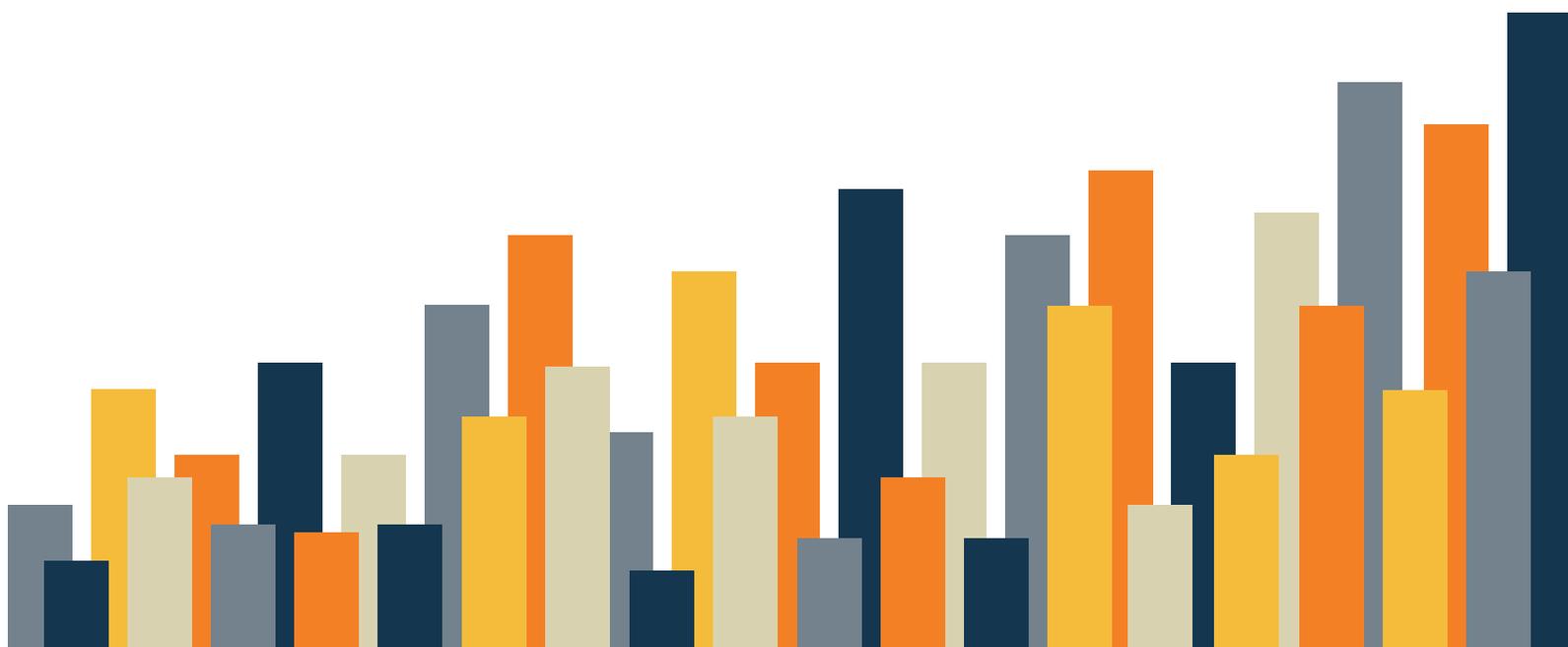# CEP

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Assessing to Achieve High Performance

What Nonprofits are Doing and How Foundations Can Help

AUTHORS

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To provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

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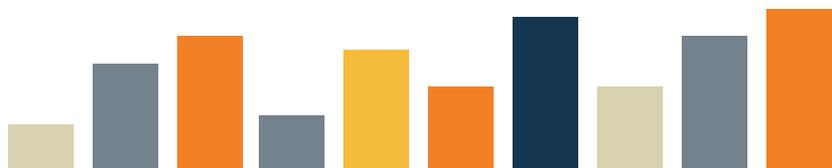
Assessing to Achieve High Performance

What Nonprofits are Doing and
How Foundations Can Help

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INTRODUCTION

Foundations achieve little alone — they pursue many of their goals through the work of their grantees.

As a result, foundations are reliant on the performance of the nonprofits they fund.
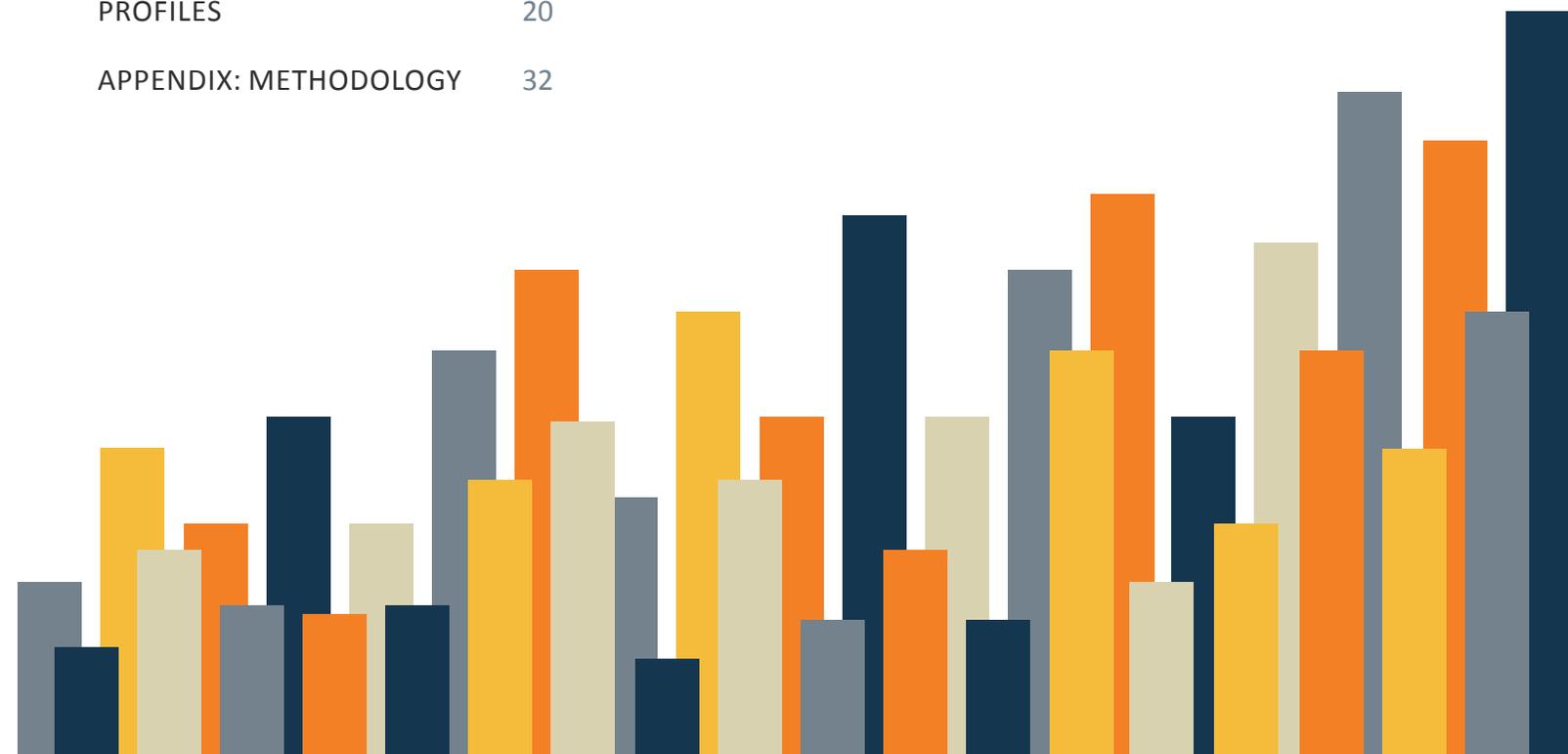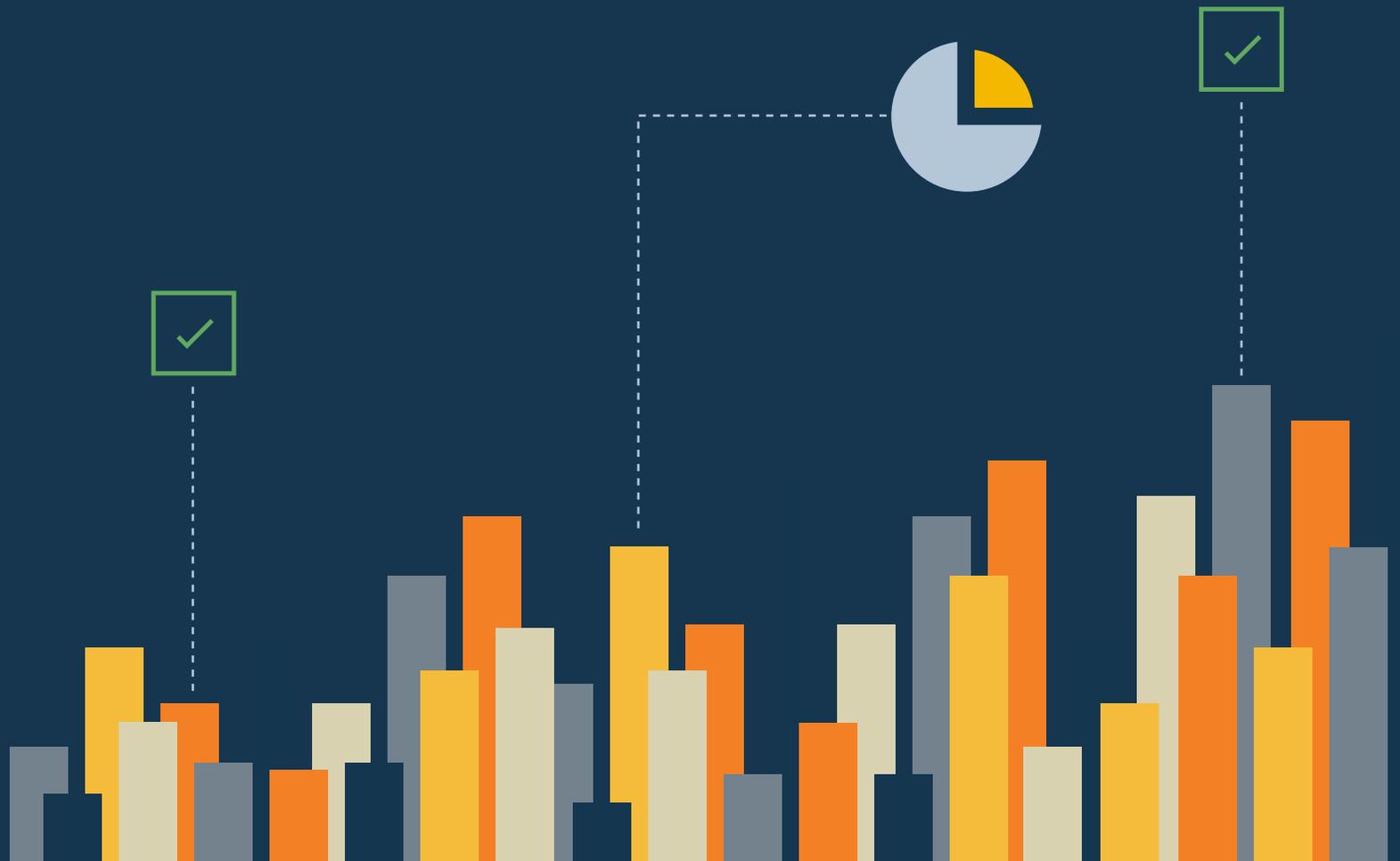
But measuring performance is challenging, in many ways, for nonprofits. Performance for nonprofits isn't solely determined by the net income line in financial statements, as it is for businesses. It is instead measured by the progress made against tough, vexing challenges. How does a nonprofit helping disadvantaged teenagers be better prepared for college monitor the progress of its work? What about the organization working to reduce harmful pollutants? Or the one focused on improving teacher training?

