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## High-Performance Organizations: Linking Evaluation & Effectiveness

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REPORT ON THE GEN-GEO 2000 CONFERENCE SPONSORED BY

Grantmakers Evaluation Network (GEN)  
Grantmakers for Effective Organizations (GEO)

March 29-31, 2000 ■ Fairmont Hotel ■ Kansas City, Missouri



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Linking Evaluation & Effectiveness

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**Grantmakers Evaluation Network (GEN)**

The Grantmakers Evaluation Network is an organization for foundation staff and trustees who share an interest in evaluation and philanthropy. GEN, which began in 1992, is a recognized affinity group of the Council on Foundations.

The purpose of GEN is to strengthen foundations' ability to achieve desired outcomes by using evaluation to build a culture of critical thinking and informed decision-making. To this end, GEN seeks to advocate for evaluation within the philanthropic community, enhance the capacity of individuals and organizations to be effective consumers and producers of evaluation information, and promulgate standards that reflect evaluation best practices.

**Grantmakers for Effective Organizations (GEO)**

Grantmakers for Effective Organizations is an affinity group dedicated to promoting learning and encouraging dialogue among funders doing work in the field of organizational effectiveness. GEO, which was formed in 1997, is a recognized affinity group of the Council on Foundations.

The purpose of GEO is to stimulate ongoing exploration of:

- 1) the effectiveness of nonprofit organizations,
- 2) the wide range of strategies for accomplishing organization-building, and
- 3) the constructive and catalytic roles funders can play in encouraging and supporting organizational effectiveness among nonprofits.

FOR MORE INFORMATION:

GEN: [www.hogg.lac.utexas.edu/gen/](http://www.hogg.lac.utexas.edu/gen/)

GEO: [www.geofunders.org/](http://www.geofunders.org/)



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## Why GEN and GEO Have Joined Forces

**On March 29-31**

more than 300 representatives from the foundation world met in Kansas City, Missouri, under the shared auspices of the Grantmakers Evaluation Network (GEN) and Grantmakers for Effective Organizations (GEO).

Although the event marked the first formal, public collaboration between the two affinity groups, leaders from both GEN and GEO had for several years perceived a consonance in theory and practice, and most of all, an opportunity for powerful alliance.

What precisely do evaluation and organizational effectiveness have in common?

That is the question we hoped to address throughout the GEN-GEO Conference. We believed that our colleagues from both groups could use this opportunity to explore the uncharted territory where our goals, methods, problems, and provisional solutions all meet. We were joined in this exploration by the Technology Affinity Group (TAG) recognizing the critical importance of technology for evaluation and organizational effectiveness and our natural sympathy of aspirations. However, rather than codify any definitive answers, we sought to raise useful questions, inspire fruitful dialogue, link up unlikely allies — and ultimately shape our agenda for future collaborative action.

Apparently, many of our colleagues were thinking along the same lines.

The GEN-GEO Conference included staff members from across the country, as well as from Canada. Most of North America's largest and most influential foundations sent representatives — along with one-and-two-person staffs from many of the smaller family foundations that make up the majority of philanthropic institutions today. Our ranks included numerous senior grantmakers whose depth of knowledge added insight, experience, and context to our discussions. The Conference benefited enormously from the many contributions from TAG and the eGroup, from workshops to a TechLounge. Our pre-conference events scored an extraordinarily high attendance rate, a certain indicator of commitment. Most surprisingly, one-quarter of the attendees did not belong to either GEN or GEO — a heartening sign, perhaps, of the foundation world's readiness to grapple with evaluation and organizational effectiveness, even as our goals and constituencies stand ready to converge.

In short: We could not have asked for a more interesting, energetic, and enthusiastic group of colleagues. And from the beginning, one lesson was unmistakable: The advocates of evaluation and organizational effectiveness have an extraordinary amount to learn from one another — and our mutual education has only just begun.

*Bob Eckardt, Chair*  
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*Barbara Kibbe, Chair*  
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High-Performance Organizations:  
Linking Evaluation & Effectiveness

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## At the Crossroads

## The Intersection of GEN and GEO

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grantmakers working with limited funds to meet seemingly infinite needs, we naturally desire to know whether our investments generate the best possible results. We need to recognize when our actions strengthen our nonprofit partners' ability to achieve their goals – and when they do not, and why. We must also grasp the unintended consequences of our funding decisions, be they troubling or advantageous.

The tools we use in evaluation and organizational effectiveness help us mine this kind of knowledge.

What do we mean by evaluation and organizational effectiveness?

We can debate any number of serviceable definitions, but for the sake of time, let us agree on the following elastic definitions:

**EVALUATION:** A means for achieving accountability and promoting strategic thinking – a process of inquiry that relies on analysis, reflection, and the testing of assumptions to improve program decision-making and implementation.

**ORGANIZATIONAL EFFECTIVENESS:** The ability of an organization to fulfill its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results.

In effect, we have at our disposal two organizational learning tools whose overlapping missions are pursued through differing, but complementary methodologies.

Both pursuits employ varying measures of observation, quantification, analysis, inference, and sheer gut response. Both rely on data and anecdote, investigation and conversation; in practice, they are part science, part art.

At bottom, evaluation and organizational effectiveness demand that we ask the right questions – almost always a roving inquiry posed in multiple versions of “What happened?” and “Why?” (This line of questioning must be conducted in the spirit of openness, with all parties hungry for knowledge; it cannot be force-fed.) In order to succeed, nonprofits and funders must finally use what they have learned from their investigations. Neither pursuit lies in the realm of pure research: They are tools for change.

Of course, not every foundation wants or needs to undertake grantmaking programs in these areas. Any decision to engage in capacity-building programs should be governed by foundation philosophy, planning, financial resources, available time and staff. Nevertheless, these pursuits highlight three organizational virtues that should be integrated into all philanthropic operations:

- Information-based decision-making
- Learning as a pervasive organizational value
- Capacity-building for both our nonprofit partners – and ourselves

# Beyond Hyper-Rational Market-Mad Managerialism:

## Why We Must Combine Technique With Wisdom

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GEN-GEO Conference opened with an eloquent and challenging plenary

address by William P. Ryan, a Fellow at Harvard's Hauser Center for Nonprofit Organizations. For the next two days, Ryan's words reverberated throughout the workshop sessions, in the hallways, over coffee and mealtime conversations – and with excellent reason. To begin, his address posed the provocative question: Who hijacked the nonprofit sector, and what can we do about it?

