



GiveSmart

# Getting Better Over Time

Collaborating to accelerate social impact

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To be a successful philanthropist, you'll need to make good decisions about how to spend your money, time and influence. Yet the ultimate test of good decision-making—high-impact results—usually only becomes evident much later. True, some grants yield immediate tangible benefits (for instance, funding a community center). But what about complex efforts like improving public health or halting climate change? Here, you need to figure out not only a desirable end state, but how to ensure you really achieve it. In other words, you need a means for constantly getting better over time.

Three practices will help you gauge whether your philanthropic journey is staying on track.

First, measure your grantees' performance thoughtfully. Request and reflect on data that can truly inform your decision-making. Ask yourself: Are my grantees and their programs getting results? Also ask: How can I help them do better?

Second, ensure your philanthropic strategy is tied to grantee strategies. Ask: Do my grantees' results contribute to the overall success of my philanthropy? Sometimes the connection between your goals and grantee results is straightforward. For example, if you define success as the preservation of 1,000 acres of salt marsh, and you fund The Nature Conservancy to do just that, then your success will equal theirs. But what if the real aim of your philanthropy is to preserve an entire estuary and the salt marsh is just the initial step? Or what if you want to support a charter school with an eye to transforming a local public school system? In these circumstances, your grantees may be achieving results (the salt marsh is preserved, a charter school opens), but you may not be making significant progress towards your ultimate goal.

Third, take into account external factors. "Success" in larger contexts often depends on forces and authorities outside your direct control, such as school boards and environmental agencies. In order for an entire school district to

## Three practices will help you stay on track:

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- **Ensure your philanthropic strategy is tied to grantee strategies.** Ask: Do my grantees' results contribute to the overall success I am aiming for? Am I clear on how?
- **Take into account external factors.** What else needs to happen over and above my grantees successful execution to achieve the change I seek? Ask: What can I be doing with my time, money and influence to help?

benefit from your philanthropy, for instance, the public schools will need to learn from that charter school's experiences, and adopt its successful approaches. So, you'll need to think about the barriers public school authorities face, and how those barriers might be overcome. How does the district operate, and what are its challenges? Similarly, for the salt marsh project, there must be a meaningful interaction between the salt marsh effort and the parties that influence the broader environment.

In such cases, you will need to periodically monitor progress in the larger realm. Is there evidence that the presence of a new charter school is influencing the quality of education in local public schools? What have you learned about interactions (both natural and regulatory) between the marsh and the estuary? You should ask yourself what you, personally, could be doing (with your time, influence and skills) to create the broader change you seek.

How often should you check up? No silver-bullet schedule exists. While some donors may undertake a "strategic refresh" on a periodic basis (say every three to five years), others must react to abrupt changes, such as new legislation, breakthroughs in science or technology and shifts in public attitudes.

## What information do you need? (The Goldilocks problem)

Getting better means making better decisions about how to allocate your resources. It follows, then, that the data you collect and measure should directly inform those decisions. Yet it is hard to strike the Goldilocks balance of "just right" between measuring too little and too much.

Many philanthropists don't measure enough. They don't ask tough questions of themselves or their grantees because it is uncomfortable. It is far easier to trust the charismatic CEO, hear a handful of heart-warming stories and feel good about what you have given.

The countertrend is over-measuring, which can result in lengthy presentations that bury pertinent information in reams of data or, worse, fail to yield actionable insights. For philanthropists, one consequence of over-measurement is “analysis paralysis”—where too much data stalls rather than supports decision-making. For grantees, over-measurement has the potential to increase their cost of capital without informing their efforts. An organizational habit of over-measurement can also hinder flexibility and innovation. For example, a grantee may accumulate sufficient data that supports a new strategy, but decide to wait for 100 percent bullet-proof data confirmation before implementing it—as beneficiaries languish in the meantime.

