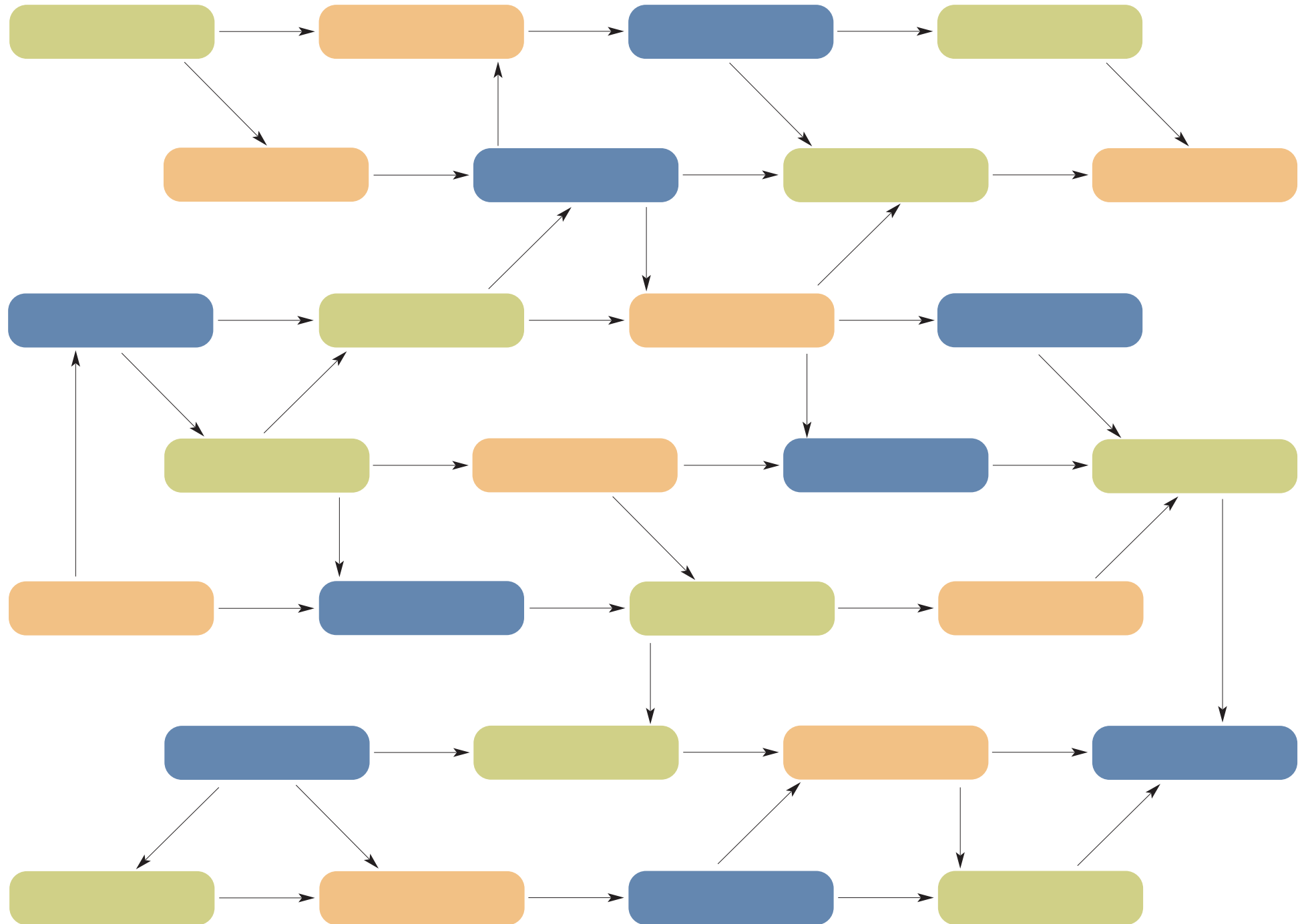# Planning and Evaluation at The Pew Charitable Trusts

This document describes the system of determining and evaluating philanthropic investments at The Pew Charitable Trusts. Its purpose is to share the approach that the Trusts have developed to guide decisions about this vital aspect of the foundation's work.

We do not claim to have the only or the best approach to evaluation. Other philanthropic institutions may do it differently, and the Trusts' evaluation process, which has evolved considerably since its formation in the 1980s, continues to undergo fine-tuning. Creating this booklet is not an attempt to prescribe solutions, but instead is part of the Trusts' commitment to share ideas—which, for the Trusts, is an important aspect of good stewardship.

Context is everything for evaluation. It is not simply an activity done at the end of a grant, but a process with roots in the earliest stages of undertaking a philanthropic investment—hence the evaluation department here is called Planning and Evaluation. Program staff define a problem, lay out the possible solutions and then find a niche that the resources of the Trusts can fill. As planning and problem selection become more focused, core evaluation questions begin to take shape: How can staff track progress toward a program's goals? How will staff measure the program's effectiveness when the investment draws to a close? Considering these questions can in turn sharpen program design. These are also questions of accountability, and staff hold themselves strictly accountable for returning results.

The Trusts recognize the distinct and rigorous disciplines of planning and evaluation by having established a unit that carries out those functions. But the unit is not a stand-alone ivory tower. Evaluation and planning specialists within the department and in the field work closely with program staff, bringing their expertise to bear on all of the Trusts' philanthropic investments. Evaluators also view the forest as well as the individual trees: They help spread the word on what works and what does not, so that all of the Trusts' program areas— indeed, all of the Trusts' staff—benefit from the experiences with one area or investment.

The Trusts strive to learn from past efforts and from the valuable work of philanthropic colleagues elsewhere. In a spirit of shared endeavor, the planning and evaluation group, in this booklet, offers its approach to a wider discussion, which may lead the philanthropic community to more effective practices. We welcome your thoughts.

The Planning and Evaluation Department
January 2001

Introduction

The Trusts seek to stimulate change—to have an impact. Unlike for-profit organizations, where performance is measured by the bottom line, foundations do not operate in a marketplace that will readily tell them how well they are doing. Many foundations are using evaluation as a tool to strengthen understanding of their grantees' work; at the Trusts, evaluation has become central to the institution's design, implementation and assessment of grantmaking *strategy*. (Italicized words throughout the text are expanded upon in exhibits or in the glossary.)

I. HISTORY

A. Evolution of Evaluation at the Trusts

In 1988, the Pew Charitable Trusts established an internal department called Research and Evaluation. The fledgling version of "A Manual for Evaluation," written in the department's first year of operation, spoke of three main responsibilities charged to the newly-formed unit— "financial audits, evaluations for supporting programmatic decisions and routine grant monitoring."

In the department's early years, evaluations served two main purposes: to ensure grantee accountability to the foundation and to facilitate grant renewal decisions. Though all grants were regularly monitored along financial and programmatic lines, single project grants were chosen for in-depth evaluation based on their unusually large size, their representative nature (of either typical or new directions in a grantmaking "theme") or their perceived problems. As the financial audits shifted to a growing Grants Administration department and grant monitoring duties shifted to the *program* areas, the Research and Evaluation department was increasingly able to look at issues of effectiveness.

In 1992, the evaluation department commissioned its first review of an entire cluster, or *subprogram* (a set of grants that are pursuing a collective goal), of grants. It was an attempt to take a hard look at larger programmatic accomplishments and the grantmaking performance of the foundation rather than the success of individual grantees. This "cluster review" signaled a change in the way the Trusts thought about grantmaking. Although the foundation had shifted from a traditional focus on capital grants, aid to hospitals and emergency relief to defining specific program areas and employing expert staff in 1979, the evaluation department's new emphasis on effectiveness helped stimulate another era of transformation.

Evaluators hired to conduct those early cluster reviews suggested that if subprograms were more tightly focused their effect would be greater. The Trusts realized that such focus couldn't be accomplished simply through better evaluations, but rather by building what we learned from evaluations into better planning, sharpening programmatic focus from the start. Taking to heart such lessons, the evaluation unit evolved into what is today Planning and Evaluation.

Programs and Subprograms at the Trusts

The Trusts support work in six program areas (culture, education, environment, health and human services, public policy, religion) and a "venture fund."

The Venture Fund is a unique investment tool for the Trusts, allowing us to explore opportunities that fall outside the clearly defined goals and objectives of the six program areas. There are no restrictions on the subject matter of a Venture Fund grant.

Within the six programs, a program's goals are approached through several "subprograms" which operate somewhat independently. For example, in the Trusts' public policy program, the overall goal—to strengthen the institutions, processes and norms through which citizens can address issues of public concern, and to have a citizenry who participate in this democratic life—is supported by its three subprograms: (1) government performance, (2) improving elections and (3) civic engagement.

Across the range of work of the Planning and Evaluation department—from facilitating a peer review process for project and strategy development to designing and overseeing evaluations of entire grant portfolios—our mission is consistent: to strengthen the design and management of the Trusts' grant programs.

B. Strategic Philanthropy at the Trusts

At a recent meeting of foundation evaluation officers, one participant remarked that if he had a nickel for every time he heard the words "strategic philanthropy," he'd be a rich man. Indeed, it seems like everyone is talking about it. What does it really mean to be strategic in philanthropy? At the Trusts, we continually ask this question and work to find and apply good answers.

The result of this effort over the past ten years has been an increasing internal consensus on a useful framework for the Trusts' vision of strategic philanthropy. Although every grant or cluster of grants does not fall under this framework (the Trusts continue to invest in certain initiatives in which outcomes can be difficult or expensive to measure), the organization as a whole is moving toward a similar style and feel for our investments.

Some of the basis for our ongoing experiment comes from the for-profit world. The fundamental building blocks are familiar to businesses large and small: Find an effective niche—make choices about what you will and won't try to give your customers. Be better than anyone else at what you choose to do. Work with outstanding performers. Focus on results.

The Trusts work to translate these ideas into standards that are meaningful for our investments. In designing strategies, program staff strive to

* have a well-defined, measurable *goal* that is larger than a single project;
* have a discernible effect on a problem;
* tackle a problem on multiple fronts;
* be both ambitious and realistic;
* take advantage of timely opportunities;
* allocate an appropriate level of resources;
* show measurable progress in three to five years; and
* be flexible.

Flexibility is crucial to ensuring continued effectiveness in a changing world. To improve effectiveness, the development, implementation and refinement of the Trusts' strategies are always ongoing, so that strategies for reaching program goals are constantly evolving as new information and new variables emerge in the field.

