

BRIEFING PAPER

TOPIC

7

EXPANDING THE IMPACT OF GRANTEES:

## How Do We Build the Capacity of Nonprofits to Evaluate, Learn and Improve?

REFRAMING THE CONVERSATION:

A GEO BRIEFING PAPER SERIES ON GROWING SOCIAL IMPACT

Have you ever wondered what differentiates nonprofits that are making a real difference in their communities from those that always seem to be struggling?

More and more often we find that high-performing organizations seek and use data and feedback to continually assess and improve their work. And sometimes if we look closely, we find that behind such efforts are supportive grantmakers that embrace the unique role they can play in helping grantees make effective use of information. These grantmakers recognize that before nonprofits can scale what works, they must understand what works. They also realize that a prerequisite to understanding what is working in their own philanthropic efforts is helping grantees understand what is working for them on the ground.

This paper discusses how grantmakers can support nonprofits' efforts to learn, improve and, ultimately, expand their impact.

What should be scaled, why and how? Strategic learning and evaluation efforts can play an important role, not only in building an evidence base about what works and

why, but also in helping nonprofits assess readiness for, plan, and implement an effort that will expand their impact.<sup>1</sup>

However, despite evaluation having *the potential* to be a powerful tool for learning and increasing impact for nonprofits, *the reality* is often something quite different.

Peter York, senior vice president and director of research at TCC Group, notes consistent challenges in all types of evaluation efforts: "What funders seek to learn is often not what nonprofits seek to learn, or are equipped to measure."

York touches on two of the most common areas of mismatch between funders and nonprofits when it comes to evaluation:

**1. Funders and nonprofits often want different types of information from evaluation and need it in different time frames.** Some funders are predominantly focused on accountability and use evaluation to look retrospectively at the work of grantees to answer the question, "Did grantees do what they said they would do?" Others tend to be most interested in formative information that can help them both gauge the progress

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<sup>1</sup> For a discussion on approaching evaluation and impact, see Grantmakers for Effective Organizations, Briefing Paper #3: "How Do We Approach Impact and Evaluation in the Context of Scale?" 2011, available at: <http://scalingwhatworks.org/resources/scaling-what-works-publications/briefing-papers-series>.

of grantees and target their resources to the most effective or promising programs. Funders almost always have time frames for using evaluation data that are much longer than those of their grantees — typically associated with annual cycles or grant periods. Grantees, in contrast, tend to be most interested in information that they can use much more quickly to inform and strengthen their strategy, programs or advocacy efforts.

**2. Nonprofits often lack capacity to systematically collect, analyze and learn from information.** While there is increased grantmaker focus on nonprofits showing evidence about the effectiveness of their work, the reality is that most nonprofits are ill equipped to conduct and participate in evaluation efforts. In the *State of Evaluation 2010*, Innovation Network reports the results of its national survey of over 1,000 nonprofits regarding evaluation practice and capacity.<sup>2</sup> The survey reveals that many nonprofits have *significant*

*barriers* to conducting effective evaluation. In fact, 71 percent said that limited staff time is a significant barrier to evaluation, followed by lack of financial resources (57 percent), lack of sufficient in-house evaluation expertise (43 percent) and lack of leadership support for evaluation (29 percent).

So given these challenges, how can grantmakers approach evaluation in a way that makes sense for themselves and for their grantees — supporting nonprofits in their efforts to evaluate, learn and grow impact?

## About This Paper Series

This briefing paper, co-authored by Dara Major and Kathy Brennan, is the seventh topic in a series from GEO's *Scaling What Works* initiative. The collection pulls together the best thinking, research and actionable approaches to scaling impact, as well as provides additional resources for grantmakers that would like to dive deeper into paper concepts and questions. Individual papers delve into topics such

as understanding approaches to scale, supporting talent development in growing nonprofits, structuring and financing scale, and more.

To access the latest topic and learn more about *Scaling What Works* and how you can get involved, please visit [www.scalingwhatworks.org](http://www.scalingwhatworks.org).

<sup>2</sup> Johanna Morariu and Ehren Reed, *State of Evaluation 2010: Evaluation Practice and Capacity in the Nonprofit Sector* (Washington, DC: Innovation Network, 2010).

