



**INNOVATION IN CONTEXT:
NEW FOUNDATION APPROACHES TO
EVALUATION, COLLABORATION AND BEST PRACTICES**

Thomas E. Backer, PhD

study conducted for:

John S. and James L. Knight Foundation

One Biscayne Tower, Suite 3800

2 S. Biscayne Blvd.

Miami, FL 33131

305/908-2600

November 1999



“Real effectiveness in philanthropy derives from a pervading sense of institutional coherence.”
- Dennis Prager, *Raising the Value of Philanthropy*

The Multiple Challenges of Change *Innovation in Context* was commissioned by the John S. & James L. Knight Foundation. Like many other foundations, Knight must guide its 21st century philanthropy through what Georgetown University's Peter Vaill famously called "permanent white water." Change is at every front, both internally and externally.

The Foundation has undergone many internal changes recently. Among them are (1) the arrival of a new CEO in 1998, (2) creation of an evaluation division in the Foundation, greatly increasing attention to both process and outcome evaluation as part of grant making and (3) changes in the Foundation's local advisory system in five of the 26 communities it seeks to affect through its local grant making. The 26 communities in turn face increasingly rapid, unpredictable change, occurring in an environment of tight resources for addressing their many problems.

Profound process changes also are happening in American philanthropy as a whole. The number of foundations, the size of their assets, and the infrastructure supporting them are all growing - but so are the expectations for them to meet social needs, as government resources are increasingly strained. The old notion of foundations as "society's risk capital," experimenting with new models so that they could later be adopted and widely replicated by government, is essentially dead. Government is no longer in that business. Moreover, foundations are seen by some in their communities as remote, elitist institutions that are not influenced by, or involved with, the communities they purport to serve.

This has led many foundations to reconsider both their basic mission and operating style. As one of the interviewees in this study put it: "we realized that our old theory of philanthropy simply didn't meet the realities of the end of the 20th century." To respond, many foundations are scanning the environment to identify new approaches they can use, engaging in internal assessments and strategic planning exercises, and asking for input from the communities in which they give.

Moreover, *change* is in fact the ultimate goal of all interaction between philanthropy and community (whether through grants, convenings, technical assistance or some other vehicle). The whole point of philanthropic support is to stimulate change in the community - change that leads to improved services and quality of life. This philanthropic mission for change interacts in some peculiar and complex ways with all the other types of change just mentioned. It creates an environment for end-of-century philanthropy that is at once filled with opportunity and stressfully challenging.

A Scan of Innovations Innovations in philanthropy can help Knight, or any foundation, handle more effectively the many challenges of change - and the corresponding opportunities. This paper reports on an environmental scan conducted to identify three types of new foundation approaches, each designed to leverage philanthropic dollars:



- innovative approaches to *evaluation* activities of foundations and their grantees
- innovative approaches to *collaboration* - both those involving foundations as partners, and those centered in the community, but fostered or sponsored by foundations
- innovative approaches to *best practices* - systems for identifying, formatting and sharing information about the most promising or best-validated results of a foundation's grant making

The scan was conducted between November 1998 and March 1999. It involved a series of interviews with foundation leaders and other key informants, supplemented with recent written materials about these new approaches. The individuals and organizations providing input to the scan are listed in the Appendix, and the author thanks them all for their contribution to this study.

The interviews and information requests were deliberately informal, to maximize creative thinking. But they all included a critical element best summarized in this question: "how can these innovations be used to build a foundation's capacity for handling change effectively?" Interviewees uniformly turned that part of the conversation to putting the innovations they described in a larger *context* - which became a major element of this study.

Putting Innovations in Context Much has been written about the tendency for foundations to "worship at the altar of the new," as the author put it in a recent book on dissemination strategies in philanthropy. While enthusiastically describing innovative foundation approaches in the three areas listed above, those interviewed for this study consistently fired a "warning shot" about how these new approaches should be considered and implemented.

"Be careful," interviewees said, "about adopting what's trendy just because it is new." Interviewees consistently talked about how their own successful use of a particular evaluation, collaboration or best practices method came about in part because they looked at this innovation in the larger context of their foundation's organizational mission. And in fact many of the innovations were adapted from the outside, or generated on the inside, at a time when the foundation was making major changes in that mission and how it was expressed in grant-making activities.

For instance, interviewees urged that innovations in foundation evaluation be examined in the overall context of how foundations conduct their evaluation activities, and how that in turn relates to overall foundation mission and strategy. They suggested two recent environmental scans, described below, as ways of understanding that evolution.

While there has been much activity recently in collaboration - both with foundations as participants, and with foundations encouraging collaborative activity by their grantees - interviewees remarked that these efforts have had mixed success. As will be explored more fully later, they also observed that there has been little research on the effectiveness of collaborative strategies, or even an attempt



to understand and categorize the approaches to partnership being used. This, our interviewees said, is a significant gap in the field of philanthropy today.

Similarly, an increasing number of foundations are beginning to experiment with best practice systems. Some simpler approaches, like the "lessons learned" document, are widely used. Others, such as computer-based best practice systems, are in an earlier stage of development, and as noted below, it may be helpful to explore experiences with these methods in the corporate and government worlds.

One interviewee stressed the importance of foundations taking "responsibility for the impact we may have with some new initiative - like venture philanthropy - which may have many unintended consequences. We honestly think we are doing good work, but sometimes what we encourage can turn out to be a real disaster for the nonprofits and communities we serve."

Another interviewee commented on how easy it is for foundations, and those they serve, to become victims of the success of an initiative. For instance, "management assistance centers and other foundation-funded programs for capacity-building have been stretched thin by the great demand for their services."

Interviewees urged caution that new approaches *not* be adopted unless there is sufficient commitment to them that "critical mass" will likely be reached. Even if an innovation is truly relevant to improving philanthropic practice, it will not likely do so unless there is an adequate *time* (most significant change takes more time than we would like to think!) and *money* (significant change is usually expensive to produce!). A kind of "field triage" may be needed to pick the innovations most worth pursuing, so that energies can be concentrated on those few with the greatest chance for survival and impact.

All of this means **putting philanthropic innovation in context**. One of cartoonist Gary Larson's many inspired images shows a big lunk of a guy asleep. Over his bed hangs a sign: "First pants, THEN your shoes!" This irreverent image points up a critical process in philanthropy that sometimes gets neglected, in the rush to examine and adopt the latest trend of innovative grant making. Foundations working to improve their philanthropic practice are most likely to succeed if they first coherently focus on the big picture (what is the foundation's specific mission, and what steps - and with what partners in the community - will be needed to reach it?). THEN they can adopt specific innovations in philanthropy within the context of this coherent mission.

This paper offers both a range of innovations and some ways of thinking about context. The goal is neither to capture every new foundation approach to evaluation, collaboration or best practices. That would not be feasible, as this was a small study. Nor is the purpose to pinpoint what context a foundation should use to appraise innovations. Rather, the aim is to spur creative thinking by presenting a fairly substantial field of new ideas, in conjunction with some key elements of "how to contextualize."



Putting philanthropic innovations in context is an art form, not a science, the study's interviewees strongly asserted. Learning from the experiences and inventions of others is of value only if learning starts with a strong sense of the foundation's own environment and goals, with all the attached complexities. A basic strategy for doing so will be set forth in the next section.

Contents of the Paper The paper has three sections:

- First is a discussion about **setting the context** for considering new approaches in philanthropy, identifying five interrelated steps interviewees suggested foundations take in creating a mission and strategic operation. Interviewees identified several other recently completed environmental scans that can contribute to such context-setting, which are each summarized. These scans are supplemented by two brief "case examples" of coherently framed, large-scale change in major foundations.
- Second, the author selected "**top ten**" **promising innovations** in order to begin the discussion of the more than 60 innovations identified by interviewees. These were singled out for both their excellence, and for their possible relevance to Knight Foundation's current priorities.
- Third, the **total portfolio of innovations** identified in the scan is presented.

A separate paper also was submitted to Knight Foundation, providing recommendations for how the results of this study might be used by the Foundation in an upcoming strategic planning process.



SETTING THE CONTEXT

Mostly based on their own experiences as foundation executives, or as consultants in philanthropy, interviewees for this study suggested five activities foundations can use to help determine the larger context for considering innovations in evaluation, collaboration and best practice systems. Presumably these would be of equal value in considering other types of innovations as well.

1 - Foundation Self-Assessment

2 - Selecting a Theory of Change

3 - Selecting Grant-making Methods

4 - Balancing

5 - Strategic Planning

In this section, each of these five activities is briefly described, following a summary of two environmental scans which were mentioned by interviewees as providing especially useful ways of thinking about philanthropy (a third scan, reported in a brief 1998 paper by the author, also is mentioned).

In essence, our interviewees said that in order to have a coherent context in which to appraise and select new approaches to evaluation, collaboration and best practices in philanthropy, it would be helpful to increase self-awareness about what the foundation is now doing and why it is doing it (assumptions about change, philosophy of grant making, etc.). Self-assessment methods suggested included staff and board retreats, assessment by outside consultants, and learnings from the experiences of other grant makers. The result can be the practical base for either re-affirming or changing the foundation's basic mission and operations.

