



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Understanding & Sharing What Works

PROFILES OF FOUR FUNDERS
PROPELLING PHILANTHROPIC PRACTICE

By Lowell Weiss

Cascade Philanthropy Advisors



Understanding & Sharing What Works

PROFILES OF FOUR FUNDERS PROPELLING PHILANTHROPIC PRACTICE

AUTHOR

Lowell Weiss, Cascade Philanthropy Advisors

FOR MORE INFORMATION, CONTACT

Ellie Buteau, Ph.D.
Vice President—Research
617-492-0800 ext. 213
ellieb@cep.org

ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

ACKNOWLEDGMENTS

We are very appreciative of the support that made this work possible. Special thanks are due to the Fund for Shared Insight, who provided the funding for this research.



We are also grateful to the foundation leaders who took the time to be interviewed for and contribute to this report. Some of the foundations included in this report have provided CEP with grant support or have been clients of CEP.

The report does not necessarily reflect the individual views of the funders, advisors, or others listed.

For more information on CEP, please visit www.cep.org.

This work is licensed under the Creative Commons BY-NC-ND License.
© 2018. The Center for Effective Philanthropy, Inc. All rights reserved.



THE CENTER
FOR EFFECTIVE
PHILANTHROPY





TABLE OF CONTENTS

6

Introduction

8

Rockefeller Brothers Fund

12

Weingart Foundation

16

Communities Foundation of Texas

20

Impetus-PEF

26

Conclusion

INTRODUCTION

This piece is a companion to *Understanding & Sharing What Works: The State of Foundation Practice*. Our goal is to bring to life the data and insights from that report by sharing stories from four funders whose practices may be valuable and relevant for others.

The four foundations—Rockefeller Brothers Fund (New York City), Weingart Foundation (Los Angeles), Communities Foundation of Texas (Dallas), and Impetus-PEF (London)—are diverse not only in terms of geography. They also have very different origins, structures, endowments, and issue interests. What they all share in common is that they have executives and boards who have chosen to be proactive learners and sharers.


To select these four examples, we did *not* engage in a comprehensive analytical exercise. CEP simply mined the interviews it conducted for *Understanding & Sharing What Works* and reached out to experts in learning and sharing practices to come up with a small, diverse sampling of good learners and sharers.

The leaders of these four foundations would be the first to tell you that they don't consider themselves to be ahead of everyone else. They know they haven't figured it all out. Like many foundation leaders, they struggle to determine how best to learn about the impact of their efforts without running the risk of taking false credit, overburdening staff or grantees, or falling into "analysis paralysis." Similarly, they all believe in sharing programmatic and operational information beyond the little required of them by the IRS, but they're all still in the process of figuring out what and how to share without undermining grantees, staff, board, or the fields in which they operate.

The work of these four foundations shows that learning and sharing what works is hard, time-consuming, and often frustrating. These profiles also illustrate in story form the report's survey finding that there's little consensus on what tools are most useful. (See Figure 2 in the companion report.)

Sharing what *doesn't* work is especially difficult, and not just because we're reluctant to admit "failure" to ourselves, our boards, and our peers. The leaders of the four foundations we profile here echoed the companion report's Key Finding 3: too-limited sharing is also a function of the fact that most foundations don't have staff with experience in this type of sharing and that foundations find it difficult to determine what information is useful to communicate.

Despite these challenges, all four of the foundations are prioritizing this hard work, building learning and sharing into their culture in a way that fits their resources and needs. They're showing what's possible. And they're doing it not because it's the "next thing" or because they feel external pressure, but rather because they believe learning and sharing helps them advance their programmatic mission.



For example, to advance a central tenet of its mission to advance “social change that contributes to a more just, sustainable, and peaceful world,” the Rockefeller Brothers Fund made the decision not only to divest from all fossil fuel companies (especially bold considering the fact that the family’s wealth originated with Standard Oil) but also to provide the public with detailed information about its investments in the hope of building a movement. To create lasting impact in Dallas, Communities Foundation of Texas has built a consortium of nonprofits and funders who want to learn together about evidence-based strategies for poverty alleviation. To help their grantees learn and improve, both the Weingart Foundation and Impetus-PEF share aggregated data from across their portfolios on what’s working and what’s not for strengthening organizational performance.

For all four foundations, learning and sharing are core tools of effective philanthropy. We hope their examples spark an honest, productive discussion at your next board meeting or leadership retreat.



Location: NEW YORK CITY

Type: PRIVATE FOUNDATION

Established: 1940

Assets: \$1.2 BILLION

Staff: 47

Mission: The Rockefeller Brothers Fund advances social change that contributes to a more just, sustainable, and peaceful world.

IT'S A 'FAILURE OF MANAGEMENT' IF YOU FAIL TO SHARE

If Stephen Heintz were an actor, he would frequently get cast as a senator or president in serious, Oscar-bait films. He's got the confident carriage of a leader who is comfortable taking a difficult moral stand.

Early in his career, Heintz was in fact a public servant, but there was nothing glamorous about that role. Just eight years out of college, he became the social services commissioner for the state of Connecticut, managing the state's welfare programs. "It was a tough job... with constant scrutiny from the state legislature and the media," he said. "But my experience in government and politics was invaluable for what I have been trying to do in philanthropy."



Stephen Heintz, left, in his role as Connecticut social services commissioner

One experience had an outsized effect on how he thinks about sharing what's working and what's not. When Heintz learned that he had not done a good enough job of weeding out eligibility errors in Connecticut's food stamp program, he immediately called the governor. "I told him my plan was to put out a press release acknowledging it." The governor said, "Why would you do a crazy thing like that?" Heintz explained that he wanted to get ahead of the story and share what the agency would do to bring the error rate down. The governor reluctantly gave his assent, making it clear that if the strategy backfired Heintz would be hung out to dry.

Heintz made the right call. "I put out the press release and then called the journalist for the major daily. The headline the next day was something like 'Commissioner to Fight Food Stamp Errors' rather than 'State Fined for Errors in Food Stamp Program.'" That gave Heintz the breathing room to fix the problem.