## CREATING A WIN-WIN:

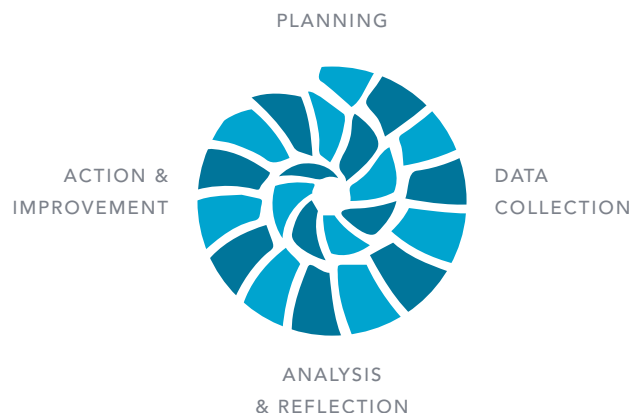
## HOW CAN GRANTMAKERS

## APPROACH EVALUATION TO

## STRENGTHEN NONPROFIT

## IMPACT?

GEO considers any activity that informs learning and drives improvement a part of evaluation. In practice, good evaluation is a cycle that begins with planning; is informed by data collection; and leads to analysis and reflection and then action and improvement — and then begins again. Across this cycle, many grantmakers want to learn more than just whether an intervention is a good idea — they want to know how it works, where and under what conditions it works, and, if effective, how it can be sustained and scaled in order to have stronger impact on people, communities and our world.



Source: Innovation Network. "Building Capacity for Evaluation and Learning" (presented at Grantmakers for Effective Organizations, Washington, D.C., January 24, 2011).

However, because of the mismatches discussed above, grantmakers and grantees rarely design evaluations that are effective at growing joint impact. For example, GEO has found that grantmakers conduct evaluations primarily for internal audiences (88 percent for staff and 78 percent for their board); only 31 percent viewed grantee organizations as a primary beneficiary of results, and just 10 percent viewed "other grantmakers" as a primary intended audience.<sup>3</sup> The Center for Effective Philanthropy has found that grantees on average do not perceive grantmaker reporting or evaluation practices to be very helpful, and approximately half have not even discussed their reports or evaluations with foundation staff or external evaluators.<sup>4</sup> What's more, research also has found that grantees often view evaluation as a resource drain and a distraction.<sup>5</sup>

Grantmakers committed to growing impact recognize the need for a shift in thinking about their role in and approach to evaluation. Indeed, in recent years there has been a shift away from thinking of evaluation as predominately a means for accountability and toward evaluation as tool to increase learning and strengthen nonprofit programs, advocacy efforts and organizational effectiveness.

The grantmakers who have embraced this shift are helping build grantees' capacity to collect and learn from the information they need to effectively scale their impact and continuously improve performance.

<sup>3</sup> Grantmakers for Effective Organizations, *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice (Full Data)* (Washington, DC: GEO, 2008), 15, available at: <http://www.geofunders.org/document.aspx?oid=a06600000044gQc>.

<sup>4</sup> Ellie Buteau and Timothy Chu, *Grantees Report Back: Helpful Reporting and Evaluation Processes* (Cambridge, MA: Center for Effective Philanthropy, 2011), 1.

<sup>5</sup> Joanne G. Carman and Kimberly A. Fredericks, "Nonprofits and Evaluation: Empirical Evidence from the Field," *New Directions for Evaluation* 119 (2008): 51–71.

A learning-focused approach to evaluation is quite different than traditional evaluation approaches in that it requires more focus on data that grantees need to inform their work rather than information grantmakers might view as most useful for their own purposes. So before diving in, grantmakers must honestly answer a few questions.

1. Are there internal organizational, programmatic or external factors that would make it difficult for our organization to increase emphasis on learning-focused evaluation?
2. Are our grantee evaluation requirements realistic given grant sizes?
3. Do we provide the necessary support for grantees to be successful with evaluation efforts?
4. Do our program staff have the skills and knowledge it takes to support learning-focused evaluation?

Grantmakers who grapple with these questions and decide to embark on a learning-focused approach must then go about the important task of communicating with their grantees about this approach, building a common understanding about how it is different than evaluation as usual, and then building trust in it.

“Building this trust will take time,” says Deloris Vaughn, formerly with Innovation Network, because “the power relationship is challenging,” and “many [grantees] will still see funders as the primary audience for this learning. However, as innovative approaches to scale take hold, and it becomes more apparent that evidence-based work is strongly supported over time, we may see a context shift as well as behavior shift — for funders and grantees.”

Grantmakers can help to build this trust by sticking to the approach over time and, suggests Beth Bruner, director of effectiveness initiatives at the Bruner Foundation, by “right-sizing” evaluation efforts to match the size and reach of the grant and partnering with grantees to clarify the purpose of the evaluation. “It’s not really about providing a carrot, which implies the presence of the flip side — a stick — but rather about partnering with grantees to be clear about outcomes and indicators, time frames and how the evaluation will be used,” she says.