In Ryan's analysis, the nonprofit sector is under siege from all sides. Public indifference to nonprofit potential is evident in its flirtation with for-profit hospitals, nursing homes, even schools and prisons. Congress has recently shown signs of lapsing into yet another spasmodic round of investigating and regulating both nonprofit organizations and foundations. Even informed analysts inside the sector acknowledge that the sector has in many ways become less compelling to the wider public.

Why the lack of confidence? Where did things go wrong? Who's hijacked the sector?

The most popular culprit is "business thinking." There's a growing discomfort by many within the sector that a corporate ideology of "managerialism" is threatening to displace the values and passion that nonprofits aspire to.

But Ryan nominated another, far more pervasive culprit: hyper-rationalism –

or the tendency to convert every nonprofit aspiration and mission into a technical program – one that can be specified, replicated and evaluated in precise terms.

For the advocates of evaluation and organizational effectiveness – twin movements that Ryan predicts will soon converge into one – there is a dangerous undercurrent of discontent. Both movements can easily be mistaken as narrow efforts to build more technically efficient organizations, as measured through narrow technical evaluations.

If the evaluation and effectiveness movements want to be understood as part of the solution, and not the problem, they need to advance a broader image of the nonprofit organization, and of effectiveness.

Both need to advance the proposition that effective organizations are not about technical proficiency and efficiency alone. Nonprofit organizations, Ryan argued, are vehicles for passion. While we may think of effective organizations as ones that have eliminated uncertainty, just the opposite is true: effective organizations confront and deal with uncertainty.

We need to promote ideas of effectiveness that understand how the "certain, technical" knowledge that we all want to embody in program prescriptions often doesn't lead to results without the "probable" or "tacit knowledge" – the sometimes inarticulable knowledge embedded in people and organizations that enable us to get things done.

What should an evaluation and organizational effectiveness proponent do?

First: Do no (more) harm.

We must not allow our laudable aspirations for accountability and effectiveness to degrade into the mere acquisition of skills and procedures. We must make certain that our evaluations highlight the elusive quality of human effort, as well as the measurable progress towards programmatic goals. We need to marry wisdom to technique – certain knowledge to probable knowledge— allowing room for the living organism of nonprofit endeavor to breathe, mutate, reproduce, and flourish.

Our mission isn't to transform social activists into MBAs. (Indeed, quite the opposite may be necessary. To recapture our passion and sense of purpose, we should probably be reading two philosophical essays for every article from the Harvard Business Review.) Certainly, we need to gather information; but we must also reflect upon its meaning. We should stress "innovative-ness" among nonprofits – the protean quality of creativity and regeneration – in place of the all-too-common hyperactivity among foundations that spawns conflicting, mandatory, and ultimately burdensome approaches to evaluation and organizational effectiveness.

We must advance our agendas of effectiveness and evaluation by integrating them into all aspects of grantmaking – rather than isolating them into special departments, affinity groups, and annual events.

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Most of all, we need to see that if organizational effectiveness and evaluation are to take root as important movements, they must understand that organizations that exercise judgment, mobilize passion and act on uncertain knowledge are the ones most likely to create social impact.

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**Recommended Reading:**

*High Performance Nonprofit Organizations: Managing Upstream for Greater Impact* by Christine W. Letts, William P. Ryan, and Allen Grossman  
John Wiley & Sons, 1999

## Lessons Learned:

### What We (Think We) Now Know About Advancing Evaluation and Organizational Effectiveness



Throughout the Conference, presenters and participants touched upon the complementary character of our labors: how evaluation informs organizational effectiveness, and vice-versa; how capacity-building underlies both pursuits. In particular, a trio of “linked workshops” conjoining the theory and practice of evaluation and organizational effectiveness addressed our shared mission, methods, obstacles, and strategies for persistence and renewal.

These linkages are fundamental to our mutual endeavor. Evaluation seeks to improve as well as prove. Organizational effectiveness promotes change that finally must be measured and evaluated by external results.

That is not to say that all foundations approach this work through identical channels. Some foundations promote evaluation and effectiveness by directly counseling their nonprofit partners. Others support networks of private consultants through training or referral. As a body, we variously fund management service organizations; train nonprofits to seek and select their own consultants; publish materials that address common dilemmas in management, governance, and evaluation; and many other corresponding activities. Over time, most of us mix and match methods – learning, reevaluating, and rearranging as we proceed. Pluralism and variety is the happy rule.

Unsurprisingly, not every effort succeeds. But unlike the business world – where the victors routinely bury their dead, minimizing the appearance of risk – the GEN-GEO Conference attempted to reflect the full range of our experience, discussing the failures along with the successes in order to learn from them both. As a result, we were able to make a number of firm, if flexible declarations about the state of our collective knowledge.

#### Adding Value Through Evaluation

In the session titled “Foundations As Learning Organizations,” Mark Kramer and Doug Easterling emphasized the importance of rigorous, continuous self-evaluation for philanthropic institutions. The presenters stressed that the tax benefits afforded foundations, coupled with widespread expectations for social benefits, compel us to assume a value-added approach in our grantmaking programs. To this end, evaluation is key – as we strive to select the best grantees; improve their performance; leverage additional resources; and most significantly, advance the state of nonprofit knowledge and practice.

In short, we add value not merely by making good grants. We must also (and more expansively) formulate and evaluate our own strategies designed to increase organizational effectiveness among grantees, the nonprofit sector, our foundations, and philanthropy at-large. The only way we can learn if a

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strategy has proven effective (and thereby secure, improve, or properly jettison our current plans) is to measure the progress of our nonprofit partners and then correlate their accomplishments with our original design.

Indeed, evaluation should be central to our mission since it enables us to compare the impact of programs, grantees, initiatives, and our own operations relative to other foundations. Once we embrace evaluation as a means of continuous learning within our institutions, we can signal other funders and nonprofits about promising projects and practices; help managers correct their own operational course; reshape our foundation's goals and strategies with an informed eye and heightened realism; and edge the foundation world towards new standards of accountability. Moreover, once a critical mass of foundations has begun to evaluate funding decisions with openness, rigor, and consistency, we can then start to pool our findings to promote sector-wide co-learning about "what works where, with whom, under whose direction – and why."

