



## **“Do as I say...” (How) Do Foundations Assess Performance?**

Foundations influence nonprofits not only by the dollars they deliver but also by the standards they set and the questions they ask. Both historically and in contemporary times, philanthropists have been interested in results. A recent study<sup>1</sup> suggests there is much work to be done in verifying the impact of their investments, however. A survey of CEOs of 173 large foundations (annual giving of at least \$5 million) across the country provides this snapshot of their approach to performance assessment.

- Nearly three quarters of foundation CEOs say assessment of foundation effectiveness is among their highest priorities.
- Acknowledging great progress in the last decade, more than 60% of the foundation CEOs say that too few foundations understand their overall performance.
- A majority of foundation CEOs believe that nonprofits should be held to higher standards of evidence.
- Of the responding CEOs, 70% believe foundations should place a greater emphasis on understanding the effectiveness of the organizations they fund.
- 19% of the respondents believe too much emphasis is placed on data and more should be placed on intuition.
- Nearly three-quarters of foundation CEOs (73%) say they provide financial assistance or other support to help some grantees measure performance. Only 9% do it for all their grantees.
- According to the CEO responses, the main sources of information they use to assess the effectiveness of their foundations’ programmatic work are: anecdotal feedback (94%), written reports (92%) and site visits (90%).
- Other sources of information are growing in use but less common. Examples include: evaluations of individual grants (70%); grantee surveys (66%); grantee focus groups (64%); program or issue area evaluations (60%); and grant cluster evaluations (52%).
- The majority of foundations turn to third party evaluators to conduct formal assessments of their work.
- The median spending on formal evaluation is two percent of a grant maker’s budget and fewer than half of foundation grants have formal evaluations conducted.
- More than a quarter of the respondents (26%) said they are using coordinated measurement systems with other funders
- A smaller percentage of CEOs are collecting feedback from beneficiaries and believe this has provided a better understanding of the progress their foundations are making.

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<sup>1</sup> The Center for Effective Philanthropy, Inc. “The State of Foundation Performance Assessment, A Survey of Foundation CEOs” written by Elli Buteau, Ph.D. and Phil Buchanan, 2011.