsible for the annual data analysis for the scorecard of RWJF's performance put it, "It's always the wrong time to start, so you just have to do it."

Schroeder, Sandy and Knickman were aware of the skepticism among some of the staff, and they too shared concerns. As Schroeder put it in RWJF's 2001 annual report, "The lack of a standard metric is one of the features that makes our work so challenging and exhilarating."⁸ Yet he knew that this sentiment was also dangerous. "The inability to measure the bottom line, lack of accountability, unequal power between the foundation and grantees, and people telling you how good you are, leave a tendency to believe that business as usual is the way to go."⁹

To counter this attitude, Schroeder sought to impart in staff a restlessness to improve RWJF's performance whenever possible, and he cautioned them against becoming too complacent. Even though, practically speaking, the creation of a perfect measurement system was not possible; the process of moving beyond what had at times been a sacrosanct treatment of RWJF's current activities to an environment that encouraged questioning of the foundation's

7 Schroeder Interview, May 2003.

8 RWJF 2001 Annual Report

9 Schroeder Interview, May 2003

achievements was beneficial in its own right. “I never felt that we were going to totally rely on measurement – it was a good discipline to know that we were being measured and would make the data public internally. It was also very important to share some of it publicly.”¹⁰

During the early development period of performance assessment at RWJF, the staff launched the RWJF Scorecard, a document detailing the foundation’s achievements. In its first year, 1993, the Scorecard consisted of a collection of program case studies, along with impressionistic

A LIST OF CONCERNS, AND RESPONSES

As with all institutional change, managing and addressing staff concerns is critical to success. Below is a sample of concerns (and the corresponding foundation responses) by RWJF staff upon the initiation of a new assessment system to track foundation performance.

<p>Concern: Much of the important work done at RWJF does not have easily quantifiable measures of success, so a desire to measure it will destroy the art of philanthropy and drive the foundation toward less important, but more easily measured work.</p>	<p>Response: In instances where direct measurement may be too difficult, we will create proxies related to a theory of change and use qualitative measures to help elucidate goal achievement.</p>
<p>Concern: The board will not be able to deal appropriately with the nature of imperfect information. Directors may improperly use the data, leading to bad decisions.</p>	<p>Response: We will align the goals of the staff and board by involving the board at the beginning of the process and educating and investing them in the system.</p>
<p>Concern: Resources spent on this effort could be better spent on more important work, such as more grant making.</p>	<p>Response: Assessment will drive learning and improvement, enabling future resources to be better used.</p>
<p>Concern: Given the foundation’s often relatively small, collaborative contributions to complex issues in health and health care, it will be neither appropriate nor possible to claim credit for any successful impact.</p>	<p>Response: We are conducting performance measurement to learn, not to claim credit.</p>
<p>Concern: A focus on measurement will impede opportunistic grantmaking – some believe this is among our best grantmaking.</p>	<p>Response: Opportunities will always be available. Having clear goals and a better understanding of past successes (and failures) will help the foundation to choose the best combination of opportunities.</p>