What characterizes excellent foundation-focused evaluations?

- **Intention.** We must explore the assumptions of our own program model. How do we define success? What is our theory of change? What kinds of funding and technical assistance are we willing to provide?

- **Inquiry.** We must pinpoint the questions critical to our evaluation. What do we need to learn? What are the uncertainties? What kinds of answers might provoke us into altering our goals and methods?

- **Involvement.** All relevant staff and board members should participate in shaping the evaluation, discussing its implications, and responding to its findings.

- **Assistance.** We must select the proper evaluator – a skilled, curious, and knowledgeable professional, genuinely interested in helping us explore the central concerns of our inquiry.

- **Communication.** We must regularly update key staff and board members about the progress of our evaluation,

allowing opportunities for comment, reconsideration, and readjustment. We should never spring the complete results on people at the study's end.

- **Interpretation.** Upon completion of the evaluation, we must strive to make sense of its findings with inquisitiveness, humility, and a lack of defensiveness – all traits leading to a true "culture of learning."

- **Influence.** Evaluations are learning tools ultimately intended to serve the entire community; they must be shared. We should find ways of disseminating our studies that can satisfy the learning needs of our grantees and foundation colleagues.

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#### The boon of unintended consequences

At another session, Mike Allison, Director of Consulting and Research at CompassPoint Nonprofit Services, described the lessons learned from his organization's role in facilitating the Organizational Capacity Grants Initiative (OCGI) – an ambitious project aiding 16 human service agencies in California's Silicon Valley, and funded by the Peninsula Community Foundation, Schwab Family Foundation, and Sobrato Family Foundation.

Through OCGI, agencies received \$50,000 per year for two years to improve select aspects of their organizational capacity. Projects touched upon marketing, fundraising, human resources, and administration – as well as a heavy emphasis on technology (11 out of 16 groups completed tasks involving information management). Executive directors participated in bi-monthly meetings with their cohorts, as well as one-to-one "funder liaisons" to secure communication and monitoring.

One surprising outcome of OCGI was the way in which capacity-building

expanded the vision of grantees, enabling them to recognize new opportunities for service that were seemingly unrelated to project activities. For example, when a homeless shelter improved its human resource practices, the board and staff suddenly perceived that they had the existing capacity to open a second site – a possibility that had been previously obscured by the detritus of daily operational problems. Capacity-building appears to sweep clean our organizational sightlines, opening up new opportunities to think, plan, and act with greater acuity, depth, and purpose.

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#### Observations from the field

The David and Lucile Packard Foundation has been making grants to support the organizational effectiveness of their grantees for more than 15 years. Although its efforts span the full range of nonprofit endeavor – from projects building upon the strengths of the nation's largest institutions to small and subtle interventions among local community projects – a number of generally applicable lessons can be drawn from their experience.

- **Management challenges are normal for nonprofits.** As a result of growth, risk-taking, or the need to adapt to a rapidly changing environment, even the best-managed group will face problems throughout the course of its life.

- **There are no quick fixes.** There are no permanent fixes either. Effectiveness requires persistent attention since change is the rule of nonprofit life.

- **Ideas are nothing; thinking is everything.** There are many paths to competency, many kinds of capacity. We should insist on thoughtfulness and reflection, not adherence to any one philosophy or method.



● **Proffer the pole, not the fish.** Coach your grantees to select the best consultant to meet their needs. Don't pick the consultant for them. All consultants eventually leave; skills last a lifetime.

● **In times of great change, our support can reap great dividends.** Bumps along the road often signal opportunities to rethink, reposition, and re-engineer. We shouldn't shy away from crisis.

● **Don't redesign the kitchen while the house is on fire.** On the other hand, a genuine catastrophe – earthquake, flood, or the total breakdown of board and staff relations – does not signal an auspicious moment to begin planning, training, assessment, or evaluation. What's probably needed is a quick infusion of cash or immediate action to end the emergency. Once the flames are quenched, you can all get back to the drawing boards.

● **Speak the truth.** To establish trust, maintain credibility, and negotiate the ever-present power differential, we must take great pains to be honest from start to finish with our grantees.

● **Change demands a champion.** Nonprofit life is endlessly busy, relentlessly harried. Without an inside advocate, even the best opportunities for change will be set aside in favor of coping with the demands of daily operations.

● **Building an organization is a long hard haul.** Almost everybody underestimates the time and effort required to make substantive change. Patience, resilience, and fortitude should be our watchwords.

● **We don't know enough yet.** (But we're learning...) As grantmakers for evaluation and organizational effectiveness, we can build our knowledge base through continued research, reflection, and the sharing of lessons we continue to glean from the field.

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**Recommended Reading:**

"Lessons Learned from 15+ Years of Grantmaking to Support the Organizational Effectiveness of Grantees" by Barbara Kibbe

## *Why evaluations sometimes fail*

Not every program we fund reaps its intended results; not every evaluation we undertake stimulates the learning and change we desire. Typically, we find that foundation- focused evaluations fall short of their promise for the following reasons:

- The evaluation concentrates on the nonprofit's performance, not its relationship to the foundation's strategy.
- Information gets hidden because the nonprofit views evaluation as a cudgel for accountability – not a learning tool to be shared.
- Foundations that work by responding to developments in their field fail to grasp that this approach is, in itself, a grantmaking strategy – and thus requires evaluation like any other.
- The evaluation focuses exclusively on the performance of grantees, ignoring the foundation's internal operations – thereby missing the opportunity for an analysis of staff and board behaviors.
- Even when the evaluation does focus on the foundation's strategy, the results are buried because of a lack of timeliness in dispatching the report or discomfort with its findings. If the foundation has not properly defined and framed the questions it wants answered, the evaluation will also descend into irrelevance.
- The evaluation proves impractical because the evaluator fails to make clear recommendations; or the results arrive too late; or they cannot be translated into practice.

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## Transformative Tools:

# How the Pursuit of Evaluation and Organizational Effectiveness Can Change the Life of Our Foundations



Most discussions about evaluation and organizational effectiveness focus on the benefits to nonprofits: the multifarious opportunities for measuring impact, building capacity, correcting drift, renewing the passion that propels the mission. But nonprofits are not the exclusive beneficiaries in these efforts. Foundations may likewise profit.