Measuring and improving performance is difficult work. But it's crucially important, and there is widespread agreement among foundation and nonprofit leaders on that point.[1] However, there are differing views on the state of nonprofit performance assessment practices and on the degree to which foundations are supporting nonprofits in those efforts.

Both nonprofit and foundation leaders believe nonprofits should be demonstrating the effectiveness of their organizations' work.[2] In a 2012 survey we conducted, 80 percent of nonprofits reported using data to inform their efforts to improve performance on an ongoing basis.[3] However, we also saw that nonprofits were looking for more support from foundations in these efforts.[4] While the overwhelming majority of foundation leaders say they provide this kind of support, the overwhelming majority of nonprofit leaders say they aren't receiving it.[5]

For foundation leaders to most effectively support nonprofits, more needs to be understood about the state of practice when it comes to nonprofit performance assessment. When we reported in 2012 that an overwhelming number of nonprofits that receive foundation funding are indeed committed to performance assessment — and working to do it — we encountered some skepticism.

> In a 2012 survey we conducted, 80 percent of nonprofits reported using data to inform their efforts to improve performance on an ongoing basis. However, we also saw that nonprofits were looking for more support from foundations in these efforts.

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[1] Ellie Buteau, Mark Chaffin, and Ramya Gopal, "Transparency, Performance Assessment, and Awareness of Nonprofits' Challenges: Are Foundations and Nonprofits Seeing Eye to Eye?" *The Foundation Review* 6, no. 2 (2014): 68-69, http://www.effectivephilanthropy.org/wp-content/uploads/2014/07/Transparency-Performance-Assessment-and-Awareness-of-Nonprofits.pdf.

[2] Ibid.

[3] Andrea Brock, Ellie Buteau, and An-li Herring, "Room for Improvement: Foundations' Support for Nonprofit Performance Assessment," *Center for Effective Philanthropy* (September 2012): 4, http://www.effectivephilanthropy.org/portfolio-items/room-for-improvement/.

[4] Ibid, 5.

[5] Buteau, 77.

There was skepticism about the type and quality of the data nonprofits were collecting, their ability to use data effectively, and nonprofits' definitions of "performance assessment." Since then, a number of new studies have come out focusing on the issue of nonprofits' use of data to understand their performance and the challenges faced in those efforts. The findings across these pieces have been mixed, but, overall, what is written on this issue tends to paint nonprofits as being well-intentioned, yet lacking the capacity to collect the right data to measure their effectiveness.[6]

We wanted to understand the state of practice among nonprofits to help foundations target support where it is most needed. This led us to pursue four questions.

To tackle these questions, we turned to a panel of U.S. nonprofit organizations typical of those receiving foundation funding. (See Sidebar: Who Are *The Grantee Voice* Respondents to This Survey?) What we found is consistent with our 2012 results in terms of nonprofits' self-reported commitment to assessing and improving performance.[7] Nonprofits are collecting performance data and using it to inform their improvement efforts. But our findings also raise more questions about the adequacy of the current levels of investment — and the use of data to manage performance and share knowledge to help other organizations improve their efforts.

[6] Jonathan Sotsky, "*Big Interest in Big Data*," *Knight Blog, The John S. and James L. Knight Foundation*, March 26, 2014, http://www.knightfoundation.org/blogs/knightblog/2014/3/26/big-interest-big-data/; Kellie C. Liket, Marta Rey-Garcia, and Karen E. H. Maas, "Why Aren't Evaluations Working and What to Do About It: A Framework for Negotiating Meaningful Evaluation in Nonprofits," *American Journal of Evaluation* 35, no. 2 (2014): 171; Lucy Bernholz, "Let Our Data Define Us," *Selected Readings: Making Sense of Data and Information in the Social Sector, Markets for Good* (January 2014): 33, http://www.marketsforgood.org/wp-content/uploads/2014/05/Markets-for-Good-Selected-Readings.pdf; Paul Carttar, Chris Lindquist, and Amy Markham, "Nonprofit Management Tools and Trends Report 2014," *The Bridgespan Group* (January 2015): 4, http://www.bridgespan.org/Publications-and-Tools/Nonprofit-Management-Tools-and-Trends-2014/Nonprofit-Management-Tools-and-Trends-Report-2014.aspx; "2014 State of the Nonprofit Sector Survey," *Nonprofit Finance Fund* (March 2014): 14, http://nonprofitfinancefund.org/files/docs/2014/2014survey_natl_full_results.pdf. Johanna Morariu, Katherine Athanasiades, and Ann Emery, "State of Evaluation 2012: Evaluation Practice and Capacity in the Nonprofit Sector," *Innovation Network* (October 2012): 12, http://www.innonet.org/client_docs/innonet-state-of-evaluation-2012.pdf; Laura Quinn et al., "The Reality of Measuring Human Service Program: Results of a Survey," *Idealware* (January 2014): 5, http://www.idealware.org/sites/idealware.org/files/IDEALWARE_HSSURVEYREPORT_Jan2014v4.pdf.

[7] Brock, 4.

4 KEY QUESTIONS

QUESTION ONE

What kinds of information are nonprofits collecting to understand their performance?

QUESTION TWO

How, if at all, are nonprofits investing in their capacity to assess their performance?

QUESTION THREE

In what ways are nonprofits using the performance information they collect?

QUESTION FOUR

Are foundations supporting nonprofits in their efforts to assess their performance?

KEY FINDINGS

KEY FINDING #1

Almost all nonprofits surveyed report collecting information to assess their performance; still, many nonprofit leaders want to collect additional — or better — data.

KEY FINDING #2

The typical nonprofit in this study allocates two percent or less of its budget to assessing its performance and few employ staff who are dedicated to this work full time.

KEY FINDING #3

The nonprofits surveyed are mainly using their performance information to improve their programs and services, inform their strategic direction, and communicate about their progress; to a lesser extent, they are using it to share what they are learning with other organizations or to manage their staff.

KEY FINDING #4

A minority of nonprofits in this study report receiving support from foundations for their performance assessment efforts.

The Grantee Voice: Feedback For Foundations

The 514 nonprofit leaders who serve on the Center for Effective Philanthropy's *The Grantee Voice* panel complete short surveys about topics relevant to their experiences working with foundation funders. Surveys of grantees conducted for *The Grantee Voice* panel are separate and distinct from the surveys of grantees that CEP administers for individual foundations as part of the Grantee Perception Report (GPR)® process.

The goals for *The Grantee Voice* are to

Collect timely data to inform foundation practices;

Gather nonprofit perspectives on working with foundations broadly;

Further contribute to foundations' knowledge of how they can work most effectively with nonprofits.

Through brief publications based on surveys from this panel, we aim to contribute data, as well as new questions, to further important conversations that are happening — or need to be happening — for foundations and nonprofits to work most productively together. Other *Grantee Voice* reports include *Room for Improvement: Foundations' Support of Nonprofit Performance Assessment; Foundation Transparency: What Nonprofits Want; Nonprofit Challenges: What Foundations Can Do; and Hearing from Those Who Matter Most: Nonprofit Practices and Perspectives in Beneficiary Feedback.* These publications are available at www.effectivephilanthropy.org.

Who Are *The Grantee Voice* Respondents to This Survey?

The nonprofits on *The Grantee Voice* panel are representative of U.S.-based organizations with between $100,000 and $100 million in annual expenses and receive funding from foundations giving at least $5 million annually. (See "Appendix: Methodology" for more information on how this panel was formed.)

The response rate for this survey was 38 percent. The 183 nonprofit leaders (holding such titles as executive director, president, or CEO) who responded represent a mix of organizations that vary widely in size and dependence on foundation money, as shown in the table below. Respondents' organizations are located across the country and represent a range of program areas, including human services, the arts, health, community development, the environment, and education.

ORGANIZATIONAL MEASURE	RANGE	MEDIAN VALUE
Staff size (in full-time equivalents, FTEs)	< 1 FTE to 1,400 FTEs	12 FTEs
Annual expenses	About $100,000 to $93 million	$1.4 million
Proportion of revenue coming from foundation grants	< 1 percent to 90 percent	15 percent

KEY FINDING #1

Almost all nonprofits surveyed report collecting information to assess their performance; still, many nonprofit leaders want to collect additional — or better — data.

INFORMATION NONPROFITS ARE COLLECTING

When completing the survey, respondents were asked to keep in mind the following definition of performance: "how your organization is doing relative to the goal(s) it seeks to achieve." Almost every organization whose CEO responded to our survey seems to be making an effort to assess its performance. Fully 99 percent say their organization is collecting some information to assess its performance. We asked respondents to write in examples of the types of information that they find *most useful* in understanding their organization's performance. The three most specific types of information respondents provided can be found in Figure 1. Examples of information that nonprofit leaders find most useful are provided in Figure 2.

FIGURE ONE.
Assessment Information Nonprofits Find Most Useful

56% of nonprofits
Information collected from programmatic assessments, or indicators of outcomes they seek to change

43% of nonprofits
Information about their organization's reach: number of beneficiaries served or units of service provided

29% of nonprofits
Financial information, such as budget or fundraising performance
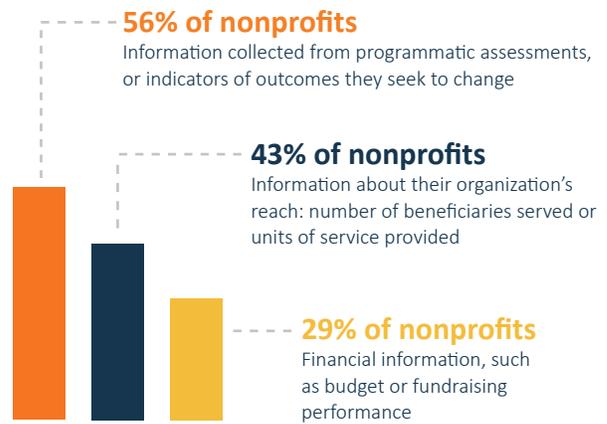
FIGURE TWO.
Examples of Information that Nonprofit Leaders Find Most Useful

Nonprofit's mission/ background	Types of information most useful for understanding performance		
Empower girls	Information from participant outcome surveys	Pre and post specific program surveys of girls	Number of girls served and how they are served
Provide employment services to immigrants	Number of clients enrolled in program	Number of clients placed in jobs	Number of clients retaining jobs after 12 months
Promote responsible forestry practices	Federal and state level forestry statistics	Stakeholder Feedback	Information from membership surveys
Advance equality for LGBTQ people	Personal testimonials from program participants	Pre- and post-surveys from program participants	Quantitative and demographic data about program participants
Theatre company	Information from audience surveys	Sales trends	Artist retention
Humane treatment of animals	Statistics on program use/goals	Financial analysis	Customer satisfaction survey
Advocacy organization	Legislation passed	Policies adapted	Media coverage of issues

WHAT NONPROFITS WOULD LIKE TO DO DIFFERENTLY

Half of nonprofit leaders who responded to an open-ended question about what they'd like to do to better assess and/or improve their performance, say they want to acquire additional, or better, data.[8] Among this group:

- 71 percent cite a desire for more detailed data, a larger volume of data, or more frequently collected data. One nonprofit leader notes, "If we could collect disaggregated data on our clients as well as communities that we want to serve, it would help us have a clearer picture of the kinds of issues that they face and what programs to prioritize." Another nonprofit leader is seeking "access to more data from the [city's] department of education to help us more fully assess the impact of our programs on children."