His experience in public service taught Heintz that being transparent about successes and failures was effective not only for government leaders, but also for those seeking to build relationships with government leaders. When foundations, nonprofits, or businesses sought his support for a measure, it mattered greatly whether they were open, trustworthy organizations. “Those of us who have these privileged opportunities in philanthropy will never... create systematic change unless we engage the public sector,” Heintz said. “And that requires us to share our learning... including acknowledging failure.”

When Heintz was named president of the RBF 17 years ago, the foundation did not have a consistent approach to sharing successes or failures. The Fund has always had a focus on *learning* what works. In fact, it was the founders’ grandfather, John D. Rockefeller, Sr., who originated “scientific giving”—that is, engaging in rigorous, problem-solving initiatives rather than just



Rockefeller Brothers Fund’s founders with their father

giving from the heart. And yet the RBF founders were not known for publishing or speaking about their work. They felt it was fine to shine a spotlight on grantees, but it was unbecoming to shine a light on themselves. The trustees felt that “we are just enablers,” said Heintz. That belief “put a restraint on how transparent the foundation could be when I first arrived.”

Soon Heintz found his opening, fittingly by making a mistake. In his first meeting with the full Rockefeller family, he shared a report on the RBF that emphasized only the rosy elements. A prominent member of the family came up to him at lunch and told him in a supportive tone, “We don’t need to be told how good things are.” In other words, you can give it to us straight.

That advice gave Heintz the courage to push the Fund to be more transparent about successes and failures. “My inclination was that to be successful... we had to be more public-leaning and public-facing. And to do that, there would need to be a process of building consensus around our strategies... and telling stories even when things don’t work.”

Today, the RBF shares beyond-the-call-of-duty information across every part of its operations—from strategies to results, finances to diversity. It has become an open, transparent organization its nonprofit, private-sector, and public-sector partners can learn from and trust.

PROGRAM LEARNING AND SHARING

In 2013, the RBF unified and codified its approach to learning what works and what doesn’t across its six areas of grantmaking—Democratic Practice, Peacebuilding, Sustainable Development, China, Western Balkans, and Arts & Culture—and then shared its approach publicly in full and in brief.¹ The RBF approach focuses on “helping staff and trustees to better understand the effectiveness of our grantmaking..., make mid-course corrections as necessary, and identify opportunities to share our insights with external audiences,” in the words of its learning report.

The RBF learning approach has three main elements. First, staff develop and seek board approval for program guidelines that lay out the Fund’s vision, goals, and strategies for each program. Second, staff and board engage in strategic reviews of each program every three to five years, sometimes with the help of outside consultants. These reviews use interviews with key stakeholders (including staff, grantees, funders, and other field leaders), analyses of internal documents (proposals, grantee reports, background memos, and board materials), and online surveys to examine how the work is progressing against established progress indicators. Third, after each program reaches an appropriate level of maturity (usually five to ten years), the RBF commissions impact assessments, always conducted by outside evaluators. The RBF makes these documents available for download to help applicants, grantees, policymakers, funders, academics, and other stakeholders learn from the RBF’s work.² “We’re generating a lot of information,” said Heintz. “It would be failure of management” not to share it.



We list the names of all the impact investments we’ve made so others can monitor and critique us.

–Stephen Heintz

The RBF also collaborates with other organizations to increase its learning and sharing about its grants and programs. It commissions Grantee Perception Reports (GPR)[®] and Applicant Perception Reports (APR) from CEP to get a nonprofit’s-eye view of the foundation’s grantmaking processes and impact. “We have found that really, really helpful, and it has lead us to make specific changes in our relationships with grantees, especially in how we communicate. We still clearly have work to do in that regard, but it’s been very, very useful,” Heintz explained. RBF has shared the full report from the surveys it commissioned in 2005, 2010, and 2016.³

INVESTMENT LEARNING AND SHARING

In September 2014, the RBF made arguably the biggest announcement in its nearly 75-year history: Its trustees decided to divest from fossil fuels, the source of the Rockefeller family fortune, at a time when very few institutional investors were doing so. “We decided to be very [open] about our goals, aspirations, and plans,” Heintz explained. “We knew there was enormous added value to doing so because of the brand we carry.”⁴

The RBF has gone on to share detailed information about its mission-aligned investments, including its divestment from fossil fuels, to encourage other foundations and large institutions to follow suit. “It was not easy to gain consensus on this internally, but we now list the names of all the impact investments we’ve made so others can monitor and critique us. Through transparency, we hope to show others that you can do impact investing and also grow the endowment.”

Heintz believes that the RBF’s signaling has influenced others. “When we announced our divestment, the total assets divesting was 50 billion dollars,” he noted. “As of now, the total assets under management... are 6 trillion dollars. We feel we have been an important part of growing that movement.”

EXAMPLES OF RBF'S MISSION-ALIGNED INVESTMENTS

Fund Name	Commitment Date	Current Value*	Asset Class	Geographic Focus
Generation IM Global Equity Fund	March 2014	\$97,120,029	Global Equity	Developed Markets
Agility Global Equity Impact Fund	January 2016	\$100,000,000**	Global Equity	Global
Stewart Investors Worldwide Sustainability Fund	October 2016	\$23,151,728	Global Equity	Global
Ownership Capital Global Equity (USD) Fund	March 2017	\$52,592,404	Global Equity	Global

*As of July 31, 2018

**Reflects committed level; current market value approximates \$66 million.

OPERATIONS: LEARNING AND SHARING

As part of its public commitment to institutional effectiveness, the RBF also tracks and shares a great deal of operational data.⁵ While most funders share only what's required of them on the IRS's private foundation tax form, the RBF goes well beyond the norm in the following areas:

Diversity: In its annual review, the RBF publishes data on its progress in diversifying its staff (currently 59 percent white, 41 percent people of color) and board (85 percent white, 15 percent people of color).⁶ The RBF's staff and board have concluded that ongoing evaluation of diversity and inclusion "is crucial to fulfilling the RBF's mission."

Governance: The RBF shares its board bylaws; code of conduct and conflicts of interest policies; and committee charters.⁷

Finances: The RBF posts its audited financial statements every year.⁸

CONCLUSION

To mark its 75th anniversary in 2015, the RBF held a public event focused on historical reflection and learning. The centerpiece of the event was a discussion, moderated by the journalist Bill Moyers, featuring Heintz and all his living predecessors as well as the board chair and two former chairs. In stark contrast with Heintz's first presentation to the Rockefeller family, Heintz told Moyers in advance that he wanted him to ask every speaker to share a failure along with a success. "Usually at anniversaries, it's all about patting on the back," Heintz said. "I'm glad we went a different way."