At the most basic level, the formal commitment of a foundation's board and staff to undertake the painstaking design of evaluative and organizational effectiveness grantmaking programs raises the inevitable question: Are we applying the same standards to ourselves that we demand from our grantees?

### Are we walking our talk?

Almost certainly, the answer must be no. At least, not completely, not always, not yet. Evaluation and organizational effectiveness should be strengths in perpetual development. Most organizations, whether they are nonprofit or philanthropic, require planning, experimentation, set-backs, self-assessment, new plans, and progressive rounds of resurgent effort before they can reach a plateau of acceptable performance. Of course, that is also what we should ask from our grantees: not instantaneous success, but the steady march towards improvement.

At the workshop titled "New Ways of Assessing Foundation Effectiveness and Impact," presenters and participants discussed the ways in which their grant-

making programs had altered their own institutional culture.

### Evaluating Foundation Progress

As a leader in its field for some 30 years, the Robert Wood Johnson (RWJ) Foundation has supported a great variety of programs designed to improve the health of our nation's citizens. Just as important, explained Jim Knickman, Vice President for Research and Evaluation, the Foundation has taken pains to analyze the performance of these programs, often at great expense and exertion. Yet two years ago, the Foundation's board decided to institute a series of profound changes that ultimately reshaped both its grantmaking and evaluation procedures by focusing on the philanthropic institution's progress in advancing its own long-term mission.

In recent years, the RWJ Foundation has funded efforts to further three broad goals: expanding access to health services; improving care for the chronically ill; and reducing harm from tobacco, alcohol, and drugs (recently amended to include concerns of community health, exercise, diet, and the like). Within these three goals, program officers enjoyed wide latitude to determine what kinds of projects they would support. Evaluations were then conducted to determine each project's effectiveness.

While this approach encouraged flexibility, openness to new ideas, and an entrepreneurial spirit among staff – with individual program officers sometimes operating like mini-foundations – it did not champion follow-through or sustain focus. Nor did the emphasis on program

evaluation enable the Foundation to chart its own movement towards realizing its larger mission. When the board urged a shift towards the evaluation of the Foundation's progress, rather than the summary performance of numerous projects, the staff responded with a variety of operational innovations.

First, the staff formulated eleven strategic objectives covering the program areas. Only after deciding what they wanted to achieve in each area did the staff construct their projects – a stark reversal of many foundations' frequently-unconscious procedure. The staff also formed eleven teams to advance their strategic objectives, identified the factors that encourage and inhibit change, and decided which factors were worth working on. Finally, the teams devised the measures for which each objective – and the program officers – would be held accountable. For example, in pursuit of improving care at end of life for the chronically ill, the team focused on four objectives: expanding the curriculum in medical and nursing schools; securing pain management in hospitals; widening public awareness; and encouraging better state policies governing these issues. Evaluation of the objectives included measurements related to process (how many projects did we support, were they the ones we anticipated?); line of sight (what were the incremental steps towards achieving our goals?); the Foundation's designated outcomes (were our goals realized?); and the unanticipated social outcomes (what occurred beyond the scope of our goals?)

As a result of this shift in goal formation, grantmaking policy, and evaluation methodology, the Foundation witnessed

several key improvements. First, grant-making strategies were imbued with a critical, enlivening logic – a continuing conversation between means and ends. Staff were encouraged to work in teams, a process too often afforded mere lip

service at most foundations. Finally, and most critically, the staff and board could actually determine the impact of their grantmaking in relation to their long-range goals.

Of course, there were also downsides to the new approach. Even now, the

Foundation must struggle to avoid becoming a prisoner of its own logic – diminishing staff creativity, missing out on unexpected opportunities that fail to comport with the well-wrought plan. But with these liabilities in mind, the staff and board have settled upon an amending measure: To ensure strategic flexibility, the RWJ Foundation continues to make 30% of its grants outside of the defined program areas.

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## *Fast, Cheap, and (Relatively) Easy: Evaluation for Small Foundations*

For the small foundation, evaluation can appear to make overwhelming demands on time, staff, and financial resources. In truth, the average two-person philanthropic office should not throw itself into costly longitudinal studies or undertake massive experiments in evaluation, regardless of their potential. Lengthy, expensive, labor-intensive projects are best left to funders with the staff and budgets to handle them.

That's not to say that small foundations should ignore evaluation. Small foundations can reasonably advance the cause of learning and accountability among their grantees (and within their own organizations) by taking into account the following shortcuts and advice....

- **Ask the hard questions before you begin.** You must know from the start precisely what you want to evaluate, why, and how you plan to use the results. If you can't answer these questions, it's best to postpone the entire effort until you can.
- **Tap existing resources.** Most of your grantees already collect data that they probably do not recognize as a potential source for evaluation. Enrollment figures, school grades, breakdowns on client income, and a host of other telling facts may already be handy to assist in the design of practical studies.
- **Encourage self-evaluation.** The costs and complexities of hiring an outside evaluator discourage many small foundations from undertaking even those projects that fall within their scope. Fortunately, the outside expert isn't always essential in rooting out useful information. By encouraging grantees to launch a frank, low-cost self-evaluation – and then engaging your nonprofit partners in an equally open, honest, and non-judgmental discussion of their findings – you can excavate precisely the kind of data and insights you need.
- **Stress the opportunities for learning.** People love to learn. They are far less interested in being held more accountable. The design of your evaluation should offer genuine opportunities for nonprofits to improve their skills, knowledge, and operations. Lead with the promise of organizational transformation; minimize the dread of judgment.
- **Borrow whenever possible.** Duplication among foundation-sponsored evaluations is a problem within the nonprofit sector; don't add to it. There probably already exists an evaluation (or several) that outlines best practices in your funding area, or field-tests various approaches to service delivery, or points to the kinds of organizations well-positioned to undertake specific problem-solving ventures. Ask around, find out what your foundation colleagues have previously accomplished, make good use of the work that's available.
- **Maintain modest aspirations.** Your foundation probably funds scores of organizations in a dozen fields. Don't plan to evaluate everything at once. Evaluation is a skill whose mastery is built upon modulated, incremental efforts. Start small, evaluate selectively, and learn from your mistakes as well as your successes.

### **Self-Assessment and Internal Change**

Another striking example of a funder's internal transformation involved the Mary Reynolds Babcock Foundation.