- 40 percent say they want better data to understand their organization's performance. One nonprofit leader wants "to know more about impact on community and measurability of attitudinal changes among the people in the community. For example, are we creating a more humane community?" Another nonprofit leader is seeking, "better metrics of organizational change (for organizations we seek to influence) and public perception."

Almost one-third say that they would like more staff resources, greater staff expertise, or the ability to hire third-party evaluators to better assess or manage their organization's performance.[9] "With greater staff and financial resources, it would be helpful to understand better which specific strategies and tactics are most effective," says one respondent. Another says, "We have such an incredible wealth of information — we would love to have a statistician devoted to running ongoing trend analysis, learning more about what we do well and what we don't."

What Drives Nonprofits to Assess Their Performance?

The most important reason for assessing their performance, cited by 76 percent of nonprofit leaders, is to learn and improve. External accountability — to funders and stakeholders — and communicating publicly about performance were the next most common reasons.

Reasons related to internal accountability — of staff and to the board — were cited by few nonprofit leaders.

FIGURE THREE.
Nonprofits' Primary Reasons for Assessing Performance

What are the two most important reasons your organization assesses its performance?

Learn to improve from work
76%

Fulfill funder requirements
40%

Communicate externally about performance
37%

Accountability to stakeholders
33%

Accountability of staff to performance
9%

Fulfill board requirements
3%

Percentage of nonprofits

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[8] This question was asked as an open-ended item in the survey and 75 percent of respondents provided a response.

[9] This statistic is out of the 75 percent of respondents who answered the open-ended item about what they would like to do to better assess and/or manage their performance.
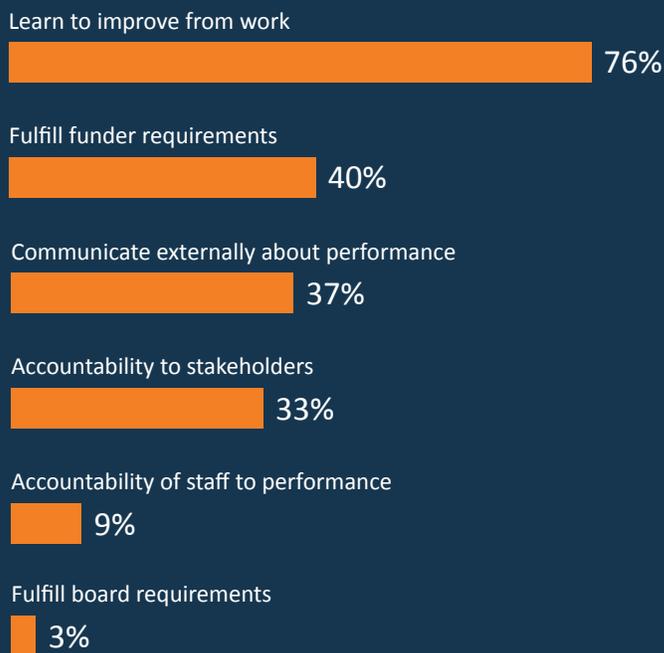
KEY FINDING #2

The typical nonprofit in this study allocates two percent or less of its budget to assessing its performance and few employ staff who are dedicated to this work full time.

Although almost 90 percent of nonprofit leaders report that their organization allocates some portion of its budget towards performance assessment efforts, the typical allocation seems small relative to the complexity of this work. (See Figure 4.) About half of nonprofits spend two percent or less of their budget on efforts to assess performance.

About half of nonprofits spend two percent or less of their budget on efforts to assess performance.

FIGURE FOUR.
Nonprofits' Allocation of Budget for Performance Assessment

Percentage of nonprofits

11% — 0%
11% — Less than 1%
33% — 1% to 2%
27% — 3% to 5%
18% — 6% or more

Percentage of budget spent on assessment
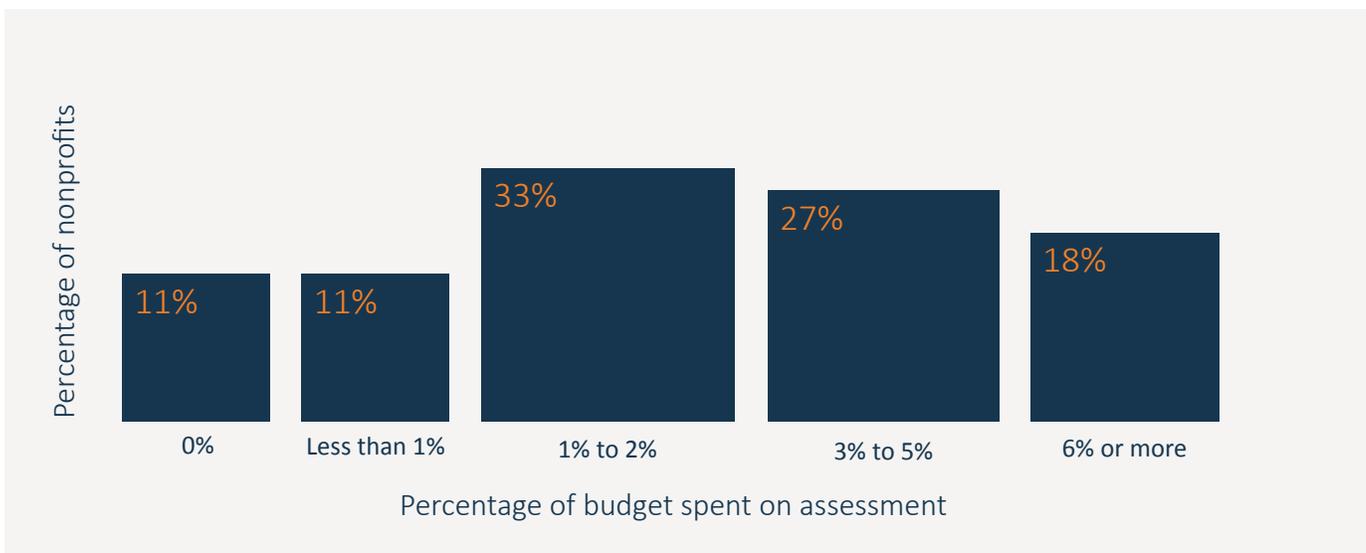
Just one-fifth of nonprofits employ one or more full-time staff members dedicated to helping them assess their performance. (See Figure 5.) Nonprofits that employ assessment staff are more likely to be in the top quartile of our sample for annual expenses — $4MM or more. Of nonprofits in the top expense quartile, 44 percent employ staff dedicated to assessment compared to 12 percent of smaller nonprofits.
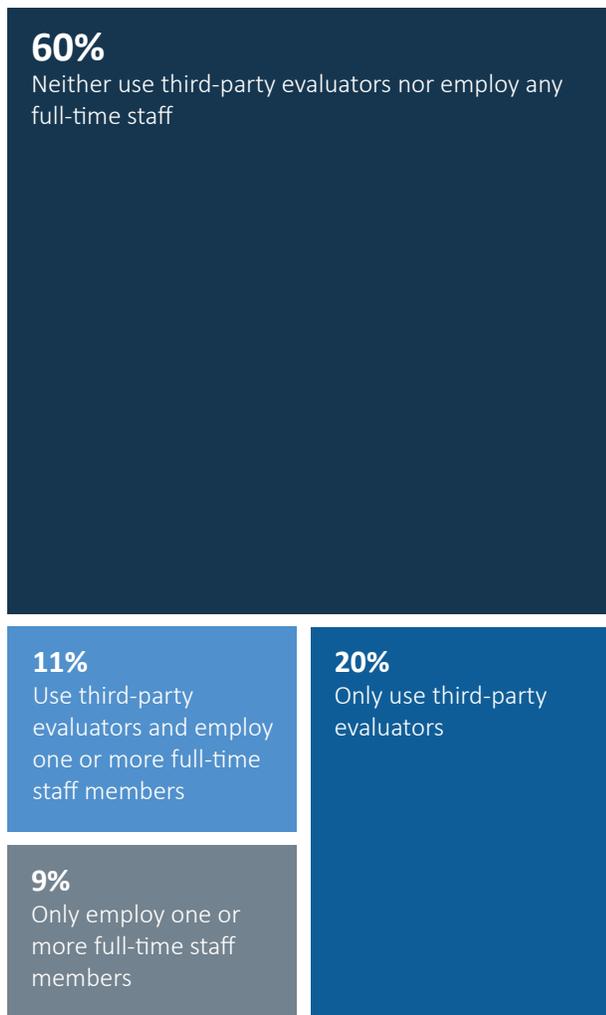
Almost one-third of nonprofits in this study use third-party evaluators to conduct formal assessments of their performance. Nonprofits that use third-party evaluators are more likely to have annual expenses greater than $1.4MM, the median annual expense value among organizations in this study; 44 percent of nonprofits with greater than typical annual expenses use third-party evaluators compared to 18 percent of smaller nonprofits.

FIGURE FIVE.
Nonprofits' Staffing for Performance Assessment

Percentage of nonprofits

60%
Neither use third-party evaluators nor employ any full-time staff

11%
Use third-party evaluators and employ one or more full-time staff members

20%
Only use third-party evaluators

9%
Only employ one or more full-time staff members

Do Performance Assessment Practices Differ by Size of Nonprofit Organizations?

For the most part, nonprofits' performance assessment practices do not differ by size of the nonprofit, as measured by annual expenses. Even the proportion of budget that nonprofits in this study report spending on performance assessment does not vary by organization size. Two differences that do emerge are that larger nonprofits are more likely to:

- Employ staff dedicated to working on assessing the organization's performance.

- Use third parties to help with this work.

Differences by Nonprofits' Allocation of Resources for Assessment

Our data suggests that there are some key differences between nonprofits that spend more than two percent of their budget on assessment (the median value among organizations in this study), and those that spend two percent or less. Those that spend above the median tend to:

- Use the results of their performance assessments more in general;

- Use the results of their performance assessments to a greater extent to inform their strategic direction;

- Have more discussion about assessment with their foundation funders;

- Receive more than 15 percent of their revenue (the median value in this study) from foundation grants.