## WHAT IS EVALUATION

## CAPACITY BUILDING?

Once a meaningful approach to evaluation is created by grantmakers and grantees, the next question becomes, how can we help address the lack of capacity of nonprofits to evaluate? Evaluation capacity building is the process of improving an organization’s ability to use evaluation to learn from its work and improve results. Hallie Preskill, executive director of FSG’s Strategic Learning and Evaluation Center, notes, “The ultimate goal of evaluation capacity building is sustainable evaluation practice — where members continuously ask questions that matter, collect, analyze, and interpret data, and use evaluation findings for decision-making and action.”<sup>6</sup> In other words, both grantmakers and grantees have the capacity and the incentive to conduct and use evaluation to drive improvements in their work.

At its core, implementing evaluative capacity building is about paving the way for change as a result of what is learned. These lessons enable individuals, organizations and whole systems to more effectively plan, act, advocate, raise funds and allocate resources. Yet in already resource-scarce environments, taking time to collect, analyze and use data strikes many nonprofits as a draining extra effort — one that is a luxury rather than fundamental to high performance.

Given this situation, grantmakers can play a unique role in supporting the evaluation capacity-building process. Grantmakers can approach evaluation in a way that makes it valuable to nonprofits. Grantmakers can drive much-needed resources to evaluation as well as create opportunities to put what is learned into action, at their own as well as grantee organizations.

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<sup>6</sup> Hallie Preskill and Shanelle Boyle, “A Multidisciplinary Model of Evaluation Capacity Building,” *American Journal of Evaluation* 29 (2008): 443.

## HOW CAN GRANTMAKERS

## EFFECTIVELY SUPPORT

## GRANTEE EFFORTS TO BUILD

## EVALUATION CAPACITY?

To provide appropriate support for evaluation, grantmakers should first seek to understand their grantees' context when it comes to organizational and evaluation capacity: How structurally and financially stable is the organization? Is there support for evaluation work at the board and executive director level? What are the strengths and weaknesses in the grantee's organizational learning and evaluation capacity, and where does it need assistance?

Working from a strong relationship between grantmaker and grantee, these questions can be answered in any number of ways, ranging from in-depth conversations with grantee leadership and staff to detailed capacity self-assessments that gauge organizational readiness for learning and evaluation.<sup>7</sup> As in many areas of grantmaker-grantee relations, the stronger the relationship, the more effective this exploration will be. As the Center for Effective Philanthropy reports in *Grantees Report Back: Helpful Reporting and Evaluation Processes*, the most important element of helpful reporting and evaluation processes is the strength of the relationship between grantees and their funders.<sup>8</sup>

Next, grantmakers and grantees should answer this key question: Evaluation capacity building for what? Individual program learning? A targeted outcome or more general organizational advancement? As Bruner notes, "This may sound like an obvious question, but it's absolutely essential — and frequently overlooked. Yet the answer determines the kind of evaluation capacity that is built. For instance, building discrete evaluation skills that one learns in a

workshop may accomplish a short-term outcome but in terms of organizational change and program improvement — issues that are so critical for organizations trying to scale — a more multifaceted evaluation capacity building strategy is necessary."

With a clear sense of purpose driving the development of this capacity, decisions can be made about the level and type of capacity assistance — the assistance can obviously take many forms.<sup>9</sup> For example, building evaluation capacity for nonprofits seeking to grow impact may require helping grantees develop a program plan, logic model or theory of change that is not only logical but that explicitly addresses scaling. Other likely grantee needs include information systems, internal processes *and* skills to gain a deep understanding of the conditions in which certain interventions are having success — and what might be needed to deepen or broaden that success. Assistance might include the following:

- ▷ Providing an active, ongoing sounding board; working early on with grantees to link program goals to evaluation questions; and then linking what is being learned throughout the evaluation to scaling impact.
- ▷ Creating meaningful reporting on evaluation efforts and outcomes through grant reporting and follow-up discussions.
- ▷ Making evaluators with experience in evaluation capacity building available to grantees.
- ▷ Underwriting the costs associated with evaluation efforts, including new technology to facilitate data capture and transfer.
- ▷ Providing support for evaluation skills coaching, training or workshops for an organization's staff and leadership.
- ▷ Supporting the inclusion of community or stakeholder voices in the work.
- ▷ Establishing a community of practice to engage and develop evaluation skills among peers across sites.

<sup>7</sup> Such tools include Bruner Foundation's Evaluative Thinking Assessment Tool, Innovation Network's Capacity and Organizational Readiness for Evaluation (CORE) tool, and Preskill and Torres's Readiness for Organizational Learning and Evaluation (ROLE) instrument.

<sup>8</sup> Buteau and Chu, *Grantees Report Back*, 2.

<sup>9</sup> Johanna Morariu and Myia Welsh, *Evaluation Capacity Building: Funder Initiatives to Strengthen Grantee Evaluation Capacity and Practice* (Washington, DC: Innovation Network, 2011), available at: [http://www.innonet.org/client\\_docs/funder\\_ecb\\_final.pdf](http://www.innonet.org/client_docs/funder_ecb_final.pdf).