Next it would be helpful to select a theory of change, to have an intellectual base that drives practical decision-making. Third, it would be useful to select specific grant-making methods that fit with the re-defined mission and operation. Fourth, since there inevitably will be complications, contradictions, and practical limits on resources, some conscious effort to seek balance in the various elements of the foundation's activities will be helpful. Finally, all of this intellectual material needs to be translated into a strategic plan that can guide the foundation's actual activities.

Towards Coherence: Environmental Scans on Strategic Philanthropy Dennis Prager, former health program officer for the MacArthur Foundation, in a 1998 study for Jewish Healthcare Foundation of Pittsburgh and the Forbes Fund, conducted interviews with some of the leading thinkers in American philanthropy. From these interviews he synthesizes ten key characteristics of an effective foundation:



- ***Coherent Sense of Purpose*** - a clear understanding of intent and expectations, articulated up front
- ***Focus*** - the targeting of a specific societal issue, problem or need that has been identified by the foundation as compelling, as well as consistent with its mission, values and priorities
- ***Thorough Knowledge of the Field*** - basing action on an in-depth knowledge of the issue/problem/need being addressed
- ***Clear Theory of Change*** - selecting an implementation strategy on the basis of a clearly articulated change theory and process judged to be the most effective one for achieving desired outcomes
- ***Strategic Deployment of Resources*** - mobilizing and deploying all the resources available to the foundation in such a way as to increase the likelihood of success, and to attract and leverage the participation and resources of other partners
- ***Timeliness and Duration*** - maximizing the potential for success by taking into account the realities of the environment in which the program will be operating, and the readiness of the actors to act, and sticking with a program for sufficient time to make a real difference
- ***Interaction with Key Constituencies*** - drawing, building on, and strengthening the capacity of communities to solve their own problems
- ***Communications*** - including communication strategies and tools as integral elements of every program undertaken
- ***Active Program Management*** - adopting a style of program management that emphasizes working with those selected to participate in foundation initiatives in such a way as to increase the effectiveness of each element of the initiative - and the degree to which they add up to a productive whole
- ***Staffing*** - building a staff of program officers who see their jobs as working as partners with grantees and others to (a) develop and implement programs directed toward the achievement of foundation goals and expectations, and (b) create an organizational environment conducive to their creativity and productivity.

The "coherent sense of purpose" is in everything the foundation does - helping to determine its focus and priorities, establish its implementation approaches, serve as a control on dissipating energies from

taking on too much, and conveying to the outside world a consistency of purpose. All the other strategies help to bring about what this coherent sense of purpose directs, Prager concludes.



In another recent environmental scan for the W.K. Kellogg Foundation's new venture philanthropy program, Tom Reis (the program's director) and Stephanie Clohesy report three major trends they see as having a pervasive impact on future philanthropy in the United States:

➤ **Social entrepreneurship** - using models from the for-profit community for creating or enhancing the service programs of nonprofits, including the creation of hybrid organizations, e.g., a nonprofit organization with a profit-making subsidiary (an example: the highly successful gift shops of major art museums, some of which are now national enterprises with outlets in malls).

➤ **Business and social responsibility** - creation of partnerships between nonprofits and business, which provide additional resources to the nonprofit world but also serve legitimate business purposes of corporate marketability and profitability (an example: cause-oriented marketing, such as messages about HIV/AIDS incorporated into the print ads of Benetton and other clothing makers)

➤ **Philanthropy as social venture capital** - adapting principles from venture capitalists to philanthropic giving (an example: setting up giving programs that start with careful on-site assessment of the viability of the nonprofit and its planned "venture" or service program, followed by commitment of longer-term funding and technical support to assure success).

Some of these trends are covered in more detail in *High Performance Nonprofit Organizations*, a 1998 book by Christine Letts, Allen Grossman and William Ryan, which emerged from The Philanthropic Initiative's Going to Scale project, originally coordinated by the Rockefeller Foundation.

These approaches are part of a larger wave of innovative measures foundations have been experimenting with to advance their impact in grant making. *Strategies for Leveraging Foundation Grant making: An Inventory*, a brief 1998 paper by the author, identifies some of the other approaches currently being explored by American and Canadian foundations:

➤ **Capacity-building grant making** - possibly the most visible trend in philanthropy in the late 1990s, capacity-building starts from a premise (also found in venture capital approaches) that the nonprofit organizations receiving foundation funds are more likely to use these funds well if they are strong, capable organizations with well-trained leaders. Thus, foundations increasingly are giving capacity-building grants or technical assistance to nonprofits in their areas of funding interest, which are not tied to specific project purposes. Such diverse topics as board development and communications strategy may be part of the capacity building activity.

➤ **Engaged grant making** - in which foundation staff become more actively involved in guiding and working with grantees, removing traditional barriers of objectivity that program officers are trained to observe. This strategy starts with the premise that grant making is a collaborative enterprise.

➤ **Initiative-driven grant making** - in which a number of grants are given in a single, well-focused



topical area, often with an effort to interrelate the grants for a synergy effect

- **Intensive community-focused grant making** - in which a few geographic areas are selected to receive a large amount of the foundation's total resources
- **Asset-based grant making** - in which the grant-making strategy centers on assessing the assets rather than the deficiencies of nonprofits and the communities in which they live, and making funding decisions on that basis
- **Investor style grant making** - using the principles of private sector investors to identify projects in which a clear "return on investment" can be expected (this is an aspect of the "venture capital grant-making" strategies mentioned in the Reis-Clohesy report).
- **Microenterprise grant making** - in which very small grants are given to individuals or organizations to help start them on the path to success

The author's 1995 book for the E.M. Kauffman Foundation, *Dissemination and Utilization Strategies for Foundations: Adding Value to Grantmaking*, presents another set of concepts useful for strategic grant making. Its underlying theme is that philanthropic resources will have greater impact if the outcomes of grant projects (programs, ideas, technologies) are more widely disseminated and used by other communities, nonprofits and funders. **Dissemination** of grant-making results is the end-part of the total cycle of innovation and change which foundation grant-making resources are intended to stimulate.

In implementing these strategic approaches to grant making, foundations often use innovative approaches to the actual **funding mechanism**. Examples include:

- (1) grant making done through intermediary organizations,
- (2) funding through public-private partnerships,
- (3) funding partnerships between foundations,
- (4) funding that promotes the restructuring of nonprofit grantees into potentially more effective legal or operating formats (e.g., mergers, joint ventures),
- (5) funding through grant clusters for conceptually related projects, and
- (6) funding staged grants with intermediate performance goals.

These approaches are also part of the mix for setting context.

Foundation Self-Assessment New approaches are only likely to work if they reflect an accurate, objective *self-assessment* by foundations about their purpose, strategy and environment. This can occur through staff and board retreats, stakeholder encounters, review by an outside consultant, a



commissioned external evaluation study of foundation operations, a review conducted by an investigative journalist (whose "story" is a report to the foundation), etc.

Self-assessment can lead to greater coherence between grant-making strategy and practice, and the real environment that is out there in the world. The better the fit - the more coherent - the greater likelihood of success. All innovations, no matter what their apparent intrinsic value, must be evaluated in terms of their ability to contribute to the coherent mission of the foundation, and the basic strategies by which it will achieve this mission, given the environment in which it exists.

Doug Easterling and Nancy Baughman Csuti, in a recent paper for The Colorado Trust, "Using Evaluation to Improve Grantmaking: What's Good for the Goose is Good for the Grantor," recommend that all foundation evaluation programs include some set-aside of resources for "foundation-focused evaluation." That is, in addition to appraising the process and outcomes of the projects it funds, a foundation needs to evaluate whether its own grant-making strategies are effective in reaching its stated objectives.

Part of the reason this is so important is that, as one interviewee put it, "foundations can set any bottom line they want." Self-assessment helps to shape that bottom line, and then to create an internal process of accountability that maintains attention to it.

Selecting a Theory of Change Another step that needs to be taken to set context is for the foundation to select a theory of philanthropy ... in essence, a theory of how things change and where the foundation should be involved in that cycle of change. For instance, Susan Wisely of the Lilly Endowment, in a recent paper for the Indiana University Center on Philanthropy, characterizes the broad scope of philanthropy in four goal areas:

- *Relief* (to alleviate human suffering)
- *Improvement* (to maximize human potential)
- *Social Reform* (to solve social problems)
- *Empowerment* (to build community).

Which of these goal areas does a foundation feel most accurately describes its core activities, and how is this end achieved? What fundamental "levers" does the foundation see as influencing the achievement of such goals (e.g., many view community empowerment as possible only through actions that begin "from within," rather than imposed from outside).

Kurt Lewin, the great social psychologist, said "there's nothing so practical as a good theory." Increasingly, foundation leaders see that they need a "theory of change" that undergirds both their definition of mission and the specific strategies by which they seek to meet that mission. These conceptually driven strategies for increasing philanthropy's impact are the subject of attention today



because they can add value to grant making. Bringing these strategies and others together for systematic review is healthy, because it can stimulate a more creative response by individual foundations, and by the field of philanthropy as a whole.