In addition, nonprofits that spend more than five percent of their budget on assessment use the results of their performance information more than nonprofits that spend one percent or less for:

- Identifying development opportunities for staff;

- Recognizing strong staff performance;

- Changing allocation of resources across programs and services.

KEY FINDING #3

The nonprofits surveyed are mainly using their performance information to improve their programs and services, inform their strategic direction, and communicate about their progress; to a lesser extent, they are using it to share what they are learning with other organizations or to manage their staff.

PERFORMANCE INFORMATION FOR PROGRAMS AND STRATEGIES

More than 80 percent of nonprofits report that they are using their performance information to improve their programs and services at least "to a great extent," and 68 percent are using their information to inform their strategic direction at least "to a great extent."[10] (See Figure 6.)

Nonprofits are using their assessment information more to improve their programs and services than they are to make decisions about adding or eliminating programs and services, or to change resources across programs and services.

> More than 80 percent of nonprofits report that they are using their performance information to improve their programs and services at least "to a great extent."

FIGURE SIX.
Nonprofits' Use of Performance Information for Programs and Strategies

Percentage of nonprofits that use results of performance assessments to a great or very great extent to:

Make improvements to programs/services
83%

Inform the organization's strategic direction
68%

Make decisions about adding or eliminating programs/services
61%

Change resources across programs/services
46%
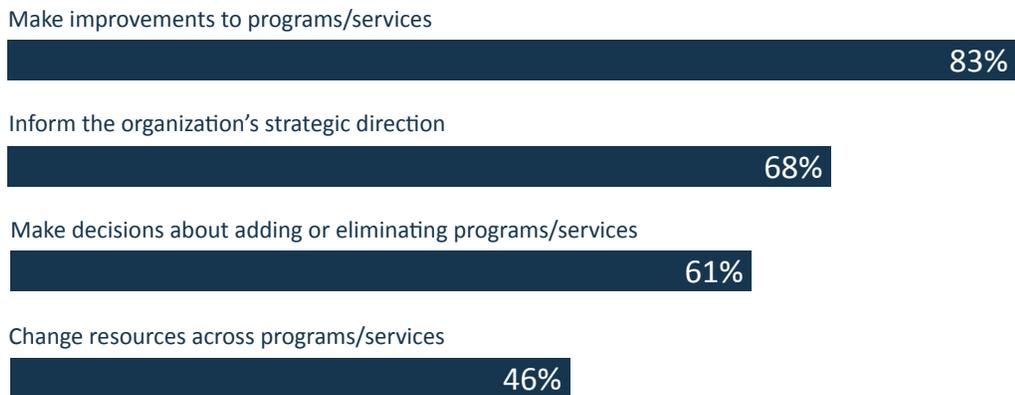
[10] Includes nonprofit leaders who rated a 4 or 5 on a 1-5 scale where 1=Not at all, 2=A little extent, 3=Some extent, 4=A great extent, and 5=A very great extent.

PERFORMANCE INFORMATION FOR COMMUNICATING ABOUT PROGRESS

Nonprofits are using the results of their performance assessments to communicate about their progress: about 70 percent are using their performance information to attract or maintain donors, or to publicly communicate their impact. While nonprofits are using performance data, our survey data raises questions about whether they are sharing what they are learning as widely as they could be. Only 41 percent of nonprofits say they are using their performance information to share what they have learned with other organizations at least "to a great extent."[11] (See Figure 7.)

PERFORMANCE INFORMATION FOR MANAGING STAFF

Nonprofits are using their performance information to the least extent for managing their staff: informing decisions about staffing levels, recognizing staff performance, or identifying development opportunities for them.[12] (See Figure 8.) The nonprofits in our sample with the smallest staff sizes — those with four full-time employees or fewer — tend to use their performance information to a lesser extent to inform decisions about staffing levels or to recognize strong staff performance than nonprofits with larger staff sizes.

Our data suggests areas of opportunity not just for nonprofits to collect more and richer data, but also to use it more broadly — with other organizations and internally — to improve practice.

> Only 41 percent of nonprofits say they are using their performance information to share what they have learned with other organizations at least "to a great extent."

FIGURE SEVEN.

Nonprofits' Use of Performance Information to Communicate

Percentage of nonprofits that use results of performance assessments to a great or very great extent to:

Attract new donors or maintain existing ones

71%

Communicate publicly what the organization has achieved

70%

Share what it has learned about what works, or does not work, with other organizations

41%

FIGURE EIGHT.

Nonprofits' Use of Performance Information for Managing Staff

Percentage of nonprofits that use results of performance assessments to a great or very great extent to:

Inform decisions about staffing levels

40%

Recognize strong staff performance

38%

Identify development opportunities for staff

36%

[11] Includes nonprofit leaders who rated a 4 or 5 on a 1-5 scale where 1=Not at all, 2=A little extent, 3=Some extent, 4=A great extent, and 5=A very great extent. Innovation Network has found that 48 percent of nonprofits use their evaluation findings to share best practices/lessons learned. Morariu, "State of Evaluation," 15, http://www.innonet.org/client_docs/innonet-state-of-evaluation-2012.pdf.

[12] Includes nonprofit leaders who rated a 4 or 5 on a 1-5 scale where 1=Not at all, 2=A little extent, 3=Some extent, 4=A great extent, and 5=A very great extent.

KEY FINDING #4

A minority of nonprofits in this study report receiving support from foundation funders for their performance assessment efforts.

Just one-third of nonprofit leaders in this study say that their foundation funders tend to support their organization — through financial or non-monetary assistance — to help it assess its performance.[13] (See Figure 9.)

It's not just financial support that is often missing. There is still not much discussion occurring about assessment: only 39 percent of nonprofit leaders in this study report having at least a moderate amount of discussion with foundations about assessment.[14] (See Figure 10.)

FIGURE NINE.
Foundation Support for Nonprofit Performance Assessment

Percentage of nonprofits

36%
Tend to receive financial and/or non-monetary support

64%
Do not tend to receive any support

FIGURE TEN.
Amount of Discussion Between Foundations and Nonprofits on Performance Assessment
Percentage of nonprofit leaders

How much discussion tends to take place between you and your foundation funders on matters related to performance assessment?

39%
Moderate or more discussion

24%
Some discussion

37%
A little or less discussion

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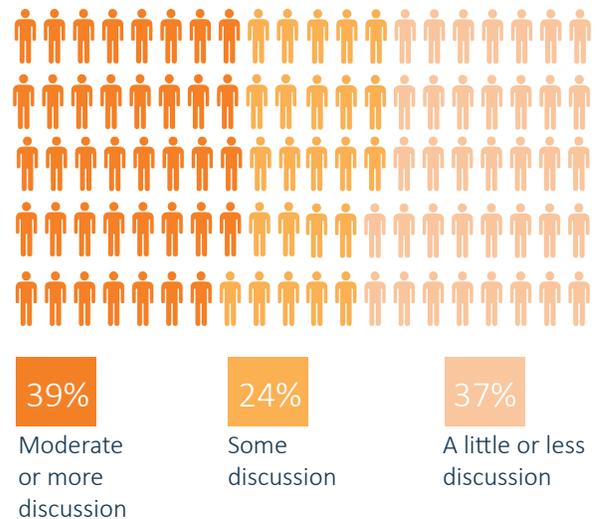
[13] In 2012, we found that 29 percent of nonprofits were receiving foundation support for their assessment efforts. Brock, 6.

[14] Includes respondents who rated a 5, 6, or 7 on a 1-7 scale, where 1=No discussion, 2=Very little discussion, 3=A little discussion, 4=Some discussion, 5=Moderate discussion, 6=Considerable discussion, and 7=A lot of discussion.

A similar proportion of nonprofit leaders say they tend to have little to no discussion. This matters because our analysis reveals that when nonprofit leaders have more discussion with foundations on issues about performance assessment:

They find foundations to be more helpful to their organization's ability to assess its progress;

They use their organization's performance information to a greater extent.

The amount of discussion that takes place is correlated with nonprofits' dependency on foundation money. Nonprofit leaders whose organizations receive above the median proportion of revenue from foundation grants in this study — 15 percent — tend to have more discussion with foundations about assessment. But even among those whose organizations have a higher proportion of revenue coming from foundation grants, only about half report having at least a moderate amount of discussion with foundations about assessment.

DIGGING DEEPER

What Should Foundations Be Discussing with Nonprofits about Performance Assessment?

In our 2012 research, we found that 71 percent of nonprofit leaders wanted to have more discussion about how to develop the skills of their staff to collect and interpret performance data.[15] In addition, 58 percent said they were seeking more discussion about how to interpret the data they collected and what they were learning about their performance.

[15] Brock, 8.

[16] Specifically, 97 percent of nonprofit leaders say that more than one of their foundation funders require them to report data on their organization's performance.

[17] Includes respondents who rated a 5, 6, or 7 on a 1-7 scale, where 1=Not at all useful, 2=Not very useful, 3=A little useful, 4=Somewhat useful, 5=Moderately useful, 6=Very useful, and 7=Extremely useful.
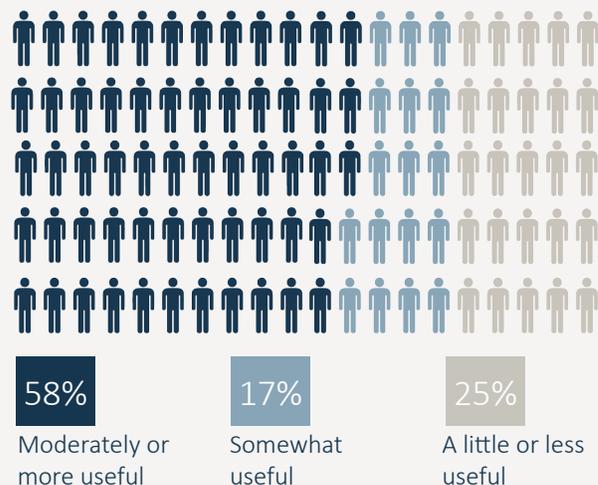
Data Requirements:
Nuisance or a Help?

Almost all nonprofit leaders report that their foundation funders require them to report data about their organization's performance.[16] A majority say they find these requirements to be at least moderately useful to their organization's ability to assess its performance.[17] (See Figure 11.)

FIGURE ELEVEN.
Utility of Foundations' Performance Data Requirements
Percentage of nonprofit leaders

How useful do your foundation funders' data requirements tend to be to your organization's ability to assess its performance?

58%	17%	25%
Moderately or more useful	Somewhat useful	A little or less useful

The utility of foundations' data requirements matter — when nonprofit leaders find them to be more useful, they tend to find their foundation funders more helpful to their organization's ability to assess its performance.

Among nonprofit leaders who find funders' requirements to be useful, half say the utility comes from the alignment between the requirements and their organizations' goals or the goals of the work being funded. One nonprofit leader says, "The funders' requirements help us to take a closer look at how we are doing in meeting our client's needs." Another says that the requirements are useful when funders "request specific outcome measures tied to the grant proposal [and are] reported on a predetermined time table."

What Foundations Can Do:
Learning from Helpful Funders

Almost two-thirds of nonprofit leaders in this study could name at least one foundation that had been helpful to their organization's efforts to assess its performance.