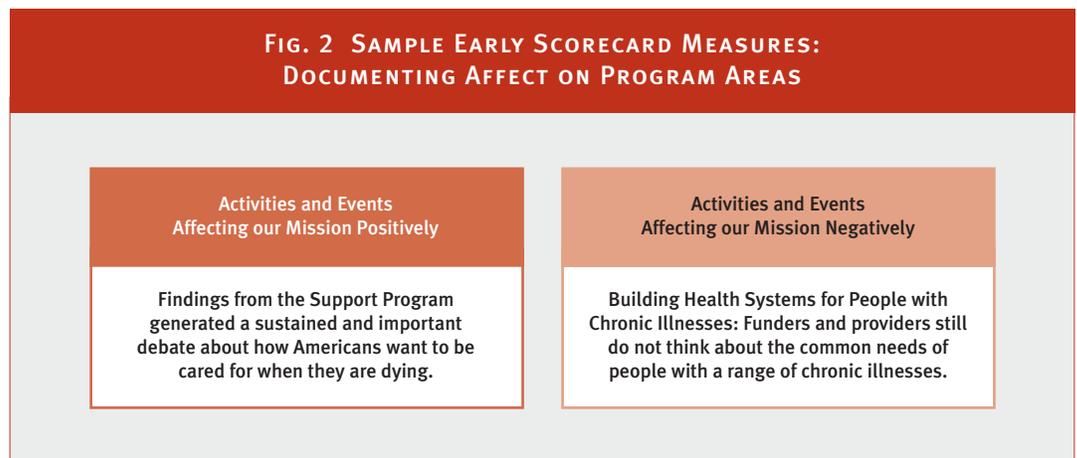
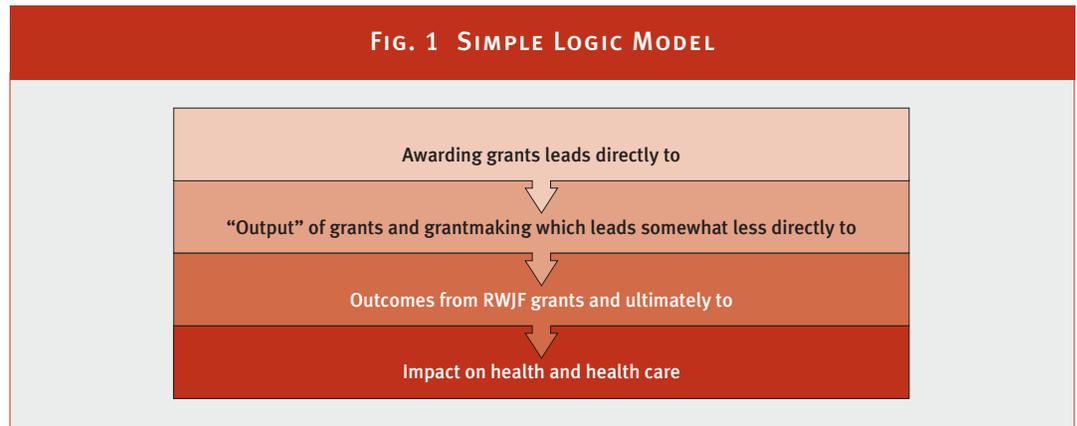
¹⁰ Schroeder Interview, May 2003.

assessments of performance on RWJF’s newly adopted goals. By 1996 the Scorecard had made major leaps and included four sections corresponding to a simple model for understanding RWJF’s performance.

The first section of the Scorecard compiled data on grants awarded, including information about the number, value, strategy for, and types of grants awarded. It also outlined the types of organizations and project leaders that received grants. The second section detailed the outputs of grants, such as the number and types of activities supported.

The third section presented overall outcome measures related to health and health care. These were broad factors that affected whole programs areas, positively or negatively (see Figure 2 “Early Scorecard Measures”.) The fourth section listed some quantitative health measures, like the national rate of teenage smoking, related broadly to RWJF’s goals.

Some of the variables measured in the Scorecard were clearly too broad. Knickman and Sandy admitted these flaws and committed to their improvement. The measures included in the four sections of the initial Scorecard were recognized most importantly as first steps in the evolution of performance assessment – indicators staff communally developed and presented to the board for discussion. “At first all the measures we used were not quite right,” acknowledged Maureen Michael. “We erred by going ‘too big’, looking for ultimate outcome measures. But starting with any measure and working with it over time is really worth the effort.”



DEVELOPING PROGRAM TEAM OBJECTIVES AND MEASURES

In moving into the next phase of performance assessment, RWJF wanted to focus more on discrete team objectives. It explored the practices of other foundations in the hope of identifying relevant models. However, no other foundation's overall assessment practices, which were generally very limited, seemed appropriate for what was required at RWJF. Consequently, Sandy and Knickman decided to create their own system. They engaged John Fiorillo, a 30-year veteran of the health care field as the former Chief of Staff for New York City Health Services and founder of the consultancy Health Strategy Group, to help RWJF design its process.

Over the course of a few weeks in 1998, Fiorillo engaged in a series of conversations with program leaders, executives, and RWJF board members to solicit ideas of how to structure the system. Fiorillo reported back that he had bad news: It would be difficult to quickly or simply build a performance metrics system from what was currently in place.

Fiorillo concluded that in order to develop a workable assessment system, the foundation would have to revisit its goals. Fiorillo found the existing team objectives, where they existed at all, were "not helpful, too broad, too vague and not related enough to the grantmaking."¹¹ Furthermore, he related that the program staff simply had no experience in planning and tracking objective accomplishment. Fortunately, Fiorillo did not perceive the program staff to be hostile to the concept – just inexperienced in performance assessment. He believed that the culture of RWJF, which had always valued evaluations, could, over time, become conducive to addressing the new challenges of creating comprehensive performance measures productively.