Theories of change ultimately involve social-science based concepts about how communities, organizations or individuals change their goals and behaviors over time in response to both internal and external pressures. Prudence Brown and Sunil Garg of Chapin Hall at the University of Chicago, in a recent paper, "Foundations and Comprehensive Community Initiatives: The Challenges of Partnership," point out that foundation-sponsored comprehensive community initiatives frequently have begun with the definition of a theory of change that the foundation's funding then supports testing of and implementation in communities. They also warn that these theories of change can do more harm than good if they are not carefully articulated through an interactive process with the communities where they will be put to the test.

As will be seen in the range of innovative evaluation and collaboration approaches foundations are now experimenting with, a particularly critical ingredient of most "theories of change" today is the vital importance of addressing the *human dynamics of change*. Change efforts are not likely to succeed if they do not involve developing a sense of ownership and involvement in planning for change by the people who'll have to live with its results (that is, people and groups in the communities where the foundation sponsors work).

Nor are they likely to succeed unless they involve systematic efforts to address the normal, nonpathological fears, resistances and anxieties people tend to have about change of any sort - even change they have promoted or initiated. Interviewees frequently pointed to the difficulties they encountered whenever this element of the change process was ignored or understated.

Finally, "theories of change" promoted by the foundations contacted for this study are consistently in line with Kurt Lewin's "practicality quotient," in that they are tied to *strategy* for the implementation of the change. Informal, unorganized change is not likely to succeed in today's complex, tight-resources, fast-evolving environment, said the interviewees for this study.

Selecting Grant-making Methods Obviously, no one foundation can or should adopt all of the methods mentioned above. First, Dennis Prager's roster of the desirable characteristics of a coherent foundation mission might be used as a checklist - have each of these been covered, or else not included for a specific reason? Then, the range of methods outlined here can be reviewed to determine which if any of them fit with the overall mission and vision of the foundation as it has been defined.

Balancing Most foundations will choose a "mix" of multiple purposes and activities. One way to think about how this mix is achieved is to look explicitly at balance in grant-making efforts, as discussed by Colin Campbell, president of the Rockefeller Brothers Fund, in a recent annual report. Campbell writes that the Fund has conducted a series of staff retreats. In these, they have explored



how to find an appropriate balance in grant making - between project funding vs. capacity-building, action vs. exploration, engagement vs. independence in relationship between foundation and its grantees. Given the limitations on foundations' financial and other resources, it seems critical to visit regularly these issues of maintaining appropriate balance among a number of desirable objectives.

Strategic Planning The foundation's mission, underlying theory of change, and set of basic strategies can be woven into a strategic plan. Strategic planning not only can provide for essential structuring of an organization's activities - which is why it is used in the private sector - it also can help the organization undertake what the author has called "opportunity analysis" (finding others who will help carry out some of the foundation's activities because it serves their own purposes to do so).

Environmental Scans on Evaluation There have been two recent environmental scans of foundation evaluation activities, both reviewed for input to this study. The first, conducted in 1996 for The Lilly Endowment by Rosemary McNeilis, William Bickel & Marie Connors Gilmore, was "National Survey of Small and Mid-Sized Foundations: The Role of Evaluation." A mail survey of 238 foundations with assets from less than \$10 million to \$250 million was the vehicle used to learn about whether foundations do evaluate, how they do it (internal vs. external evaluations, etc.), how the results are used, and what opportunities and challenges they see for evaluation in philanthropy.

Smaller foundations, the study found, primarily perform grant monitoring - external evaluations are far less common. Grantees appear to be involved in the evaluation process, which increases the chances for actual use of evaluation findings. However, there are concerns about grantees' technical adequacy to do evaluation and the natural tendency to be less than candid. Evaluation is used to shape grant-making decisions, but typically not hold the foundation itself accountable in any way.

The second, conducted in 1998 by Patricia Patrizi and Bernard McMullen for the W. K. Kellogg Foundation, was "Evaluation in Foundations: The Unrealized Potential." This study concentrates on the resources and infrastructure for evaluation in 21 major American foundations - purposes for evaluation, audiences for evaluation findings, staffing, relationship of evaluation staff to foundation decision-making structure, how evaluation activities are funded, etc. An overarching theme of the discussions with evaluation staff was the emerging role of organizational learning as a context for using evaluation to strengthen program effectiveness.

This study also identified four common complaints about evaluation: (1) results and findings come too late to be useful, (2) evaluation findings are irrelevant to foundation or grantee decision-making, (3) the evaluation method is inflexible, despite changing environments of grant projects, and (4) evaluation products are not practical and helpful for assisting in the improvement of philanthropic process or the work of the organizations whose projects were evaluated. As will be seen below, logic modeling and empowerment approaches to evaluation are cited as two of the emerging trends in evaluation that can help address some of these problems.



Finally, a specific challenge was noted in the Patrizi-McMullen study: "dissemination of evaluation results is not a common practice among foundations surveyed, with a few notable exceptions." This limits the impact evaluation findings can have, as will be discussed further below. Although both studies mention innovations in evaluation practice, neither was explicitly directed to identifying or reporting new approaches to foundation evaluation, as was the charge of this study.

Examples of Foundation Transformation Creating a new context in which foundations set their grant making and other activities is not easy. Two major redefinitions undertaken by major foundations are briefly summarized here to indicate the complexities of the strategic planning, self-assessment and other processes involved. These two may be explored more deeply by the Knight Foundation in preparation for its strategic planning process in 2000.

The determination of a new strategic vision for the *James Irvine Foundation*, which does statewide grant making in various topical areas in California, culminated in the determination of an "Irvine Footprint" - aimed at clearly identifying what distinguishes its work from that of other foundations. The elements had to do with place (California), commitment to leadership, commitment to populations (the Foundation's motto is "for the people of California"), commitment to being a high performance organization, and a commitment to being a learning organization. Innovations like the ones discussed in this report need to "find their place within that footprint," so that the search for innovation begins with an inward search for what's needed to fulfill the organizational mission.

There have been structural changes at Irvine to help implement this new strategic vision - for instance, there is now a "program advisory team" of other Irvine staff to work with each program director in shaping program priorities. In fact, program directors are now called "Practice Leaders" to better clarify their role. These and other changes came out of an "institutional audit" conducted several years ago, which identified a number of "potholes" in the Foundation's operating style - that is, incongruences between Irvine's rhetoric and its practice.

In an even more sweeping transformation, the *Northwest Area Foundation* has redefined itself as a "knowledge based organization which provides resources, products and services to communities attempting to address poverty." Creating relationships, and adding value to the knowledge and activities of communities that wrestle with the issues of change - these are the main activities of the Foundation today, not funding models and taking the successful ones to the Federal government for widescale replication. Now the Foundation has ended most of its traditional grant programs, does not accept unsolicited proposals for funding, and concentrates most of its grant making on 10 specific communities in the Northwest, which have been selected from the eight states in which the Foundation does business.

There has been almost a 100% change in the board and staff during this time of transition for Northwest. Considerable effort was invested in both the strategic planning and organization development effort needed to make this change. At one point, consulting assistance was provided to



Using Behavioral Sciences to Help Nonprofit Organizations Handle Innovation and Change

program staff for the handling of their routine duties, so that they have the time available to participate in the transformational effort.

Made to Last, a book about private sector organizational change by Collins & Porras, was used by the Foundation as a conceptual model for the type of mission focus and resulting alignment of strategic vision, governance, operations and investment that they will move into. The essence of this best-selling book is that successful companies define a core set of values and strategies that they cling to ferociously ... while otherwise adapting and changing fluidly in response to a changing world. In another era of management best-sellers, this principle is somewhat akin to Peters & Waterman's characteristic in *In Search of Excellence*, "simultaneous loose-tight properties."

As a result, the Northwest Area Foundation has reaffirmed its commitment to work in a regional area, and has set funding priorities for the next ten years in a quite concrete way. But in other areas, it is deliberately open to change. For instance, the Foundation is now looking at how it might use the investment policy of its \$450 million asset base more creatively as an instrument for change - something they believe few philanthropies have been interested in.



TOP TEN PROMISING INNOVATIONS

Evaluation Innovative evaluation methods that (a) actively involve the community, and (b) emphasize building capacity for evaluation among the foundation's population of current and potential grantees, are described by a number of the interviewees. Two of the most promising of these are:

Rochester Grantmakers Forum and Bruner Foundation have collaborated for the last several years on the startup and operation of an "Effectiveness Partnership" in Rochester, N.Y. REP has brought together funders, evaluators (with consultation led by national evaluation expert Anita Baker) and nonprofit service organizations to design, implement and refine evaluation practice related to philanthropic grant making in the Rochester area. The first step was to convene a "funders summit" and a "nonprofit summit" to identify evaluation issues these two groups think are most important. The Bruner Foundation, the major funder of this collaboration, already had conducted a project which searched nationally for innovations in evaluation practice, to serve as a resource for this effort.

Out of these preliminary steps came the definition of a "Rochester Logic Model" for evaluation, which has been incorporated into a unified grant application form and process now used by local funders and nonprofits. The approach used is highly participatory, which increases both the involvement and the comfort level of nonprofit applicants and grantees.

Significant resources also have been invested in evaluation capacity development for Rochester nonprofits, through training conferences and workshops conducted by nationally known experts in evaluation. This has helped nonprofits acquire both specific evaluation skills and a better conceptual understanding of how the participatory process and logic model fit into their overall resource acquisition and operational strategies. Parallel capacity development activities for funders have helped foundations in the area understand how they can best use evaluation results to sharpen grant-making.