Heintz shared a story he had never told before. "We've been very involved in the Western Balkans, trying to build peaceful, democratic societies. We thought that maybe it would be useful to foster a truth-and-reconciliation process similar to the one in South Africa. It completely flopped." All of the other participants had important stories of their own.

The panel discussion was a hit in the room. It offered powerful signaling to RBF's staff, board, grantees, and other stakeholders that failure is part of the job—not cause for recrimination. "If we are not failing some of the time, we are not doing our job," in the words of the essay "Risk and Failure: RBF at 75."⁹ It also marked a powerful transparency transformation, one that is now deeply embedded in the RBF's DNA.



Location: LOS ANGELES, CA

Type: PRIVATE FOUNDATION

Established: 1951

Assets: \$786 MILLION

Staff: 18

Mission: To build a better Southern California by supporting nonprofit organizations to more effectively serve the underserved.

COMMITMENT TO TRANSPARENCY

Although today Fred Ali is the widely admired President and CEO of a prominent foundation, he knows well what it feels like to be an outsider. In 1972, after he graduated from college, he went to work as a teacher in a tiny Yupik village accessible only by plane and boat. (Yupiks are often called Eskimos, but many consider that term to be derogatory.) He had to work hard to earn the trust of the Yupik communities in which he lived and worked over the next 17 years.

After Ali moved to Los Angeles in the late 1980s to run a nonprofit serving homeless youth, he had the good fortune of being invited to make a pitch for funding to the Weingart Foundation. Once again, he felt like an outsider. Weingart Foundation was an intimidating place with a board made up of elite businessmen (and no women). Four times, he rode up to the 30th floor and then back down again before he finally summoned the courage to get out, enter the Weingart suite, and make his pitch.



Fred Ali with grantees

The pitch was successful. Ten years later, the board asked Ali to become the foundation's president.

LEARNING, LITERALLY FRONT AND CENTER

But for the foundation's downtown LA office building, the Weingart Foundation today is very different from the institution Ali joined. Under the executive leadership of Ali and his deputy, Belen Vargas, Weingart has become a funder working and learning in the community with sleeves rolled up. When CEP asked Weingart's grantees to describe the foundation in 2013, the two words they cited most frequently were "responsive" and

“supportive.” In the words of one anonymous grantee, “Of all the foundations we work with, Weingart’s program officers are the most transparent and helpful.” Five out of nine board members and 15 of 18 staff members are people of color. All staff members have first-hand experience working for or with community-based organizations or social service agencies.

It’s fitting that “What We Are Learning” is in the center of the navigation bar on Weingart’s website, because learning is at the heart of its organizational culture.¹⁰ “Our default is to share what we’re learning—good and bad,” Ali told us. “We have a hard time understanding why there are so many secrets in this field.... It would be much better if people would share this information... with anyone who could benefit from it.”

The “What We Are Learning” section gives special prominence to the foundation’s efforts to learn and improve in the area of diversity, equity, and inclusion. When Weingart announced, in August 2016, that the board and staff were going to make equity the primary lens for all policy and program decisions, the foundation committed itself to “a year of intensive listening and learning in order to learn how people were responding to our initial plan and hear what suggestions they might have to strengthen our strategies around equity.”¹¹ In December of that year, Vargas reported on what the foundation was hearing from stakeholders and what immediate steps it would take to address stakeholders’ questions and concerns.¹²

In March 2017, the foundation brought 170 grantees, funders, policymakers, and business leaders together at LA’s Japanese American National Museum to learn together. “The Weingart Foundation has only recently embarked on this journey, and we still have much to learn from our philanthropic colleagues and nonprofit partners as well as allies in the public and business sectors,” Ali shared that day. Weingart posted all the research findings and videos from that convening on its website.¹³

Weingart has been transparent about its equity research in the hope of influencing other foundations. It has taken a similar approach to sharing its thinking and lessons learned on other areas of philanthropic practice, such as providing grantees with unrestricted operating support and supporting nonprofits in understanding and advocating for the full cost of delivering their services.¹⁴ It has shared not only what’s worked but also what hasn’t. For example, in 2013, the foundation shared disappointing results from a pilot of a technology platform for connecting nonprofits to relevant capacity-building services: The pilot’s planning team concluded that it was not on track to build a user base of 5,000 people—the critical mass necessary for producing high-quality crowd-sourced content. Based on those results, Weingart and eight other funders decided not to build on the pilot.¹⁵

LEARNING AND ASSESSMENT FRAMEWORK

Weingart’s learning approach, which it lays out in detail on its website, is quite different from that of other foundations.¹⁶ That’s because its grantmaking is also quite different. Weingart’s grants are usually in the form of unrestricted general operating support rather than project support, because the foundation believes that its best chance of creating lasting change is to help good nonprofits in its region become great ones. “We are primarily concerned with grantees using our unrestricted dollars to strengthen organizational effectiveness,” Ali explained. “We have identified seven areas of organizational effectiveness—from board governance to fund development—that we’re interested in learning about, and we have developed a Learning and Assessment Framework for doing that.”¹⁷

A SNAPSHOT FROM WEINGART'S LEARNING AND ASSESSMENT FRAMEWORK

FUNCTIONAL AREA: FUND DEVELOPMENT AND STAFF AND INFRASTRUCTURE

SUB-ITEM	AVERAGE RATING
Fund Development: Capacity Has sufficient capacity from staff and/or volunteers to implement fund development activities	3.90
Staff and Infrastructure: Staff Structure and Size Staff is in place to implement core administrative and programmatic work	4.07
Staff and Infrastructure: Staff Development and Support Provide and/or support ongoing staff development opportunities, including for Executive Director	4.12
Board Governance and Engagement: Board Development Board recruits and trains new board members with relevant skills and backgrounds	4.12
Fund Development: Funding Model Has an appropriate funding model or structure that supports core infrastructure and programs and is integrated into long-term budget projections	4.20

RATING KEY:

- | | |
|---|---------------------------|
| 1 - Does not meet minimum threshold | 4 - Solid |
| 2 - Clear need for increased capacity | 5 - Functioning well |
| 3 - Getting by, and there is room for improvement | 6 - Goes above and beyond |

This highlights the five organizational disciplines that program officers deem to be the least developed across the portfolio.