In fact, the foundation already was benefiting from two important factors intrinsic to the historical character of RWJF. First, its staff was well-experienced in working with incredibly complex systems and was infused with a shared sense of the challenge to understand the foundation's fields of focus and the work of philanthropy itself. Second, there was considerable trust in the senior staff's handling of data, based on a long history of public grant reporting. Because RWJF's leadership had not misused grant report or evaluation results in the past, staff did not fear that the new overall foundation assessments would be used in an inappropriate or punitive manner. Bob Hughes, RWJF's Director of Special Projects, and one of the longest tenured staff at RWJF, described this as the critical factor that allowed the nascent performance assessment system to grow:

"The staff of RWJF is savvy and knew that the process was real and not going to be used, as it so often is elsewhere, cynically or with ulterior motives. The consistency of senior staff in using the data appropriately, not to undermine people, gave staff the ability to trust that decisions made based on performance assessment data would be constructive, not punitive. That's what has driven the continuation of performance assessment at the foundation."¹²

Sandy and Knickman pushed forward in the knowledge that Schroeder and the board were committed to their shared vision for improved understanding of RWJF's performance. As Sandy put it, "the essence of what we were trying to create was clear. We wanted teams to have

¹¹ Fiorillo interview, August 2003.

¹² Hughes Interview, May 2003.

specific targets with intermediate indicators of success, and we would track performance against those indicators with a change model always in our minds.”¹³

Additionally, the foundation’s commitment to the process was clear and drove the creation of ever-better performance assessment measures. In 1992 the board announced that it would annually devote one of its four board meetings solely to reviewing and discussing the overall performance of RWJF. “It was clear that the process was just going to keep going,” according to Steve Schroeder. “The end was articulated so there was no question about whether you had to get on board.”¹⁴

Over the course of the next year, Sandy, Knickman and Fiorillo began their work. Fiorillo facilitated discussions with each of the 11 grant-making teams to help them further articulate their program strategies and goals and to begin to design some overall measures of progress. All of the teams worked hard, adopted a new vocabulary to discuss their work, and generally accepted the concept of performance measurement.

A few of the teams fully embraced the challenge, completely reorienting both the way they talked about and made their grants. They re-envisioned their stated objectives independent of past grantees and grant-making goals and strategies. They changed their work in three significant ways:

- Described a vision of success – what the world would look like in five to 10 years.

LESSONS LEARNED: CRUCIAL ASPECTS TO INITIATING A SYSTEM OF OVERALL FOUNDATION PERFORMANCE ASSESSMENT

The perfect time to begin will never exist and consensus will never be reached: Strong leadership from the senior staff and board are crucial to getting the process off the ground. The board can play a key role in overcoming inertia by making changes at the staff or leadership level, or, as in RWJF’s case, by requiring answers to new questions about the foundation’s overall performance.

Practicality is critical: It must be clear that the results of the assessment will be used to inform better decision-making. If the exercise is seen solely as an intellectual endeavor, interest will wane and foundation effectiveness will not be enhanced.

Reinforcement of a learning culture is important: Staff need to understand that foundation-wide performance data will be understood and used in an appropriate context and that revealing negative findings will not be viewed as a “gotcha” exercise but rather as constructive information for improving future performance or reassessing goals.

Staff need help in setting goals: Program staff may have little experience in setting appropriate targets or explicating a theory of change.

An endpoint must be articulated: Establishing when and how the data will be used is important. In the case of RWJF, the board’s decision to set aside an annual meeting to discuss the results of the performance assessment served to motivate the staff to overcome challenges inherent in creating and continuing the assessment process.

¹³ Sandy Interview, May 2003.

¹⁴ Schroeder Interview, May 2003.

- Identified potential areas of targeted systems in which RWJF efforts could lead to great change – highlighting external factors that could enhance or hinder success of specific interventions, and considering the relative costs and benefits of changing intervention targets.
- Created a specific logic model to accomplish the intended change – with proposed strategies grounded in research, time-linked objectives, and milestone performance measures.