Below are some examples of what those foundations did:

"Our program officers are so well informed and engaged as a partner with regard to the project with time for individual guidance and funding for the efforts. …Their breadth of experience in similar situations and willingness to share lessons learned by others, as well as to make connections to others, has been invaluable."

"[The foundation] funded a new data collection system [and] worked with us on developing measurable outcomes related to our overall grant from them."

"They provided a one year training class on grant development and assessment. They offered it free to a select group of nonprofits. The one year program provided insight on Board development, assessment of the Board, program assessment, grant assessment, etc."

"Simply [kept] a focus on outcomes and requiring follow up reports that ask us to report specifically on the outcomes we present. [The foundation] is very interested in how, what, and how often we measure how we're doing and they've always been willing to fund endeavors related to data collection and analysis."

"[The foundation] spent a considerable amount of time in helping us think through best methods for assessing performance and then allocated funds in the budget for us to successfully carryout the assessment."

> **"**[The foundation] spent a considerable amount of time in helping us think through best methods for assessing performance and then allocated funds in the budget for us to successfully carryout the assessment.

PROFILING EXEMPLARS

Foundations Rated Highly by Their Grantees

Our earlier research indicated that grantees were not finding their foundation funders to be particularly helpful to their performance assessment efforts.[18] In 2013, we added an item to CEP's Grantee Perception Report® survey, which asks individual foundations' grantees: "How helpful has the foundation been to your organization's ability to assess progress towards your organization's goals?"[19]

Data was collected on this item from over 12,000 grantees of 62 foundations from fall 2013 to fall 2014. (See "Appendix: Methodology" for more information.)

On average, grantees rate their foundations a 5.1 on a scale from 1 (Not at all helpful) to 7 (Extremely helpful). Foundations' average scores on this measure range from a low of 4.3 to a high of 5.9.

Two foundations whose grantees rated them in the top 15 percent on this measure were selected to be profiled in this research: the Mary Reynolds Babcock Foundation and the Assisi Foundation of Memphis.[20]

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[18] Brock, 5.

[19] See: *Grantee Perception Report®*, http://www.effectivephilanthropy.org/assessment-tools/.

[20] Disclosure: The Assisi Foundation of Memphis provides grant support to CEP ($5,000 in 2015).

CONCLUSION

Critics sometimes describe nonprofits as uninterested in — and incapable of — using data to improve their work. But our findings paint a picture of organizations trying to understand their performance and using the information they are collecting to make improvements. This isn't just about satisfying funders — the impulse to assess seems to be driven more by nonprofit leaders' desires to improve their organizations' performance.

Performance assessment issues are receiving considerable attention in the sector. Earlier this year, the Leap of Reason Ambassadors Community — a group of more than 75 prominent nonprofit leaders — released "The Performance Imperative," which calls on nonprofits to strive for "the ability to deliver — over a prolonged period of time — meaningful, measurable, and financially sustainable results for the people or causes the organization is in existence to serve."[21]

Our data suggest there are opportunities for nonprofits to do more to utilize performance information to better manage their organizations internally as well as to share insights publicly. But, for nonprofits to be able to gather the most meaningful data, and use it for internal improvement — as well as to share with other organizations — they'll need more support from foundations. They'll need the financial support to increase the modest sums currently being spent on performance assessment. They'll also need more interaction with their funders about their assessment efforts.

We have seen in our previous research that foundation leaders want nonprofits to do more to assess and improve their effectiveness. Perhaps now is the time for more foundations to support nonprofits with the resources they'll need to do that.

> But, for nonprofits to be able to gather the most meaningful data, and use it for internal improvement—as well as to share with other organizations—they'll need more support from foundations.

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[21] Leap of Reason Ambassadors Community, "The Performance Imperative: A Framework for Social-sector Excellence," (2015): 3, http://performanceimperative.org.

Moving Forward:
Ideas for Foundation Leaders to Consider

IDEA #1
Engage in more and deeper discussion with grantees about their performance assessment and management efforts.

- Understand how grantees are investing in their capacity for assessment.

- Ask grantees what performance information they are collecting to assess their organization's performance, and what else they would like to be able to do in these efforts.

- Talk with grantees about how they are using the results of their performance assessments.

IDEA #2
Fund nonprofits' efforts to measure their performance.

IDEA #3
Reflect on how well your foundation's performance data requirements for grantees align with the goals of your grants and the organizations you fund.

IDEA #4
Help nonprofits share with other organizations what they have learned through their performance assessments — about what does and does not work.

Foundation Profiles:
Mary Reynolds Babcock Foundation

Mission
Support organizations and networks that help move people and places out of poverty and achieve greater social and economic justice in the south. The foundation supports asset development for low-wealth individuals, families and communities, and policy and systems reform across the south.

Location
Winston-Salem, NC

Year established
1953

Asset size
$182MM

Annual giving
$7.4MM

Staff size
11 FTEs

Active grantees
98 grantees

INTERVIEWEE: GLADYS WASHINGTON

Position
Program Director

Tenure
10 years in current role (16 years in total at the foundation)

Previous experience
Senior Program Officer at the Mary Reynolds Babcock Foundation

CEP: The Mary Reynolds Babcock Foundation's grantees rate it more highly than almost all other foundations in our dataset for being helpful to their ability to assess their progress toward their organizations' goals. Does the foundation make a concerted effort to help strengthen grantees' assessment abilities?

Gladys Washington: We do. For a long time, we had discrete programming around organizational development to help our grantee partners strengthen their internal infrastructure to be more effective over the long haul. Now, we have moved to a different set of priorities, but organizational development is infused in everything we do. Our organizational development program helped us understand how we might be helpful to grantees in the articulation of their goals and their outcomes, and how their activities relate to both of those.

In our application process, we created a way for grantees to think about their goals and outcomes. Because we're a regional funder, because we work in some of the hardest places in the region, we try to be co-learners and we try to articulate that in a way that resonates with potential applicants and with our grantee partners. It is about learning. We build

> "Organizational development is infused in everything that we do."

partnerships that way, and it's served us well because grantees then become very open about their challenges and their aspirations. We ask critical questions — that's a part of our process. Grantees say it took them a lot more time to do our proposals and our reporting because we do pay attention and ask hard questions about where they are, why they are doing that, and who their partners are.

CEP: How does the foundation benefit from its efforts to help grantees strengthen their assessment abilities?

GW: First of all, the Babcock Foundation created its own outcomes. It wasn't a prescription about how grantees should do their work. It was more about what we wanted to hold ourselves accountable for. They were very modest goals, but our grantees' assessment of their performance helped MRBF understand the foundation's impact on places, organizations, and communities around the region. It's helped us understand where our growth edges are, what our blind spots are, what we can do more of, what we should be doing less of, and potentially how we look at change in the region.

CEP: How do you think grantees benefit from the foundation's efforts to help them assess their progress toward their goals?

GW: I think it helps with other funders because if grantees can better articulate and assess where they are, what they've done, why they've done it, who they've done it with, and how that matches their mission, then they're in a better position to make the case for support from other funds. That's the first way I think it helps grantees.

We also use our proposal to help grantees check in on their own progress. While they make a commitment to the Babcock Foundation, in terms of that proposal and the outcomes they hold themselves accountable for, it gives them a document that provides them with the opportunity to check in on themselves and

progress towards their organizational goals.

We tend to learn through the assessment of grantees' progress toward those outcomes what their growth edges are, what their proficiencies are, how it all plays out in the community, and how all of those things are connected. That helps them to be better organizations.

CEP: Does the foundation provide financial support to grantees to help them assess their organization's performance?

GW: Most of our grantmaking is general support. If you give general support then you're supporting all of a grantee's work, including organizational development. If a grantee decides they want an assessment or a full-fledged evaluation or board training or a new strategic plan, they are welcome to put that within the confines of a general support or project grant.

CEP: Approximately what proportion of your grantees receive support from the foundation for organizational development or assessment efforts?

GW: There is an outcome for organizational development in about 66 percent of the grants in our current portfolio.

If grantees mention to us that they have particular needs around organizational development, we encourage them to include it in their proposal. We are always open to that at whatever stage and whatever level they are in the relationship with us. When I am conducting a due diligence visit, for example, if I notice that there's a little something off, I ask critical questions about when was their last strategic plan created, how have they evaluated their work, what are their metrics — that kind of thing. If I see that they have growth edges, I simply say, "We're an organizational development funder. If you have those kinds of needs we're open to it." So a number of MRBF's grants have some mix of organizational development outcomes.

CEP: Does the foundation require grantees to report data about their organization's performance?

GW: Within the asset development frame, those quantitative metrics are required as a part of reporting — such as how many houses, how many units of affordable housing, how much land was preserved in the south. If an organization is supporting black farmers and the retention of land in black farm families, savings for low-wealth individuals — those are quantifiable. When it comes to civic engagement, policy change, and systems reform, it is a little bit different and requires quantitative and qualitative data and metrics. Both qualitative and quantitative data are required for reporting purposes.

We have a reporting system that says: for things grantees can quantify, tell us those things. For those that are qualitative, tell us those as well. Have we learned how to capture qualitative data well? No. Have grantees learned how to articulate qualitative data well? No. But we still ask for it. So we do require metrics as a part of the reporting process, but it's messy.

CEP: In your experience, what do you think makes conversations with grantees about assessment more or less helpful?

GW: Relationships take time and it's hard for people to talk about things that are not so great in their houses. That's where the time and the trust and a way of working that establishes relationships with people as co-learners [comes in]. We go in with a genuine sort of need and willingness to learn in a different way. It decreases the power imbalance between a funder and a potential applicant or grantee partner. I'd say that trust and relationship building help everybody to be honest about everything.

> "We don't use [grantees' assessment processes] as "gotcha" opportunities. We use them as learning opportunities.

Because we believe that we are co-learners, grantees have the opportunity to tell us that the outcome they articulated six months prior has gone out the window because circumstances have changed. We say, "What happened? What's the learning from that? What's that circumstance, what did that mean, how did it impact your constituency? How did it impact your outcomes?" We don't use [grantees' assessment processes] as "gotcha" opportunities. We use them as learning opportunities.

CEP: How do the relationships that your staff members have with grantees affect how helpful they can be to grantees' abilities to assess their organization's performance?

GW: There's one quality you have to possess to be a network officer here, and that is you have to have a level of humility. I know that this sounds really hokey and intangible, but folks feel that. You have to have critical thinking skills. Walking into a new relationship with a potential applicant or current grantee requires you to enter it as a co-learner. That's the only way we know how to do it that helps us get to a level of understanding and a level of relationship that allows people to be honest, and that allows us to be honest.

The asking of critical questions builds relationship[s], as well. It helps people think about how they know whether they're being true to mission. It helps people stay on course because if you do something that is not directly related to your mission and you assess what you've done, it has to loop back to the mission or there's drift. That's what corrupts organizations. It is humility, truth, critical thinking, and co-learning that builds the relationship. I really believe that. It certainly works down here.

We also have to pay attention to culture because we're a southern funder. The impact of culture, race, racism, and classism is very deep in the region. We have to pay attention to all of those issues and the cultural frames.

CEP: In our research, we have found that foundations and nonprofits are not on the same page about how well nonprofits are able to assess their performance. What do you think needs to happen for foundations and nonprofits to work better together to make progress on this issue?