Mary Black Foundation, a relatively new conversion foundation in South Carolina, developed an evaluation model for its grant projects that requires a partnership between funder and grantee, focused on the achievement of identified objectives for each grant. To develop this model, the Foundation engaged Professor Abraham Wandersman of the University of South Carolina, a respected evaluation expert and author of a recent book on empowerment evaluation. The empowerment approach has been expanded in this application into what Wandersman calls "Comprehensive Quality Programming," which blends empowerment, evaluation, and total quality improvement concepts. Basic questions for accountability are used in a "soup to nuts" process that begins with the content of the grant proposal, and continues through every stage of any funded grant project, including the final report.

The Foundation also provides capacity-building support for applicants and grantees, to increase their ability to participate in this fairly complicated process. Grant-making initiatives typically follow a



three-stage format: first a planning grant, then a pilot grant to test the concepts developed in the planning grant, and finally an implementation grant if the pilot test is successful. So far, two major grant-making initiatives have been undertaken using this model, the Garrisons Healthy Families Initiative, and a 1997-1998 Health Community Initiative. To support such an evaluation initiative, a foundation needs a product line of materials in print or electronic forms; and it needs well-selected human resources to support the evaluation activity. Among the evaluation products interviewees identified, one of the most promising was this:

W.K. Kellogg Foundation published a 150-page, spiral-bound *Evaluation Handbook*, which is part of a "family of products" on evaluation made available to applicants and grantees of the Foundation. The handbook defines the foundation's approach to evaluation, the methods it uses (such as cluster evaluation), and offers the beginning stages of technical assistance for grantees - everything from how to write the evaluation section of a grant proposal, to how to get more training about evaluation, to how to use evaluation results to improve the performance of a nonprofit.

Among the human resources innovations for evaluation interviewees mentioned, a particularly promising one was:

Hogg Foundation regularly hires graduate student evaluation interns from the University of Texas at Austin to help conduct its grantee evaluation activities, as part of an ongoing academic relationship with the university that is focused on evaluation. These interns provide cost-effective labor, connection with a high-level intellectual resource on evaluation theory and practice, and a mechanism for ongoing improvement of the Foundation's evaluation approaches. Moreover, as one interviewee (who had previously supervised this internship program while a faculty member at the University) emphasized, this program provides a uniquely valuable orientation and training ground for both faculty and graduate students to learn about philanthropy, and how the professional field of evaluation can contribute to it.

Collaboration Innovative collaborations between a larger foundation and smaller philanthropies were the heart of two especially promising collaborations identified by interviewees:

Robert Wood Johnson Foundation has since 1988 sponsored the Local Initiative Funding Partnership Program, which works with local philanthropies on joint projects, essentially saying: "if you have a good health-related project in in your community, we'll co-fund it." So far, a total of 120 projects have been funded in substance abuse, access to health care and chronic illness. The Foundation matches what local funders provide up to \$500,000 and for up to a four-year period so, as one interviewee put it, the program provides "root money, not just seed money." As with all major Robert Wood Johnson Foundation funding initiatives, this Program is administered by an intermediary, in this case the New Jersey Hospital Health Research and Education Trust.

There is an opportunity to leverage the Robert Wood Johnson name with other family and local funders - with benefit to both sides. Programs selected must be innovative at the local level, and the



local funders are encouraged to think about continuity of funding (i.e., what will happen to a good program when the Foundation's funding ends).

It is a very competitive program - annually there are 300 applications, of which 20 are funded. The Foundation provides capacity-building for initial applicants, proposal workshops for those invited to submit a full proposal, and a range of capacity-building technical assistance (e.g., on strategic planning) for the funded projects. These interventions are also of value to the local funders involved - for instance, RWJ shares the responsibility for monitoring the program with the local funder, so there is a chance to learn about more sophisticated evaluation methods from a national foundation with an entire evaluation division.

This program was originally intended to spur health grant making in the Foundation's three priority areas of interest. It has now become a much more "bottom up" process which provides the Foundation with information about local funders and local nonprofits, to guide larger grant-making decisions at the national level. It is a laboratory - giving real-time input about what the issues are at the community level, and how nonprofits are struggling with these issues, and how they're applying to funders for support.

➤ ***East Bay Community Foundation*** has developed throughout its region a total of 12 "community-based affiliate funds," largely located in poor communities. The Foundation helps each of these funds acquire resources they can use for locally driven grant-making programs, and provides the "back-room operation" for each one. Some of the funds are actually separate 501(c)(3) organizations, and all could become independent of the Foundation if they so choose.

The objective is both to bring grant making down to a more direct level in the community, and to build capacity for local philanthropy. For instance, the Foundation has helped some of these funds to coordinate fund raising through United Way's program to solicit funds in the workplace. In some cases, the funds also bring with them an initial financial base coming from court-ordered restitutions from industrial claims in the local community they then serve.

The third collaboration innovation focused on an especially thoughtful coalition-building strategy:

➤ a group of ***San Francisco Foundations*** collaborated on the funding of the Bay Area Independent Elders Program. This program included the development and operation of 13 grassroots coalitions to improve the quality of services for elderly people in the Bay area.

A particularly important step for the lively operation of these coalitions was the establishment by the funders group of a technical assistance support organization, the Public Interest Center on Long Term Care. One indication of the success of this program is that when foundation funding ended, the Federal government provided support to continue this center. The collaboration of funders also sponsored an external, summative evaluation which examined the 13 coalitions and how they fared over time, including their reinvention in new forms as the original period of funding ended.



Best Practice Systems Two best practice innovations concern the creation of a large-scale information support system for a national foundation:

➤ **Robert Wood Johnson Foundation** has through a partnership between its evaluation and communication divisions created a "Closed Grant Report Project." This is a computerized, online system which provides a brief summary report, including evaluation and dissemination findings, for each grant project of the Foundation. A coding scheme is now being developed that will help Foundation staff, grantees and others use the system effectively to retrieve summaries of completed projects in subject areas of their interest.

The Foundation has been working for the last several years to prepare these brief summaries for major grant projects it has funded in the past, so that the system will be historically useful, as well as completing summaries on more recently closed projects. It is a significant effort, budgeted at \$2 million a year, with a fulltime staff of two and 20 contract writers.

➤ **W. K. Kellogg Foundation** is developing the master plan for a "Knowledge Loom" best practice system. If fully implemented, this system will provide computerized knowledge management for program staff. Information about goals and outcomes of projects will be entered on the system, which will have sophisticated retrieval and synthesis properties so that it can be used to *generate* knowledge as well. For example, concrete parameters will be developed for classifying "lessons learned" (is it a hunch or is it evidence-based? If the latter, is it supported by qualitative or quantitative evidence?) that emerge from grant projects.

The ultimate aim is allow a program officer to "point and click" at an area of interest - collaboration, sustainability, etc. - and retrieve a series of project summaries in that area. This kind of knowledge synthesis activity will help to improve philanthropic practice by integrating learning across the huge variety of program areas in this large national foundation.

Recently Kellogg created a "Learning Impact and Leverage" task force within the Foundation. One of its responsibilities will be to appraise the "Knowledge Loom" concept and determine how it can best be blended into the Foundation's overall development as a learning organization.

The third innovation concerned development by a small foundation of a modest but useful product presenting some "best practice" information in an annual report format:

➤ **Robert Ellis Simon Foundation**, a small California foundation, recently prepared a report summarizing the first 25 years of its grant making. A listing was provided of every grant, with an in-depth analysis of a selected number of projects. The purpose was not only to provide lessons learned, but to give the reader a way of understanding the full sweep of funding support provided by this foundation in its selected area (mental health).



TOTAL PORTFOLIO OF INNOVATIONS

Evaluation Approaches Interviewees overall echoed the main conclusions of the Patrizi and McNeilis evaluation scans mentioned earlier in this paper - there is much more evaluation activity at foundations today than ever before, with increasing staff and funding resources available. The Council on Foundation's 1998 "Foundation Management Series - Staffing Resources and Program Issues" offers a portrait of these activities through a survey of many foundations. For instance, in this most recent survey, 19 foundations reported that they use interns to do evaluations, as the Hogg Foundation reported above.

At smaller foundations, evaluation activity is still more likely to be of a monitoring, strategic improvement variety. Some larger foundations are now building evaluation into their overall management strategies, in an effort to set and meet self-accountability standards.

There also is an increasing base of experience and expertise to draw on, facilitated by the development of infrastructure, such as the Grantmakers Evaluation Network. More is to come - for instance, interviewees reported that the W.K. Kellogg and Annie Casey Foundations have both considered training programs for grantees on evaluation, but have not yet begun them.