Ali, Vargas, and the rest of the Weingart team spent a year and a half working with grantees to develop the Learning and Assessment Framework. “Our grantees co-created the framework every step of the way,” according to Ali. “That drove our consultants crazy. We stopped the process many times and said to the consultants, ‘We have to go back to our grantees.’”

Ali was intent on building a learning system that would be very different from what he experienced when he was running a nonprofit. “I came in with a bias that most of the evaluation work that I had to do for funders had been total waste of time,” Ali said. “It was all check-the-box, accountability stuff, not learning that was benefitting the organization I was running.” The late Weingart board member John Mack, who had run the Los Angeles Urban League, felt exactly the same way. “John made it very clear to us that it couldn’t be a waste of time for grantees. It had to be learning for both sides.”

Joyce Ybarra, Weingart’s director of learning, rolled out the Learning and Assessment Framework in 2016. The following year, Ybarra shared all of the baseline data she collected from grantees.¹⁸ This year, Ybarra will be able to analyze two years’ worth of data and produce more insights about individual grantees’ organizational development as well as search for patterns across the portfolio. “Now we hope to find out whether the capacity of our grantees has changed over the grant period, and how our support may or may not have influenced or catalyzed those changes,” said Ybarra. “We also want to see if positive changes in infrastructure and capacity across the seven areas of organizational effectiveness lead



We have a hard time understanding why there are so many secrets in this field.

–Fred Ali

to positive changes in other areas important to our grantees.” Weingart has already committed to sharing this information publicly later this year.

Despite the foundation’s clear emphasis on learning about organizational outcomes rather than programmatic ones, Weingart does commission third-party program evaluations as well. “We just made large, multiyear commitment to the Martin Luther King, Jr. Community Hospital with the Ballmer Group,” Ali said. “There’s a big hospital shortage in that area [of Los Angeles]. We will track this investment closely [with the help of external evaluators] and publish everything. We want our community to learn with us.”

GRANTEES SPEAK TRUTH TO POWER

Although the foundation does not conduct evaluations of grantees’ use of its office elevators, it’s fair to say that grantees are not riding up and down the elevator multiple times like Ali once did. Today, most grantees report that they feel the foundation values them as experts in their communities and fields.

Not only does Weingart commission CEP to conduct Grantee Perception Reports and Applicant Perception Reports, share the full reports, and report on what it has learned from them.¹⁹ It also picks grantees’ brains through frequent “listening sessions” with nonprofit leaders that help inform the foundation’s strategies on important issues, such as juvenile diversion and immigrant rights. (To show that it values grantees’ expertise, it compensates them financially for taking the time to share their insights.) In addition, the foundation regularly invites nonprofit leaders to board meetings to help board members learn directly from those working on the frontlines of the problems the foundation wants to solve.

CONCLUSION

Ben Weingart, who became wealthy by investing in Southern California real estate after the Second World War, once said of his early life that he was “an anonymous orphan.” His parents died, probably of tuberculosis, before he reached school age. When rags eventually turned to riches, Weingart started making modest gifts in the communities in which he built properties. In a nod to his origins, he made most of those gifts in the name “Anonymous.”

Today, the foundation he started is the opposite of anonymous. Under Ali and Vargas’s leadership, the foundation is considered by many in Southern California to be a model of openness and transparency about its learning process and approach to philanthropy. As a result, Weingart is having significant influence on funders in its region—as well as large national funders.

Ali believes Weingart would be pleased with the Foundation’s evolution. Weingart would surely admire the ways the board and staff have become proactive learners in service of others who, like Weingart himself, started life on the wrong side of America’s enormous economic and social divides.



Ben Weingart



Location: DALLAS, TX

Type: COMMUNITY FOUNDATION

Established: 1953

Assets: \$1.1 BILLION

Staff: 90

Mission: CFT stimulates creative solutions to key challenges in our community. We thoughtfully and effectively support our diverse donors and grantees by providing exemplary service and by demonstrating accountability. We improve lives through an unwavering commitment to lasting impact.

A COMMUNITY FOUNDATION'S LEARNING CULTURE

Given that America's 750 community foundations are the stewards of more than \$75 billion in philanthropic assets and often play an "I live here and care deeply" leadership role in the places they serve, we knew we wanted one of our four profiles to highlight a community foundation.

Communities Foundation of Texas (CFT) was an obvious choice, because it has made knowledge-capture and sharing a core part of its work. In the words of Sarah Cotton Nelson, CFT's Chief Philanthropy Officer, "We're excited about what [sharing] has done for us. It's upped our game and the level of service and support to community."

Nelson's passion for learning and sharing derives in part from a searing experience early in her career. After spending a year helping El Salvador rebuild civil society in the wake of its bloody civil war, Nelson took a job running a youth center in inner city Los Angeles. "Nearly everything that can go wrong in a nonprofit did while I was there," she told us. "It was probably the most frustrating year and a half of my life."

Instead of having a culture of learning what works, the organization had the opposite: Nelson was instructed by her boss at the end of a grant year to inflate clients' academic progress and mental well-being scores on case reports to more closely match the outcomes promised to the funder. When Nelson suggested the organization speak to the funder candidly about what had worked and what hadn't and what had been learned in the process, her boss said they could not jeopardize their funding that way. She promised herself that she would not contribute to such deceptions in the future. She went on to spend 12 years as a survey research methodologist for RAND Corporation, one of world's most rigorous research and analysis firms, before joining CFT in 2008.

PREACHING LEARNING AND IMPROVEMENT

Nelson’s combination of passion and rigor, heart and head, have enabled CFT to help hundreds of nonprofits adopt stronger learning practices. One method by which CFT has done this is through the creation of the innovative Data Driven Decision-Making Institute, or D3.²⁰ It’s a graduate-level course for grantees on how to collect and use data more strategically to make a bigger difference for the families they serve. The program gives leaders a full day of training each month for nine months. It comes with a modest grant of \$10,000 to offset the costs of leaders taking time away from work, along with 20 hours of individual consulting with a data coach to help the leaders and their staff apply what they are learning, taking into account each organization’s specific needs, abilities, and circumstances.