### How to find the right balance

To measure what matters, it helps to start with a firm agreement on the end goal. It is crucial for both you and your grantees to be clear on who or what you serve, to what end, and how you believe change will come about. Then, you need to ask questions and collect data that directly informs how well you are allocating resources toward that goal. You also need to make sure your process is flexible enough to account for real-time changes.

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When choosing metrics, don't be swayed or distracted by interesting, but not necessarily useful, data. Much has been written on cutting-edge methodologies for calculating social value, such as Social Return on Investment (SROI). But even the most sophisticated measurement is only helpful to the extent that it will inform your decisions.

Also, be careful not to impose your own metrics on your grantees. Such mandates don't often stick. Your grantees are closer to the work and have personal experience in which metrics will be most effective. Obviously, you have the final say in what you choose to measure. But you should let your grantees guide the methodology.

Asking yourself and your grantees the “litmus test” questions in the box below is a healthy starting point to assess whether or not your measurement efforts are helping you improve.

## Litmus test for getting better

Want to start a discussion about how to collect information and use it to improve decision-making for your philanthropy or your grantees? Raise these issues:

- Can you articulate clearly who or what you serve, to what end, and how you believe change will come about?
- Are you collecting data about your investments or activities and their results? Can you tie each metric you collect to at least one decision about how you allocate resources or serve beneficiaries to achieve those ends?
- Have you identified every stakeholder that contributes to or uses the information you collect, and the value they gain from it?
- Have you created the right forums for you and other stakeholders to wrestle with data, share constructive feedback, and use it to drive improvements?
- Do you use the data and feedback you collect to make decisions?

## How will you get the information you need? (The importance of “truth-tellers”)

Incisive data may point the way, but philanthropists have to take steps to ensure that they also get the facts that are unpleasant. Given the absence of marketplace dynamics, competitors and paying customers, philanthropists lack direct mechanisms that can help them know whether or not their investments are off-track. Nor are they likely to have access to many truth tellers—indeed, very few philanthropists find people who will tell them that they are doing a lousy job donating money!

Because you hold the purse strings, just about everyone—grantees, staff, community partners—has a vested interest in painting a rosy picture for you. This means you are unlikely to hear about the grant that didn't succeed, or the strategy that is turning south. Absent, too, are voices of truth from the beneficiaries you hope to serve.

If you really want the unvarnished truth about your grantees' results and the effectiveness of your support, you will need to go out of your way to get it.

Simply asking for the truth is an important first step. Before you start asking the tough questions, though, assure your grantees that you want to help them succeed: All too often, candor about performance ends in a donor turning down a proposal or cutting off funding.

You want your grantee to feel comfortable sharing with you how helpful your support is (or isn't), and what you could do differently to help them progress. While hearing direct feedback is ideal, you can also collect anonymous input

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by asking a third party to conduct interviews or surveys. For example, many foundations, such as the James Irvine Foundation, ask organizations such as the [Center for Effective Philanthropy](#) to conduct surveys. You can see a short video describing what the Irvine Foundation learned and what it is doing about it [here](#).

Another way to learn how well your strategy is working is by gathering perspectives from beneficiaries, experts, peers and community members. You need to set the tone for candor by sharing the good, the bad and the ugly from your experiences. You are far more likely to gain constructive feedback from the field if you engage in direct conversations about your challenges. You can take it a step further by creating forums for both grantees and others in the field to wrestle openly with those challenges and share potential solutions. Some funders have taken steps to build opportunities for learning into their operations. For example, the Doris Duke Charitable Foundation (DDCF) regularly hosts two-day “Wise Persons Discussions.” In these discussions, a variety of experts—including academics, practitioners, grantees and community members—come together to offer critiques and suggestions on DDCF’s program strategies.

Good philanthropic decision-making is ultimately a process aimed at constantly getting better. It starts with a commitment to continually improve your philanthropy, and requires self-discipline, hard work and humility. You may make mistakes along the way, but mistakes are opportunities to learn. It is only through such unrelenting commitment that your philanthropy will be able to adapt, innovate and draw closer to achieving success.

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