C. Internal Organization

The Trusts are organized as two interrelated branches: programs and operations. Program staff are responsible for grantmaking focused in one of seven fields in which the Trusts are active (see the exhibit on programs and subprograms). The operations units—Planning and Evaluation, Public Affairs, Administration, Legal Affairs, Finance and the Executive Office—have responsibilities that stretch across the entire institution, supporting program staff, management and the board. All program and operations directors report directly to the Trusts' president.
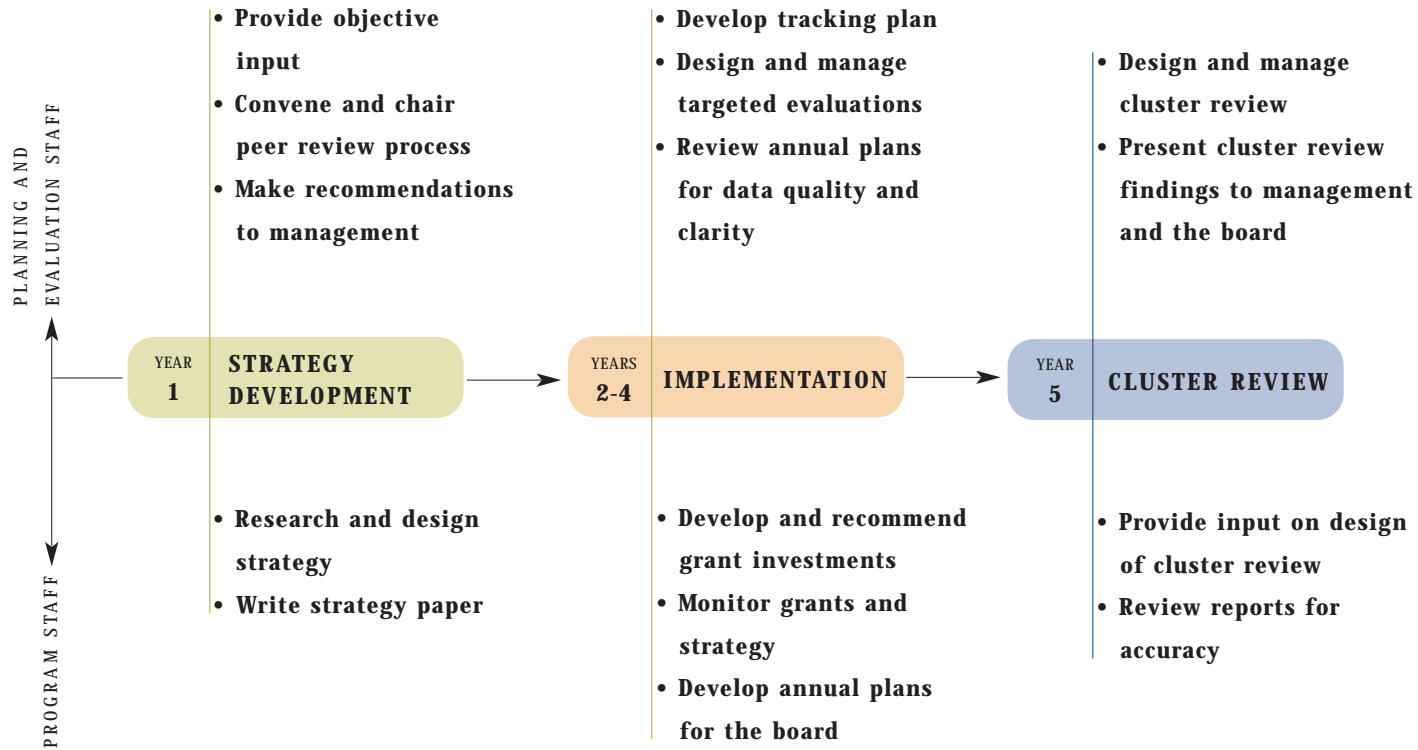
Program staff are drawn from many fields, and, prior to coming to the Trusts, they have been academics, researchers, lawyers, nonprofit managers, policy analysts, journalists, artists, scientists, educators, public administrators, advocates, legislative staff and consultants. They have a deep and rich understanding of the fields in which they work—the people, the issues and the organizational dynamics. They bring a wealth of insight and ideas about ways for the Trusts to work within their discipline to bring about positive social change.

The staff of Planning and Evaluation also come from fields in which the Trusts are active, having worked as evaluators, policy analysts, researchers, nonprofit managers, academics and consultants. Their experiences allow them to apply the analytical perspective of an evaluator informed by a detailed understanding of the often complex issues involved in a program area.

In the Trusts' application of our brand of strategic philanthropy, program staff choose a problem on which they can make progress in three to five years with the resources available, design strategies to address the problem (see bulleted items on page 2), work with capable and respected nonprofit leaders to implement those strategies, and monitor the efforts of the grantees and the progress of the strategy. Planning and Evaluation staff support program staff in planning, monitoring and evaluating their grantmaking strategies. The strengths of Planning and Evaluation staff—an objective distance from a program combined with an understanding of the process of strategy development, an institution-wide perspective, and knowledge of evaluation methodologies and the Trusts' previous grantmaking efforts—complement those of program staff.

In the initial planning stages of strategy, program staff take the lead and Planning and Evaluation staff support their efforts, acting as an information resource, peer reviewer and advisor. In the evaluation stages, Planning and Evaluation staff are in the lead, with the board, management and program staff as clients. In those functions, Evaluation staff work in partnership with program staff and consultants to shape the evaluation questions, then oversee the research, report results and make sure those reports and the accompanying lessons are shared and applied across the institution.

PLANNING AND EVALUATION STAFF

- Provide objective input
- Convene and chair peer review process
- Make recommendations to management

- Develop tracking plan
- Design and manage targeted evaluations
- Review annual plans for data quality and clarity

- Design and manage cluster review
- Present cluster review findings to management and the board

| YEAR 1 | STRATEGY DEVELOPMENT | YEARS 2-4 | IMPLEMENTATION | YEAR 5 | CLUSTER REVIEW |

PROGRAM STAFF

- Research and design strategy
- Write strategy paper

- Develop and recommend grant investments
- Monitor grants and strategy
- Develop annual plans for the board

- Provide input on design of cluster review
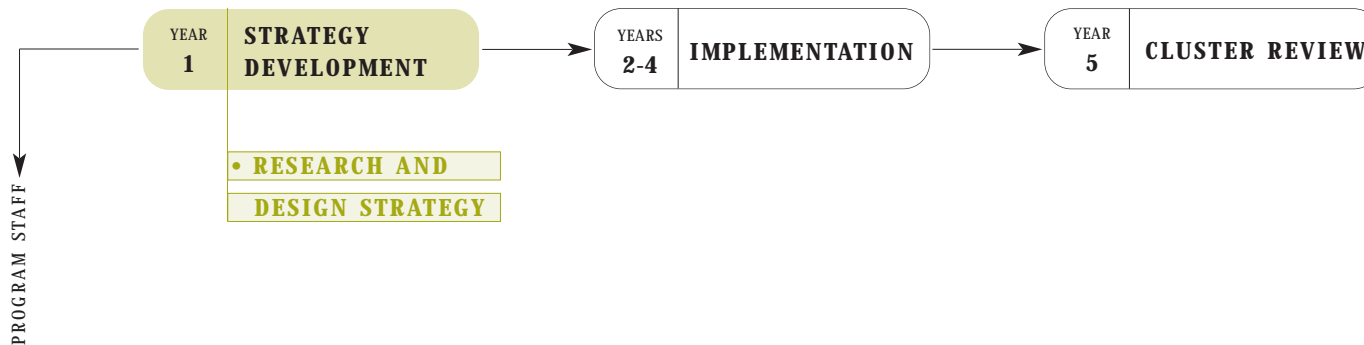- Review reports for accuracy

The internal strategy cycle, depicted above, has three major stages. The first, strategy development, involves creating a coherent and convincing plan to address a specific problem. The second, implementation, entails turning the plan into action with our grantee partners, carefully monitoring progress, and adjusting the plan as necessary. The final stage requires a rigorous and independent evaluation of the overall strategy. Program staff then integrate the findings from this evaluation into a revised plan, triggering a new round of the internal strategy cycle. The entire cycle, from strategy development to cluster review, can take three to five years, or longer.

The internal strategy cycle starts with a desire to seize an opportunity or respond to a problem or issue (such as declining voter turnout among young people or rising rates of birth defects). Program staff then design and present to our board a strategy outlining a potential role for the Trusts. If the proposed strategy is approved, program staff work with grantee partners to develop a coherent portfolio of grants to carry it out. As the strategy is implemented and grants are made, program and evaluation staff can develop a companion tracking portfolio to provide staff the information needed to make good management decisions—information about *what* is happening (for example, voter turnout is increasing among college students). When what is happening raises questions for the program staff, a focused evaluation answers the question "*why* is this happening?" (For example, the efforts of our grantees; a particular issue is galvanizing the student community; or a close election has increased voter turnout generally). Every year, program staff report their progress and any strategy adjustments to the board. After three to five years, a cluster review takes a look back at the effectiveness of the strategy and the lessons we learned from the experience, as well as what those lessons and changes in the field might mean for the Trusts' future investments in that area. All the knowledge gained from the development, implementation, refinement and evaluation of the strategy then informs the program, the Trusts' management and the board going forward.

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                    YEAR   STRATEGY              YEARS                        YEAR
                     1     DEVELOPMENT    →       2-4   IMPLEMENTATION   →      5    CLUSTER REVIEW

PROGRAM STAFF

                           • RESEARCH AND
                           DESIGN STRATEGY
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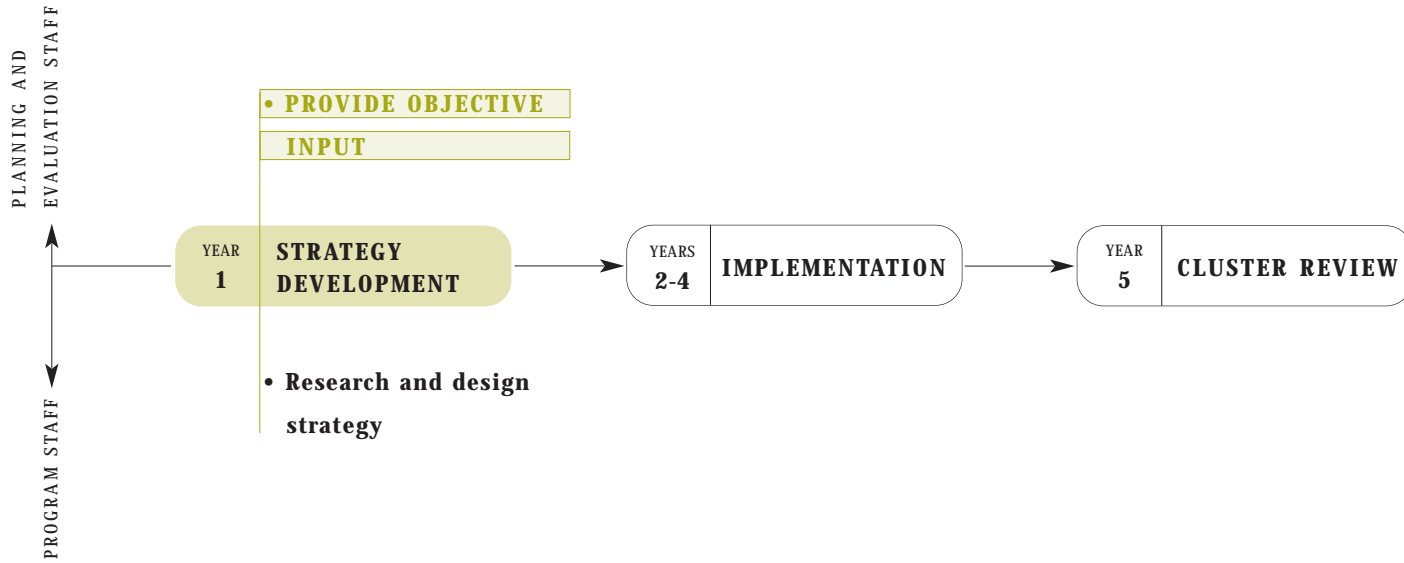
Attempting to make the best use of our resources typically involves attacking problems at a critical juncture, where the scales can be tipped toward a socially desirable end. Finding such opportunities for change and designing ways that the Trusts' resources can take advantage of them are the beginnings of the strategy-development process.