One of the core messages of D3 is that nonprofits should play offense rather than defense when it comes to learning and sharing. “We help them see the value of collecting and sharing data for their own purposes, not simply to satisfy funders and donors,” said Nelson. “We tell them if you’re not proactive, foundations will ask for... outcomes that don’t match your programs.”

The training program costs CFT approximately \$30,000 per agency. At first, CFT’s trustees were nervous about investing so much money in “capacity building” and the staff time to develop and run the program. Their preference had always been to give directly to organizations via grants. But today,

CFT’s staff and board are delighted they took the risk. “It is phenomenal,” Nelson reported. “Organizations across our community are now using data to inform budgeting, staffing, and programs in new ways. CFT’s D3 investment paid huge dividends, way beyond simply giving each organization a grant of \$30,000. We’ve seen impact across the whole community... from the participating organizations learning together and from those same organizations sharing their enthusiasm for data and its many uses with their peers.”



CFT staff and partners gather in 2015 for a reunion of CFT's Data-Driven Decision Making Institute

According to Galen Smith, former Director of Community Financial Stability at United Way of Metropolitan Dallas, “Having Communities Foundation of Texas... come forward and create a safe space for nonprofits to learn from experts... in data collection helped to demystify data collection and outcomes. Before D3, outcomes and measurements were scary things.”

PRACTICING WHAT IT PREACHES

CFT does not just preach to grantees. It has also been eager to learn from its own grants and to play a big role in building and disseminating issue knowledge in Greater Dallas. “We have taken the view that whatever key information we have access to, [sharing it] is a big part of our mission,” Nelson told us.

To fuel its own learning and that of its grantees, CFT now evaluates its large discretionary grants through a partnership with the SMU Center on Research and Evaluation (CORE). However, CFT has a policy of not sharing with the public most third-party evaluations it

commissions because of the potential negative impact on grantees. “If something terrible comes out, then we want the organization to have the opportunity to correct it based on the information the CORE report provides, without being on the front page of the *Dallas Morning News*,” said Nelson. “Our policy is to use data as a flashlight and not a hammer.”



We’re excited about what [sharing] has done for us. It’s upped our game and the level of service and support to community.”

–Sarah Cotton Nelson

To help build greater knowledge in its community of effective poverty-alleviation strategies, CFT worked in concert with the national Asset Funders Network to start a local North Texas Asset Funders Network, which brings together nonprofits and funders who want to learn together.²¹ Topics have included income volatility, lending circles, and workforce development. As Nelson put it in her official bio, she is “deeply committed to creating a bridge from best practices identified in the research world, to the nonprofit practitioners who often face a scarcity of time to source what is being shown most effective in their fields of practice.”

CFT has invested heavily in deepening the whole community’s knowledge in the area of economic security and self-sufficiency for working families. “It was shocking, but when we started there was no [current] information on the people in our community living just above the poverty line—those the federal government defines as the working poor.” The only information on the topic was dated, because it was collected before the Great Recession. CFT commissioned a comprehensive report to inform its own work and that of other organizations in the community.²² “We found that it was a niche that just was not being served,” said Nelson. After reading the report, Dallas Mayor Mike Rawlings told the *Dallas Morning News*, “We’re all like deer in the headlights with these numbers. It’s good that the headlights are shining on us, but we’ve got to take action.”²³ To help spark that action, CFT created the Working Families Success Network of North Texas, which has provided an intense learning program and new collaboration among 19 different agencies serving low-income working families.

THE LIMITATIONS

Like many community foundations, a large percentage of CFT’s annual grants come out of donor-advised funds (DAFs). CFT board and staff do not direct these DAF assets to causes of their own choosing, because the families that establish these DAFs recommend where the money should go. CFT has a lot more ability to evaluate and disseminate knowledge from its discretionary grants than from the grants that come from DAFs. This is a parameter common to many community foundations.

Wende Burton, CFT’s Senior Director of Community Philanthropy, acknowledged that CFT can only go so far in encouraging donors to direct their gifts to organizations that have stronger track records and more evidence of effectiveness. “As long as an organization has its [tax-exempt status] in good standing and the donor is interested in funding it, we will make the gift.” However, when it comes to large gifts, such as one donor’s gift of \$300,000 to a literacy organization that was less effective than others serving a similar population, the foundation does try to “help the donor see that a particular organization is not the best out there and that there are better ways to spend the money,” according to Burton.

A similar limitation can be seen when CFT, like many other community foundations, publishes its annual Giving Guide.²⁴ While the guide is valuable to the community, it does not share learning about what approaches or organizations are the most evidence-based or the most effective. “Community foundations need to have a ‘democracy of giving approach,’” said Nelson. “And I really do believe in my heart of hearts that if people give to what they love and to what they feel most connected to, then they will give more overall to the community—and everyone benefits. If a donor asks for my opinion though, I will always give it.”



Sarah Cotton Nelson

CONCLUSION

CFT has a Texas-sized commitment to learning—including learning from its own initiatives and helping its grantees learn from theirs. It is a true positive outlier in terms of the time and resources it invests in learning. And that investment has paid dividends to the foundation in terms of donor satisfaction. In its most recent Donor Perception Report, conducted by CEP, it scored at the 95th percentile on overall satisfaction. When donors elaborated on these ratings in open-ended comments, they consistently cited not only the responsiveness and professionalism of the staff but also the foundation’s knowledge of community needs and the way it uses this knowledge to drive meaningful change for the people of its region.



Location: LONDON, ENGLAND

Type: GRANT-MAKING CHARITY

(funds come from individuals, foundations, and corporations)

Established: 2013, following the merger of Impetus Trust (founded in 2002) and the Private Equity Foundation (founded in 2006)

Assets: \$10 MILLION

Staff: 33

Mission: We transform the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work, and in life.

THE IMPETUS TO LEARN AND SHARE

Impetus-PEF, formed through the merger of two like-minded foundations with roots in the UK's private-equity sector, is not the kind of grantmaker that's content to write a check and receive a report a year later. Instead, its internal team and network of seasoned *pro bono* consultants work shoulder-to-shoulder with each grantee to support learning and improvement. Chiku Bernardi, one of Impetus-PEF's investment directors, describes this intensive approach as "empathetic challenge."