GW: I think we have to listen to our grantee partners. I'll give you an example of how we listened: In our 2008 Grantee Perception Report®, MRBF's grantee partners said the reporting requirements were too long and they didn't make sense. We changed our reporting requirements and we have five questions now.

We need to listen about how we think of metrics more holistically, how we think of progress more holistically. And we have to do that with our nonprofit partners at the table.

Foundation Profiles:
Assisi Foundation of Memphis

Mission
Support nonprofits that work to improve Memphis and the mid-south in areas of health and human services, education and lifelong learning, social justice and ethics, cultural enrichment and the arts.

Location
Memphis, TN

Year established
1994

Asset size
$228MM

Annual giving
$9.8MM

Staff size
7 FTEs

Active grantees
279 grantees

INTERVIEWEE: JAN YOUNG

Position
Executive Director

Tenure
10 years in current role (20 years in total at the foundation)

Previous experience
Program Officer at the Assisi Foundation of Memphis

CEP: The Assisi Foundation's grantees rate the foundation more highly than almost all other foundations in our dataset for being helpful to their ability to assess progress toward their organizations' goals. Has the foundation made a concerted effort to help strengthen grantees' assessment abilities?

Jan Young: I don't think we have consciously done so as a specific strategy. However, we have done some things in an attempt to get clarity of grantees' goals. Before I became an executive director, I was a program officer and I had a different relationship with the grantees. I had more one-to-one time with grantees. I would see on one hand the struggles that some of our grantees were having in terms of trying to give us what they thought we wanted to hear. Then on the other hand, I would hear the questions raised by the board members.

One of the experiments we started was our *Before You Ask* series (a 12-week educational series designed to help nonprofit executive directors and staff further define and refine goals and strategy before asking for funding) to get applicants to be really clear about their goals. It's difficult to assess progress toward goals if you're not clear about stating what those goals are in the first place and determining whether they're realistic, whether they're actually variables that you control, and whether they are

something on which you can actually make an impact with your method.

We do spend a lot of time trying to understand what grantees absolutely want to accomplish with these resources and with their mission.

CEP: How do you think grantees benefit from the foundation's efforts to help them strengthen their assessment abilities? And how does the foundation benefit from its efforts?

JY: We want grantees to be successful because we've made an investment in them with a grant. I see it as a shared benefit, both for the foundation to be sure we're using our resources wisely — which is one of our key principles — and because it's a learning experience for us.

> "We want to maintain a relationship of trust and mutual respect.

We certainly want to hold people accountable for the funds that they're provided through our grants, but we want to make sure that whatever we expect is reasonable. We want to maintain a relationship of trust and mutual respect.

CEP: Does the foundation provide financial support to grantees to help them assess their organization's performance?

JY: To be honest, like many foundations, it is more difficult to get funding [from us] for evaluation work because sometimes a good evaluation costs more than the program or project itself. We don't have a consistent understanding of what good evaluation is within our community or an agreement by all parties concerned. In order to get around that, what we will do sometimes is get an external evaluator to look at three or four different groups [of grantee organizations] to identify things that

are promising or may be best practices among all the groups, challenges, and recommendations for something different.

CEP: Does the foundation provide non-monetary support to help grantees assess their organization's performance?

JY: Yes. One of my program's staff routinely does a session on evaluation that's offered at no cost. We certainly help with evaluations through our *Before You Ask* program and *Before You Serve* program (an educational series specifically designed to give nonprofit board members a better understanding of governance issues and personal accountability associated with volunteer board service).

We also sometimes have consultants work directly with the grantee organization, and we pay the consultant so that we have a direct relationship with them. In some cases, the applicant will actually ask for capacity-building funds to hire a consultant.

CEP: Approximately what proportion of grantees receive this type of non-monetary support?

JY: The majority of them have received some type of non-monetary technical assistance. It isn't always an evaluation. It may be in board development, fundraising, or convening. But it's offered to the universe of nonprofits in our community.

CEP: How much conversation does your staff tend to have with grantees about assessing their organization's performance?

JY: It depends on the applicant. It may be something as simple as asking how it is going during the course of a grant period. Or it may be something specific about a challenge that's been faced. It depends on the program staff and on the relationship they have with the grantee.

It is not unusual for grantees to ask if they can meet with us because of something that's going on. I would say discussions are about 50 percent informal and 50 percent formal. By 50 percent formal, grantees might say, "Well am I doing the right thing on this report?" or "Was this what you were looking for in your report?" Informal is more like conversations that are ongoing.

CEP: What kinds of issues get raised during these conversations?

JY: Sometimes a good idea gets derailed so things don't happen as they would have hoped, and then we have

a discussion. I say, "Please let us know, so we can work on it before my board sees it in the newspaper," if it's something negative. Grantees are good about that. Sometimes, success comes more quickly or maybe a project didn't get launched on time, so we will change the reporting time frame. If somebody tells you everything worked perfectly, it probably didn't. It's just a matter of adjusting our expectations and sometimes changing the timeline.

We are more concerned about our grantees being successful rather than whether or not [success] happened on March the 10th or March the 15th. Now, there are some things for which we establish a firm deadline, but we're going to stay focused on accomplishing the desired outcome.

CEP: In your experience, what do you think makes these conversations more or less helpful for the foundation and its grantees?

JY: I think we've got to be willing to listen. Grantees don't operate in isolation. They operate within a community, and there are other things going on in the community that will frequently affect what they're doing. Just having that level of awareness is helpful. I believe that's beneficial to both of us because then grantees know that they're being heard. These conversations may also give us other information that we can share with other grantees.

CEP: What types of performance information does the foundation require its grantees to report?

JY: We've been accused of asking for more information than most in the initial grant application process, and I would say that that's true. But we use it all. A lot of the information that we collect on the front end makes it easier to assess whether there's a big change during the period of a grant.

So here's a specific example about renovations of a museum in our community. We asked about the status of fundraising for the renovation, the progress on the project time line, and completion of the renovation. Then we asked the grantee to respond to the specific goals that they outlined in their proposal. We wanted things like attendance figures by exhibit, summary of feedback from the exhibition comment book and comment cards, narrative summary of information learned, a list of planned exhibits for future years, and a series of other [metrics] that were from their grant request.

CEP: Does the foundation have any requirements that go

> "I think we've got to be willing to listen. Grantees don't operate in isolation. They operate within a community…

beyond what's being funded by the grant and are about a grantee organization's overall performance?

JY: We want to know the summary of a grantee organization's overall performance. We look at that carefully at the beginning because if the organization fails, the program's going to fail. We don't look at just the program in the awarding of the initial grant. We do our due diligence about the overall capacity of the total organization first. The second is about the program — is the request a priority of the organization and is it directly related to their mission. It would be difficult for our board to approve a grant for an organization where there was not confidence that the organization has the capacity to do that program or project.

CEP: In our research, we have found that foundations and nonprofits are not on the same page about how well nonprofits are able to assess their performance. What do you think needs to happen for foundations and nonprofits to work better together to make progress on this issue?

JY: I think we have to come to an agreement about what level of assessment is necessary and essential, and we're not there. There's always going to be a tension when foundations think that we need a higher order evaluation than our grantees do. Grantees are saying, "While you're looking for evidence-based practice, I'm creating your evidence, and I need to be left alone so that I can do that. I've got to serve my individuals." There is a tension there. ◻

> " I think we have to come to an agreement about what level of assessment is necessary and essential, and we're not there.

Nonprofit Profiles:
Stages Repertory Theatre

About the organization
Stages Repertory Theatre is a professional theatre that produces new work, presents established work in new ways, and nurtures talent for the performing arts field. In addition to its season of contemporary plays, Stages provides education and community outreach programs for talented and under-served youth, enrichment for educators and cultural leaders, and career development for arts professionals.

Interviewees
Kenn McLaughlin, Producing Artistic Director
Lise Bohn, Marketing Director

Location Houston, TX

Year established 1978

Annual expenses $2.4MM for FY2012

Staff size 19 FTEs

Percentage of budget spent on assessment 3 percent

Staffing for assessment
External evaluator

CEP: Why does your organization make an effort to assess its performance?

Kenn McLaughlin: It's really important to know what strategies are working, what you need to jettison, and where you need to put your resources. I can't think of anything more important than knowing how you're doing in a particular marketplace. I'm a big advocate of assessment. I think the only way to actually continue to make effective programming is to know exactly what the impact is.

CEP: In our survey, you indicated that your organization uses third-party evaluators to conduct formal assessments of its performance. How did you select these third-party evaluators?

Lise Bohn: WolfBrown (our third-party evaluator) are field leaders in this kind of assessment. In conjunction with The Wallace Foundation, they launched this look at how we measure what they call the "Intrinsic Impact" of an artistic experience. Up to that point, this had been presumed to be immeasurable and not something that you could quantitatively judge. They worked a long time to develop tools to measure that engagement and what its impact is. Because they've been doing that in the field for 15 to 20 years, they were people with whom we were already familiar.

CEP: What are the primary benefits to using third-party evaluators?

LB: I think there's an objectivity there, especially when you have been working in a field or an organization for a while. There are always blind spots, so it's absolutely critical that periodically you get a fresh perspective; somebody who's coming at it from a completely different place who doesn't have the same insider knowledge that you do, and who can ask really great questions.

CEP: What are the primary challenges to using third-party evaluators?

LB: I think there's a challenge to the selection process because every firm or person approaches evaluation in a slightly different way. They have different ways of bundling their services and different ways of pricing their services.

[Another issue is] cultural and institutional understanding. When you're working with somebody who doesn't know you, who has absolutely no reference for who you are or who your audience is, that can be a challenge.

CEP: Within the organization, are there any people who collect and monitor performance data on an ongoing basis?

KM: On the production side, stage management and house management collect a lot of data. We have a set of systems for anecdotal data going into reports. Everyone who is a stakeholder on this end of the line is hearing as much as we can to effectively communicate what the experience was of the shows.

Then, there are a host of other folks on the administrative side. Through our software, we collect a number of pieces of data about a subscriber. We're very proactive about driving towards the likes of our audiences and collecting the data on that through the box office and sales team.

That same software collects a record of audience members' giving patterns, as well, which is linked to their purchase patterns. We can get specific and target a response to the person who really liked, for example, the edgy progressive piece of theatre, and I can send a personal note to them and say, "By the way, this show coming up is this and thanks for your 100 dollars," so that they really feel that we understood what the target of their investment was.

CEP: How has your organization benefitted from its efforts to assess its performance?

> " I think the only way to actually continue to make effective programming is to know exactly what the impact is.

KM: Since we went over to a data collection and assessment model, our single ticket sales are up over 35 percent over the past three years. Our subscription sales are the highest they've been in the 37-year history of the theatre. We've been collecting survey data for a year now and we're at an all-time high right now of both ticket sales and donation giving from individuals.

LB: It has an impact on our day-to-day activities, too, being able to really dig into that data for every show. There's really rich feedback for every show, even down to nitty-gritty things like selecting particular words for a marketing piece. The more data we gather over time, the better we're able to fine-tune all those choices.

CEP: What are the primary ways your organization uses the results of its performance assessments?