In developing a strategy, program staff investigate possible target audiences on which to focus their efforts. For example, to improve voter turnout in America (as part of an effort to help citizens re-engage in democratic life), would it be most effective to focus on registered voters who don't vote, non-registered voters, teens on the brink of voting, or some other group? Staff can devote up to a year or more to examining the fundamental causes of a problem and identifying the audience who represents the best leverage point for change.
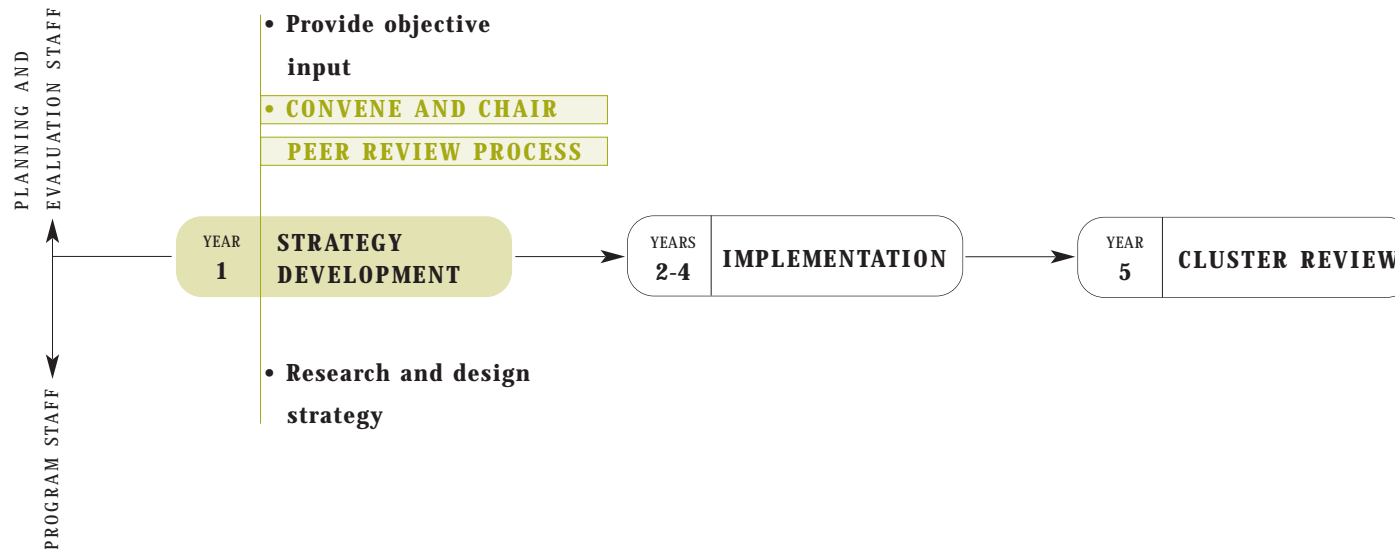
Once program staff determine an appropriate audience for the Trusts' efforts, they must decide how best to reach and affect that audience: a media campaign, an after-school program, a scholarship program, research, a grassroots volunteer movement, an e-mail campaign or any one of a hundred other possibilities. How are the Trusts uniquely positioned to add the most value in addressing this problem? Because most of the problems the Trusts tackle are unlikely to respond to a single type of intervention, program staff usually choose several complementary interventions, forming a coherent plan that synchronizes our grantees' efforts around the same goal from different angles.

While fine-tuning a strategy, program staff consult experts in the field—some who help them give shape and substance to their ideas and some who may challenge their fundamental assumptions. Even staff members with years of experience as grantmakers seek input and advice from individuals with differing points of view. The Trusts use contracts to give staff a flexible and timely way to reach out for critique and input from external sources. The contracts help staff identify opportunities and design program strategies to address those opportunities. Using these contracts, staff can employ an expert to investigate what past initiatives in this area have accomplished, or hire a consultant to undertake a baseline survey to establish where the public stands on the issue and whether a proposed intervention represents a ripe investment opportunity. Such external consultants provide a valuable supplement to program staff's own research and thinking on the issue.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

**• PROVIDE OBJECTIVE
INPUT**

| YEAR 1 | STRATEGY DEVELOPMENT |

| YEARS 2-4 | IMPLEMENTATION |

| YEAR 5 | CLUSTER REVIEW |

**• Research and design
strategy**

Internally, Planning and Evaluation staff provide objective feedback as program staff develop strategies and set clear and measurable goals and *outcomes*. The process of setting specific targets can be much more complicated than it may seem. To consider a hypothetical example, one of the *objectives* for Public Policy's youth engagement subprogram could be to increase voter turnout among 18-29-year-olds. Although in this case the objective and its measurement seem quite straightfor-ward, there are still issues to resolve. When should the subprogram claim success? Is a five-percent increase sufficient? Should the target be ten percent? Is such an increase possible? Is it enough?
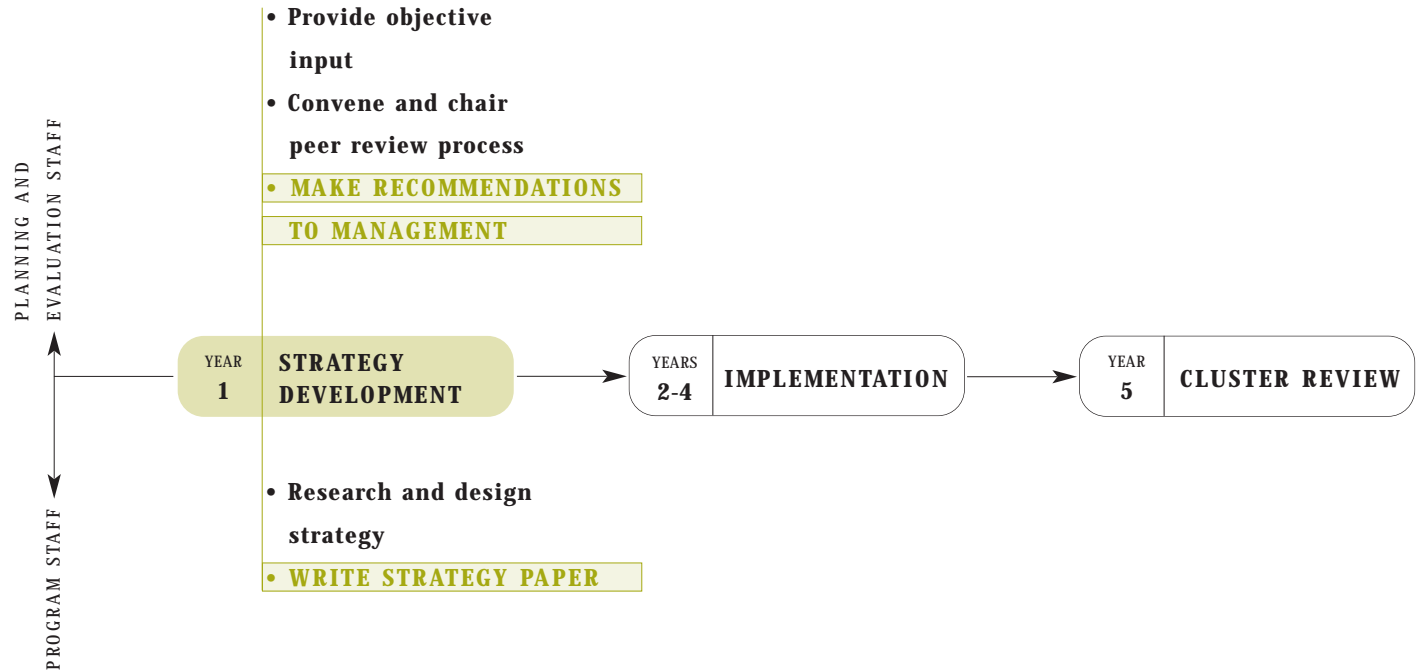
PLANNING AND EVALUATION STAFF

PROGRAM STAFF

- Provide objective input
- **CONVENE AND CHAIR PEER REVIEW PROCESS**

| YEAR 1 | STRATEGY DEVELOPMENT | → | YEARS 2-4 | IMPLEMENTATION | → | YEAR 5 | CLUSTER REVIEW |

- Research and design strategy

"**P**eer review"—a process through which program staff receive feedback on strategies in development from their colleagues inside and outside the Trusts—is designed to make sure our grant programs build on the Trusts' collective grantmaking experiences as well as diverse external perspectives. Though peer review in one form or another has existed informally at the Trusts since the early 1990s, it is now used regularly under the management of the Planning and Evaluation unit.

The first phase of the peer review process occurs after the rationale, basic strategy and goals for the subprogram are clear, but before staff invest the time and energy in writing a formal document describing the strategy. At this point, Planning and Evaluation convenes an internal panel of colleagues from other program and administrative areas at the Trusts who are selected for their experience in similar venues or their interest in the program's subject matter. This internal panel critiques the basic structure of the strategy, including the problem statement, goals and proposed activities. Although not experts in every program area, the Trusts' staff have valuable experience and insight from their own efforts in crafting and implementing programs that can inform another strategy under development. (An additional benefit of this process is that staff acting as panel members not only bring grantmaking expertise with them, but also gain insight and new ideas from their colleagues' observations.)