For example, the Hartford Foundation for Public Giving has created the Building Evaluation Capacity program, a two-year program designed to provide comprehensive, long-term training and coaching to increase both evaluation capacity and organization-wide use of evaluative thinking for participating organizations. The first year of the program focuses on building evaluation skills and the second year on designing and conducting an evaluation of one of the organization's own programs. To date, 22 nonprofit organizations have built their evaluation capacity through the program and have connected to a larger community of practice.

The Forbes Funds is supporting the Southwestern Pennsylvania Afterschool Resource Collaboration to improve service delivery by out-of-school-time providers through the development of a common data collection system. This system — which includes core data sets that every program should collect as well as a data collection tool kit — will enable providers, parents, teachers and caseworkers to search for the best option for their children.

In 2008, The Colorado Trust embarked on an evaluation of its advocacy funding strategy.<sup>10</sup> The funding strategy's goal was to provide advocacy organizations funding to improve their work and help to achieve the trust's overarching vision of access to health for all Coloradans by 2018 through expanded coverage and improved health delivery systems. The trust selected nine grantees that it hypothesized could contribute to increased alignment around a shared health agenda as a precursor to change. The trust realized that to maximize learning and grow the impact of its grantee organizations, it needed a multilevel evaluation that both supported grantee-level evaluation capacity building and captured changes happening in the portfolio as a whole. To achieve this vision, the trust chose a firm to lead the portfolio-level work and then gathered a team of Colorado-based evaluators who had experience building evaluation capacity and then paired each one with a grantee over a three-year period — to grow their ability to identify and systematically measure progress in their work and report on progress outcomes that linked to portfolio goals.

The trust chose this approach because it realized that it needed to grow the capacity of its grantees to evaluate, learn and become stronger advocacy organizations if its health agenda was to succeed. It also realized that a traditional evaluation would not work well in this context — it needed to use a multilayered, learning-focused approach.

Mary Vallier-Kaplan, vice president and COO of Endowment for Health, points out why such approaches are important to issues of scale: "If grantmakers want to grow impact, well beyond the capacity of a single organization, we have to recognize that we are all part of a larger system and can create new value by putting our wealth of resources to work across that system."

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<sup>10</sup> Tanya Beer and Ehren Reed, "A Model for Multilevel Advocacy Evaluation," *Foundation Review* 1.3 (2009): 49–169.

WANT TO BE A GRANTMAKER


THAT SUPPORTS EVALUATION

CAPACITY BUILDING

TO GROW IMPACT?

To provide appropriate and effective evaluative capacity-building support to grow impact, grantmakers should consider the following strategies:

- 1. Approach evaluation in a way that creates a win-win** — Create a shared purpose for evaluation that is focused on learning and improvement rather than simply accountability and that provides relevant, usable data in a timely fashion to grantees.
- 2. Build trusting relationships and open communication with grantees** — Actively build the trust, transparency, and opportunity for planning and reflection necessary for useful learning to take place.
- 3. Understand grantees' current evaluation capacity** — Take the time to understand grantees' experience and degree of organizational readiness to conduct evaluation: what elements do grantees already have in place and what else may be needed in order to build sustainable evaluation practice?
- 4. Be clear about evaluative capacity-building objectives** — Ask the key question: Evaluation capacity building for what? Individual program learning? A targeted outcome or more general organizational advancement? This is absolutely essential, and frequently overlooked. Yet the answer determines the kind of evaluation capacity that is built.
- 5. Match evaluative capacity need to method and scope** — With a clear sense of purpose, more informed decisions can be made about the level and type of capacity assistance. When it comes to growing impact, assistance such as providing an evaluator or team of evaluators with capacity-building experience and/or underwriting the costs of evaluation, including new technology, may be particularly appropriate.



**About *Scaling What Works***

Launched in 2010, *Scaling What Works* is a multiyear learning initiative of Grantmakers for Effective Organizations, a thought leader for promoting grantee-centric philanthropic practices that lead to more effective results. With the support of a coalition of 22 funders, GEO aims to expand the number of grantmakers and public sector funders that are working together to broaden the impact of high-performing nonprofits. Through *Scaling What Works*, GEO will offer trainings, networking opportunities and a host of tools and resources, such as this paper series, to better equip grantmakers to help the nonprofit organizations they support to plan, adapt and grow their impact in creating sustainable benefits for people, their communities and our planet.

For more about GEO and *Scaling What Works*, please visit [www.scalingwhatworks.org](http://www.scalingwhatworks.org).

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**ADDITIONAL RESOURCES:**

For additional resources on building grantee capacity to evaluate, learn and improve, check out the "Useful Links" section of our website, [www.scalingwhatworks.org/resources/useful-links](http://www.scalingwhatworks.org/resources/useful-links).

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