KM: One of our core values at this theatre is intimacy. We are dedicated to creating a connection between audiences and artists and the art form itself. By knowing what our audience really connects to, we're able to figure out how we can communicate about that. We don't change the art to modify it to their taste. We communicate, "Here's what we think about this," and audiences say, "Well, here's what we think about it," and it's an actual engaged dialogue. Ultimately, I think, that's the best hope you can have for a theatre.

When the audience is responding to us and giving us information, we're also training them on how to talk to us by asking the questions in the right way. They are figuring out, "That [question] is much better than 'did I like it or didn't I like it?'" These are much more meaningful engagements with the audience, and because that's what we seek to do through our programming, it really has allowed the whole culture to become more transparent. I think that's another outcome — I think we're more transparent with our audiences.

LB: There's actual data that shows that just the act of asking the questions — carefully crafted questions that lead audiences to consider what their experience has been — contribute to an improved experience over time. It's giving people new tools and new ways to think about what an artistic experience is.

CEP: You indicated that your organization tends to have considerable discussion with foundations about performance assessment. What issues or ideas usually get raised during these discussions?

KM: [Foundations ask us] do you really believe you're making the impact you claim to be making to us? Are you acting on the data you're getting?

CEP: How do these discussions help your organization in its assessment efforts?

KM: I think being asked to justify why you're doing what you're doing is a really good thing for nonprofits. I personally feel that because I believe it's the only way you actually end up defining yourself in a very crowded marketplace. I'm saying you should be asked to examine yourself in very specific ways so that you are truly doing whatever your mission tells you you're supposed to be doing. I invite rigorous questions from foundations about our purpose, our mission, and how we're reaching that because foundations are stakeholders, too.

LB: Foundations come from a little bit of a different perspective. So the questions that they ask are often very revealing questions. They are questions that we might not have thought to ask ourselves and that really push us forward as we go through the process of thinking about them and answering them.

CEP: You also indicated that your organization tends to receive support from foundations for this assessment work. How has foundation support helped your organization strengthen its assessment ability?

KM: We [initially assessed our performance] because we got support from foundations and other arms of public funding. We went after support for this effort because we really wanted better knowledge about what we talk to our patrons all the time. We did a lot of rudimentary surveys, but until we really figured out how to ask the right questions, I don't think we were as nearly as empowered as we are now.

CEP: In our research, we have found that foundations and nonprofits are often not on the same page about how well nonprofits are able to assess their performance. What do you think needs to happen for foundations and nonprofits to work better together to make progress on this issue?

LB: I think there's an opportunity in the market and, perhaps, specifically for foundations, to support the development of tools like the protocol from WolfBrown that we're using. Tools that are well-crafted that have a lot of experience and research and data behind them, but that are then implemented in a way that can be rolled out to hundreds of organizations in a relatively standardized way. I think that was a little bit of a revolution in our sector for somebody to create a tool like that that could be used by any organization and give the smallest organization access to the same tools that are being used at the very largest and most successful institutions in the country. That was really revolutionary and that did happen with foundation support.

Nonprofit Profiles:
YWCA of North Orange County

About the organization
The YWCA North Orange County creates programs that enrich and improve the quality of lives of women and girls. One major program, which is discussed in this interview, helps uninsured or underinsured women, age 40 and over, receive free mammograms and clinical breast exam services.

Interviewee
Diane Masseth-Jones, Executive Director

Location Fullerton, CA

Year established 1948

Annual expenses $450,538 for FY2014

Staff size 9 FTEs

Percentage of budget spent on assessment 10 percent

Staffing for assessment
External evaluator and one internal employee dedicated to assessment work

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CEP: Why does your organization make an effort to assess its performance?

Diane Masseth-Jones: When I talk to donors and other funders, I want to be confident that the information I provide is correct. I think we're one of the more respected nonprofit organizations involved in early breast cancer screening in Orange County because of this. We volunteered to be one of the agencies in California to implement the Avon Foundation for Women's Breast Health Outreach Program's timeliness of care evaluation criteria that guided us on how we implement and collect data for our early breast cancer mobile clinic. Last month we were even asked to put on a national webinar and share our information with other mobile programs across the country.

CEP: How do you decide what information to collect to assess your organization's performance?

DM: It really depends on the nature of the program we are implementing. For example, with our early breast cancer screening program, the largest mobile breast cancer screening program in Orange County, we worked very closely with the Avon Foundation. They helped us clarify what indicators to collect and assess. So the foundations we work with have helped guide us towards the information they want, which influences the structure of our assessment tools.

CEP: What are a few specific examples of information your organization collects about its performance?

DM: Again, we're working very closely with the Avon Foundation, looking at the timeliness of care for breast cancer prevention screening. We look at the day women have their mammogram, and then, if that mammogram is abnormal, how many days it takes from the date of the mammogram to the date of the diagnostic study. Then, if the diagnostic study is positive, we follow the women in terms of how much time passes from their diagnostic study to their cancer surgery. And then we

follow them from when they have their surgery to when they start their chemotherapy. So we are really looking at the timeliness of care because there can be big gaps between each of the different stages from diagnosing breast cancer to treating breast cancer.

CEP: You indicated that your organization employs full-time staff to help assess its performance. What are the primary benefits of using internal staff to assess the organization's performance?

DM: One benefit is to ensure that reports sent to foundations are done on a timely basis. Having internal staff also allows for us to control checks and balances. If there are any discrepancies in our data, we can do some brainstorming to see why information is not matching. Having someone internally adds an extra ounce of internal validity.

CEP: What are the primary challenges to using internal staff?

DM: Of course the main challenge is resources. We're a very small nonprofit, so the challenge is to make sure an internal position is funded.

CEP: What are the primary ways your organization uses the results of its performance assessments?

DM: One way is to let ladies know how important early breast cancer screening is for prevention and treatment. We work with a lot of multicultural immigrant women, and a lot of times cultural fears and beliefs are obstacles in terms of them having mammograms or following through with treatment. The more information we collect that shows that women who are of their culture have participated in our program and have had a more viable

> "Having someone internally [assess data] adds an extra ounce of internal validity.

outcome because of the timeliness of care, the more we can motivate women who are afraid to follow through with their diagnostic or cancer treatments.

We also use the results with our funders to let them know how we're doing in terms of effectiveness and in terms of cost savings. The longer you wait to get treatment when you have a cancer diagnosis, the more expensive it is. So early prevention can save both lives and dollars.

CEP: How does your organization use its performance information to manage its staff?

DM: We set goals for each staff member and then go over performance information with them. When I evaluate my staff at the end of the year, I specifically look at the numbers and say, "You had goals in terms of reaching this many women in this month, educating this many women on self-breast exams in this month, and doing outreach for this many community agencies in this month." We agree ahead of time that goals are doable, and then I use performance information to hold their feet to the fire as we go through the year. It really helps us because it is a very objective evaluation.

CEP: How has foundation support helped your organization strengthen its assessment ability?

DM: The Avon Foundation gave us a stipend to purchase computers to update our system. That support helped a lot in terms of the indirect cost of programs. We're a very small organization, so any amount of money, or any type of support, really helps.

On a separate note, the Avon Foundation also helped our organization become one of the leaders in terms of implementing timely care. Through discussion, they helped us better understand why indicators of timeliness were so important, and how keeping track of these indicators could make a difference in healthcare programs across the country. They were having a lot of push back from other early breast cancer screening agencies that were hesitant in committing to evaluating timely care because it takes too much time, money, effort, and resources. So we stepped forward and said, "If providing and assessing timely care is going to help the field and if it's going to help you, who has supported us for so long, we'll go ahead and be the agency that's going to try to work out the glitches of timeliness of care." So, I think it's a two-way street. Working with the Avon Foundation helped us better assess our program, but we were able to do so because of their resources and help in letting us know what was needed in the field.

CEP: What do you think needs to happen for foundations and nonprofits to work better together to make progress on nonprofits' ability to assess their performance?

DM: Because we're so small, we have to discuss the issue with our foundations and say, "Look, this is what we need to do an effective job, and if you can, please help us." And they will either give us manpower, expertise, or additional funds or resources to help us accomplish our goals together — we collaborate. We haven't really run into too many foundations that are not willing to talk to us or help us with challenges. The benefits of working together are twofold — it provides definitive and measurable outcomes that reflect a change in a social condition in the target audience while helping the funded agency move closer to its mission. ◼

> " Working with the Avon Foundation helped us better assess our program, but we were able to do so because of their resources and help in letting us know what was needed in the field.

Nonprofit Profiles:
Community Organizing and Family Issues

About the organization
COFI is a center and resource for family focused organizing, leadership development, and community building focused on the wellbeing of children, youth, and families. COFI helps build family-supportive communities by developing parents' capacities to lead — to improve their lives, strengthen their families, and better their communities.

Interviewee
Ellen Schumer, Executive Director

Location Chicago, IL

Year established 1995

Annual expenses $1.2MM for FY2014

Staff size 18 FTEs

Percentage of budget spent on assessment 4 percent

Staffing for assessment
External evaluator and program staff

CEP: Why does your organization make an effort to assess its performance?

Ellen Schumer: The primary reason is to know that we're accomplishing our mission and our overall goals. A second reason is for staff and leader accountability — to help them know if they are each and together on track for their individual and team goals. Then, not insignificantly, because our funders require it.

CEP: How do you decide what type of information to collect to assess your organization's performance?

ES: That's something we're constantly revisiting and tweaking. How do we make sure the different tracking and evaluation pieces are not overwhelming or detracting from actually accomplishing our goals? It's an interesting balance, and the information is determined in multiple ways. We occasionally have a funder who says, "Can you report back on this number?" so we see how we can track data toward that request. Most often it's our program staff and the community leaders, the parent leaders that we organize, getting together to say, "What do we think we can get done this year and how are we going to know that we got there?"

CEP: What are specific examples of information your organization collects about its performance?

ES: We keep track of parent engagement with our organization: How many parents attend trainings? How many parents graduate from our training programs? How many parents become leaders both within their communities and within our organization? How many attend major events? We do that kind of numbers tracking.

But probably more significantly, we have an outside

> " The primary reason [to assess performance] is to know that we're accomplishing our mission and our overall goals.

evaluator who's doing focus groups to track the transformation in the mothers and grandmothers themselves (it's mostly women participating) — their sense of their connection to the community and power to impact change around community or policy issues. And then we closely track the impact of the work. We do this somewhat anecdotally, but also through the press. For example, sometimes there is policy or legislative language that the parents directly helped inform. We can look at the government language and say, "Here's the exact language in the policy that reflects the parents' recommendation from five years ago."

CEP: How do you select third-party evaluators?

ES: Our current case is interesting because one of our foundations offered to its grantees free training and evaluation consulting from Loyola University's Center for Urban Research and Learning. The woman who directs the program and provides the training is somebody I've worked with for decades, so she really understands this kind of work. There was a yearlong series of training sessions, along with consulting, and in the course of working with the Center and the director there, we decided it was a great fit. We asked them to be our external evaluator on this other grant from a different foundation that we wanted to closely track.

CEP: What have been the primary benefits to using third-party evaluators?