Impetus-PEF developed this approach five years ago after getting hit with an unexpected challenge of its own.

Shortly before the merger of the two foundations was complete, the then-CEO of Impetus Trust invited David Hunter, the former director of assessment for the Edna McConnell Clark Foundation, to come to London to advise her team and board. She was already aware that Hunter spoke his mind—and that appealed to her. But she learned the hard way how unsparing Hunter can be when he detects daylight between rhetoric and reality.

On the first day of his four-day session in London, Hunter seized upon the fact that the new foundation, like both of its predecessors, was pushing grantees to scale before they had evidence they were achieving meaningful, measurable results. "I told them that their approach... was doing more harm than good, creating big opportunity costs for intended beneficiaries, and wasting enormous sums of money," Hunter told us. Hunter's blunt assessment was a shock—and also a timely challenge to the powerful new board.

To their credit, the executives and board saw that Hunter was right: It made little sense for grantees to scale before they knew that what they were doing was working for the disadvantaged young people they served. Hunter's royal kick in the pants prompted a major rethinking of the foundation's investment model. "Up until the point where they met with David Hunter... the conversation with our investment director was all about scaling up,"

explained Jo Rice, the managing director of Resurgo, an Impetus-PEF grantee that helps disconnected young people find jobs. “They were humble enough to say, ‘We’re having a change of heart.’”

Five years after that pivot, Hunter’s tough love has paid off. Impetus-PEF has become a sought-after partner for much larger funding entities in the UK and has earned international acclaim for its sophisticated approach to social investing. At the core of the new approach is building and disseminating knowledge on what works and what doesn’t for helping disadvantaged young people improve their own lives, and sharing the tools that can help charities improve performance and manage their impact.



These charities are consistently delivering from across several cycles of reporting. That’s giving us the confidence to share our model of support, learning, and results broadly.

–Elisabeth Paulson

SHARING ITS SECRET RECIPE

In a report called *Driving Impact*, and in a series of related video modules, Impetus-PEF lays out its new social-investment model at a level of detail rarely seen among funders in the UK or US.²⁵ “We’ve become almost over-excited about sharing what we do and why,” said Elisabeth Paulson, Impetus-PEF’s portfolio director.

Impetus-PEF’s leaders begin *Driving Impact* by giving Hunter credit for helping them see the flaws in their previous model and helping them redesign to “first concentrate on improving [charities’] ability to make an impact [and then] only when we are confident that an organization is reliably making an impact for the majority of the young people it serves, will we dedicate our resources to dramatically growing theirs.” Impetus-PEF’s leaders then go on to share all the ingredients and the process they use to help their partners improve their performance.

Thanks to a big push from Andy Ratcliffe, who became Impetus-PEF’s CEO in 2016, the foundation is equally focused on its own performance. “We’re obsessed with making sure we take the same medicine we ask our charity partners to—and that includes performance managing ourselves to know whether what we’re doing is working, and how we can get better. We haven’t found other foundations who’ve really cracked this so we started from scratch,” said Ratcliffe.

To hold itself accountable for strengthening the most promising charities focused on improving the educational and employment outcomes of disadvantaged young people throughout the UK, Ratcliffe and his board now regularly review sophisticated dashboards to track progress. The dashboards a) present sector-wide goals for education and employment, b) track the foundation’s contributions against sector-wide goals, and c) track how individual grantees are building their capacity for impact, delivering it, and sustaining that impact as they grow. “The dashboards were designed to ensure that our key governance groups and executive team could better manage to mission,” said Paulson. “They’ve made it much easier for us to identify what’s going well in our portfolio and what’s not going so well, and prompt conversations about how to change our own program of support to do better.” Impetus-PEF shares an anonymized version of these dashboards almost every time it meets with or makes presentations to other funders and its own donors.

31 April 2018		
Outcomes	1	Number (#) total young people served (all ages) (# charities with data)
	2	# total young people served (11-24 y/o) (# charities with data)
	3	# expected to complete in that year (# charities with data)
	4	# total our TP with outcomes (# charities with data)
	5	Education (Level 2 English & maths)
	6	Higher education (access to higher education)
	7	Employment (Entry into employment, education and/or training)
	8	Other
	9	# estimate attributable outcomes for our TP
Investment	10	# portfolio charities (of which are new)
	11	Average organisation capacity score
	12	Charity Net Promoter Score
	13	# Investment team FTE
	14	£M grant funding paid out
	15	£M value pro bono support

An excerpt from Impetus-PEF's dashboard

As a part of holding itself accountable for helping its grantees' improve their organizational performance, Impetus-PEF publishes its Charity Outcomes Framework, which lays out the three core organizational disciplines it deems most important (leadership, impact management, organizational sustainability) and a rating system for tracking progress.²⁶ At a recent breakfast for all Impetus-PEF investors, Ratcliffe confidentially shared data on how every grantee in the portfolio is doing with respect to the three organizational disciplines—offering the kind of data that many philanthropists seek but rarely receive from the organizations they support.

PILLAR	CRITERIA	DEFINITION
Leadership	Strength of CEO leadership	Composite of score (average score across three scales below):
		1. Strategic orientation
		2. Results orientation
	3. Team leadership	
	Strength of senior management team (SMT)	Main functions = finance/human resources, income generation/communications, programme delivery and impact. Effectively resourced = sufficient capability and capacity.
	Strength of Board	A stable, effective Board providing oversight of strategic and organisational effectiveness, holding CEO to account and providing fiduciary oversight.

An excerpt from Impetus-PEF's Charity Outcomes Framework

THE PROOF IS IN THE PUDDING

For all the rigor and transparency of Impetus-PEF's approach, it was hard for the foundation to make the case that its approach was actually working. As Paulson put it, "Until last year, we were essentially saying, 'I have an amazing recipe. I'm telling you it's going to taste good because we know what we're doing.'" Now, however, Impetus-PEF has assembled compelling evidence that its approach is, in fact, helping grantees improve their



Children served by an Impetus-PEF grantee

programmatic outcomes and organizational muscle. "We're now seeing charities are consistently delivering from across several cycles of reporting," Paulson said. "And that's giving us the confidence to share our model of support, learning, and results broadly."