The Babcock Foundation – whose goal is to reduce racism and poverty in the Southeastern United States – complemented its recent change in executive leadership with a vigorous commitment to greater board involvement. For a full year, board members immersed themselves in learning about their region, its problems, assets, and potential. They conducted site visits, attended lectures, recruited guest speakers, commissioned papers, and read voluminously at home. At the conclusion of this ambitious self-study, the board forged a new statement of purpose and values to serve as the touchstone for the next round of grants.

Most important, board members asked: Are our grants helping to build capacity within the organizations that we support both morally and materially?

Instead of posing the conventional question – should we approve this

grant? – the board was able to elevate their inquiry to more pertinent-ly ask: What’s the best action to take at this time in order to advance our cause? What projects and organizations are likely to ignite progressive action? What do our grantees require to pull themselves up to full capacity – and how can we serve their needs?

The Babcock board’s expanded knowledge, tightened focus, and new concern for organizational accountability injected into their actions an invigorating sense of realism. There were fewer symbolic gestures cast at large, possibly insurmountable problems; more sober expectations for limited, strategic impact: less tendency to oversell the potential of any one project – a change that the foundation’s executive director, Gayle Williams, described as “almost a revolutionary concept in philanthropy, where everything is oversold.”

The emphasis on self-assessment also took the unexpected turn of altering the composition of the foundation’s board. After a year of rigorous study and community feedback, the board decided to expand its ranks to include more people of color, poor and working class community members, and representatives from the local activist groups that the foundation funds.

The lessons are unmistakably applicable to most foundations: To change the world, we may first have to change ourselves.

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## Technology on Track: Managing Tools for Change



Information is the prime asset for nonprofits and foundations. In order to contain, organize, seek, bundle and deploy information, we rely on the indispensable tool of computer-assisted technology. Many foundations, in the name of improving and controlling information-flow (and in turn improving organizational effectiveness) have made grants to help nonprofits improve and update their computer technology.

But in doing so, foundations must also bear in mind...

- **Moore’s Law:** Computer speed doubles every 18 months.
- **Metcalfe’s Law:** The value of information increases exponentially with each network utilizing it.
- **The Cost/Complexity Curve:** Costs expand exponentially with the complexity of our systems.

These principles – borne out over years of application within business and government – suggest two fundamental lessons that the nonprofit and philanthropic sectors must consider when selecting and paying for new tools.

Lesson #1: As soon as it has been unpacked, your new computer is obsolete. That doesn’t mean it’s useless; it’s just not state of the art. No matter: Few people need to own the latest, most powerful equipment on the market. Instead, organizations should select hardware that suits present needs and anticipates probable future growth; and then back it up with extensive training, appropriate software, and practical add-ons. The average cost of keeping a PC workstation in operation is \$1,000-\$1,700 per year. We must remember: Technology is not a capital expenditure, but an annual operating expense.

Lesson #2: Local area networks (LANs) offer an excellent return on investment. Both nonprofits and foundations should create LANs to direct the select flow of information, and then equip these networks with Internet access and e-mail capabilities. Costs are declining daily.

### The technologically on-track organization:

- Integrates technology needs into the strategic plan
- Includes board members on the organization’s standing technology committee
- Budgets annually for technology costs
- Involves the entire staff in developing the organization’s technology plans
- Allocates plenty of time and money to training, recognizing that most technological deficits are lodged not in the insufficiency of equipment, but the inexperience of users

### On the other hand... The technological disaster waiting to happen:

- Vests all expertise in a single staffer
- Employs technical experts who do not grasp or support the organizational mission
- Possesses limited understanding of their equipment’s capacities – viewing computers as smart typewriters or wide-screen calculators
- Regards technology as an obstacle whose mastery is now perversely mandated by an over-wired, too-in-touch world

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## Ethics for Matchmakers:

### How to Influence the Lives of Our Nonprofit Partners and Feel Good About It in the Morning



Foundations enter the gray area of ethical uncertainty when they begin making grants for evaluation and organizational effectiveness.

Whether the funder underwrites the costs of a consultant – the usual arrangement – or pursues the less common practice of directly advising its grantees, the situation is rife with potential conflict in terms of power, boundaries, inadvertent messages, and unintended consequences.

At the heart of the dilemma is the exceedingly intimate nature of the assistance offered by foundations to nonprofits. Evaluation and capacity-building call up fundamental questions of organizational identity. Fear, resentment, defensiveness, worry, and resistance may arise among nonprofits. Funders can feel frustrated, misunderstood, ignored, helpless, and hapless. Finally, we must convince our nonprofit partners that our desire for them to build capacity is not a judgment on their performance, but an aspiration for maximum effectiveness.

This familiar, complicated territory was explored at the workshop titled “Matchmaker, Matchmaker: Ethical Questions for Third Party Funders of Management Enhancement” – a session whose spirited exchange raised far more questions than could possibly be answered in a single day.

Carol Lukas, Director of National Services at the Amherst H. Wilder Foundation, opened the session with a

discussion of the four categories of ethical ambiguity in which funders most commonly find themselves embroiled.

● **Role.** Eventually almost every foundation observes problems with the management, governance, or evaluative procedures of its grantees. When and how should we address these problems? Should we ever ignore them? What is the best way to raise the prospect of aiding the nonprofit? Does our board have a policy regarding management assistance? Most important: Who will conduct the intervention to provide aid and advice? How will they be chosen? and by whom?

● **Standards.** We believe that we know it when we see it: that enviable entity – the effective organization whose governance, management, and evaluative capacities enliven its learning and further its mission. But can we apply the same standards of excellence to all nonprofits? Are there categories and qualities of excellence with which we are not yet acquainted? How should we respond when we encounter a group achieving good results without the benefit of a strategic plan, financial controls, or some other tool that we deem an organizational necessity? How do we apply the conventional benchmarks of excellence to raw young organizations, experimental program designs, unfamiliar cultures, extremely small or very large multi-chapter groups, and international projects?

● **Example.** Our willingness to intervene in the organizational life of our nonprofit partners suggests that we must know something they do not. Upon closer inspection, this assumption

is not always justified. Before we tinker with the inner-workings of our grantees, we should frankly ask ourselves: Do we plan effectively, budget our time and resources wisely, and make evaluation an on-going part of our own operations? If we do not, why not, and what are we going to do about it? Does our emphasis on nonprofit capacity-building actually substitute for addressing our own organizational deficits? Does our board regularly review our own capacity-building plans? How do we hold ourselves accountable for realizing our plans? Do we provide our staff – and board – with the same level of training we recommend for nonprofits?