As foundation evaluation practice expands, it draws on developments in the larger field of evaluation, said the interviewees. For instance, four popular approaches are increasingly used by foundations:

- *Empowerment evaluation models* that provide for active participation by grantees and communities in defining and carrying out evaluative activities. In addition to improving the outcomes of evaluation, such empowerment models also serve a trustbuilding purpose. As one interviewee put it: "The funder must be seen as trustworthy by the community if evaluation is to work."
- *Logic model* approaches to designing evaluation studies, which provide an intellectual base on which to construct both the assessment methods and the means for interpreting evaluation results
- *Cluster evaluation* methods, which encourage both cost-effectiveness and knowledge synthesis by coordinated evaluation of related projects
- *Theory-based evaluation* approaches that begin the search for appropriate assessment methods by positing a theoretical model for the changes that evaluation is expected to measure

Interviewees also noted that there is emerging thinking in the evaluation field which is very likely to influence future foundation approaches. For instance, "emergent realism" is a much-debated concept in the current evaluation literature. Since it turns on social justice concepts, and on ways of involving the general public as a key stakeholder in evaluation, this way of thinking about evaluation



is especially likely to find its way into the work of foundations that are devoting more attention to their roles in informing and influencing public policy.

There is widespread skepticism about the role of intensive, quantitative evaluation in the practice of philanthropy. One interviewee said that "the cost of measuring change is often greater than the cost of the intervention," especially in the prevention arena, where it is almost "a joke" to expect measurable results from meager interventions. Cost-effective evaluations tailored to offer broad conclusions about programs, as well as information foundations and grantees can use to improve future practice, are favored, and many of the innovations cited below are ways to achieve this.

Determining the extent of evaluation effort requires looking at the nature of a grant-making program and its community context. As one interviewee said: "The more a foundation like Knight has local representatives or local offices in a multi-site grant-making program, the less need there is to do the most rigorous type of evaluation, because there is already a context to put grant projects into."

The following specific innovations were offered by interviewees:

➤ ***Bush Foundation*** has one of the oldest evaluation programs in philanthropy. Since 1972, Bush has been conducting five different kinds of evaluations: (1) individual grant reviews, which are undertaken by evaluation consultants who are paid a modest honorarium to site visit a grant project and then write a qualitative assessment of it; (2) analytic reviews of what happened to projects that were proposed to but not funded by Bush - offering valuable insights on how to improve the grant review and selection process in the future; (3) evaluations of grant-making initiatives; (4) statistical reviews of trends in the Foundation's grant making, and (5) an overall Board review of the Foundation's grant-making processes and programs.

➤ ***The California Endowment*** commissioned a qualitative review of its Community Health Investment Program. While expressly labeled as "not an evaluation of grant projects," the review did offer an evaluation of the process by which projects were reviewed, selected and implemented in this \$70 million grant-making program over two years. One of the key elements reviewed was a process by which proposals were solicited and reviewed on a regional basis - needed because California is such a large, diverse state.

➤ ***The California Healthcare Foundation*** had created a "program evaluation committee" of foundation staff, which now conducts an internal review of each evaluation strategy for either an individual grant project or an entire initiative. The intent is both to insure adherence to the Foundation's guidelines for grant project evaluation, and to provide a mechanism for review and synthesis of evaluation results.

➤ ***The California Wellness Foundation*** funded the Office of Community Research Projects, University of California Riverside to prepare and publish a manual on "Evaluating Evaluations of Anti-Violence Programs," which presents (a) an analysis of recent evaluations of these programs, highlighting the lack of rigorous evaluation, or even any evaluation at all in many cases; (b) a logic



model approach to doing evaluation in this arena and (c) other resources that can be used by nonprofits, communities and funders to increase evaluation capacity. This manual now is being widely disseminated as a capacity-building tool for the Foundation's 10-year Violence Prevention Initiative, which has many grantees throughout California.

➤ ***The California Wellness Foundation*** commissions low-cost cluster evaluations to provide broad appraisals of the impact and effectiveness of a related group of grant projects. Such evaluation studies have been particularly useful in providing policy input to the Foundation for the development of future grant-making priorities, and to improve its own grants management strategies.

➤ ***The California Wellness Foundation and DeWitt Wallace and Lila Acheson Wallace Readers Digest Funds*** use RFPs both to select evaluation contractors for outside evaluation of funding initiatives, and to present the evaluation models/philosophy of the foundation to the community.

➤ ***The California Wellness Foundation*** convened a national conference in 1998 to examine cross-cutting evaluation strategies useful for appraising the outcomes of grant-making initiatives, which are its primary mechanism for funding. This conference brought in teams of evaluators and grantees from foundation initiatives across the country, to look at the special challenges of evaluating a large number of related project grants. The Foundation subsequently published a report on the main findings from this conference, to provide useful input for other philanthropies.

➤ ***Annie E. Casey Foundation*** in its publication "Evaluating Comprehensive Community Change" advocates that evaluation be made an active part of collaborations among nonprofits and funders. They specifically talk about setting up "partnerships for learning" in community collaborations, so that evaluation becomes part of the "learning organization" philosophy of the collaborative.

➤ ***Cleveland Foundation*** issued a memo to its board of directors that summarizes the Foundation's philosophy of evaluation, the types of evaluation approaches it uses and what can be expected from them (e.g., cluster evaluation), and how it actually carries out evaluations. This helps both to create a common set of expectations between Board and staff about evaluation, and also increases understanding about evaluation concepts on the Board (some of whose members know very little about evaluation methods).

➤ ***James Irvine Foundation*** also issued a comprehensive activity summary for board and staff to use in understanding the kinds of evaluation activities in which the Foundation engages. The memo highlights the Foundation's overall philosophy, as well as specific evaluation activities under all individual grants and program areas in the foundation (coded by program officer).

➤ ***Robert Wood Johnson Foundation*** has recently initiated a process of internally setting measurable objectives under each of its three major program goals, so that evaluation results can be linked to these. They found that linkage to major program goals was difficult except for the very largest-scale evaluations, and this new infrastructure makes it somewhat easier to integrate evaluation with program planning.



➤ **Kansas Health Foundation** funded the University of Kansas to produce "Work Group Evaluation Handbook: Evaluating and Supporting Community Initiatives," a publication which provides information and technical assistance to nonprofits and communities on this subject, as well as guidance for funders. This manual is now widely used in the Midwest as an evaluation resource.

➤ **Ewing M. Kauffman Foundation** issued "Towards an Evaluation Strategy," a publication which summarizes evaluation procedures used by program staff and by the Foundation's evaluation division. This publication now can be shared with applicants, grantees and new staff to provide an overview of how the Foundation handles its evaluation activities.

➤ **W. K. Kellogg Foundation** issued an eight-page "Evaluation Framework" which outlines policy and procedure for evaluation activities, to be used by staff, applicants and grantees whenever conceptualizing evaluation procedures.

➤ **W. K. Kellogg Foundation** not only conducts cluster evaluations of related groups of grants, but also has created a series of publications on cluster evaluation methods for capacity-building among grantees, applicants and evaluators with which it works. There is even a fictionalized case example of a cluster evaluation to illustrate how this process works.

➤ **W. K. Kellogg Foundation** commissioned a report by outside evaluation consultants on how to create a system for capacity-building with respect to grantee evaluation capacity. The report asserts that nonprofit organizations increasingly want to receive such capacity-building training and technical assistance because they are under more pressure than ever before to provide data on effectiveness of their activities both for funding and community support.

One of the main issues the reports deals with is the natural tension between evaluation research based on theory, and the need for practical flexibility in response to changing circumstances, emerging needs and opportunities. Nonprofits and communities are most likely to reject evaluation when they see it as unresponsive to these real concerns, yet there must also be an education of nonevaluators about the role of control and methodology in yielding evaluation results that mean something! The report also emphasizes that either inside evaluation staff or outside evaluators can participate in the "think tank" functions of a foundation - to look broadly at issues of defining mission, grant-making strategy, etc., in ways that draw upon evaluation methods and results.

➤ **Lilly Endowment** created an evaluation partnership with the University of Pittsburgh, to support evaluation activities in the education domain, so as to draw upon the intellectual leadership of the university both for thinking about evaluation and actually carrying out evaluation activities.

➤ **Marin Community Foundation** conducted an "empowerment evaluation" of one of its programs. A main purpose for using this strategy was to reduce the funder-grantee tension sufficiently that grantees would begin to share their failures as well as their successes - which helps the foundation to learn much more about how to improve its grant-making process in the future.



➤ **Mitsubishi Electric of America Foundation** developed a capacity-building program for grantees on evaluation and dissemination - seeing the two as highly related (evaluation identifies the innovations or information worth sharing on a wider basis). The Foundation follows a "soup to nuts" approach in providing technical assistance to applicants and grantees through a "Road Map" publication which provides both practical concepts and information resources on this subject; requiring both evaluation and dissemination plans on all grant applications, even for small grants; and providing additional financial support for these activities as needed. In 1998 the Foundation created a "learning community" by bringing together all of its grantees from the first few years of grant making to talk about how to improve on dissemination and evaluation. The next step will be the publication of case examples of successful evaluation and dissemination activities.

➤ **Pew Charitable Trusts** conducts cluster reviews which then serve as the culmination of each grant-making program the Foundation undertakes. The cluster reviews provide diagnostic information on the grant-making process as well as on the program itself.