After the internal review, which focuses on the basic framework of the strategy, Planning and Evaluation coordinates an external panel of experts to focus on implementation. For each strategy, evaluation and program staff decide together what expertise and perspectives should be represented on the external panel to complement staff's combined strengths. They then develop a list of potential external reviewers and select two to four to provide feedback. These panelists are given a draft of the paper and asked for feedback on the proposed strategy and its implementation. Their knowledge of the relevant field and its players helps the Trusts' program staff adjust their strategy.

PLANNING AND
EVALUATION STAFF

• Provide objective
  input
• Convene and chair
  peer review process
• MAKE RECOMMENDATIONS
  TO MANAGEMENT

| YEAR 1 | STRATEGY DEVELOPMENT | | YEARS 2-4 | IMPLEMENTATION | | YEAR 5 | CLUSTER REVIEW |

PROGRAM STAFF

• Research and design
  strategy
• WRITE STRATEGY PAPER

By this time the strategy has gone through several iterations, and it is now presented to the board in the form of a "*strategy paper*." In this document, program staff present their case for directing time, energy and grant dollars to a particular problem or need, taking into account the Trusts' resources, the external environment, the Trusts' past efforts and those of other actors. Next, and most importantly, the paper lays out the goal—in clear, measurable terms. What does this subprogram hope to achieve, and how will we know if we achieve it? In addition, the strategy paper lays out the program staff's approach, other approaches they have considered and reasons why those other options were not pursued.

Staff also have the daunting task of predicting progress over the life of the subprogram. As part of the strategy paper, the board asks program staff to look down the road to see what milestones of progress the Trusts should expect in the next three to five years. How will we know if the strategy has succeeded or if it is even on the right track?

The Trusts' board makes the final decision about whether to pursue the proposed approach. If approved, this strategy paper serves as a guide for grantmaking decisions over the lifetime of the subprogram; it is revisited often as program staff communicate accomplishments and challenges in strategy implementation to the board.

Guidelines for Developing Strategy Papers

Planning and Evaluation has found that the strongest strategies presented to the board have considered many of the questions that appear below. However, these questions are a guide in developing a strategy—every question need not be taken up specifically in the formal paper. When reviewing a strategy brought forward by their colleagues, members of a peer review panel consistently ask for one thing: evidence. Each of the questions below contains an implicit request for evidence to back up the program's key assumptions and choices.

Problem Definition and Statement of Opportunity

1. What is the problem you are trying to address? Based on your research, what are the root causes of this problem? What are the possible solutions? Which solutions appear most feasible?
2. Are there active communities working on this issue? What are their strengths and weaknesses? What resources do they command? What will they support? How do they measure up to their opponents? Are there other players not currently involved who could be brought to the table?
3. Who or what might present obstacles to achieving your goal (for example, apathy, cynicism, bureaucratic structures, organized opposition, legal issues)?
4. If there is an opposition, who is it? What are they opposed to? What are their strengths and weaknesses? What resources do they command? What will they support and under what circumstances?
5. What pieces necessary for change are missing from the field? What is not being done? What could be done more effectively?
6. What are other funders doing on this issue?
7. What unique strengths (beyond money) can the foundation bring to this issue (for example, credibility, visibility, experience)?
8. Considering the answers to the questions above, which of the possible solutions you identified is the foundation best positioned to pursue?

Goal Statement and Objectives

9. What is your goal? What would success look like? At what point would the subprogram claim victory? What changes in the field are you trying to bring about (defining outcomes)?
10. What types of measures or actions (and by whom) will be needed to make progress? What intermediate steps are necessary to achieve the long-term goal?
11. What foreseeable events (positive or negative, but outside grantees' control) could affect your ability to achieve the goal?
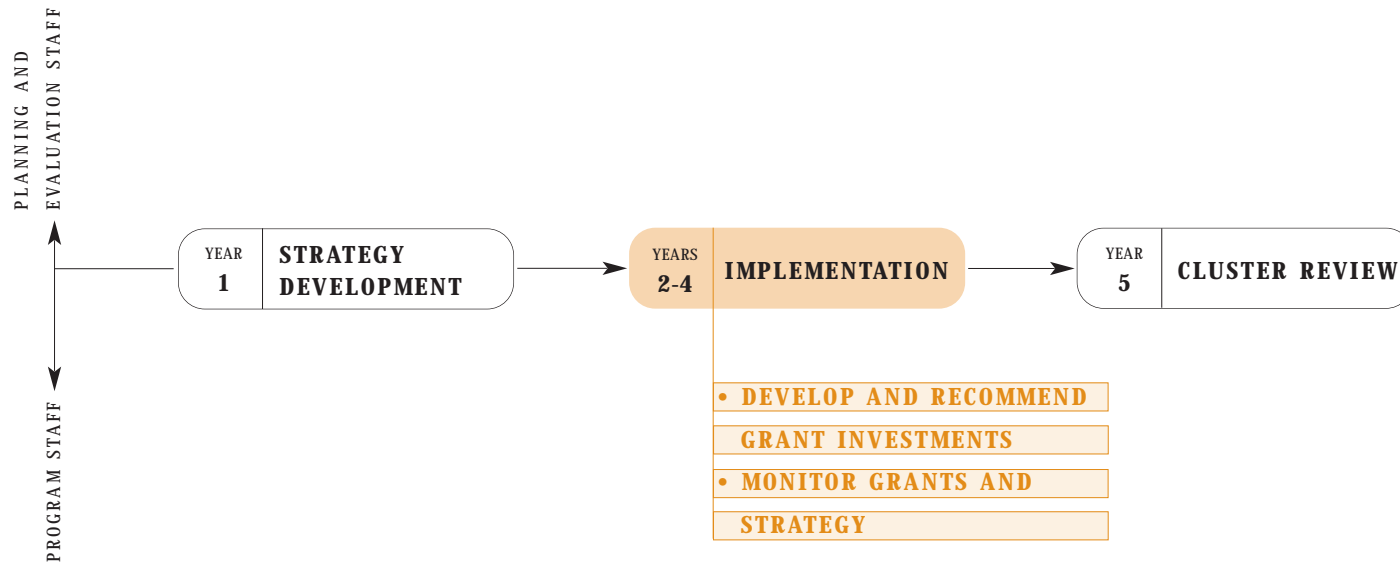
Strategy Design

12. Who is the target audience for the strategy?
13. What tools (interventions, such as public education campaigns, clearinghouses or "centers," grassroots mobilization, etc.) will grantees bring to bear on this opportunity? Why those?
14. How will the proposed activities lead to the proposed outcomes?
15. How will the strategy overcome the obstacles you identified in question three?
16. Who, specifically, are our potential partners in the advocacy community, industry, nonprofits, policymakers, research community and among other foundations?
17. What funds will be necessary to implement the strategy over what period of time?

Implementation and Monitoring

18. How will the subprogram understand whether grantees are making progress toward the intermediate and long-term objectives? What signposts will they be able to point to along the way?
19. How will separate grantees or interventions be coordinated?
20. What information do you need to make decisions about the subprogram's progress? How will you get that information?
21. What are the possible pitfalls along the way? What different circumstances might unfold in the field? How might they affect progress toward your goals and how would the strategy respond to them?

Grantmaking is an organic process. Program staff need to continually see what is and what isn't working so that grant programs can be fine-tuned as necessary and ultimately made more effective. Though the strategy paper lays out a clear written plan, clarity of purpose and strategy is not sufficient for effective grantmaking. Being strategic also means paying close attention to implementation, getting timely information on progress and responding to that information appropriately.

Much as a for-profit business might track *indicators* of its performance, the Trusts track indicators of the effectiveness of a portfolio or cluster of grants designed to reach a common goal. Program staff have the responsibility of monitoring their grant portfolios. They are in contact with grantees at regular intervals, making sure that grant conditions are being met and that work products are delivered. However, a narrow focus on monitoring individual grants would risk missing the forest for the trees; monitoring tells us how individual grantees are doing, but it doesn't tell us how well the *strategy* is doing.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

YEAR 1	STRATEGY DEVELOPMENT
YEARS 2-4	IMPLEMENTATION
YEAR 5	CLUSTER REVIEW

• DEVELOP AND RECOMMEND
  GRANT INVESTMENTS
• MONITOR GRANTS AND
  STRATEGY

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

• DEVELOP TRACKING PLAN

| YEAR 1 | STRATEGY DEVELOPMENT |

| YEARS 2-4 | IMPLEMENTATION |

| YEAR 5 | CLUSTER REVIEW |

• Develop and recommend
  grant investments
• Monitor grants and
  strategy

To monitor the progress of an entire strategy, programs at the Trusts may also take advantage of a "tracking portfolio" that is developed collaboratively by program and evaluation staff. A tracking portfolio is a collection of data that reflects key activities, *outputs* and outcomes of a subprogram as a whole, assembling key pieces of information to show program staff how their strategy is unfolding and whether it is having the desired effect on audiences targeted by the program.
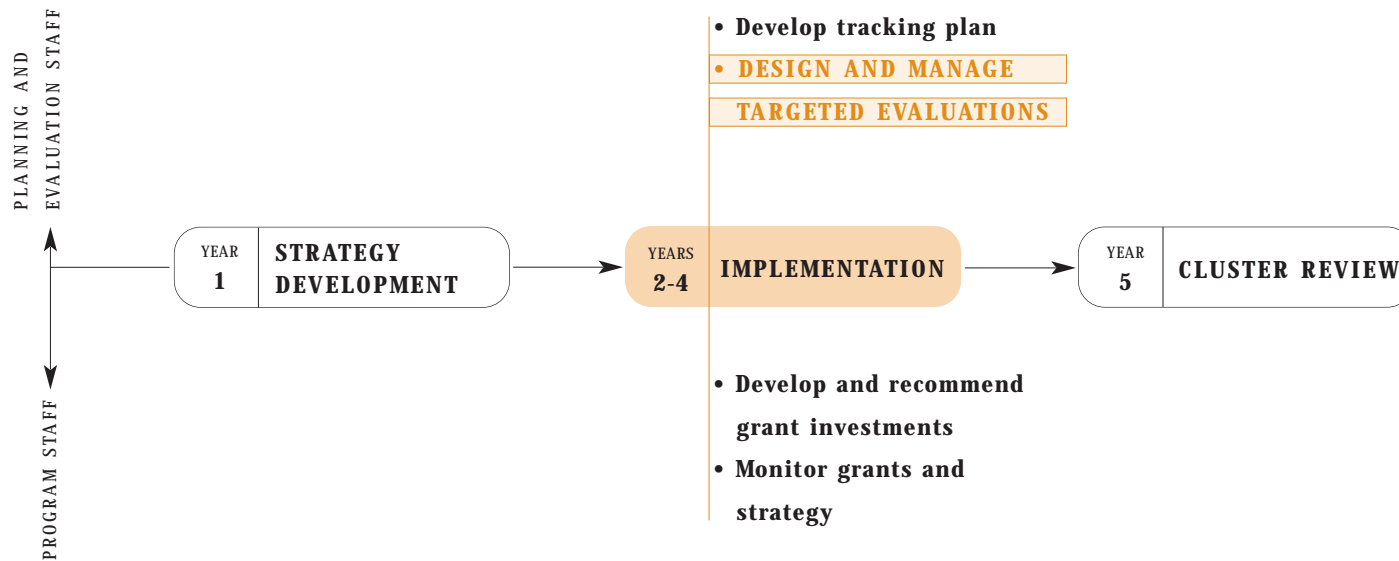
The tracking portfolio provides information about progress toward the objectives identified in the strategy paper: data about grantee activities and products; short- and mid-term results; and external factors that affect them (i.e., those outside the control of staff and grantees, such as a major news event that causes a shift in public opinion). For example, if the program's strategy relies on public awareness of an issue, one grantee may be conducting a public education media campaign, another commissioning research and publishing key findings and another assisting grassroots organizations to conduct outreach programs. While program staff will be monitoring the work products of the individual grantees, the tracking portfolio will monitor indicators larger than a single grantee's efforts, such as a rise in public awareness. The tracking portfolios are intended to collect timely information that is of sufficient quality to support decision-making. This information provides an early window into whether various elements of the strategy are making progress toward intermediate outcomes and signals program staff when there might be a need for adjustments to reach long-term goals.