Not all the teams were similarly successful. Despite the best intentions of all, the discussions around program goals and measures were difficult and did not always achieve what was needed. Looking back on the process Schroeder acknowledges that the objective-setting process was extremely difficult: “What was hardest for the staff was setting the goals. When you love a field and understand it extremely well, it’s hard to put something on the line. External factors always play a part. RWJF’s staff is ultra committed, but that type of defensiveness is a human manifestation of feeling very committed.”¹⁵

Of those teams that struggled, the most significant challenge came in articulating a clear strategy for how a particular funding approach would lead to a specific desired outcome. Participants on some teams resisted developing a cohesive strategy, instead creating loose sets of goals for their grantmaking. For those teams, the objectives they developed were too broad and not well connected to a logical articulation of how their grantmaking would affect change. Their inability or resistance to do this was frustrating for both RWJF leadership and the team members themselves. Because the plans of some teams were not adequate, in essence they were exempted, for a time, from the newly created assessment system; a result leadership acknowledged was unfortunate. “Some staff had hoped for an easy answer and quick fix. But part of the job of the CEO is to educate the whole organization about realistic results. However, we could have probably aimed for a little less consensus in getting everyone on board.”¹⁶

Eventually, each of the II grant-making teams did identify three strategic objectives and chose not more than three measures for each objective, all representing a significant improvement over past tracking. These early measures, despite their mixed quality, were collected for presentation to the board with an understanding that they did not yet achieve the goal of allowing an easy answer to the question of how RWJF was doing.

These newly developed team-based performance measures were incorporated into the RWJF Scorecard and presented at each July board meeting. While the original Scorecard was a compilation of case studies, perspectives, and themes of impact, by 1998 the Scorecard presented the first compilation of data across all of RWJF’s grant-making activities.

INCORPORATING CROSS-CUTTING PERFORMANCE MEASURES

Sandy and Knickman believed, however, that a complete understanding of foundation performance should reflect more than just fulfillment of team objectives. They knew that certain foundation goals were not specific to particular program areas: They were cross-cutting in nature and germane to those working in all of the specific areas in which RWJF made grants. To address these goals, they created a corollary set of measures that investigated stakeholders’

¹⁵ Schroeder interview, May 2003.

¹⁶ Schroeder interview, May 2003.

perceptions of RWJF. They sought to measure perceptions of the foundation in terms of being responsive and fair in interactions with grantees and applicants, understanding and influencing the thinking of the public or public policymakers, and being an exemplary employer that allowed staff to feel empowered and fulfilled. RWJF believed that optimizing these factors was critical to their success in its mission to improve health and health care.

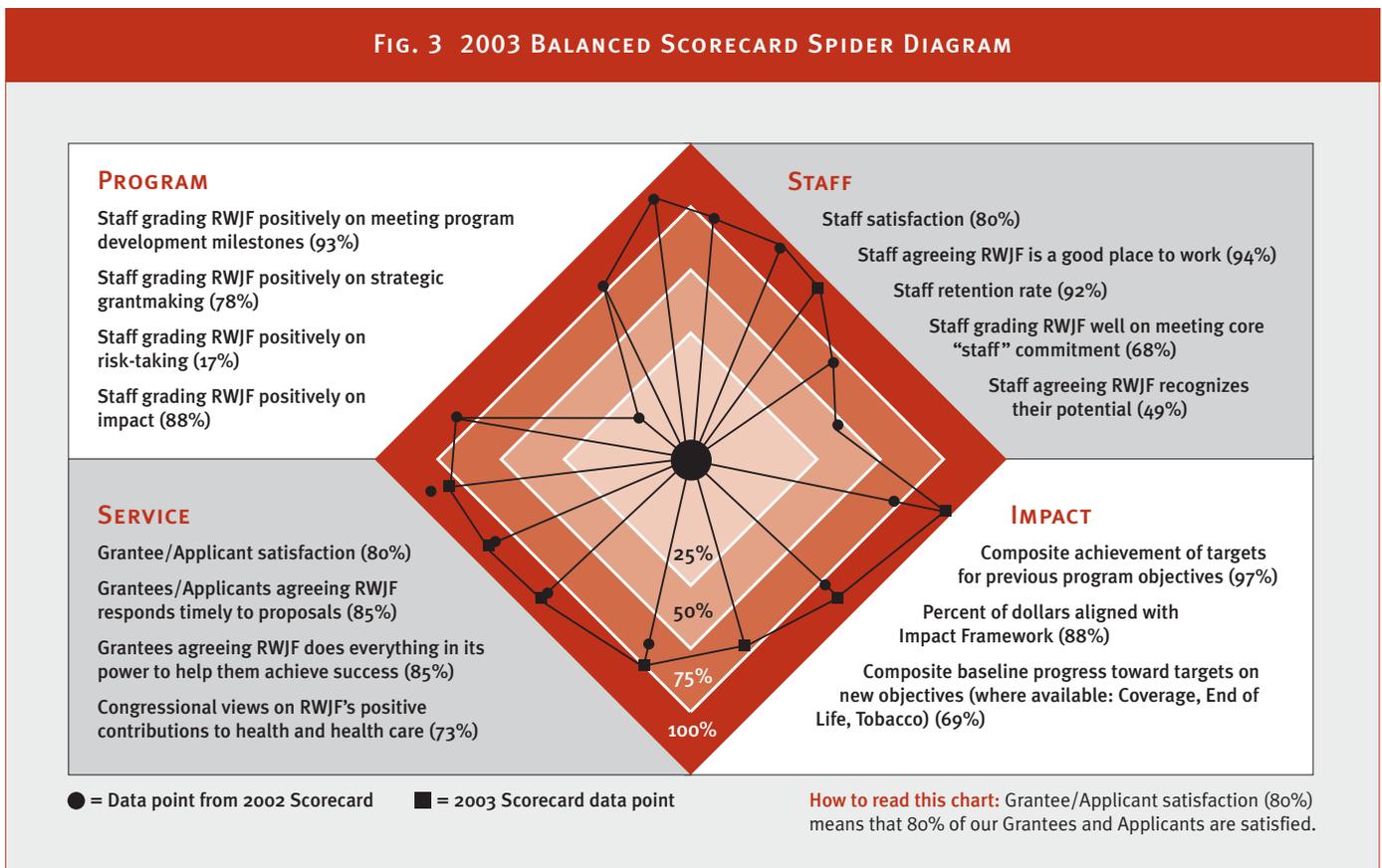
In order to inform these measures, the foundation began conducting regular surveys of:

- RWJF staff,
- RWJF applicants and grantees,
- health and health care-related thought leaders, media, and policymakers,
- the general public.

Although the data gathered in this process were perceptual in nature, they provided valuable holistic insight into RWJF's functioning from those inside and outside its walls. Wherever possible (somewhat infrequently), RWJF sought comparative data to help orient the staff and board to benchmarks from other foundations.

By 2001, 15 broad measures were summarized within the Scorecard into a one-page "Spider Diagram" for the board to discuss (See Figure 3). Intended as a sort of executive summary

FIG. 3 2003 BALANCED SCORECARD SPIDER DIAGRAM



of RWJF's performance, this version of a Balanced Scorecard included critical measures of program strategy, service to grantees, staff development and satisfaction perceptions, and impact summaries against key program objectives. Schroeder noted that "the multiplicity of measures was one of the most important aspects of the system. It allowed us to partition our audience and understand their concerns and the foundation's strength vis-à-vis those stakeholders."¹⁷

THE "IMPACT FRAMEWORK": CONTINUED EVOLUTION

In 2003, RWJF continued to develop its Scorecard and performance measurement system. Talking with each of the foundation's directors after she assumed the presidency of RWJF in early 2003, Risa Lavizzo-Mourey heard the board continue to voice its desire to improve assessment at RWJF. In 2003 RWJF adopted the "Impact Framework" that includes a new generation of performance indicators to guide the foundation's work. "The board wanted to continue to engage more strategically in the work of the foundation," explained Lavizzo-Mourey. By arranging each grant or cluster of grants into a portfolio oriented on a strategy to produce a specific change in health or health care, the entire foundation, and especially the board, could better focus grantmaking and "use the process to better acknowledge successes and failures along the way."

In adopting this Framework, once again RWJF reexamined its team objectives and performance measures. In prior years some funding had been excluded from the process of creating objectives or double-counted against multiple goals. The new Impact Framework ensured that each dollar of funding was covered and counted at least, and only, once. All teams identified short, intermediate, and long term indicators, trackable with yes/no answers or quantifiable targets. These targets, which were presented to the board for discussion and approval, ranged in ambition from process measures with high foundation control to outcome measures, which were recognized to be influenced by many factors often beyond the direct control of RWJF.