Collaboration Approaches Most interviewees began their discussion of this subject by commenting on how popular collaborations and partnerships are in the foundation world at this point. Many foundations have written or unofficial policies encouraging their grantees to develop collaborations in the communities they serve, often as a requirement for funding consideration. Some, such as the Kauffman Foundation's Gerald Kitzi, writing in *Foundation News and Commentary*, observe dryly that foundations are much better at preaching collaboration than they are in practicing it. Still, partnerships among foundations, or between foundations and community organizations, are increasingly frequent.

For instance, in the Council on Foundation's 1998 "Foundation Management Series - Staffing Resources and Program Issues," survey results show that more than two-thirds of all grant makers surveyed had collaborated with nonprofit, government or other foundation in the last five years. The most frequent collaborations mentioned in this survey were with other foundations.

Cooperative relationships between foundations and corporate donors are also on the increase, as Craig Smith reports in a *Harvard Business Review* article "The New Corporate Philanthropy." Often these collaborations take the form of joint ventures between corporate donors and corporate foundations. At a November 1998 conference, "Building Creative Assets," arts and culture foundations came together with the Hollywood entertainment industry to brainstorm about how to develop collaborations between entertainment companies and nonprofit arts organizations. Coordinated by Americans for the Arts, this conference identified a number of pathways to such collaborations, both for Los Angeles, the world capital of the entertainment industry, and the nation.

Foundations also have established collaborative ventures with government agencies at the local, state and national levels. For instance, the National Community Development Initiative, described further below, brings together Federal agencies, corporations and foundations to provide the funding mix for



a major community development program.

But while every interviewee for this study had examples to provide of innovative foundation approaches to collaboration, almost all also had important cautions. Collaboration, they said, is not easy to do well, and can be damaging to both the funder and the nonprofit/larger community if not done right. As one interviewee put it: "Collaboration is in a shakedown phase. A lot of it is sloppy and not very effective."

There is a wide range of definitions of what, in fact, is collaboration. Also called partnerships or strategic alliances (a term borrowed from the private sector), collaborations can range from informal, unstructured relationships for issues discussions; to temporary joint systems, e.g., for running of a jointly sponsored conference or issuing of a publication; to legal joint ventures and even mergers.

Recent publications mentioned by interviewees included David LaPiana's *Beyond Collaboration*, commissioned by the Irvine Foundation; Charles E. Bartling's *Strategic Alliances for Nonprofit Organizations*; and Jane Arsenault's *Forging Nonprofit Alliances* are helping to define the range of collaboration approaches funders and nonprofits can consider. One critical publication for funders is the Council on Foundations' *When Community Foundations and Private and Corporate Funders Collaborate*.

David LaPiana of LaPiana Associates, and Amelia Kohm of the Chapin Hall Center for Children at the University of Chicago, are currently conducting what is likely the first research study of nonprofit collaborations and other types of restructurings (which range from informal information-sharing to legal mergers of two or more organizations). Supported by the Nonprofit Sector Research Fund of the Aspen Institute, this study will help put collaboration strategies into a larger context both about how common they are, and what is their range of types or dimensions.

Some funders have attempted to distill the lessons learned from their collaborations. For instance, one interviewee said that a major funders collaboration in the community development arena had three lessons: "there is a long fuse to this type of program - it takes years to develop well; foundations have to leave their status at the door when coming to the collaborative venture; and funders have to model good collaboration approaches if they want their grantees and communities to do it well." In the 1997 annual report of the Rockefeller Brothers Fund, Colin Campbell writes that partnerships may have value not only because they help achieve some necessary objectives (pooling resources to tackle large challenges, for instance), but also because they:

- emphasize democratic values
- encourage looking at strengths rather than weaknesses
- provide an opportunity for learning from other partners
- indicate some level of organizational maturity among those who join them
- promote inclusiveness and otherwise advance the goals of civil society.

Campbell also synthesizes the Fund's experience with collaborations in the following lessons:



- partners must feel they need each other
- attention must be paid to the partnership's *process* (the partners' complex relationships)
- limits of the partnership must be recognized
- partners must retain their organizational autonomy
- the partner organizations must be involved at all levels, not just at the top.

Another foundation commissioned a study of collaborations at the community level, which included a review of the literature as well as case studies of a number of collaborations. Results indicated that there was a substantial literature to call on in evaluating the impact of collaborative strategies, though most of it did not explicitly focus on funders' roles. Factors critical to the sustained success of collaborations identified through this research included:

- early planning of methods to sustain the collaboration over time
- defining clear objectives to which the major collaborative parties can all subscribe
- implementation of strategies for conflict resolution within these groups
- sophisticated understanding of the process of change by the collaboration's leaders
- creating a well-developed strategic plan for the collaboration

The research also identified some important challenges to effective collaboration:

- distrust of the collaboration process itself within community groups
- "bad history" from previous collaboratives in the same community
- becoming more concerned with perpetuation of the collaboration rather than with the issues it was formed to address
- being the product of a top-down rather than bottom-up creation

Interviewees identified two major areas of needed activity to help improve the quality and impact of collaborations. First, collaborations need to be evaluated much more than has been the case (in particular, assessment is needed of the specific roles and inputs of foundations). Second, national awareness of exemplary practices in local collaboration is much needed, as has been done, for instance, in Knight Foundation's booklet on collaboration strategies from its Excellence in Education program, now undergoing a revision and expansion. If widely distributed to appropriate audiences, such materials can help significantly to advance the practice of collaboration.

The following specific innovations were offered by interviewees:

- A group of *California health foundations* have set up an ongoing, but relatively loose and unstructured, collaboration. They have funded two mechanisms for promoting this activity. First is a quarterly meeting at which the funders can gather and share information about both individual and joint programs for health grant making in California. Second is a protected-access web site on which the funders involved can share information, contacts and insights.



➤ **The California Endowment** commissioned a study of 35 multicultural coalitions in California, to identify how they could serve in a general convening function for communities, what successes and challenges they've had, and what their developmental needs are (including needs for capacity-building technical assistance and training). The study showed clear differences between coalitions that are successful over time and those that are not - for instance, the long-lasting coalitions have included planning for sustainability in their activities from the beginning.

➤ **The Colorado Trust** funded the Colorado Healthy Communities Initiative, which involved setting up 28 community partnerships. Each one undertook a one-year planning grant phase, followed by a two-year implementation phase. Out of this came a lessons learned document which highlighted some of the strategies that seemed to contribute the most to the relative success of these community partnerships: first, that there was a neutral facilitator to coordinate the partnership's interaction and moderate conflicts; second, that aggressive outreach is necessary to bring the right partners to the table; third, that leaders are needed who by personality fit well with a collaborative style; and fourth that "collaboratives of collaboratives" are often helpful in maximizing the results of a geographically diverse initiative (such as a statewide one).

➤ A group of **eight national foundations** created the Roundtable on Comprehensive Community Initiatives for Children and Families, housed at the Aspen Institute. It meets twice annually as a "learning community," and has published two well-respected volumes, called *New Approaches to Evaluating Community Initiatives*. Theory of change approaches to evaluation are highlighted in these volumes. Another recent publication, *Voices From the Field: Learnings from the Early Work of Comprehensive Community Initiatives*, speaks directly to the pluses and minuses of cooperatives. For instance, when planning for a collaboration, the costs (direct and indirect) of establishing and maintaining it must be estimated, even if the estimates are very rough. It must never be assumed that a collaborative can be created "cost-free."

➤ **Ford Foundation** has for 10 years funded the Neighborhood and Family Initiative (NFI), which has created communitywide collaborations for community development in Detroit, Memphis, Hartford and Milwaukee. NFI brings together a variety of individual and organizational players in each community, intended to catalyze each neighborhood's unique capabilities in reshaping its entire physical, social and economic environment. And unlike many community development initiatives, Ford early on commissioned a comprehensive evaluation, conducted by Chapin Hall Center for Children at the University of Chicago. Evaluation reports have been issued every several years, focusing for instance on implementation of the collaboratives, the process by which they operate, and how they are being sustained over time.

➤ **Foundation Consortium for School-Linked Services** is a partnership of more than 20 foundations in California, which created an intermediary organization to fund and develop school-linked services throughout the state. In addition to providing this funding support, the consortium also has created a "learning community" for the programs and funders involved in this capacity-building operation - one which ties back evaluation to the basic objectives of the program. As one interviewee, a co-founder of the group, put it: "They are better at capacity development because they have taken evaluation



seriously." The learning community also includes a web site which lists best practices that have come out of the consortium so far.

➤ **James Irvine Foundation** and 18 other funders in California have created Los Angeles Urban Funders, a joint venture for comprehensive community building in three disinvested communities in the Los Angeles area. Each collaboration includes citizen groups and public agencies.

➤ **Ewing M. Kauffman and W.K. Kellogg Foundations** sponsored a publication, "Boundary Crossers: Community Leadership for a Global Age," which looks at what communities have done to revitalize themselves. Chattanooga, Portland, and Charlotte are just three of the cities that have put collaboration strategies into the larger framework of community change, and whose experiences are reported in this publication. The publication also speaks candidly of some of the pitfalls of collaboration. For instance, some individuals who want to exert undue control in their communities may choose to learn the language of partnership and use it to coerce outcomes they want.