● **Influence.** The power differential between grantmakers and grantseekers is enormous, transparent, and implacable. Do we consider this factor in all our dealings with nonprofits? How can we avoid posing questions or making suggestions that will be construed as directives? Do we provide room for our nonprofit partners to discuss important issues with us in an honest and open manner – even to the point of vigorous disagreement? Are we willing, even eager, to learn from the nonprofit world?

Issues of trust, candor, discretion, and fidelity ran through many of the comments and questions raised by participants in this session. Among the knottier themes:

● How can funders and consultants share information without betraying the confidence of nonprofits?

- How much do we need to know about the inner strife and struggle of our grantees – just a broad outline, or all of the “gory details?”
- What should funders do when they discover possible criminal malfeasance, such as embezzlement?
- Who is the consultant’s client – the nonprofit, the foundation, or both? Who is accountable to whom?
- Is there ever a time when we should curtail our relationship with a nonprofit due to information uncovered by capacity-building?
- What are the ethical ramifications of recommending consultants? Can we ensure their quality?
- Should we discourage our grantees from hiring consultants we consider ineffective?
- What should we do when the nonprofit engages a consultant who cannot adequately perform?
- What should we do when the consultant’s intervention fails?
- Should we offer to support capacity-building efforts for all our grantees or a limited number? What should be our selection criteria?

## Helping Nonprofits Learn to Be Better Consumers of Consulting

The value of assistance in both evaluation and organizational effectiveness often hinges upon the choice of consultants, and their proper use.

How can we help nonprofits pick up the skills to recruit, interview, hire, and work with the best consultants?

The David and Lucile Packard Foundation begins by handing out a short book: *Succeeding With Consultants: Self-Assessment for the Changing Nonprofit*. In fewer than 80 pages, the book covers tips for selecting and working with a consultants – and provides six easy-to-use self-assessment tools for identifying the strengths and weakness in the nonprofit’s governance, planning, fund development, financial management, public relations and marketing, and quality assurance.

### Recommended Reading:

*Succeeding With Consultants: Self-Assessment for the Changing Nonprofit*  
by Barbara Kibbe and Fred Setterberg  
The Foundation Center  
79 Fifth Avenue  
New York, NY 10003 (212) 620-4230  
[www.fdncenter.org](http://www.fdncenter.org)

### For more information, contact:

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[www.wilder.org](http://www.wilder.org)

### Recommended Reading:

“Ethics and the Menage a Trois”  
by James Abernathy  
Environmental Support Center  
4420 Connecticut Avenue NW, Suite 2  
Washington, D.C. 20008  
(202) 966-9834

# GEN-GEO Conference Learning Fast Track: Capacity and Skill-Building Approach to Evaluation

Presenters offered an engaging sampler of sessions to familiarize participants with the basics of best practice evaluation and to showcase innovative approaches to evaluation. Among grantmakers, evaluation practice is evolving into a new model which combines capacity-building and participatory learning, and which blends a variety of developmental and program-improvement based approaches.

Five workshops illustrated how empowerment evaluation, logic modeling, cluster evaluation, and participatory evaluation have been applied by grantmakers, and introduced these new methods and resources. Common themes included the sharing of evaluation responsibility across multiple stakeholder perspectives, the value placed on both expert *and* practitioner wisdom, qualitative and quantitative methods/analysis matched to the questions addressed, as well as reliance on an overarching theory of change to provide and guide a learning and improvement-focused evaluation framework.

## PRE-CONFERENCE WORKSHOP

### ABCs of Evaluation

Presenter: Mark A. Lelle, W. K. Kellogg Foundation, Battle Creek, MI

Participants applied the W. K. Kellogg Foundation's use of logic models as a means toward improving grantmaking, strengthening grantees, and informing board and staff. Also highlighted was cluster evaluation—part of a lessons learned approach to documenting program outcomes.

- *W. K. Kellogg Foundation Evaluation Handbook*—(Item # 1203) available on request from the Collateral Management Company, 1255 Hill Brady Road, Battle Creek, MI 49015, (616) 964-0700. Also [www.wkkf.org/Publications/evalhdbk/default.htm](http://www.wkkf.org/Publications/evalhdbk/default.htm)
- *A Hands-on Guide to Planning and Evaluation*—available on request from the National AIDS Clearinghouse, 1565 Carling Avenue, Suite 400, Ottawa, Ontario, K1Z8R1, (613) 725-3769.

- *Evaluation Basics*—a website with links to introductory texts, “how-to” manuals and guides, journals, and organizations. [www.nnh.org/products/eval2-2.htm](http://www.nnh.org/products/eval2-2.htm)

## CONFERENCE WORKSHOPS

### Evaluation Skills-Building Workshop #1— Empowerment Evaluation

Presenter: Margaret Dugan, Empowerment Evaluation Institute, San Francisco, CA

Empowerment evaluation is a systematic process that focuses on how all stakeholders can be involved in and accountable for making evidence-based decisions through participatory self-assessment.

- The Empowerment Evaluation Institute [www.stanford.edu/~davidf/institute.html](http://www.stanford.edu/~davidf/institute.html)
- Fetterman, D.M., Kaftarian, S. J., & Wandersman, A. (1996). *Empowerment Evaluation: Knowledge and Tools for Self-assessment and Accountability*. Thousand Oaks, CA: Sage.

### Evaluation Skills-Building Workshop #2— Logic Modeling

Presenter: Susan Philliber, Philliber Research, Accord, NY

The logic model approach to evaluation maps the theory of change or “social journey” traveled by stakeholders. The logic model shows programmatic intent to connect resources, activities, outputs, and outcomes.

- *Logic Model Development Guide: Using Logic Models to Bring Together Planning, Evaluation, and Action* (Fall 2000)—this workbook will be available upon request, please send your contact information to [dmc@wkkf.org](mailto:dmc@wkkf.org) to reserve your copy.
- Outcome Resource Network—The United Way [www.unitedway.org](http://www.unitedway.org)
- Reisman, J., & Clegg, J. (2000). *Outcomes for Success*. Available from The Evaluation Forum, 1932 First Avenue, Suite 403, Seattle, WA, 98101 (206) 269-0171

### Evaluation Skills-Building Workshop #3— Cluster Evaluation

Presenter: Mark A. Lelle, W. K. Kellogg Foundation, Battle Creek, MI

Cluster evaluation, pioneered by the W. K. Kellogg Foundation, enables the evaluation of the impact of groups of similar projects. More of an evolving process than a specific method, cluster evaluation assesses the progress, and impact of large scale, multi-project, initiatives using the tools best suited for a situation.