Figuring out what information should be tracked, how it should be tracked and who should track it is a joint effort between program staff and evaluation staff. Starting with objectives stated in the original strategy paper and other grantmaking documents, evaluation and program staff determine indicators that will reflect progress toward those objectives. Some of the data may already be collected by the grantees and can be extracted from existing reports. But some indicators may result from the efforts of multiple grantees, such as public awareness about an issue in the example above. In those cases, Planning and Evaluation will engage a consultant to gather and analyze that information. The consultant may design a survey and collect data about changes in public awareness. Or the consultant may bring together and analyze data from disparate sources, such as government, grantees or an independent research group or think tank. In any case, obtaining the information needed for the tracking portfolio requires collaboration between program staff, grantees, Planning and Evaluation staff and often an independent consultant.

If designed and implemented correctly, a tracking portfolio should flag important issues for the Trusts, such as "Is this subprogram informing public opinion the way we thought it would?" or "This grantee has made outstanding use of its resources and had enormous influence with this media campaign. What has contributed to its success?" When appropriate, Planning and Evaluation will attempt to answer these questions by designing short, targeted evaluations of individual projects. Rather than being given a broad mandate to address overarching questions such as "Is it working?," the *evaluator* hired for such a project can focus on answering specific questions. With timely information about the strategy's progress and an understanding of the external factors at play, program staff can set reasonable annual milestones—important for the annual planning process.

PLANNING AND EVALUATION STAFF

• Develop tracking plan
• DESIGN AND MANAGE
  TARGETED EVALUATIONS

| YEAR 1 | STRATEGY DEVELOPMENT | | YEARS 2-4 | IMPLEMENTATION | | YEAR 5 | CLUSTER REVIEW |

• Develop and recommend
  grant investments
• Monitor grants and
  strategy

PROGRAM STAFF

Example of desirable qualifications for the leader of an evaluation project:

* expertise with evaluation theory and method;
* familiarity with grantmaking area under study (e.g., culture, education, environment, health and human services, public policy or religion);
* substantive expertise with the development, management and implementation of complex program evaluations or policy analyses used to directly inform organizational decision-making;
* demonstrated ability to lead a team of senior professionals;
* substantive record of independent and objective research and analysis;
* demonstrated ability to complete complex products under tight deadlines; and
* ability to present research results clearly.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

YEAR 1	STRATEGY DEVELOPMENT

YEARS 2-4	IMPLEMENTATION

YEAR 5	CLUSTER REVIEW

• Develop tracking plan
• Design and manage
  targeted evaluations

• Develop and recommend
  grant investments
• Monitor grants and
  strategy
• DEVELOP ANNUAL
  PLANS FOR THE BOARD
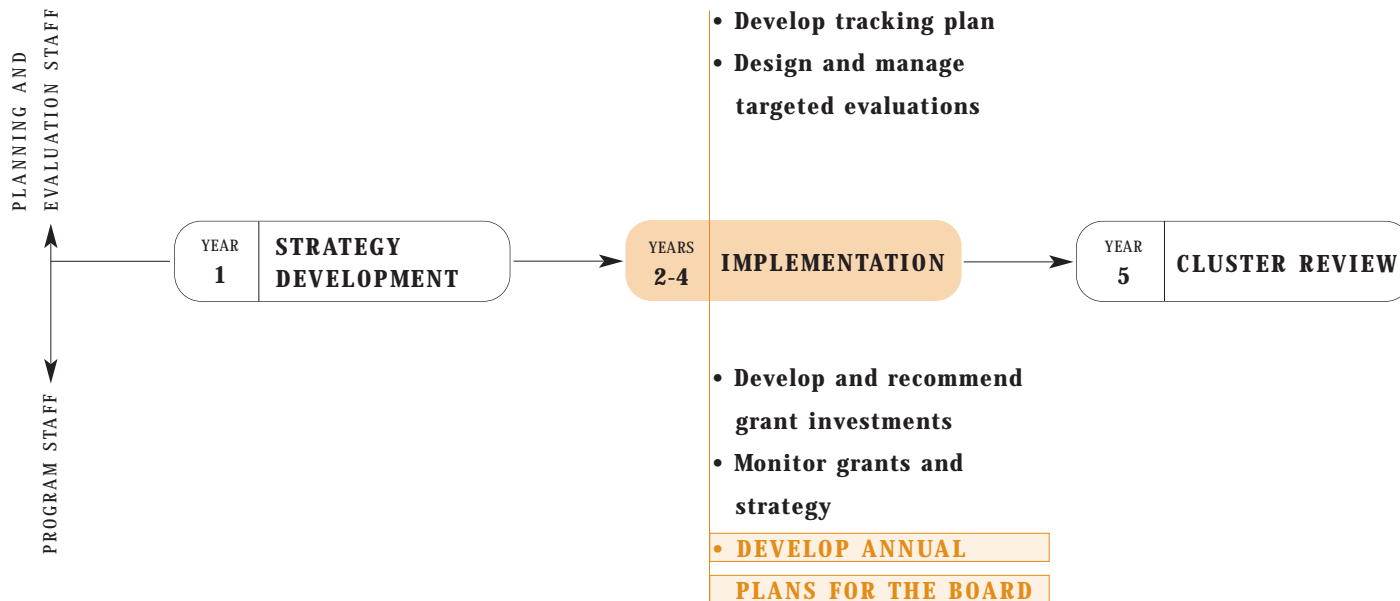
The board of The Pew Charitable Trusts previews and endorses suggested directions and has final approval over programmatic and administrative decisions. Individual grant investments are fully discussed by the board and relevant program directors before being approved for funding. In addition to its four annual grantmaking meetings the board comes together once a year to focus specifically on program strategy and results: What progress has been made toward the subprogram's long-term goals? How have the past year's events caused staff to adjust and fine-tune the strategy? How will staff achieve further progress? And, finally, how much progress can be expected in the next year?

Each year for the board's retreat, the program areas, along with the Public Affairs unit and Planning and Evaluation, develop "annual plans" that provide the board with concrete information about the results they have achieved over the last year and results they will seek in the coming year. Taken as a whole, the annual plans give the board an overview of the social return on their investments. And they provide the opportunity for staff to alert the board to changes in the field and consequent adjustments in their grantmaking.

The annual planning process begins when program staff review the results predicted a year earlier. For each grantmaking subprogram, staff explain results achieved and convey to the board issues that have affected those results positively or negatively.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

- **Develop tracking plan**
- **Design and manage
  targeted evaluations**
- **REVIEW ANNUAL PLANS
  FOR DATA QUALITY AND
  CLARITY**