➤ **W. K. Kellogg Foundation** supported a project concerned with capacity-building technical assistance on partnership strategy for Southern California nonprofit organizations. The objectives of the proof-of-concept project were to promote initial planning, creating and sustaining of effective partnerships. A variety of technical assistance methods were used - skill-building workshops, problem-solving workshops, individualized technical assistance. In some cases, the capacity-building service was provided directly; in others, an intermediary organization identified the technical assistance recipients and convened the workshop intervention to produce them. Outcomes of this just-completed project are now being evaluated.

➤ **W. K. Kellogg Foundation** funds a pioneering program on community collaborations in Massachusetts, called AHEC Community Partners, to provide *technical assistance* both to Kellogg grantees and to the field at large on some of the complex issues of collaboration. Findings from conferences, surveys and other research are disseminated through the AHEC Community Partners newsletter and other publications.

➤ **W. K. Kellogg Foundation** commissioned a report, "Foundation Grantmaking for Children and Youth," by Heather Weiss and Elena Lopez. For the 19 foundations studied, youth development activities serve as a bridge for funding and project activities concerned with education and school-to-work issues. This represents a major change among funders to a more collaborative, cross-cutting mode. It also reflects a shift to a more asset-based method of assessing communities and grantees for potential funding. Youth participation in the foundation-funded programs also is an important element.

➤ **W. K. Kellogg Foundation** funds the Youth Initiatives Partnerships Program, which works with community foundations to involve youth directly in community grant making. Collaborations with the community foundations and with other organizations are set up for this purpose, as part of a 20-year commitment to capacity-building in three targeted communities in the state of Michigan. Youth-serving projects and leadership development programs are also funded as part of this initiative.



➤ **Milken Family Foundation** supports the University-Community Outreach Program, which offers ways to get universities more involved in community development for urban communities. The program includes such elements as university students serving as mentors for inner-city high school students; providing university-based entrepreneurship training; and offering business school graduate students as technical assistance consultants.

➤ **Mitsubishi Electric of America Foundation** has ongoing funding partnerships with the 17 Mitsubishi manufacturing plants in the United States. These begin with direct fund raising to add to the Foundation's asset base, but often also include the plants providing in-kind services for grantees to supplement the relatively small grants the Foundation is able to make.

➤ **National Community Development Initiative** is a partnership of 10 major foundations (including Knight) and corporations, the U.S. Department of Housing and Urban Development, and local public and private organizations. NCDI provides direct funding and loans to community development groups (mostly nonprofit community development corporations) working to build housing, spur economic revitalization and provide essential services to improve quality of life in neighborhoods. NCDI is now in operation in 23 American cities.

One interviewee offered a caution about NCDI, and stated this was probably relevant to other large, funder-driven collaboratives: NCDI is "putting smaller community development groups out of business by sucking up all the resources and visibility." The interviewee used the analogy of the Barnes and Noble bookstore chain putting small independent bookstores out of business, like the movie *You've Got Mail* come to life.

➤ **Northern California Grantmakers** has for the last five years coordinated a partnership of 17 foundations which funds AIDS prevention programs in the San Francisco Bay area. The partnership also involves researchers at the University of California San Francisco, who serve as evaluation researchers, and nonprofit prevention agencies which operate the programs. This three-way collaboration provides opportunities for learning experiences by each partner (e.g., the community agencies learn evaluation methods which they can also use when applying for other project funding), as well as what has turned out to be a viable model for providing AIDS education services to various minority populations. After a Ford Foundation evaluation of the original 11 programs in this partnership, a lessons learned document was published.

➤ **David and Lucile Packard Foundation, James Irvine Foundation and Flora and William Hewlett Foundations** jointly fund "Strategic Solutions," a three-year initiative conducted by LaPiana Associates to impact the nonprofit sector's perception, understanding and use of strategic restructuring as part of organizational improvement. Highlighting collaboration and other types of restructuring, the project includes technical assistance, training, and partnerships with both community foundations and intermediary organizations. A five-stage model for strategic restructuring guides the process of working with each participating nonprofit, helping them learn what type of restructuring might work best for them in achieving certain organizational goals. The initiative



includes a web site which provides both information about this process and linkages to the project's resources.

➤ ***Pew Charitable Trusts*** has funded the Philadelphia Health Management Corporation to develop a manual on partnership approaches for Philadelphia nonprofits to use in structuring outsourcing, alliances and mergers. Training workshops also will be used to convey the principles and strategies of collaboration.

➤ ***Stuart Foundation*** commissioned Dr. Sidney Gardner and the Center for Collaboration for Children in California to develop an action plan for bringing together child welfare and alcohol/drug abuse agencies. In "Bridge Building," the report on this action plan, a variety of collaboration strategies are laid out which now can be considered by communities in addressing substance abuse issues from a more systemic perspective.

➤ ***Trillium Foundation*** in Canada sponsored the Caledon Institute Social Partnerships project, which issued a report charting some of the key strategies by which partnerships can lead to social and community change. Partnerships in public education, social marketing, community investment, and large-scale social change were covered, and profiles were published of "real leaders" who have established creative partnerships that make significant strides in promoting economic health and well-being.

➤ ***Lila Acheson Wallace Readers Digest Fund*** funds the Community Partnerships for Cultural Participation program, under which nine community foundations across the country can bring together major arts institutions and community-based arts agencies to promote wider cultural participation in their communities. This program also has afforded capacity-building experiences for the participating community foundations, beginning with the award of planning grants in 1996.

According to the findings from an evaluation of this program by the Urban Institute, creating and sustaining partnerships is one of the most difficult aspects of the community foundations' work. In particular, they have experienced difficulty in bringing together the strange bedfellows of traditional and grassroots arts agencies. Issues of artistic quality standards, the value of amateurs as artists, the use of alternative venues for arts presentations, and basic differences in governance style have all impeded the development of effective collaborations.

Best Practices Approaches Best practice systems involve an organized set of methods for identifying, reviewing, storing information about, and sharing unusually effective innovations. As Elizabeth A. Howard and the author write in their 1998 paper, *Private Sector Best Practice Systems: An Overview*, the term "best practices" is now increasingly appearing both in the public and private sectors. In the endless search for quality improvement in organizations and markets that are increasingly governed by constant external change, tight resources and intense competition, best practices are often a valuable strategic advantage. Almost any conceivable topic is covered in some best practice system, from mental health services to niche marketing of high technology products.



In the private sector, multinational corporations such as Chevron, Hewlett-Packard and Texas Instruments have developed highly sophisticated, computer-driven best practice systems. These provide corporate employees worldwide with a huge database of innovative problem-solving strategies, along with the ability to interact (typically via an Internet-based system) with other employees with similar concerns or information to provide. In the government sector, the U.S. Department of Education has created a fairly complex infrastructure for reviewing best practices in education, rating the quality of evidence supporting their classification as "best," and then sharing the information with teachers, schools and school districts nationwide (for more information, consult the Department of Education's web site www.ed.gov, Under Expert Panels, in Topics A-Z).

Now the notion of "best practices" is entering into philanthropic thought and practice as well. Interviewees for this study noted that "best practice" is a slippery phrase that can mean virtually anything - from someone's subjective individual opinion to an intensive peer review process for reviewing scientific evidence about the worth of innovations. Many foundations, it was noted by interviewees, are reluctant to "get into the best practices business." Their reasons include concerns about promoting as "best" innovations that may not really be able to meet a high standard for excellence; the costs involved in setting up and operating a best practices system (in the private sector, the accounting conglomerate Arthur Andersen spends \$8 million a year just on research for its best practice system); and reluctance to being seen as "singing their own praises" by labeling a foundation-funded project as a best practice.

Partly as a result of these concerns, relatively few foundations have as yet invested in the development and operation of best practice *systems*, preferring instead to identify, synthesize and communicate about promising work they have funded in less expensive ways using more tentative language. By far the most common approach, mentioned by almost every interviewee, is the "lessons learned" document, which presents both the promising findings and the problems/challenges of a foundation grant-making initiative, or coordinated group of grant projects. Lessons learned documents tend to have two distinctive features: (1) they deal both with successes and challenges - not a common practice in the traditionally failure-averse world of philanthropy, said many interviewees; and (2) they use a highly compact, readable "science journalism" style to present their findings, thus making the documents more accessible to broad audiences of nonprofits, funders and policymakers.

Other types of publications, awards, and more systemic interventions oriented to best practices are also starting to appear on the philanthropic landscape. This paper already described two of the pioneering best practice systems - the Closed Grant Report Project of the Robert Wood Johnson Foundation, and the Knowledge Loom being developed by the W.K. Kellogg Foundation. Many interviewees had not yet heard about these two efforts, but said they would be watching closely how these large national foundations both implement and reap results from their investments in these projects.

Best practice innovations mentioned by the interviewees included:

➤ **Benton Foundation** has created a comprehensive web site, a publication series, and learning



events such as conferences to share best practices in communication methods used by nonprofit organizations. A variety of specific tools and more general "lessons learned" are presented in these formats about how to communicate with individual stakeholders (clients or potential service recipients, for instance), communities, funders, government and the media. The web site is updated regularly, and users are encouraged to become "best practitioners" themselves by completing an online questionnaire to share their own lessons learned in ways that can then be integrated into the system.