In terms of programmatic outcomes, Impetus-PEF's performance-management system reveals dramatic gains for many grantees over the past two years. One tutoring organization's most important programmatic indicator is the rate at which its students achieve a General Certificate of Secondary Education (GCSE) in math. Two years after it started working in close partnership with Impetus-PEF, the pass rate *increased 40 percent*. An organization that focuses on helping disconnected young people find sustained work or education saw its success rate *increase 37 percent* in two years. Another grantee's key success indicator is the percentage of students who are accepted at a top university. After two years, the organization's success rate *rose 78 percent*.

Impetus-PEF's support is a major factor in these big gains—with the foundation's non-financial support probably being even more important than its checks. In year one, senior staff members help each charity develop and align behind an impact strategy and what kinds of systems it needs to drive consistent delivery, reliable outcomes, and continuous improvement. In the next phase, Impetus-PEF's team helps each organization to implement the strategy and systems. The model is anchored in trust-based relationships, providing deep support over multiple years. Each investment-team member works with a maximum of four charities and spends 100 hours a year with each charity CEO (more when you count time spent with other members of the charity's team). *Pro bono* consultants with specialized skillsets supplement this support.



Elisabeth Paulson

In terms of organizational performance, Impetus-PEF's grantees are also making impressive gains. Using statistics assembled from its performance-management system, Impetus-PEF can see that the longer it works with its charity partners, the stronger they become. It can also see places where its work with grantees has not been helpful enough. For example, the team initially thought that if its grantees were able to produce and demonstrate better programmatic outcomes, private and public funders would step up their support for those organizations. Unfortunately, that did not happen—and, as a result, financial-sustainability did not go up. "So once again, we adjusted our model of support," Paulson said. "We developed a team focused on co-investment. And we now begin work with charities on financial sustainability at a much earlier phase of our investment."

‘IF YOU BUILD IT, THEY WILL COME’ IS FANTASY

Impetus-PEF’s realization that its grantees were not making significant progress on financial sustainability and scalability also gave the executives and board additional incentive to invest in influencing the funding ecosystems in which its grantees operate. As Jenny North, Impetus-PEF’s former director of policy and strategy, explained to the Leap Ambassadors Community, “Sharing is caring!... We’re too small on our own to really deliver on our intentions for young people. We need partners who are aiming for the same goals.... So now we’re opening up a lot to find ways to work much more closely with others, share what we’re learning, and learn from them.”

In practice, that means Impetus-PEF is making a big investment in building and sharing evidence on what works in education and employment and how to develop and sustain performance—and then using that research to advocate for approaches that work with government and other funders.

For example, Impetus-PEF helped create the Education Endowment Foundation (EEF) in partnership with The Sutton Trust and the UK Department for Education. EEF has used rigorous external evaluators to test different approaches to closing the educational-attainment gap in the UK. “One of the big things we’ve seen from these trials is that even with the best of intentions, a lot of things don’t work,” Ratcliffe said. “It’s a stark message that if you want to get the best out of your philanthropic dollars, you have to invest in learning whether it works.”

Impetus-PEF is starting to see other funders pay attention, including some of the largest sources of government funding. One of the biggest kahunas in the UK is the Big Lottery Fund, which awards almost a billion dollars a year. The Big Lottery Fund recently invited Impetus-PEF to work with the organizations funded by Talent Match, its massive investment in youth employment. Impetus-PEF’s Sherine Mahmoud led Driving Impact workshops for the Talent Match leaders. A team of Impetus-PEF investment directors then gave a subset of the Talent Match grantees customized support on impact management. “Working with Big Lottery at this critical juncture is a huge opportunity for us to share the amazing benefits of mainstreaming impact management,” said Paulson.

CONCLUSION

Yes, it took a brash outsider to shake things up for Impetus-PEF. But the foundation was ripe for and receptive to change. Not only does it have executives who care about learning and improvement. It also has a business model that does not allow for complacency. Because it must raise its operating budget every year from individuals and institutional donors, it has a strong market incentive to invest in systems that can help it achieve and demonstrate meaningful, measurable impact.

Impetus-PEF’s funders—many of whom have grown frustrated writing checks without really understanding what happens next—are delighted by what they’re learning



We’re obsessed with making sure we take the same medicine we ask our charity partners to—and that includes performance managing ourselves to know whether what we’re doing is working, and how we can get better.

—Andy Ratcliffe

from Impetus-PEF and its grantees. That's raising their expectations for their other philanthropic efforts. In the coming years, those higher expectations are likely to spread beyond a small group of UK-based funders. Ratcliffe's mantra "We're not here to do good. We're here to do the best" could inform philanthropic practice in countries around the world.

CONCLUSION

When some wise executives weigh strategic options, they distill down complex calculations into two simple, surprisingly powerful questions:

Is it feasible?

Is it desirable?

The foundations we profiled here—Rockefeller Brothers Fund, Communities Foundation of Texas, Weingart Foundation, and Impetus-PEF—show that it’s both feasible and desirable for foundations of vastly different structures to invest in proactive learning and sharing. All four have found that it’s possible to overcome the key hurdles CEOs identified in *Understanding and Sharing What Works: The State of Foundation Practice*: a lack of capacity, reluctance to expose failure, and the difficulty of determining what information is useful to communicate.

In that report, we learned that 40 percent of CEO respondents recognize that they’re not investing enough in developing an understanding of their programmatic efforts. The foundation executives we profiled here are among those who *are* investing deeply. They’re investing significant financial resources. And they’re investing their own leadership capital—not just delegating responsibility to one or two junior colleagues.

They are doing so because their personal and professional journeys led them to believe that the rewards of learning and sharing outweigh the risks. The RBF’s Stephen Heintz learned that lesson while helping a public agency produce results while under the microscope of public scrutiny. CFT’s Sarah Cotton Nelson came to the same place when an unscrupulous boss pushed her to mislead a funder. Weingart’s Fred Ali felt motivated to build the kind of transparent learning culture he struggled to find when he was seeking grants from aloof funders. Impetus-PEF’s Elisabeth Paulson, who previously worked as an executive at The Economist Intelligence Unit and as an impact-management expert at several charities, has been driven by a passion for helping others collect and use information to fuel improvement.