YEAR 1	STRATEGY DEVELOPMENT

YEARS 2-4	IMPLEMENTATION

YEAR 5	CLUSTER REVIEW

- **Develop and recommend
  grant investments**
- **Monitor grants and
  strategy**
- **Develop annual plans
  for the board**
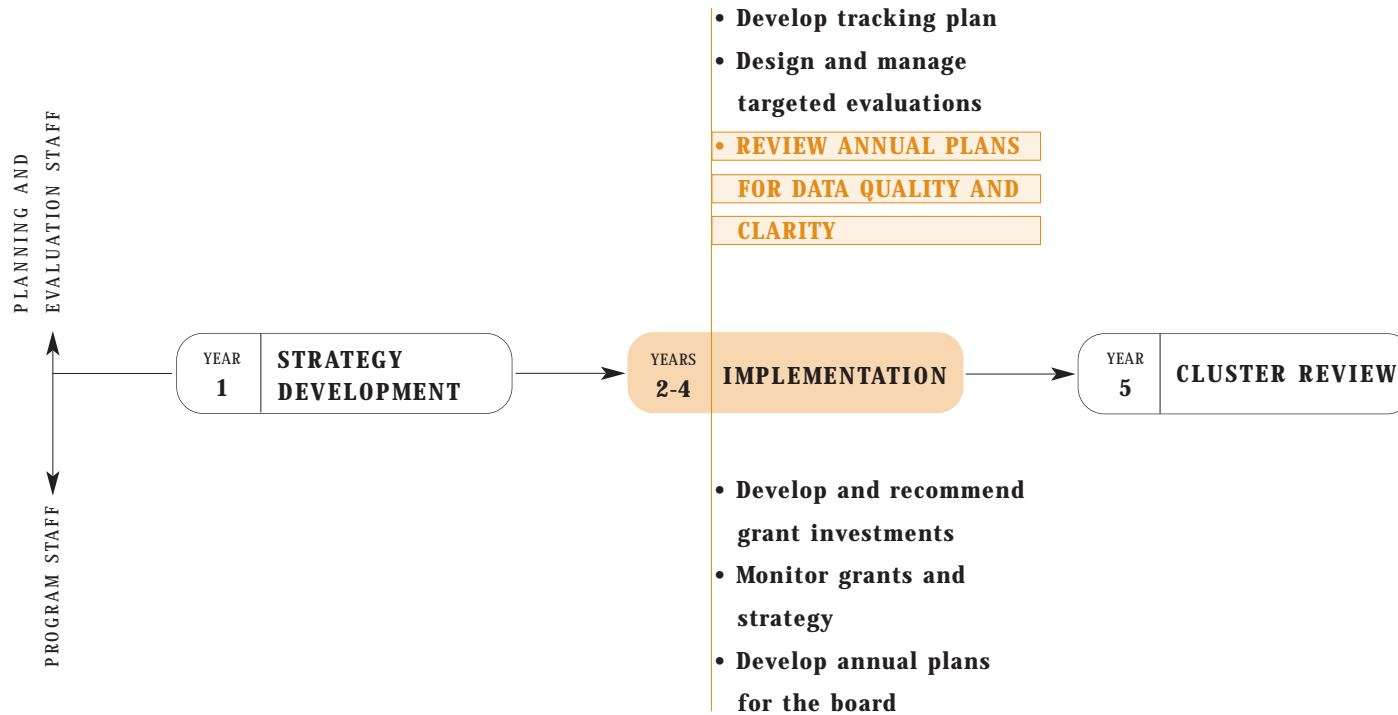
Evaluation staff review the annual plans to ensure that the reported results are supported by solid data, to aid program staff with setting milestones for the coming year, and to help make the plans as clear as possible for the board. A tracking portfolio can be a valuable resource for the annual plans by providing evidence about a strategy's progress. By monitoring critical external factors, tracking portfolios help staff understand and explain why progress may or may not be evident. In addition, because the tracking portfolio allows staff to see results and identify problems quickly, it can help them with the next part of the annual plans—anticipating the progress of the coming year.
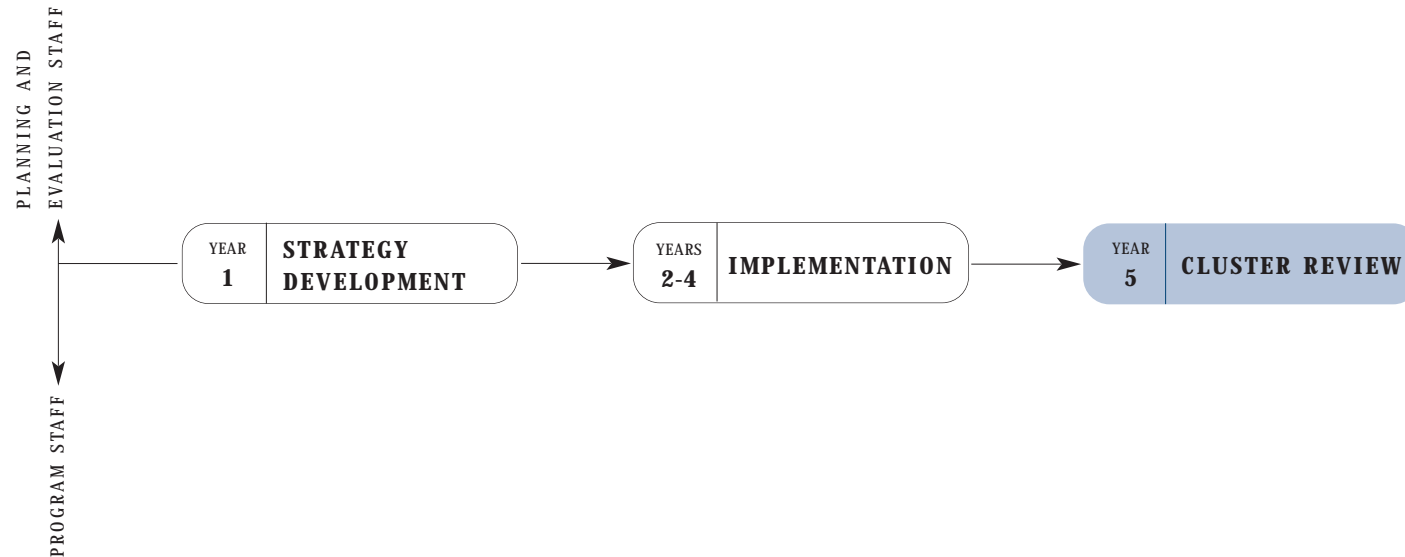
Identifying one-year increments of progress is a tricky process. If for-est-protection grantees are working to safeguard a total of one million acres of habitat, what is a reasonable annual increment? Should we expect to protect 200,000 acres each year for five years? Or is it likely

to take four years of work, or six or eight, before we should expect to see any progress? For strategies in the early stages of implementation, indicators of progress may include establishing crucial partnerships or simply reaching full staffing levels.

Stimulating change is a messy process with many uncertainties, and the Trusts are only one factor in a complex equation. How the many variables will play out can be unpredictable. It is often very difficult, if not impossible, to establish a direct causal link between our sub-programs and observed outcomes. Instead, staff look for a chain of evidence that establishes our contribution to progress. Using this annual opportunity for reflection and adjustment, program staff have the flexibility to incorporate lessons learned and respond to changes in the external environment while being as precise as possible in their yearly predictions of progress.

The annual plans report incremental progress year to year, but after a subprogram is mature (typically three to five years after initial implementation), there is often a reason to step back and take stock of the program's strategy. Progress toward the strategy's goal should be evident, or perhaps the field within which the grantmaking is taking place has altered substantially. At this point, Planning and Evaluation designs an evaluation of the strategy—a "*cluster review*"—and commissions an independent evaluator to carry it out.

Cluster reviews are not focused on any one grant or on the accomplishments of individual organizations. Instead, cluster reviews are an evaluation of the grantmaking strategy, looking at the collective efforts of grantees over time (sometimes upwards of 80 organizations), focusing on what the entire strategy has accomplished. Through such cluster reviews we seek to understand the overall progress on the issue in question and the Trusts' role in this progress. Cluster reviews make important contributions to decisions to shift direction, withdraw from certain areas or keep moving along the same path, given the evidence of a subprogram's success to date.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

| YEAR 1 | STRATEGY DEVELOPMENT | → | YEARS 2-4 | IMPLEMENTATION | → | YEAR 5 | CLUSTER REVIEW |

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

| YEAR 1 | STRATEGY DEVELOPMENT | → | YEARS 2-4 | IMPLEMENTATION | → | YEAR 5 | CLUSTER REVIEW |

• DESIGN AND MANAGE
CLUSTER REVIEW

• PROVIDE INPUT ON DESIGN
OF CLUSTER REVIEW
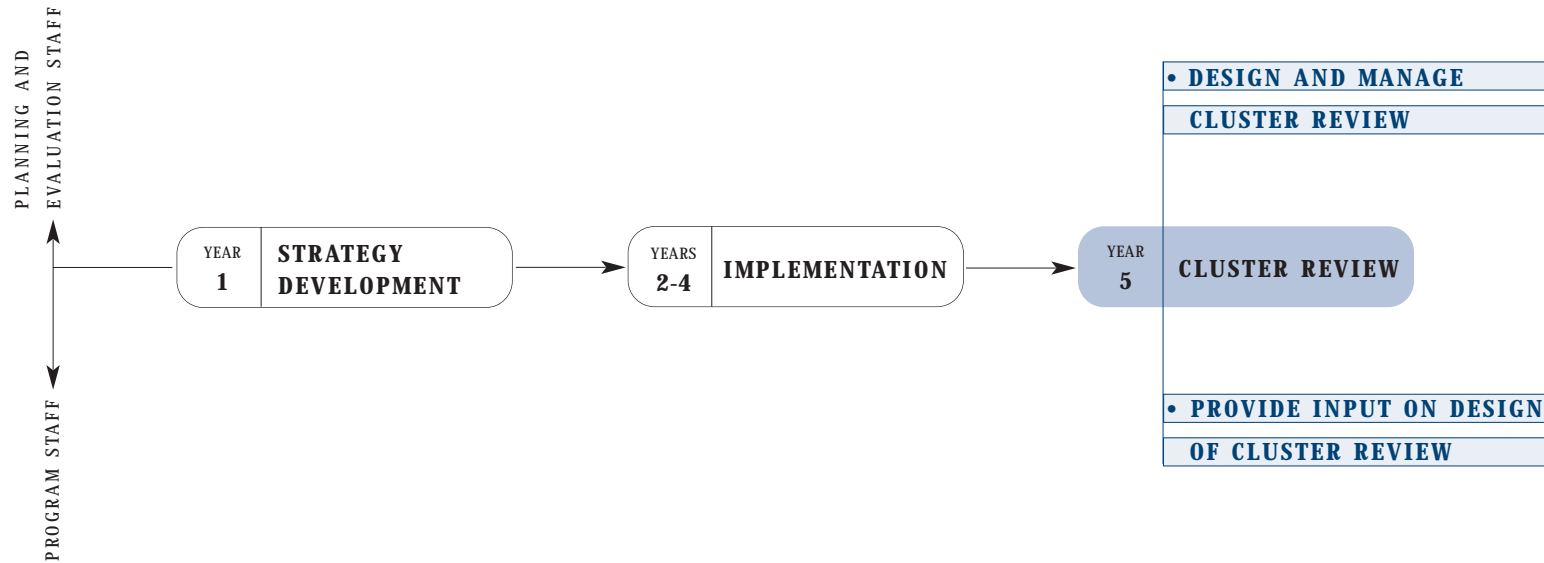
The Trusts commission cluster reviews primarily to examine the performance of a subprogram's strategy. Planning and Evaluation staff hire a team of evaluators, provide them with subprogram materials, tracking portfolio data, evaluation results and access to grantees and ask them to see if the strategy has accomplished its goals. These evaluators also look at the program's current environment and assess whether, going forward, the opportunity is still ripe and the goals of the program still appropriate. If so, evaluators will identify other possible approaches to meet the program's goals and objectives. Lastly, evaluators attempt to extract lessons that will advance our understanding of the Trusts' particular brand of strategic philanthropy—what works and why.

The cluster review process starts with drafting a project plan. The project plan, which typically runs about 10 pages, contains a history of the program objectives, design and development over time, information on grants and funding over the life of the strategy and the qualities of the ideal evaluator or team of evaluators. Evaluation staff develop this plan to promote internal discussion and consensus about the program's past and current focus, the cluster review's objectives, the central evaluation questions and the evaluation approach.

Evaluators use the project plan to quickly get up to speed and to develop a detailed work plan that addresses the central evaluation questions. The work plan proposes an evaluation research design, identifies potential data sources, develops a detailed budget and establishes a schedule for the evaluation's products. The work plan is then reviewed by a panel of independent researchers to assess whether the design will adequately answer the evaluation questions.

Characteristics of successful cluster reviews

Cluster reviews involve both retrospective and prospective analyses of the program. The focus and content of a cluster review are ultimately shaped by the program's portfolio of grants and the questions that the Trusts' executive management and staff have about that portfolio. The Trusts have commissioned many cluster reviews, however, and the stronger reviews share certain characteristics.