➤ ***The California Endowment and The California Healthcare Foundation*** both purchase space in the well-known policy journal *Health Affairs*, to publish articles summarizing the results - including best practices - from their grant making. This vehicle, they believe, offers them a credible, more widely accessible venue for sharing best practices than if they issued their own publications. In particular, articles in a journal have a "shelf life" much greater than foundation-issued reports, which are often more difficult to track down a year or more after their publication.

➤ ***Charles M. Dana Foundation*** publishes "Delivering Results: A Progress Report on Brain Research," an annual report which provides both basic information on the research program of the Dana Alliance for Brain Initiatives, and emerging best practices from the research they fund on various brain diseases such as schizophrenia and Alzheimer's. In synthesizing the work of 175 Dana-sponsored brain researchers, this brief publication provides a context (particularly helpful for the layperson) in understanding the entire sweep of brain research today, as well as Dana's specific involvement in it as a funder. This publication is part of a family of products the Dana Alliance publishes, including a directory, "Brain Connections," which is an information guide for the layperson on brain diseases and disorders. A web site also helps to tie together these diverse information sources.

➤ ***Peter Drucker Foundation and Bruner Foundation*** offer highly visible annual awards to leaders in nonprofit management and urban excellence, respectively, which help identify and disseminate best practices. Both foundations have created systems for recruiting nominees and for publicizing the resulting awards so that the specific best practices they highlight can be shared with a relatively broad audience. For instance, the Drucker Award for Nonprofit Innovation includes a \$25,000 prize and production of a video on the winning program; the award is presented at the annual Foundation Leadership and Management Conference.

➤ ***Peter Drucker Foundation*** now is implementing the Drucker Innovation Discovery Site (web address: *pfd.org*), which aims to share the lessons and discoveries contained within the nominees for the Drucker Award, as well as the winners. More than 2,500 nominations of nonprofits have been submitted to date, many of which contain innovations in areas ranging from fund development to management, from decision-making to alliances and partnerships. A test installation with a limited number of programs began operating in late 1998.

➤ ***Robert Wood Johnson Foundation*** funds intermediary organizations such as Join Together, a program based at Boston University that is part of the Foundation's extensive substance abuse



prevention initiative, to serve as external agents for identifying and communicating best practices to the field. Join Together does this through annual surveys of best practices, publication of the results from these surveys of the prevention community, convening of conferences and training workshops, and an interactive web site which makes the resulting best practice information available online.

➤ **Robert Wood Johnson Foundation** publishes in book form an annual anthology of chapters describing some of its most outstanding grant projects. These chapters tend to highlight emerging best practices from Foundation projects. The book is disseminated through an annual mailing to interested parties, as well as to libraries, universities, etc.

➤ **McKnight Foundation** brings in a graduate student each year to review all grant project reports submitted to the Foundation in that year. The student then prepares a lessons learned document that can be shared with Foundation staff, grantees and others as a first-cut review of what is being learned from the Foundation's grant making.

➤ **David and Lucile Packard Foundation** publishes a professional journal through its large grant-making program on "the future of children." This journal is then disseminated both through conventional academic channels and through a special distribution, making available information on best practices emerging from the Foundation's grant making.

➤ **Pew Charitable Trusts** commissioned the Harvard Business School to write case studies on best practices emerging from its funded projects, using the famed Harvard B-School case format. These cases can then be disseminated by Pew to various audiences, and also can be used for internal review purposes to improve their future grant making.

➤ **Virginia Healthcare Foundation** developed the "Models That Made It Program" now in operation to support its statewide health philanthropy in Virginia. The program identifies best practices from completed grant projects supported by the Foundation, and publishes information about them in summary formats for dissemination throughout Virginia. The Foundation also makes funding available to replicate these best practices in new settings.



Appendix - Interviewees and Organizations Contributing to the Study

Foundation Staff Interviewed

Rayna Aylward - Mitsubishi Electric of America Foundation
Beth Bruner - Bruner Foundation
Morgan Binswagner - CAA Foundation
Martha Campbell - James Irvine Foundation
Dennis Collins - James Irvine Foundation
Tom David - The California Wellness Foundation
Greg Dixon - Robert Wood Johnson Foundation
Joanne Edgar - Edna McConnell Clark Foundation
Jan Eldred - The California Healthcare Foundation
Matthews Hamabata - The California Endowment
Peter Hero- Community Foundation Silicon Valley
Mike Howe - East Bay Community Foundation
Frank Karel - Robert Wood Johnson Foundation
Jim Knickman - Robert Wood Johnson Foundation
Jane Lowe - Robert Wood Johnson Foundation
Karen Menichelli - Benton Foundation
Tom Miller - Glendale Community Foundation
Ricardo Millett - W.K. Kellogg Foundation
Marianne Pallotti - William and Flora Hewlett Foundation
Ed Pauly - DeWitt Wallace Readers Digest Fund
Peter Pennekamp - Humboldt Area Foundation
Tom Reis - W.K. Kellogg Foundation
Polly Seitz - Robert Wood Johnson Foundation
Karl Stauber - Northwest Area Foundation

Foundations Submitting Materials

Amherst H. Wilder Foundation
Annie E. Casey Foundation
Edyth Bush Charitable Foundation
Cleveland Foundation
Charles A. Dana Foundation
Peter F. Drucker Foundation
Duke Endowment
Durfee Foundation
Hogg Foundation for Mental Health



Kahanoff Foundation
Kaiser Family Foundation
Kansas Health Foundation
Ewing Marion Kauffman Foundation
Charles F. Kettering Foundation
Lilly Endowment
John D. and Catherine T. MacArthur Foundation
J. W. McConnell Family Foundation
Robert R. McCormick Tribune Foundation
McKnight Foundation
Meadows Foundation
Rockefeller Foundation
Rockefeller Brothers Fund
Sierra Health Foundation
Stuart Foundation
Trillium Foundation
Vancouver Foundation
Virginia Health Care Foundation
Lila Wallace Readers Digest Fund

Philanthropic, Nonprofit and Academic Organization Staff Interviewed

Jane Alan - Rochester Grantmakers Forum
Greg Barnard - Council on Foundations
Karen Bodenhorn - California Center for Health Improvement
Elizabeth Boris - The Urban Institute
Janet Carter - consultant
Mariano Diaz - Esme & Associates
Steve Fawcett- Work Group on Health Promotion & Community Development
Barbara Finberg - MEM Associates
Megan Finechuk - Philadelphia Health Management Corporation
Sidney Gardner - Center for Collaboration for Children
Kathryn Johnson - Healthcare Forum
Patrick Johnston - Canadian Centre for Philanthropy
Barbara Kehrer - consultant
Karen Kirkhart - Syracuse University
Susan Klein - U.S. Department of Education
Carol Kochhar - George Washington University
Amelia Kohm - Chapin Hall, University of Chicago
Judith Kroll - Council on Foundations
Alan Kumamoto - Japanese-American Community Cultural Center
David LaPiana - LaPiana Associates



Using Behavioral Sciences to Help Nonprofit Organizations Handle Innovation and Change

Roz Leshner - New York Academy of Medicine
Alan Pardini - California League of Community Foundations
Patricia Patrizi - consultant
Susan Philliber - Philliber Research Associates
Dennis Prager - Strategic Consulting Services
Debra Rog - Vanderbilt University
Patricia Sokol - Mental Health Services Program for Youth
Abraham Wandersman - University of South Carolina
Carol Weiss - Harvard University
Gayle Wilson - Center for Youth Policy Development
Tom Wolff - AHEC Community Partners
Phaizon Wood - consultant

Philanthropic, Nonprofit and Academic Organizations Submitting Materials

Center for Civic Partnerships
Colorado Trust
Community Foundations of Canada
Evaluation Exchange, Harvard Family Research Project
Foundation Consortium for School Linked Services
Imoyase Group
National Academy of Public Administration
National Civic League of Denver



Following Up

Almost all of the innovations or background documents mentioned in this paper are identified with a particular foundation, which can be contacted for more information, or for a copy of a given document. Most of the materials used in preparation of the paper are publicly available, though a few items mentioned were still internal or confidential documents as of March 1999, when the study's datagathering was completed. Interviewees, or the communications or evaluation offices of the appropriate foundation, might be helpful in supplying more information for those readers wishing to have it.

Copies of the author's several publications mentioned in this paper are available by contacting the Human Interaction Research Institute. Because this is a thought paper, it does not include a list of references cited. For those readers interested in following up, the author may be able to help with those few items where a specific source is not identified. Contact information is on the cover page for written or phone inquiries (e-mail address: HIRILA@aol.com).

For more information about the John S. and James L. Knight Foundation, please contact the Foundation by mail or phone (see cover page), or call up their web site at www.knightfdn.org.

Again, we thank all those who contributed to this paper, and would welcome comments about it.

Such innovation approaches recognize the needs of poor, grass-roots and marginalized communities and involve them in innovation processes.Â These approaches describe highly valuable innovation spaces, in which societal attempts are made to imagine and practice novel and different ways of trying to reconcile and advance the ambitions of delivering both inclusive and greener forms of social and economic development. In doing so, the actors and institutions involved in the new approaches often enjoy a degree of freedom to innovate that is simply not available to incumbents locked in by prior investments, business models and other commercial and institutional commitments to existing, unsustainable innovation trajectories.