



GiveSmart

Frequently Asked Questions About Philanthropy

How Do I Measure Performance –Both Mine and My Grantees’– in a Practical Way?

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One of the most common concerns donors have is how to measure the results they are getting with their dollars. Some grants yield immediate, tangible benefits (for instance, funding a community center). But what about grants that support complex efforts like improving public health or halting climate change? What is the best way to evaluate grantee performance—and your own decisions about allocating resources and supporting grantees—when the clear markers of success can be a moving target? (For example, if you are focused on conserving wetlands, but the science about how best to do that changes, then your specific measures for success would change as well.) There is no one-size-fits all approach; nonetheless, the following practical guidelines should help.

When setting or reviewing your philanthropic strategy, ensure your success is truly aligned to your grantees' before you decide how and what to measure.

Sometimes the connection between your goals and grantee results will be straightforward; for example, if your primary goal is to help local charter schools grow and you fund and advise local charter schools, then your success and your grantee's is one and the same. Sometimes, however, the strategic link will be more complex. For instance, if your goal is to improve the performance of an entire school district, and you have chosen local charter schools as a lever by which to reap this broader change, then the success of the charter schools will be, at best, an intermediate step that may help you realize your ultimate goal. Watch out for “right horse, wrong racetrack” situations, where a grantee may be doing excellent work (a wonderful charter school is getting great results) but is not driving the broader change you seek. You don't want to label a nonprofit a failure

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It's important therefore to ask: Do my grantees' results contribute to the overall success of my philanthropy?

Take external factors into account; they will have a bearing on what you decide to measure, and on how you interpret your measurement findings down the road.

“Success” in larger contexts often depends on forces and authorities outside your direct control. Take the example from above: Ensuring that a successful charter school improves the entire school district's performance may require action by school boards or other external forces. Ask: Is there evidence that any constructive interactions are occurring between the district and your grantees? Is such cross communication (or another activity) something you should foster, or at the very least, monitor? (For more information on creating a sound philanthropic strategy, check back for our upcoming strategy guide.) As you set and review your philanthropic strategy, ask: What else needs to happen over and above my grantees' successful execution to achieve the change I seek? What can I be doing with my time, money, and influence to help? How can I help connect the dots?

Once you are assured that your grantees' goals are aligned with your strategy, be sure to keep these measurement essentials in mind.

1. Measure what matters by asking, “What do we need to know in order to make good decisions?”

The information you gather should help you make smarter decisions about how to continue to shape your strategy, and about how it can be executed more effectively. Information should also help grantees learn and improve. Ask: What do I need to know to ensure I'm making progress toward my goals? Also ask: What sorts of information will help my grantees do better? What information will help my grantees learn and improve?

2. Right-size the information you need. (Avoid the Goldilocks problem.)

Try to identify the smallest number of measures you can use to gauge progress. For example, before requesting data from a grantee, ask: Will this data influence decisions about how to allocate my resources? If the answer is no, then you might be at risk of over-measuring. However, the opposite approach—not measuring enough—also has consequences. It is easier to regard a CEO's charisma or a grantee's heartwarming stories as indicative of

success than to ask the hard questions, but heartwarming anecdotes will rarely give you an adequate understanding of an organization's performance or help you make better resource allocation decisions. Aim for the Goldilocks balance of “just right” between

measuring too little and too much. To find that balance, start with a firm agreement with grantees on your mutual goal. Then seek insights and collect data that directly inform how well you are allocating resources toward that goal. Don't be swayed or distracted by data that is interesting but not necessarily useful.

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3. Avoid imposing your own metrics on grantees.

Consider first the indicators your grantees are already tracking (or would like to track, if they had resources and a system to do so). Your grantees are the ones doing the work, and will likely have a good sense of which metrics will be most effective.

4. Provide resources for the effort you expect.

If you plan to hold an organization accountable for something (whether it is an outcome, or a reporting requirement) you should also ensure that the organization has the resources it needs to follow through and deliver.

Commit to getting better at measurement over time.

1. Set the tone for candor. (“Truth-tellers” are important.)

Because you hold the purse strings, just about everyone—grantees, staff, partners—has an interest in painting a rosy picture for you. The fear of retribution is very real in the eyes of grantees. To get the unvarnished truth about grantee results, ask for the truth as a simple first step and insure that grantees don't risk punishment; one way to do this is to work collaboratively to address any concerns they raise. To kick start candor you might consider collecting anonymous input through third-party interviews or surveys (such as the [Center for Effective Philanthropy's Grantee Perception Report](#)), and gathering 360-degree perspectives from beneficiaries, experts, peers, and community members. Hosting or participating in forums for grantees and others in the field where you can wrestle openly with challenges and solutions may be another great way to encourage truth-telling.

2. Create a culture of measurement.

It takes some trial and error—and a willingness to keep iterating—to turn measurement into a practice that can truly help you learn from experience and improve performance. Test whether your approach is helping you get

better by engaging with your internal grant-making team, and with your grantees. Ask:

- Can each of you articulate clearly what people or cause we serve, to what end, and how you believe change will come about? (Then talk through any differences in your answers.)
- Do you use the data and feedback you collect to make decisions?
 - What data are you collecting now? Can you tie each metric to at least one decision about how you will allocate future resources?
 - Have you identified all stakeholders that contribute to or use the information you collect, and the value they gain from it?
 - What forums exist in which you can wrestle with data, share constructive feedback, and drive improvements?

Conclusion

By measuring results in a practical way, you and your grantees will be more likely to realize the full benefits of performance measurement. Keeping your philanthropic journey on track through measurement will not only help improve your decision-making, but also the decision-making of your grantees and the broader field.

Additional Reading

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