First, the retrospective analysis includes at least the following key elements:

* A detailed description and analysis of the program's development and grantmaking.
* A clear presentation of the program's structure, logic, objective and strategy. In addition, the analysis identifies the key assumptions in the program's logic and strategy.
* A discussion of the larger field in which the program operates.
* Interviews with program staff, key grantees and the people potentially affected by the program (when these can be identified).
* Evidence of the program's progress toward its objectives.

Second, identifying and assessing alternative program strategies in the prospective portion of the analysis typically involves discussions with experts from the relevant science, policy and industry communities.

Third, the final report develops through an iterative review-and-comment process in which the Trusts' staff, particularly from Planning and Evaluation, play a key role.

Finally, a cluster review usually addresses more retrospective questions than prospective ones. As a result, a typical review will allocate 75%-80% of the evaluation's resources to the retrospective analysis.

When data collection is complete and analysis has begun, draft reports are reviewed by the same independent panel members, who determine whether the evaluation did in fact answer the evaluation questions adequately. Program staff also have opportunities to review and comment on the draft and final cluster review reports. In addition to often sharpening the discussion of findings, program staff's review helps ensure that the report's discussion of subprogram's strategy and work is complete and accurate. Cluster reviews are completed when Planning and Evaluation presents the findings and recommendations to the Trusts' board and president. Planning and Evaluation staff will often turn the results and lessons of a cluster review into formal opportunities for institution-wide learning, such as a course for Pew University, described in the next section.
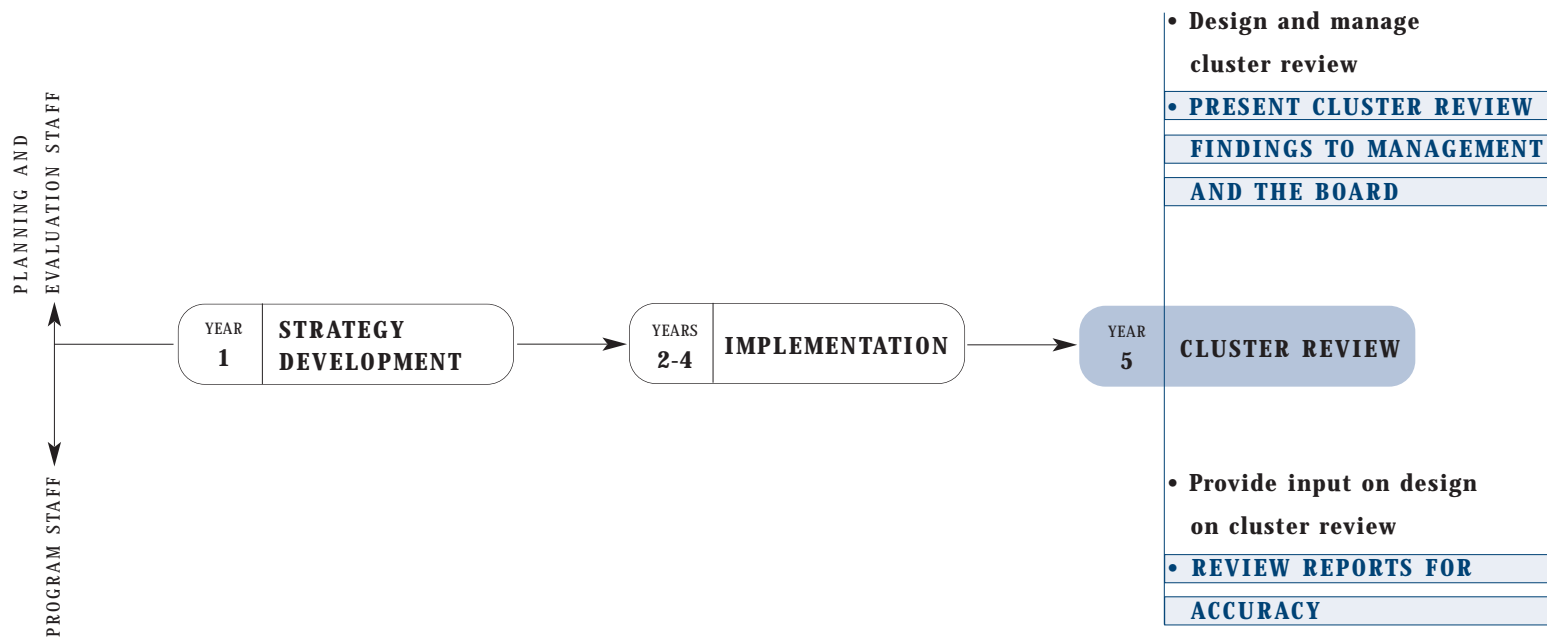
Finally, program staff integrate cluster review findings into a revised strategy paper, triggering a new round of the internal strategy cycle.

PLANNING AND
EVALUATION STAFF

PROGRAM STAFF

Planning and Evaluation Staff:

STRATEGY DEVELOPMENT (YEAR 1)
- Provide objective input
- Convene and chair peer review process
- Make recommendations to management

IMPLEMENTATION (YEARS 2-4)
- Develop tracking plan
- Design and manage targeted evaluations
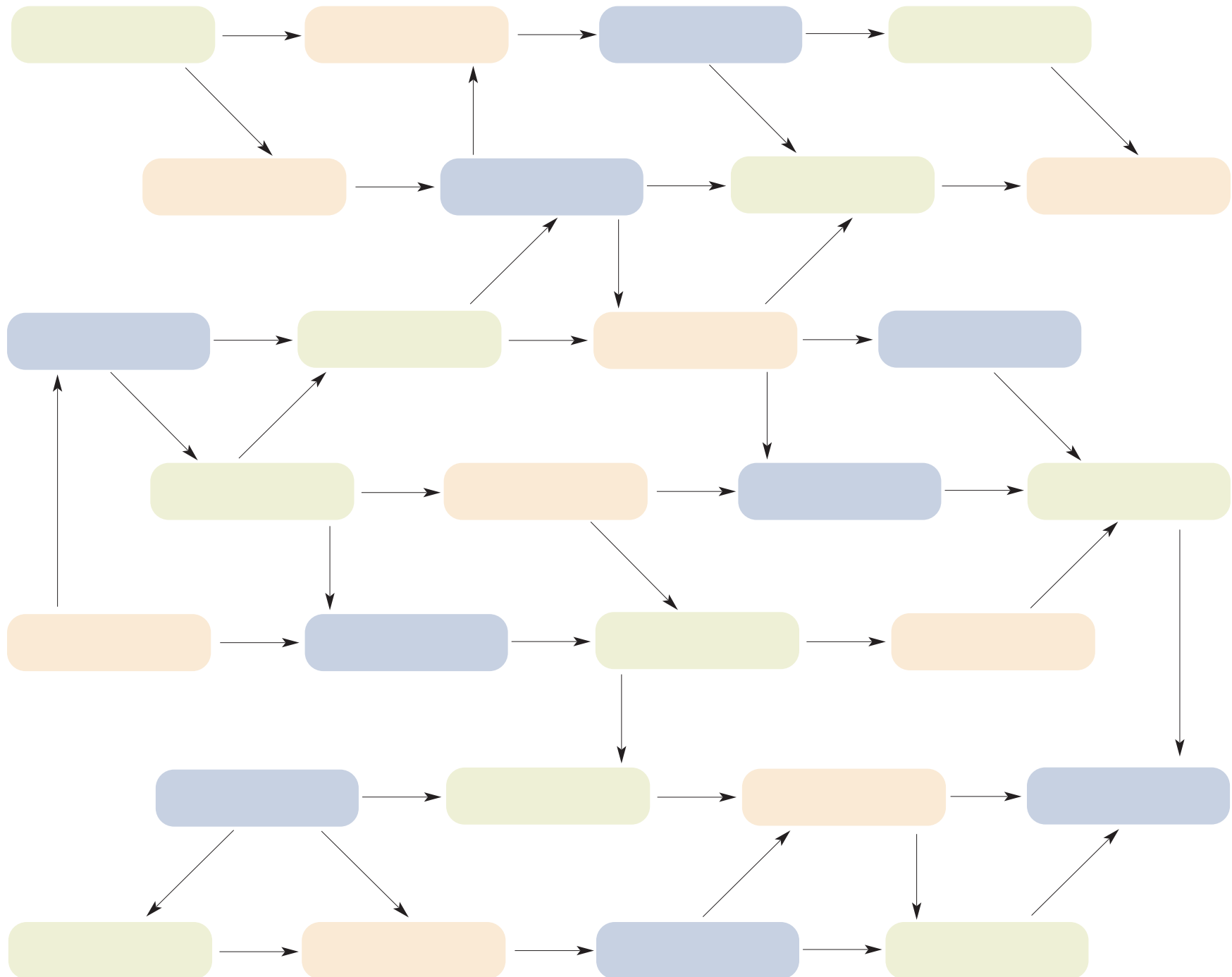- Review annual plans for data quality and clarity

CLUSTER REVIEW (YEAR 5)
- Design and manage cluster review
- Present cluster review findings to management and the board

STRATEGY DEVELOPMENT (YEAR 6)
- Provide objective input
- Convene and chair peer review process
- Make recommendation to management

| YEAR 1 | STRATEGY DEVELOPMENT | → | YEARS 2-4 | IMPLEMENTATION | → | YEAR 5 | CLUSTER REVIEW | → | YEAR 6 | STRATEGY DEVELOPMENT |

Program Staff:

STRATEGY DEVELOPMENT (YEAR 1)
- Research and design strategy
- Write strategy paper

IMPLEMENTATION (YEARS 2-4)
- Develop and recommend grant investments
- Monitor grants and strategy
- Develop annual plans for the board

CLUSTER REVIEW (YEAR 5)
- Provide input on design of cluster review
- Review reports for accuracy

STRATEGY DEVELOPMENT (YEAR 6)
- Integrate cluster review findings into strategy
- Revise strategy paper

The Planning and Evaluation unit at the Trusts learns from work across the program areas. Individual evaluations, peer reviews, reports prepared by external experts, cluster reviews and other efforts return information on what works, and what doesn't, in every program area. Our challenge is to make this knowledge available to the entire organization, to have a complete learning loop through which the knowledge is fed back into the Trusts' strategy development and grantmaking system.

The Trusts use several methods for making sure the learning loop is complete. The most formal is an internal educational curriculum called *Pew University*. Pew University courses, lasting from an hour to a full day, cover a range of issues in grantmaking and general skills for the professional development of the Trusts' staff. Based on lessons staff learn through cluster reviews and other strategy-development work, Planning and Evaluation designs a number of courses to address these issues throughout the institution.

