

ENDOWMENT FOR HEALTH: AN EARLY WAKE-UP CALL SPURS DRAMATIC IMPROVEMENT

BY SUSAN PARKER

About Endowment for Health

- » A health conversion foundation founded in 1999, that is the largest health foundation funder in New Hampshire
- » Mission: To improve the health and reduce the burden of illness for the people of New Hampshire – especially the vulnerable and underserved
- » Priority areas:
 - Improving the mental health of New Hampshire's children and their families
 - Reducing economic barriers to accessing health and health care for the people of New Hampshire
 - Reducing social and cultural barriers to accessing health and health care for racial, ethnic, and linguistic minorities in New Hampshire
 - Reducing geographic barriers to accessing health and health care for the people of New Hampshire
- » Commissioned GPRs in 2004 and 2007

	2004	2007
No. of active grants	120	138
No. of staff (FTEs)	5.5	8.6
Assets (Millions)	\$78MM	\$97MM

IN 2007, THE ENDOWMENT FOR HEALTH SAW SUBSTANTIAL improvements in how its grantees perceived its effectiveness after the foundation took deliberate steps to address negative findings from an earlier Grantee Perception Report® (GPR).

This New Hampshire foundation undertook one of the earliest GPRs in 2004. The GPR provides both absolute data about how a foundation's grantees perceive it and relative data comparing these perceptions with how other foundation grantees perceive their funders.

The Endowment for Health (the Endowment) commissioned the Center for Effective Philanthropy (CEP) to carry out the GPR just three years after the young foundation had begun making grants.¹ The organization wanted to be a part of a large, rigorous data collection effort to learn how its grantees perceived the organization and how it could improve.

“A Big Wake-Up Call”

While staff members did not expect uniformly positive reviews from their grantees, the results shocked them.

Grantees rated the Endowment below the 25th percentile of funders in the CEP's dataset on key measures that included:

- » Quality of interactions
- » Impact on grantees' organizations, fields, and local communities
- » Clarity of communications of the foundation's goals and strategy
- » Understanding of grantees' goals and strategy, local communities, and fields
- » Effect on public policy in grantees' fields

“I really thought we were doing a good job, so when we got that first perception report it was a big wake-up call,” said Mary Vallier-Kaplan, vice president and chief operating officer at the Endowment.

For instance, grantees in the report commented that the foundation could be inflexible in its approach and demanding and prescriptive in its requirements. For example, it required the same level of effort and paperwork from grantees who received small and short-term grants as from those who received much larger grants.

After Vallier-Kaplan and her colleagues took some time to delve into the findings, they began to implement ways to respond to the concerns that grantees had raised in the GPR through instituting changes in areas such as their grantmaking processes and communications. The Endowment repeated the GPR in 2007 and received dramatically higher ratings from grantees on a variety of dimensions.

Of those that have repeated the GPR, the Endowment has shown some of the most striking improvements.

Don't Take the Findings Personally

In a recent interview with CEP, three Endowment staff members told the story of how the organization responded to the sobering findings from its first GPR, and took action that was appropriate for the foundation.

When the Endowment staff received the 2004 report, the first obstacle was to look at the findings without taking them personally, staff said.

Vallier-Kaplan said that when she first got the findings, she didn't tell anyone else about them for three or four days. She said she needed to process her feelings first. Then, in small groups or sometimes individually, she shared the report with the staff. Many people needed to take a few days as well to sort out the stunning findings, Vallier-Kaplan said.

"It was hard for me to get some people over that hurdle of feeling like they hadn't done a good job," she said. "We were a brand new foundation and had worked so hard creating something from nothing. We had done a good job. Now, we needed to do a better job."

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Taking that time to process the news on an emotional level was a crucial step, she said.

"Each level of our organization had to deal with the disappointing news," Vallier-Kaplan said. "It was important to have the feelings about the outcomes of the report. The fact that we were willing to talk about it and laugh and cry about it and let

everybody do what they needed to do on an emotional level helped us say, 'Okay, now what are we going to do?'"

"We reinforced that we were a new foundation, and we were not going to get everything right the first time. It was important that staff understood that the purpose of the report was to provide information about what we needed to improve and a baseline to help us understand if we were making progress," said Karen Horsch, evaluation consultant to the Endowment.

As they looked at the GPR, staff members were encouraged to remind themselves of the values that they shared at the Endowment. Considering those in the context of grantees' feedback could give them insights on how to reach those goals, staff reasoned.

"What we heard back from grantees was, 'You're inflexible, we need more interaction with staff, it's difficult to submit a proposal without really knowing if it's a good fit for the Endowment, [your process] is just not working for us,'" said Sue Fulton, grants and financial manager at the Endowment. "We thought about how we could take these findings and act in a way that was consistent with our values."