- *W. K. Kellogg Foundation Cluster Evaluation Model of Evolving Practices* (1995) and *Learning from Cluster Evaluation: Observations and Implications for W. K. Kellogg Foundation Staff, Grantees, and Consultants* (1996). Available from the W. K. Kellogg Foundation Evaluation Unit, One Michigan Avenue East, Battle Creek, MI 49017, (616) 969-2036.
- *Leaders Against Family Violence: A Fictionalization Account of a W. K. Kellogg Foundation-Sponsored Cluster Evaluation*, —(Item # 1204) available on request from the Collateral Management Company, 1255 Hill Brady Road, Battle Creek, MI 49015, (616) 964-0700.

### Evaluation Skills-Building Workshop #4— Participatory Evaluation

Presenter: Susan Grimm, Custom Measure, Denver, CO

Participatory evaluation is people-centered; it actively engages grantees in building relationships of mutual respect. The design and continuous monitoring/revision of evaluation plans, implementation, and reporting are co-created among evaluator and evaluand. Doing evaluation “with” rather than “to” stakeholders engenders buy-in and use.

- *Who Are the Question-Makers? A Participatory Evaluation Handbook*—Available from the Office of Evaluation and Strategic Planning, United Nations [www.undp.org/eo/who.htm](http://www.undp.org/eo/who.htm)

## Weathering the Storm of Reform:

### Or, How to Ensure Progress As the Sky Clears



At the closing plenary, Paul Light, Vice President/Director of Governmental Studies at The Brookings Institution, delivered a vivid, impassioned summary of the state of evaluation and organizational effectiveness by drawing upon the major themes discussed at the Conference – and coupling them with his own investigations into the nonprofit, public, and private sectors. Light urged the gathering to aim beyond “ordinary excellence” – mere facility with the latest computer system, immersion in yet another chic management technique. Instead, he stipulated that our efforts should prepare us to “expect miracles.” In pursuit of a reinvigorated vision of nonprofit potential, he eloquently reminded us not to sell short our hopes for evaluation and organizational effectiveness, even as we contend with four powerful countervailing trends and conditions.

#### ● **Our own uncertain expectations.**

For all our efforts, foundations do not yet know how to improve nonprofit performance and impact. Or to press the point further and more fairly: Nobody knows very much about how and why nonprofit organizations succeed – or where the pressure points reside for enhancing their capacities. We have begun to assemble best practices, but we cannot yet link them assuredly with impact. (Six board meetings each year may serve as the standard; but who can point to the demonstrable benefit of this practice?) Compared to business and government, the nonprofit sector remains uncharted territory.

Of course, we understand from our own experience and observation that design and management do matter. We also realize that dependable financial support is necessary, particularly as the nonprofit mission expands. (“The logical extension of doing more with less,” one government leader recently quipped, “is doing everything with nothing.” The inclination towards false economies is another trend we must cope with.) But beyond some broad outlines of necessity, we cannot confidently enumerate the steps required to shore up nonprofit weaknesses, bolster strengths, and drive the sector towards its goals.

#### ● **Asking too much from nonprofits.**

Nonprofits now face a flood of well-intended reforms similar to those that have swamped government. In the name of efficiency, or waste-saving, or outcomes, or openness – each an undeniable virtue, and all subject to fanatical excess – the nonprofit sector must shrug through wave after wave of mandated changes originating with foundations and government agencies. As Congress and the public grow more skeptical about nonprofit impact and its tax-exempt privileges, we can expect even greater demands and regulations in the guise of innovation and righteous accountability – despite the paucity of proof that any particular reform will reap its intended effect.

Experience tells us that the more requisite reforms we heap upon the nonprofit plate, the greater the permission we implicitly give for nonprofits to back away from the table entirely unfed. If we ask our nonprofit partners to choose between dozens of different reforms, they will find it easier, even necessary, to ignore them all.

#### ● **Asking too little from nonprofits.**

Efficiency, best practices, and innovation: these are all laudable aspects of our collective enterprise, and yet they do not alone justify the human and financial resources poured each year into the nonprofit sector. In addition to our aspiration that organizations be well-run, we should also urge that they be established, nourished, and expanded by passionate people for inspired reasons. The nonprofit sector is barren if it is relegated to merely serving as a jobs program, or a depository for tax-exempt funds, or the sector of last resort for everything government and business find too difficult or unprofitable to undertake.

The nonprofit sector should be the realm of necessary, even glorious achievement – its operations characterized by intelligence, self-awareness, learning, and zeal. It should credential common sense over procedure; tacit knowledge, abiding faith, and boundless passion underlying all. We should make visible our assumptions about capacity-building, describing as precisely as possible what we envision as the “preferred state of being” for steadily improving organizations. We should make distinctions between innovative organizations and ordinary excellence. (Both are important; but our means of improving social services and fomenting social change necessarily differ.) We should attempt to sequence the strategic path of improvements – helping nonprofits to recognize, for example, that effective budget management is the necessary precursor to program innovation.



● **The fuzzy future.** Whither the nonprofit sector? We don't really know. Reforms abound. Boundaries are eroding between business, government, and nonprofit endeavor. The dot.com economy is daily drawing away talent and passion that might otherwise come from the younger generation. What will the nonprofit sector look like in the coming decade? How will it differ from business and government? (Might it consist entirely of organizations whose missions cannot be reconfigured to the profit-through-technology imperatives of the new economy?) Will reforms bind every effort into a bundle of regulations and reports? Where will the sector's leaders come from? How can we make it possible for talented people to spend their entire careers within the sector? What does the public need to know in order to vigorously support nonprofits – and how can we best reach them?

What role can funders now play in shaping the future and making certain that we do not surrender to the accidents of history?