By looking under "Strategic Philanthropy" in the Pew University course catalog, staff members can find classes based on *case studies* developed by the Planning and Evaluation unit. These in-depth examinations are a popular format for debating and discussing important issues that arise in the Trusts' grantmaking. In preparation for the class meeting, staff read a 15- to 20-page account of a subprogram or grant history prepared by external case writers or Planning and Evaluation staff. In writing a case study, the author will conduct interviews with parties involved in the program and undertake careful document review. The information gathered is then turned into an educational tool—a narrative that tries to highlight the difficult decisions and disparate points of view inherent in many strategies. Class instructors—often the Trusts' staff—use the specific details of the case as a starting point for discussion of larger issues facing program staff in their own grantmaking.

Past Pew University courses have included "Being an Effective Social Catalyst," "Anticipating, Managing and Communicating Bold Change" and "Planning for Results." Pew University has also offered courses exploring topics such as venture philanthropy, negotiation, strategy development, opportunity identification, contingency planning and designing public information campaigns. And Planning and Evaluation staff continually scan the external environment for new perspectives that may stimulate and challenge the way the Trusts think about philanthropy. A new lunchtime series has brought in speakers for informal presentations on topics such as social marketing, new approaches to philanthropy and "foundation-speak."

Past Pew U. courses

Strategic Philanthropy:

Managing Grantee Relationships: Roles, Responsibilities and Authority

Creating Effective Strategy: Lessons from the Private Sector

Turning up the Heat on Strategy Development

Rehearsing for the Future: Preparing for the Unknown

Rousing the Grassroots: Bringing the Public into Policy Debate

What's the Problem You're Trying to Solve?

Anticipating, Managing and Communicating Bold Change

E-Philanthropy: Using the Web to Increase Public Awareness

Hindsight is 20/20

Planning for Results

Professional Toolkit:

Communication Tools for Effective Frontline Service

Management Skills for the Experienced Secretary

Making Memorable Speeches

Off the Cuff: How to Improve Your Impromptu Speaking Skills

Negotiation Skills

Effective Interviewing: Finding the Best Candidate for the Job

Understanding Not-for-Profit Financial Statements

The Legal Environment of Grantcrafting

Interpersonal Communication and Group Facilitation

Orientation for New Staff:

Welcome to the Trusts

A Look at the Past and the Future

At Your Service: Accounting and Office Services

Converting Proposals into Grant Recommendations for the Board

How an Idea Becomes a Grant

How to Use the Archives

Meet Grants Administration, the Behind-the-Scenes Experts

Planning and Evaluation: What We Do and Why

The Library: Just Ask and We'll Find It

The Role of Public Affairs

Using Portal, Our Grant-Tracking Database

Legal Issues in Grantmaking

Case studies

Written case descriptions provide a common starting ground for collegial discussions of important issues that arise in the Trusts' grant-making. In our experience, successful case studies are objective descriptions of the events, giving readers the facts (including the perspectives of various players in the case) and allowing them to draw their own conclusions. Cases should raise many questions or problems without providing easy answers. Class discussion then focuses on the various approaches to those problems, highlighting both the compelling and unappealing aspects of each prospective solution. Case studies have presented a wide range of issues from the challenges of working with many organizations on a major public-works project to operating internationally on environmental problems. A brief example of a recent case follows.

Course Description: Conservation Lodge Case Study

In undertaking social investments, grantmakers must weigh the need for careful planning and analysis against the desire to be opportunistic. This case explores the appropriate balance between analysis and action in "venture capital" grantmaking. The class will discuss how to screen new ventures for their risks and returns, how to conduct research to justify the next step, how to change strategies as events unfold, and how well-timed action can generate better results.

Excerpt from the case:

"…Thanksgiving Day, 1996. Joshua Reichert, the director of the Pew Charitable Trusts' Environmental program, sat mulling over the Conservation Lodge Foundation project. He remembered how simple it all seemed when he first had the idea a number of years ago: Build a few small lodges of environmentally sensitive design in a variety of beautiful natural settings that would provide jobs to the local population, educate visitors and generate income that would be used to conserve the natural beauty of the site surrounding the lodge. A non-profit business that not only did not harm nature but actually provided for it, which in turn would improve the business— a virtuous circle endlessly reinforcing itself. A wonderful opportunity to unite economic development and environmental protection. But finding an appropriate site to build the first lodge was proving to be much more challenging than Reichert had anticipated. Moreover, his hands-on role with such an entrepreneurial project was taking increasing amounts of time. Reichert was faced with deciding whether to go forward with the currently favored site and whether to maintain his leadership position on the project…"

In addition to its contribution to Pew University, the Planning and Evaluation department has set up a consultant database as part of the Trusts' intranet to help staff find evaluators and consultants who meet their specific needs. The searchable database lists entries by several criteria, including methodological and substantive expertise, demographic information and the type of project on which the person has worked (for example, a cluster review, peer review panel, research contract, or desk review). Staff can view candidates' résumés and writing samples from previous projects, such as work plans and executive summaries.

A less formal method of institutional learning involves the interaction between program and Planning and Evaluation staff. Evaluation staff members often act as an informal link between program areas in many stages of grantmaking. For example, when a program is considering an information clearinghouse as part of a new national strategy, Planning and Evaluation staff members—who have the advantage of working across the institution—may know of models and examples from other program areas. Or when a new strategy paper is in development, an Evaluation staff member may direct the author to resources inside and outside the Trusts. The peer review process is also contributing to institutional learning by allowing program staff to feed what they have learned back into the cycle of strategic philanthropy, informing a whole new subprogram. More generally, the cumulative experience of Planning and Evaluation staff members, who work with a range of programs at different stages in their development, allows them to bring an increased understanding of how to conduct successful peer reviews, cluster reviews and many more projects.

As with any approach to philanthropic investments, the process described in the preceding pages has both costs and benefits. On the cost side, it entails a close collaboration between program staff and evaluation staff at many points—and we do not pretend that negotiating those relationships is often easy. The Trusts approach to philanthropy is undeniably resource-intensive, demanding both human and financial investment. But among the many benefits, this approach calls us to be accountable for results. It lays out a framework to help us target our resources to the places where they can have the greatest impact. It doesn't then forget about initiatives and strategies once they are launched, but continues to question our assumptions about the process of change and gives us the room to make corrections when we find that we were wrong. We do not pretend that this is the only approach to philanthropy (or evaluation) or the best. We do think that this strategic approach to philanthropy has started to yield stronger results and that the challenge to make better use of our resources is one worth taking on.

As an institution, we have begun thinking about what we have learned that could be useful to those outside our own walls—especially our grantee partners and our philanthropic colleagues. This document is an attempt to begin such a dialogue. We invite you to join us in a conversation about what we're doing right and what we could do better. Contact us at evaluation@pewtrusts.com.

For more information on the Trusts visit www.pewtrusts.com.

GLOSSARY FOR OUTCOMES-BASED PLANNING

Term	Explanation
Goal	*The expected long-term result from a program or subprogram.* Goals often reflect the values underlying an initiative; they are statements of the desired conditions of a community. Goals can be expressed within a specific time frame and in quantifiable terms (see example one) or without reference to time and quantifiable measures (see example two). Example one: To increase the participation of GenXers in community problem solving processes by 15 percent by the year 2003. Example two: To substantially increase the participation of GenXers in community problem-solving processes.
Objective	*Shorter-term steps necessary to achieve the desired state of a community in the longer term.* Objectives are derived from goals. Example: Increase GenX belief that involvement in civic organizations is an effective way toward solving public problems.
Strategy	*A careful plan or approach for achieving a program's desired objectives.* Strategies should reflect the relevant characteristics of the planning and implementing organizations (e.g., their strengths and weaknesses). Strategies should also be sensitive to the political, economic, social and cultural dimensions of the problems or issues the program is attempting to address. Example: Deploy a media and outreach campaign in 12 target cities to promote effectiveness of civic organizations at solving problems.

Term	Explanation
Output	*The program's (or grantee's) work products; the amount of work completed by the grantee.* Outputs are often the initial result of a process. The program's outputs are expected to lead to desired outcomes, but the outputs alone reveal little about the program's anticipated outcomes. Example: The number of public-service announcements prepared for TV, radio and print.
Outcome	*The consequences, results or pay-off of the program's activities.* Outcomes are the changes in attitudes, beliefs or behaviors (or other relevant aspects of the individual or community) that define meaningful short-, mid- and long-term steps toward a program's objectives. Outcomes may be quantifiable changes (see example one), or they may be an event or occurrence that results from the efforts of the program (see example two). Example one: A substantial increase (from 10 to 25 percent) in the number of GenXers who believe that civic organizations are effective at solving public problems. Example two: Mayoral debates in the 12 target cities address issues of concern to young people.
Indicator	*Observable measures that are chosen to reflect the efforts of a program (or grantee) and its progress toward meeting specific objectives.* These measures can be qualitative, quantitative or both. Indicators should provide the most direct evidence possible of the desired objective. Indicators can be devised to measure processes, outputs and outcomes. Example of an outcome indicator: Based on survey data, an estimate of the percent of GenXers who report that involvement in civic organizations is an effective way to promote community change.

KEY DESIGN ELEMENTS OF A SUBPROGRAM: HYPOTHETICAL EXAMPLE

Goal: To increase civic involvement among GenXers in 12 target cities

OBJECTIVES

INCREASE GenX BELIEF THAT CIVIC ORGANIZATIONS ARE EFFECTIVE AT SOLVING PROBLEMS

INCREASE GenX AWARENESS OF WAYS TO BECOME INVOLVED IN CIVIC ORGANIZATIONS

INCREASE ABILITY OF CIVIC ORGANIZATIONS TO RECRUIT AND USE GenX EFFECTIVELY

STRATEGY

- Deploy a media and outreach campaign in target cities for GenXers to promote civic problem-solving at the local level.

- Develop and promote a localized source of concrete recommendations and opportunities for GenXers to get involved.

- Deploy an outreach effort in target cities and provide technical assistance to help civic organizations recruit and use GenXers effectively.

OUTPUTS

- Public service announcements for TV, radio and print.
- Civic engagement map.
- Web site.
- City forums.

- Number of ads in print media.
- 30 "Civic Centers" established.
- Pamphlets distributed to GenXers describing opportunities for involvement.

- Handbook for organizations on getting GenXers involved.
- Organizations trained to use GenXers effectively.
- Guide to organizations given to Civic Centers.

OUTCOMES

- 25% of targeted GenXers report that local involvement is an effective way to promote community change (up from 10%).
- 40% of targeted GenXers report reduced cynicism about the process of civic problem-solving.

- 20% increase in awareness of opportunities for local civic involvement among targeted GenXers.

- 15% of target organizations provide increased opportunities for GenXer involvement.
- 50% increase in GenXer participation in civic organizations in 12 target cities.