Once staff members took stock of their reactions, they shared the findings and a plan of action with their board, which had a meeting just ten days or so after the Endowment received the GPR report. It was a daunting prospect. To their surprise, board members took the findings in stride and assured staff that they had confidence in them. With that hurdle cleared, the staff quickly began to institute changes.

Vallier-Kaplan said that most of the GPR's findings made sense to staff members. So once they had dealt with their feelings, they jumped into making a plan to address the shortcomings identified in the report. The GPR also came at a fortuitous time for the Endowment. The foundation had just finished a major grants cycle, and the staff had the time to reflect on changes that they wanted to make in how they work.

In some cases, staff members made major changes to how they interacted with their grantees. In other cases, the staff considered a finding and decided that it did not make sense to adopt a new practice just because it might be the norm among other, similar foundations.

The Endowment Makes Changes

One of the major changes that the Endowment made was in how the staff interacted with grantees. In the past, much of that interaction had taken place through written communications. Now, Endowment staff began taking the initiative to talk much more with potential grantees and organizations that had received grants.

For example, when the Endowment made a decision to fund a multiyear proposal, in addition to sending out a letter, the relevant program officer would call the grantee to schedule a time to come into the office and review the details of the grant. These conversations helped to clarify expectations, refine projects, and cleared up potential misunderstandings, Vallier-Kaplan said.

“We had been focused on having the paperwork on time and perfectly done,” she said. “And while we recognized that it needs to be done, the paper in the system was driving us as much as the relationship. The staff began to spend more time with grantees than working on the internal systems.”

In fact, Endowment staff began talking more with grantees at every step of a proposal and project. Endowment staff members encouraged potential grantees to call them and discuss an idea before they sent in a proposal. The invitation wasn’t there in the past, staff said. And during the review of proposals, if program officers had a question about a particular project, they would pick up the phone and call, which they also had not typically done before because they had focused on not being perceived as showing unfair advantage. This approach became easier when the foundation hired an additional program officer after the report, which the report results helped to justify.

Reducing paperwork requirements was another area of improvement. “We heard that our requirements were onerous, especially to small organizations that were requesting small grants,” said Horsch. In response, the foundation simplified the application and reporting process for small grants. It also implemented a letter of intent process for larger grants.

The Endowment also enhanced its communications after the survey. Foundation staff developed new documents that outlined goals and strategies for each focus area as well as annual documents that summarized progress and impact. These materials were widely disseminated: through the website, at grantee and applicant meetings, and in application materials. The Endowment also hosted small groups of people and held one-on-one meetings to explain their approach. Recently, they started holding webinars as well. The variety of communication approaches helps meet people’s different learning styles, staff said.

A Nudge to a More Active Public Policy Role

While the Endowment ranked low on its effect on public policy in 2004, grantees encouraged the Endowment to take a leadership position in that area, staff said. One grantee commented that no other organization had the influence or stature to be a leader in the public policy field.

While policy systems change is part of the Endowment’s mission, the foundation had just begun work in the policy arena in 2004.

“The report reinforced the direction we were moving in,” Vallier-Kaplan said.

Big Improvements Seen in Grantees’ Views

When CEP presented the results of the Endowment’s second GPR in 2007, there had been significant improvements.

For example, the grantee ratings on the Endowment’s quality of interactions rose from the lowest range of all foundations in 2004 to an average rating that placed it above the 75th percentile in 2007. The Endowment also saw a significant increase in grantee ratings for its

- » Effect on public policy in grantees’ fields;
- » Clarity of its communications of its goals and strategy;
- » Understanding of grantees’ organizations and community.

As one grantee put it, “I had experience with [the Endowment] during its infancy and can confidently say the focus on personal relationships and interactions between staff and grantees is wonderful! The changes put into place – and consistent self-evaluation by [the Endowment] – have made a tremendous difference.”

Looking back over the process, Vallier-Kaplan said that learning from the grantees about ways that the Endowment needed to improve was worth the momentary pain of hearing the negative findings in 2004.

“When we received our 2007 findings, I felt really good about the whole process,” she said. “The process was really hard, but it was something that made us a better foundation. We’ve been more effective, and our grantees are happier – and, most important, more effective, too.

ⁱ The Endowment for Health is a health conversion foundation that was established in 1999 after the sale of Blue Cross Blue Shield New Hampshire to Anthem Insurance. The Foundation focuses its work on systemic change to improve the health of the people in New Hampshire. With a staff of nine and assets of \$75 million, it is the largest health foundation funder in New Hampshire.