"The Impact Framework emphasizes that time frame is a critical part of performance assessment. We didn't just want to use a 10-year default time horizon. By setting a range of goals, the entire staff and board can discuss programmatic progress more productively," said Lavizzo-Mourey. Additionally, no teams or portfolio areas were exempted from developing these targets. "We've made another huge step in the last six months," asserted Maureen Michael. "Never before have we had a relatively standard format of complete performance measures for all our teams that were completely aimed at generating strategic discussions at the board level."¹⁸

For Victor Cappocia, the Team Leader for Substance Abuse, and his staff, this meant considering ways to assess their new strategy – increasing the number of substance abuse treatment programs that use evidence-based practices. "Practically, we needed to think about causal kinds of relationships without letting the complexities of the factors that interact overwhelm what we did."¹⁹ In addition to its one long-term goal of increasing the prevalence of effective substance abuse treatment centers, the team set shorter term performance

17 Schroeder interview, May 2003.

18 Michael Interview, May 2003.

19 Cappocia Interview, May 2003.

measures which were more process-oriented. “Each of the team members began to think about overall objectives and subcomponent measures for the short, intermediate and long terms. Our first task was to select indicators that would give us and the board a baseline to measure progress toward our goal.”²⁰

The RWJF Impact Framework includes a one-page board summary that presents a composite measure of achievement of these targets backed up by the detail of each team’s limited number of targets and progress. When the Impact Framework is fully instituted over the course of the next year, the board will be able to look across a limited set of agreed upon data about programs and use that information to make prospective tradeoffs in funding levels between programs. “This evolution of RWJF’s performance assessment better allows the board to consider the timeframe and barriers to success that each program faces,” stated Lavizzo-Mourey. “These impact portfolios allow us all to become more comfortable in discussions of strategy and to focus more quickly on outcomes of our efforts to continue to improve the health and health care of all Americans.”

WHAT HAS THE PROCESS ACCOMPLISHED?

RWJF understands that the perfect assessment system may never be created. However, the question of “how are we doing” remains an important one, and participating in an ongoing performance assessment process has improved many aspects of RWJF’s work. Importantly, the information gathered to assess the foundation’s strengths and weaknesses continues to prove extremely helpful in decision making. Some of the key accomplishments include:

Improved focus and strategy in grantmaking: To Lew Sandy, “A major benefit of performance assessment is sharpening your idea about how you can make change.”²¹ Prior to focusing on foundation performance assessment, program goals were more diffuse, the relationship between cause and effect was not as intensely discussed and tested, goals and measurements were often only loosely related to strategies for change, and in general program leaders had very little common basis to challenge each other to improve the quality of the foundation’s grantmaking.

Increased innovation in using foundation resources to achieve impact: Because RWJF has long been committed to openness about goals, objectives, successes, and failures, results of the full range of stakeholder surveys and performance tracking reports are disseminated throughout the foundation. This practice enables the entire foundation to work together in developing improved ways to create impact. One specific recent outcome of this foundation-wide conversation about goals and strategies resulted in a realization that RWJF was not fully capitalizing on the substantial value of its reputation in helping grantees succeed in their own missions.

Analysis of data from various stakeholder surveys revealed that RWJF was not fully using the power of its name to help in its interventions. As one staff member put it, “RWJF isn’t

²⁰ Cappocia Interview, May 2003.

²¹ Sandy, CEP seminar, November 2002.

terribly well understood by some, but many of those who know us love us.” The 2002 Scorecard highlighted RWJF’s name recognition, but emphasized that “when ‘Health Thought Leaders’ were asked what was the first thing that came to mind when RWJF was mentioned, their responses – while positive – were diffuse.”²² However, the vast majority of surveyed grantees said that having the RWJF name associated with their work increased their ability to accomplish their goals.

Paul Tarini, a Communications Officer responsible for surveys of external audiences, recalled that as a result of these findings the foundation began to be more “proactive in extending the RWJF brand where necessary and becoming more intentional about using RWJF’s reputation to help grantees recruit new and better people, to help them raise more money and to help them have their results widely looked at.”²³

RWJF recognized that it could deploy internal resources to find mutually beneficial ways for the foundation and its grant recipients to leverage the foundation’s positive reputation. “When team goals are clear, communications officers can easily fit into and help the teams meet their objectives. RWJF Communications staff can help determine whether interventions can be communications-based and how the foundation can help policymakers raise grantees’ important issues or can get editorial boards writing about related topics,” said David Morse, RWJF’s Vice President of Communications.²⁴

Stakeholder surveys, then, had served as the impetus for the program, evaluation and communications staff to consider how they could all participate productively in an important conversation about the power and potential of harnessing a non-monetary asset – RWJF’s reputation and recognition – to help fulfill the foundation’s overall mission.