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**Recommended reading:**

*Making Nonprofits Work: A Report on the Tides of Nonprofit Management Reform*  
By Paul C. Light  
The Aspen Institute/Brookings Institution Press  
1775 Massachusetts Avenue  
Washington, DC 20036  
www.brookings.edu

## The Future of GEN-GEO:

### Where Do We Go From Here?

**b**y the Conference's end, we were energized and enlivened by our experience. The presentations had proven provocative, impassioned, ingeniously digressive, resistant to dogma and constrictive design; in a word, inspired. New ideas were exchanged, alliances formed: The event had served its purpose.

#### What next for GEN and GEO?

Rather than formulate a strategic plan for future action, the Conference concluded with an affirmation of core values that GEN and GEO intend to embrace – particularly as we spend the next few months determining precisely how to combine our resources and pursue our corresponding goals. From these principles, we expect to witness the growth of a great range of collaborative achievements.

● **Openness.** GEN and GEO should blend data with judgment, observation with hunch. We should reject research results as the ultimate value, while listening to our own best instincts and the quieter, subtler messages of our nonprofit partners.

● **Honesty.** For every activity we undertake, we should acknowledge not only the benefits, but also the costs. We should openly discuss our failures, demonstrating our resolve to learn from them.

● **Rigor.** Our assumptions should be measured against real world results. We must regularly challenge our thinking – without falling captive to hyper-rationality. GEN and GEO should serve as visionary correctives to the blind forces of reform.

● **Commitment.** Our knowledge and our passion must intersect to sustain us throughout the coming years. GEN and GEO must take advantage of the opportunity now afforded us to shape the sector-wide conversation about the future.

#### Grantmakers Evaluation Network (GEN)

[www.hogg.lac.utexas.edu/gen/](http://www.hogg.lac.utexas.edu/gen/)



#### Grantmakers for Effective Organizations (GEO)

[www.geofunders.org](http://www.geofunders.org)



# CONFERENCE agenda

## Pre-Conference Sessions

Session #1: ABCs of Evaluation – *Presenter: Mark A. Lelle*

Session #2: ABCs of Organizational Effectiveness –  
*Moderator: Barbara D. Kibbe, Presenters: James  
Abernathy, Diana Gurieva, MaryAnn Holohean, Mary  
Walachy*

Session #3a: Funding Effective IT Projects – *Presenter:  
Lisa Dill, Managing Director, eGroup*

Session #3b: Technology Planning, Management, and  
Evaluation – *Presenter: Aaron Levine, Ford Foundation*

Opening Dinner – *Speaker: Louis W. Smith*

Opening Plenary – *Presenter: William P. Ryan*

## Workshops Round 1

Overview of Four Evaluation Approaches: A Sampler –  
*Moderator: Gary D. Nelson, Presenters: Margret Dugan,  
Susan Grimm, Mark A. Lelle, Susan Philliber*

New Ways of Assessing Foundation Effectiveness and  
Impact – *Moderator: Mike Howe, Presenters: James R.  
Knickman, Gayle Williams*

Mining Nuggets of Knowledge: Capturing and Sharing  
Useful Lessons Learned – *Co-Presenters: Ricardo A.  
Millet, Cynthia Phillips*

Putting Together Organization and Leadership  
Development: Providing for Creative Excellence and  
Sustainability in an Uncertain Environment –  
*Co-Presenters: Ruth McCambridge, Lisa Sullivan*

Matchmaker, Matchmaker: Ethical Questions for Third  
Party Funders of Management Enhancement –  
*Co-Presenters: James Abernathy, Carol Lukas*

Management Service Providers: Benchmarking for  
Quality Support and Services – *Moderator: Frances G.  
Hansford, Presenters: Hedy Helsell, James R.  
Vallaincourt, Robert Walker*

The Search for Indicators of Nonprofit Effectiveness:  
Three Funders' Case Studies – *Moderator: David O.  
Renz, Presenters: John Bare, Janine Lee, Page Snow*

Technology Planning, Management, and Evaluation  
– *Presenter: Aaron Levine, Ford Foundation*

## Workshops Round 2

Everything You Wanted to Know About Evaluation –  
*Moderator: Robert E. Eckardt, Presenters: Stacey  
Daniels-Young, Mark A. Lelle, Edward Pauly*

Evaluation Skills-Building Workshop #1: Empowerment  
Evaluation – *Presenter: Margret Dugan*

Leadership Development and Executive Transition  
Management: Keys to Long-Term Organizational  
Effectiveness – *Moderator: Jan Masaoka, Presenters:  
Tom Adams, Suzanne Feeney, Tim Wolfred*

Evaluation Skills-Building Workshop #2: Logic Modeling  
– *Presenter: Susan Philliber*

The Tides of Nonprofit Management Reform –  
*Presenter: Paul C. Light*

Beyond Y2K: Latest Developments in Technology  
Support Networks for Nonprofits – *Moderator: Rob  
Stuart*

Using Assessment to Strengthen Organizational  
Performance – *Presenters: Jonathan Peizer, Bill  
Vesneski, Richard Zorza*

Building Organizational Capacity: Case Studies in IT  
Implementation – *Moderator/Presenter: Gary Walker,  
Presenters: Mary McCormick, Mary Visser*

## Workshops Round 3

Foundations as Learning Organizations – *Co-Presenters:  
Doug Easterling, Mark R. Kramer*

Organizations in Crises: Support That Can Get and Keep  
Organizations on Track – *Presenters: James Abernathy,  
Diane Ives*

Evaluation Skills-Building Workshop #3: Cluster  
Evaluation – *Presenter: Mark A. Lelle*

Technology Circuit Riding: Lessons from the Field –  
*Moderator/Presenter: Trabian Shorters, Presenters:  
Denise Joines, Sean O'Brien, Michael Ward*

Evaluation Skills-Building Workshop #4: Participatory  
Evaluation – *Presenter: Susan Grimm*

Internet-Based Collaboration: A Digital Dividend  
Countering the Digital Divide? – *Moderator/Presenter:  
Tom Reis, Presenters: Alison H. Fine, Felipe Rivera,  
Stephen G. Vetter*

Evaluating Programs Designed to Improve  
Organizational Effectiveness – *Moderator/Presenter:  
Kristi Jackson, Presenters: Mike Allison, John A. Seeley*

Case Studies in Organizational Communications:  
Integrating Online and Traditional Methods –  
*Presenter: Dirk Slater, Welfare Law Center*

Closing Plenary – *Presenter: Paul C. Light*

Conference Outcome Discussions



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High-Performance Organizations:  
Linking Evaluation & Effectiveness

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