ES: They are people who have the skills and know how to work with low-income mothers and grandmothers — they have Spanish speakers as well as English speakers and they have the time. We could've hired someone to be on staff and do the focus groups or redirected one of the current staff, but it does feel like it's more efficient to have the external expertise. And, obviously, they're more objective.

They also bring some data analysis and technology expertise to our work. We're tracking all of our information in a large database, and they've been helping us with how to pull that data, analyze it, and turn it into reports. They have software that allows them to do stuff we can't do without. They're a giant university and have many more resources than we do as a small nonprofit.

CEP: How has your organization benefited from its efforts to assess its performance?

ES: First, I think it helps us communicate our story and our results. Second, it helps us identify internally what's working and what's not working. It informs program development and gives us ideas about how to tweak the processes. Third, it helps us secure funding, which is part of communicating the results. But communication is also part of our mission to help school systems, early childhood systems, community organizations, and others really see how low-income mothers and grandmothers can change the agenda of policy issues, and inform change in a positive way for children in communities of color and low-income communities.

CEP: When you discuss your organization's performance assessment with foundations, what issues or ideas usually get raised?

ES: That's an interesting question because it really differs — everybody in foundations has such a different personality on some of these things. Some funders ask about individual numbers and people, and then other funders don't care about that at all and really care about how we know that the governor's new policy on something is directly related to the recommendations that came from parents. And that's not so easy to track, but interviews and focus groups help. When you interview somebody in the governor's office and she says, "Other people were talking about this, but until the parents really told their stories, we didn't understand what it meant. Now we do and it's a core piece of our work." It's pretty powerful to certain funders.

CEP: How has foundation support helped your organization strengthen its ability to assess its performance?

ES: One foundation gave us a significant capacity-building grant and we immediately put four interns to work during the summer going through all of our sign-in sheets and records and creating a massive Excel spreadsheet, which then eventually got converted to a database. All the time to do that was built into the grant. That same foundation has come back with more program support to fund our scaling up work, and they ask specifically how much of the budget will be funding evaluation. Without our capacity-building grant, I'm not sure we would be doing half the things we're doing now. But now that we're doing them, I really think it's allowing us to grow at a much more rapid rate.

CEP: What do you think needs to happen for foundations and nonprofits to work better together to make progress on nonprofits' ability to assess their performance?

ES: The simple but not so simple answer is for them to think about this issue in partnership with one another and really communicate, be in dialogue, and listen both ways. When the individual program officers and organizations really engage and have a conversation and listen, in the long run it's a win-win for both sides. It can be a really powerful relationship.

> "When the individual program officers and organizations really engage and have a conversation and listen, in the long run it's a win-win for both sides. It can be a really powerful relationship.

APPENDIX: METHODOLOGY

Data for this report were collected through *The Grantee Voice: Feedback for Foundations*, CEP's panel of nonprofit leaders and CEP's Grantee Perception Report® surveys of foundation grantees.

PANEL

The current panel for *The Grantee Voice: Feedback for Foundations* panel was established in the initial months of 2013. Several steps were taken to create this survey panel. First, a database from the National Center for Charitable Statistics, which consisted of information from more than 367,000 registered 501(c)(3) organizations with a Form 990 filed between 2008 and 2011, was obtained. Using this data, CEP randomly selected nonprofits, excluding hospitals and universities, with annual expenses between $100,000 and $100 million. To ensure that the randomly selected sample was representative of this full range of expenses, a stratified sample containing 25 percent of nonprofits from each quartile of this expense range was created. The Foundation Center's Foundation Directory Online was used to determine whether or not each of the nonprofits in this random sample had received any funding since 2009 from independent, community, or health-conversion foundations giving at least $5 million annually in grants.[22] Only leaders of nonprofits that had received such funding were invited to join the panel. The steps in this process were repeated until we reached a sample of close to 2,000 nonprofits to invite.

Ultimately, 1,882 nonprofit leaders — individuals responsible for running their organizations, typically referred to as the executive director, president, or CEO — were invited to join *The Grantee Voice: Feedback for Foundations* panel; 514 accepted the invitation, resulting in an acceptance rate of 27 percent.[23] Because the exact number of nonprofits that fall into our designated range of expenses, and also receive funding from the relevant subgroups of foundations, is unknown, we considered 1,882 as the population for this study on which our margin of error is based. Based on this population, our study has a margin of error of approximately four percent. The margin of error was not adjusted for sample design effects. We statistically tested for and saw no differences in the locations of the organizations that did and did not accept the invitation to join this panel. However, the annual expenses and issue areas of the organizations for these two groups differed slightly.

SURVEY SAMPLE

Between the time the panel was formed and this survey was fielded, 28 nonprofit leaders dropped out of the panel because their organization closed, they stepped down from their role as CEO and had no successor to replace them, or their successor did not accept our invitation to join the panel. In addition, one nonprofit leader said he no longer wanted to participate on the panel. As a result, a survey on nonprofit performance assessment and management was sent to 485 nonprofit leaders who comprised *The Grantee Voice* panel in July 2014. The survey was open for three weeks during this month.

Nonprofits represented by leaders who responded to the survey did not differ from non-respondent organizations by annual expenses, issue area, or location of the nonprofit. They also did not differ by the proportion of revenues coming in the form of foundation funding or the number of foundations funding the nonprofit. The staff sizes differed slightly between these two groups.[24] Statistics on staff size, proportion of revenues coming in the form of foundation funding, and number of foundation funders are based on self-reported data collected in May 2013, when the nonprofits accepted the invitation to join the panel. Completed surveys were received from 183 leaders for a response rate of 38 percent. No sample weights were used in this study.

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[22] We excluded nonprofits that only received funding from a community foundation because we could not tell whether these nonprofits were receiving funding from a donor-advised fund or the foundation itself.

[23] We statistically tested for and saw no differences in the locations of the organizations that did and did not accept the invitation to join this panel. However, the annual expenses and issue areas of the organizations for these two groups differed slightly. A chi-square analysis of expense quartiles was conducted, and a statistically significant difference of a small effect size was found. Nonprofits with annual expenses between $1.6 million and $5.1 million were slightly more likely to accept the invitation to join the panel, and nonprofits with annual expenses of $5.1 million or more were slightly less likely to accept the invitation to join the panel. A chi-square analysis of issue areas was also conducted based on organizations' issue area codes created by the National Center for Charitable Statistics. A statistically significant difference of a small effect size was found between organizations that focused on the environment and organizations that focused on all other issue areas; nonprofits in the environment issue area were slightly more likely to accept the invitation to join this panel. A statistically significant difference of less than a small effect size was found between organizations that focused on education and organizations that focused on all other issue areas: Nonprofits focused on education were slightly less likely to accept the invitation than organizations focused on all other issue areas.

[24] A chi-square analysis of staff size quartiles was conducted. A statistically significant difference of a small effect size was found. Nonprofits with staff sizes between 14.5 and 41 staff members were slightly more likely to respond to the survey than nonprofits with staff sizes between 5 and 14 members and 42 members or more, respectively.

METHOD

The survey was fielded online. It was conducted in English only. All respondents were CEOs or Executive Directors of nonprofits located in the United States. Panel participants were sent a brief e-mail including a description of the survey, a statement of confidentiality, and a link to the survey. Six reminder e-mails were sent to panel participants who had not yet responded to the survey.

The survey included over 20 questions about nonprofit practices related to assessing and managing their performance. To view the full survey, visit our website www.effectivephilanthropy.org/research/publications/.

QUANTITATIVE ANALYSES

To analyze the quantitative survey data from nonprofit leaders, descriptive statistics were examined and a combination of correlations, independent sample t-tests, paired sample t-tests, chi-square analyses, and analysis of variance tests were conducted. An alpha level of 0.05 was used to determine statistical significance for all statistical testing conducted for this research. Effect sizes were examined for all analyses. Only findings reaching at least a medium effect size are discussed in this publication.[25]

QUALITATIVE ANALYSIS

Thematic and content analyses were conducted on the responses to the following open-ended survey items:

1. What types of information does your organization collect that you find most useful in understanding its performance? Please provide up to three examples.

2. What more would you like to be able to do to assess and/or manage your organization's performance?

3. What specific aspects of your foundation funders' data requirements are most useful to your organization's ability to assess its performance?

A coding scheme was developed for each open-ended item by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories.

A codebook was created to ensure that different coders would be coding for the same concepts rather than their individual interpretations of the concepts. One coder coded all responses to the question and a second coder coded 15 percent of those responses. At least an 80 percent level of inter-rater agreement was achieved for each code for each open-ended item.

Selected quotations were included in this publication. These quotations were selected to be representative of the themes seen in the data.

SURVEY DATA USED TO IDENTIFY HIGH PERFORMING FOUNDATIONS

The grantee data used to identify foundations to profile was collected through confidential surveys of grantees administered from five rounds of surveying between September 2013 and October 2014.

SAMPLE

In total, 19,743 grantees were invited to participate in CEP's Grantee Perception Report® (GPR) surveys and 12,452 grantees from 62 foundations responded, resulting in a 61 percent response rate. Of those respondents, CEP had comparative data for the item about how helpful the foundation has been to the grantee's ability to assess progress toward their organization's goals for 12,132 grantees.

METHOD

In the GPR survey, grantees responded to around 50 items in total, many of which were rated on seven-point Likert rating scales; other items contained categorical response options. The survey questions explored dimensions of foundation performance ranging from interactions with staff to perceptions of foundation impact on the grantee organization, local community, and field. In addition, the survey sought data from grantees about their grant characteristics, reporting and evaluation processes, and a range of other issues. The survey was fielded online.

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[25] See Jacob Cohen, "A Power Primer," Psychology Bulletin, 112, no. 1 (1992): 155–159.

INTERVIEWS FOR NONPROFIT PROFILES

Interviews with seven respondents were conducted to highlight ways that different nonprofits are assessing and managing their performance. The nonprofit leaders chosen to be interviewed had reported in their survey responses that their organization has made a lot of progress toward its goals; that they are very or extremely confident in that assessment of progress; that their organization spends more than two percent of its budget on assessment (the median in this study); and that their organization uses its performance information to a greater extent overall than the typical nonprofit in our sample.

All interviews were conducted via phone and lasted between 30 and 60 minutes. The interviews were recorded and transcribed. For the three nonprofits for which profiles are included in this report, the person leading their organization reviewed the profile and permitted it to be published as part of this research.

INTERVIEWS FOR FOUNDATION PROFILES

The foundations that were selected to be profiled, the Mary Reynolds Babcock Foundation and the Assisi Foundation of Memphis, are rated in the top 15 percent in our GPR dataset for their helpfulness to grantees' ability to assess progress toward their goals.

All interviews were conducted via phone and lasted an hour. The interviews were recorded and transcribed. Both foundation leaders interviewed reviewed the profile about their organization and permitted it to be published as a part of this research.

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Robert Wood Johnson Foundation

$200,000 TO $499,999

Ford Foundation

$100,000 TO $199,999

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The James Irvine Foundation

The Rockefeller Foundation

S.D. Bechtel, Jr. Foundation

$50,000 TO $99,999

Gordon and Betty Moore Foundation

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Rita Allen Foundation

Rockefeller Brothers Fund

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UP TO $19,999

Assisi Foundation of Memphis

California Community Foundation

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