UTILIZING PERFORMANCE ASSESSMENT TO SHARPEN FOCUS: THE HEALTH CARE COVERAGE TEAM

The Coverage Team, led by David Colby, had been focused on changing public policy to promote access to quality health care, but was increasingly frustrated with the slow speed of progress because of seemingly intractable impediments to change. The opaque nature of the policy process made selection of interim indicators a challenge and understanding real progress difficult. Through its discussions, the team revisited its fundamental objective – to decrease the numbers of uninsured – and realized that there were alternative paths beyond seeking what it regarded as the ultimate goal of national policy change. The team converged upon the idea that significant opportunity for impact existed in enrolling children in already existing, underutilized programs at the state level. This could be done while simultaneously pursuing the objective of national policy change.

As a result of this newly-defined objective, the Coverage Team increased its funding of activities that supported greater ease of enrollment of eligible children in public programs like the State Children’s Health Insurance Programs. Furthermore, the team began to present intermediate term tracking measures about state-level simplifications of the enrollment process, allowing RWJF leadership and trustees to better assess the team’s performance.

22 2002 scorecard.

23 Tarini Interview, May 2003.

24 Morse Interview, May 2003.

Alignment of goals at the foundation and strengthening of confidence in decisions:

Critical and creative thinking about performance assessment also led to a change in the tone of conversation among the leadership and staff of RWJF. By creating summary measures, the goals of the board and staff became explicitly aligned. “Common measurements and an understanding of core commitments are like signposts for making tough decisions,” says Steve Schroeder.²⁵ Furthermore, by integrating findings from the multiple sources of summarized data the board gained confidence in discussing the appropriate reaction to changes in the foundation’s performance.

For example, results from RWJF’s survey of staff and grantees, combined with its review of trend data in grants given, suggested that the foundation was moving more heavily toward “tried and true” grantees and interventions. In 2001, grants were more frequently given to the same institutions and individuals.

Looking at the stakeholder survey data, Maureen Michael saw that while staff “wanted RWJF to be a place where new organizations or people could come and have a good chance of getting funded,” many thought the foundation had become less conducive to fulfilling that goal. Other data sources supported that finding. “When you add in the results of the three stakeholder surveys and they all perceive RWJF to be less completely embracing of risk than before, you have to think that they can’t all be wrong. So, given this perceived change, a question for the foundation became one of what was a good amount of risk and what was too much or too little?”²⁶

Presented with these findings, the board of RWJF had an informed discussion about what changes, if any, needed to be made to adjust the risk profile of the foundation and also to establish the optimal level of repeat and high-risk grantees. Acknowledging the desire to be creative in finding the best ways to improve health and health care, the board created a specific portfolio group that would focus solely on providing risk capital.

CONCLUSION

The most significant outcome from RWJF’s continued dedication to creating a comprehensive performance assessment process was an enhanced sense of accountability and a common language with which to discuss progress. As Knickman describes it, “Over my time at RWJF, I’ve seen us progress from program evaluations focused on individual investments to looking at portfolio and organizational assessments. Now we have a much better ability to talk about broader learning and achievements. The elegance is that we have a family of learning tools that are appropriate to the scope and ambition of RWJF.”²⁷ The board’s questions have become much more connected to the impact created by the foundation:

- What are we trying to accomplish?
- What are the results?
- How can we adjust foundation-wide or program specific goals to improve impact?

25 Schroeder interview, May 2003

26 Michael Interview, May 2003.

27 Knickman Interview, May 2003.

RWJF's leadership and staff have found the evolution of the foundation's performance assessment to be imperfect, difficult, and ultimately worthwhile. Simply engaging in questions around performance assessment resulted in improvements throughout the foundation. In the words of Steve Schroeder, "Philanthropy is a blend of art and science. The questions RWJF needed to ask about our performance may not have been completely answerable, but they were very important to ask."²⁸

BACKGROUND ON RWJF

The Robert Wood Johnson Foundation was established by a bequest from Robert Wood Johnson from nearly the entirety of the fortune he created while building Johnson and Johnson, his family's business, into the world's largest health care products company. General Johnson (the title by which most knew him – General – grew out of his service during World War II as a brigadier general in charge of the New York Ordnance District) was a distinguished corporate leader with an intense sense of responsibility to others – a sentiment he imbued in his company. Johnson's one-page management credo declared J&J's first responsibility to be to its customers, followed by its workers, management, community, and stockholders. "We could not be such a broadly based and decentralized company without a shared value system," said J&J chief financial officer Bob Darretta, who describes the credo as the glue that holds diverse operations together.¹

General Johnson has been described as a "disciplined perfectionist who sometimes had to restrain himself from acts of reckless generosity."² Consequently, it is not surprising that the same striving for excellence that characterized Johnson and Johnson was woven into the culture of the foundation he endowed. Founded in 1972, RWJF has been working assiduously since that time to improve the health and health care of all Americans.