Although we have no crystal ball, it’s clear that deep learning and intentional sharing are not philanthropic fads—and they’re not just items on an accountability checklist. They’re fundamentally sound management principles that help executives and boards keep getting better at getting better. “The process of opening our windows and doors will make us and our sector far more effective,” philanthropist Mario Morino has said. “The truth is, new tools provide grantmakers and grantseekers alike a remarkable way to collect the information they need—but only if they’re willing to listen and then adapt and respond to what they hear.” We hope these profiles demonstrate that listening and adapting, learning and sharing are worth the effort.

Endnotes

1. Elizabeth Campbell, Hope Lyons, and Rachel LaForgia, "Evaluating Program Impact: Our Approach to Performance Assessment" (Rockefeller Brothers Fund, February 2013), https://www.rbf.org/sites/default/files/programimpactreport_fullreport.pdf; Elizabeth Campbell, Hope Lyons, and Rachel LaForgia, "Evaluating Program Impact: Our Approach to Performance Assessment (Abridged Version)" (Rockefeller Brothers Fund, February 2013), https://www.rbf.org/sites/default/files/programimpactreport_abridged.pdf.
2. "Program Impact and Learning" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/programs/program-impact>.
3. "2016 Grantee and Applicant Perception Report from CEP" Rockefeller Brothers Fund, 21 December 2016, <https://www.rbf.org/news/2016-grantee-and-applicant-perception-report-center-effective-philanthropy>.
4. "Fossil Fuel Divestment" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/mission-aligned-investing/divestment>.
5. "Institutional Effectiveness" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/about/institutional-effectiveness>.
6. "2016 Annual Review: Charting Our Progress: 2014-2016" Rockefeller Brothers Fund, 2017, <https://www.rbf.org/about/2016-annual-review>.
7. "Bylaws" Rockefeller Brothers Fund, June 2017, <https://www.rbf.org/about/bylaws>; "Code of Conduct" Rockefeller Brothers Fund, November 2016, <https://www.rbf.org/about/code-conduct>; "Committee Charters" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/about/committee-charters>.
8. "Audited Financial Statements & 990-PF Forms" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/about/financial-statements-990-pf>.
9. "Reflecting on Risk and Failure: RBF at 75 – Essays" Rockefeller Brothers Fund, 2018, <https://www.rbf.org/75/risk-and-failure>.
10. "What We Are Learning" Weingart Foundation, 2018, <https://www.weingartfnd.org/what-we-are-learning>.
11. "A Full Commitment To Equity" Weingart Foundation, August 2016, <https://www.weingartfnd.org/August-2016-Presidents-Message>.
12. "Listening Out Loud – A Focus on Equity" Weingart Foundation, December 2016, <https://www.weingartfnd.org/december-2016-vice-presidents-message>.
13. "Equity" Weingart Foundation, March 2017, <https://www.weingartfnd.org/equity>.
14. "Unrestricted Operating Support" Weingart Foundation, 2012, <https://www.weingartfnd.org/unrestricted-operating-support>; "Understanding the Full Cost of Social Impact: A Funder + Grantee Pilot" Harder + Company Community Research, October 2016, https://harderco.com/sample_work/understanding-the-full-cost-of-social-impact-a-funder-grantee-pilot.
15. "Collaborative Capacity Building: Lessons Learned From the Los Angeles Information Exchange Feasibility Study" Weingart Foundation, 2018, <https://www.weingartfnd.org/files/Collaborative-Capacity-Building-Lessons-Learned-Report.pdf>.
16. "Learning and Assessment Framework" Weingart Foundation, 2018, <https://www.weingartfnd.org/Learning-and-Assessment>.

17. “Weingart Foundation Learning and Assessment Framework” Weingart Foundation, 2018, <https://www.weingartfnd.org/seven-core-areas-of-organizational-effectiveness>.
18. “FY2016 Learning and Assessment Data Summary” Weingart Foundation, 2016, <https://www.weingartfnd.org/files/FY-2016-LandA-Summary.pdf>.
19. “Grantee Perception Report, Applicant Perception Report Prepared For Weingart Foundation” The Center for Effective Philanthropy, January 2014, https://www.weingartfnd.org/files/2_CEP_report_Jan2014.pdf; “Grantees Rate the Work of the Foundation” Weingart Foundation, June 2014, <https://www.weingartfnd.org/june-2014-presidents-message>.
20. “Data-Driven Decision Making (D3) Institute” Communities Foundation of Texas, 2016, <https://www.cftexas.org/D3>.
21. “North Texas” Communities Foundation of Texas, 2018, <https://assetfunders.org/regional-chapter/north-texas>.
22. “Dallas Economic Opportunity Assessment” Communities Foundation of Texas, 2018, <https://www.cftexas.org/dallas-economic-opportunity-assessment>.
23. Tristan Hallman, Jill Cowan, and Corbett Smith, “5 things a new report says about living, working and dying in Dallas County” Dallas News, 9 April 2018, <https://www.dallasnews.com/news/education/2018/04/09/5-things-anew-report-says-living-working-dying-dallas-county>.
24. “2018 – 2019 Giving Guide” Communities Foundation of Texas, 2018, <https://www.cftexas.org/givingguide>.
25. “Driving Impact” Impetus Private Equity Foundation, 2016, <https://impetus-pef.org.uk/assets/publications/Report/2016-Driving-Impact-paper-FINAL-SINGLE-PAGE-SPREAD.pdf>; “Impact Management Training” Impetus Private Equity Foundation, 2017, <https://vimeo.com/album/5076252>.
26. “Charity Outcomes Framework” Impetus Private Equity Foundation, 2018, https://impetus-pef.org.uk/assets/publications/Investment/Outcomes-framework-draft-scale_v7-ZN-edits-FINAL.pdf.



THE CENTER FOR
EFFECTIVE PHILANTHROPY

cep.org



THE CENTER FOR
EFFECTIVE PHILANTHROPY

675 Massachusetts Avenue
7th Floor
Cambridge, MA 02139
617-492-0800

131 Steuart Street
Suite 501
San Francisco, CA 94105
415-391-3070

cep.org