Already a relatively large foundation when it was created, RWJF's endowment by 2002 had grown to over \$8 billion, ranking it among the five largest foundations in the country. As RWJF's financial assets increased over its first 30 years, so did the size of its staff and the scope of its operations. In 2002, the foundation's 40 program officers awarded 1,138 grants chosen from a pool of more than 6,000 applications. Program officers were joined by 200 others, including a research and evaluation group of 19 professional and support staff.

Over its history, RWJF has put more than \$5 billion to work attacking society's health problems. Relative to many foundations, this is a vast sum, and it has been dedicated to a comparatively focused mission.³ However, to put these resources in context, the U.S. spends approximately \$3 billion on health and health care each day. As significant as it is, the amount of money RWJF has spent since its inception is small compared to the size of the complex systems the foundation is seeking to affect.

RWJF also has sought to be a leader in the philanthropic community, documenting and disseminating its experiences and findings in an effort to strengthen philanthropy generally. Risa Lavizzo-Mourey, RWJF's new President and CEO, described this philosophy recently: "Our role in leadership vis-à-vis philanthropy should be in helping to develop the field, the techniques, the methods and the standard of rigor. I think we can be innovators in understanding how to use and integrate different kinds of grantmaking to achieve results... We probably can do more to integrate performance measurement and evaluation, communications and other techniques in a synergistic way to achieve results."⁴

1 Pierson, Ransdell. "Johnson & Johnson, 116 and growing like a teenager." Reuters February 14, 2003.

2 <http://www.RWJF.org/about/founder:jhtml>

3 Foundations comparable to RWJF in level of giving often have many distinct grantmaking programs, such as arts and culture, the environment, health, etc.

4 RWJF website – President's Corner

28 Schroeder Interview, May 2003.

APPENDIX:

TIMELINE:

1972: RWJF founded to improve health and health care of all Americans

Late 1970s: Internal grantmaking evaluation department or commissioned third party appraisals of grantmaking used to assess performance

1989: Steve Schroeder becomes president

1993: Robert Campbell joins RWJF board – begins asking questions about overall foundation performance

1993: Launch first score card

1996: Early development of Scorecard – 9 pages/ 4 sections/ simple foundation logic model (1. data about grants awarded, 2. some outputs of the grants, 3. broad outcome measures related to health 4. broad quantitative health measures related to RWJF goals)

1998: John Fiorillo is engaged to help create more sophisticated and broad reaching performance assessment system

1998–1999: Lew Sandy, Jim Knickman, and John Fiorillo facilitate work with program teams to articulate new program strategies, goals, and to create general measures of progress

July 1998: Scorecard presented at board meeting includes compilation of data and targets across nearly all grantmaking areas

1998–2001: Begin examining performance measures that cut across foundation – examine foundation performance through eyes of “stakeholders” (staff, applicants/grantees, health and health care related leaders, media, legislators, general public)

2003: Risa Lavizzo-Mourey becomes president. Scorecard modified to fit with “Impact Framework”– a standard format of complete time-linked performance measures for all teams

PRINCIPALS IN THE DEVELOPMENT OF RWJF’S PERFORMANCE ASSESSMENT SYSTEM:

Robert Campbell: RWJF Board Chair and former Vice-Chairman Johnson/Johnson

Risa Lavizzo-Mourey: RWJF current President and CEO

David Rogers: RWJF President 1972–1987

Steve Schroeder: RWJF President 1989–2003

Lew Sandy: Executive Vice President

Jim Knickman: Vice President Research/Evaluation

Maureen Michael: Research and Evaluation Officer responsible for annual data analysis/scorecard

John Fiorillo: Consultant engaged to assist in creation of RWJF assessment system

MISSION

The mission of the Center for Effective Philanthropy (CEP) is to provide management and governance tools to define, assess, and improve overall foundation performance.

This mission is based on a vision of a world in which pressing social needs are more effectively addressed. It stems from a belief that improved performance of foundations can have a profoundly positive impact on nonprofit organizations and those they serve.

Although our work is about measuring results, providing useful data, and improving performance, our ultimate goal is improving lives. We believe this can only be achieved through a powerful combination of dispassionate analysis and passionate commitment to creating a better society.

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