



Edward Pauly

Philanthropy with Impact: A Guide to Evaluative Thinking for Foundations and Donors



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by Edward Pauly

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Foreword

Nowadays, donors want to rest assured that their involvement in a cause has a long-term effect. Traditional ‘patronage’ is no longer satisfying enough – people want more than the simple assurance that their funds are being appropriately managed and applied. So how is philanthropy’s success measured? What requirements and expectations need to be satisfied? Our guide ‘How do I assess the effects of my contribution?’¹ may already have furnished you with an early insight into this issue.

This publication goes a step further: The author, Dr. Edward Pauly, emphasises and justifies the role of project evaluation as something much more than just peripheral. Evaluative thinking maximises productivity and efficiency of investment, helping the donor achieve the maximum impact. This increased productivity is founded on an early understanding and concept of a product’s potential, and how the path to this outcome will look. The extent to which these early estimations are successful is constantly checked throughout the course of the project, not merely at the end. The results of these constant evaluations are processed and applied to the existing project, as well as future projects, in order to ensure the best possible outcome and productivity. This evaluation, however, does not necessarily require a scientifically thor-

ough investigation. The point at which the effort put into evaluation justifies its worth, how it is to be undertaken, how it can be prepared, and how the results can be used – all these topics are explained in this guide. Evaluative thinking thereby becomes a management principle for good philanthropy. Dr. Edward Pauly is an experienced evaluation-scientist from the USA, and has been the research and evaluation manager of the Wallace Foundation since 1996.

This guide is part of a series of publications for donors, dealing with method- and management competence. With their practical advice and step-by-step instructions, these guides form an integral part of the ‘Active Philanthropy toolbox’. Furthermore, the toolbox contains publications on choice themes designed to help donors embark upon a project, and help them find their individual niche, such as ‘Children’ or ‘Climate change’.

The guides contain the methodical questions about donating, clearly arranged into sections, all whilst keeping the important complexities of the issues intact. The basis of these either comes from successful examples and stories of active donors, or advice from experts in the various fields of charity.

¹ Burkhard Gnärig: ‘How do I assess the effects of my contribution?’, Active Philanthropy, Berlin, 2009

As a non-profit forum, Active Philanthropy supports families and individuals in developing and applying a personal giving strategy. The forum offers a safe-haven for donors to exchange, learn and cooperate, as well as find practical advice for improving the concept of 'donating' as a whole. This is made possible through a variety of services: from practically relevant publications, workshops and excursions, to administrative support, as well as individual consultation. The central support of this is the application of gained advice in every new project. What we do is itself made possible by similar means, with charitably involved entrepreneurial families supporting Active Philanthropy with words and deeds.

Objectivity is fundamental to our work, and the effort we put into this is not spared in our publications. Some examples and pieces of advice are unavoidably drawn from the author's experience. We would ask you to respect that the presented approaches and organisations can be neither comprehensive, nor are they subject to any assessment or rating by either Active Philanthropy or the author.

We thank the author, Dr. Edward Pauly, and the Wallace Foundation in New York, for the diverse range of advice with which they have furnished this guide. As a result of more than ten years of application, the Wallace Foundation has developed a form of evaluation which works with the work of foundations closer than ever before. We owe equal thanks to the donors who read the initial drafts of this handbook – without their constructive advice and criticisms the book's publication would undoubtedly have been hampered. We would be pleased and honoured if this handbook were to be able to help donors to apply their resources more efficiently, through a thorough appraisal of the facets of evaluative thinking.



Dr. Felicitas von Peter
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Introduction

Philanthropy has enormous potential for benefiting society. Yet short-term thinking and ineffective action can undermine that potential. When philanthropy joins with effective action and long-term plans, its potential turns into real and significant results that benefit society. In short, it can become philanthropy with impact.

Because as donors and foundations we seek to benefit society, we need to learn how philanthropy can achieve those benefits – how it can achieve impact. Obviously, helping people in need, protecting the environment, and making a beneficial difference in society require more than good intent. Philanthropic impact requires effective civil society organizations; well-designed plans that map the way to results that are both worthwhile and achievable; and good management. While it is easy to name these requirements; it is far from easy to create them.

Philanthropy with impact – this guide examines how donors and foundations, large or small, can achieve it.

This may seem impossible, simply because philanthropy is so varied – aiming to provide mediation in war-torn regions; needle-reuse programs for people at risk of HIV; education; medicine; the arts; environmental protection; civic action; government reform; scientific research. Yet experience shows that it is possible to iden-

tify the benchmarks of philanthropy with impact. In contrast to the great variability of the ‘what’ of philanthropy, the ‘how’ of philanthropy with impact is surprisingly consistent. It can be described as evaluative thinking.

Evaluative thinking is systematic thinking about how results can be achieved, what results were achieved, and how results can be improved in the future.

Just as a skilled artisan thinks carefully and repeatedly about whether and how her actions are producing functionality and artistry (and about the uncertainties that may ruin her best efforts), a donor who seeks impact thinks carefully and repeatedly about whether and how the donation is producing the desired results. This is evaluative thinking, moving the donor’s values and commitment toward philanthropic impact.

Evaluative thinking is used every day by leaders in business, government and civil society organizations. They use it to design their work, track their results, find out how those results were achieved, and assess how they can be improved in the future. Evaluative thinking is equally powerful, and equally important, in philanthropy.

Ask any professional evaluator or researcher, and they will tell you that doing an evaluation is not the same thing as evaluative thinking. Evaluations are in-depth examinations of evidence on whether and how planned efforts to bring about change work or don't work, and why. Sometimes evaluations are needed (but not always) to find out whether a change effort worked. While philanthropy may or may not need to use evaluation to achieve impact, it always requires evaluative thinking.

Evaluative thinking and philanthropic impact are built from five actions every donor and every foundation can take.

1. *Clarify what you think success looks like and how you think it can be achieved.*
2. *Use progress measures while the work is underway.*
3. *For innovative or uncertain philanthropic efforts, do more than just checking the progress measures and management reports – find out how the effort actually worked, whether it proved to be practical, and whether and how it overcame the uncertainties and contributed to change.*
4. *Interpret the evidence and revise your approach.*
5. *Communicate the results and lessons so they can be widely used.*

Nothing in this list is surprising, and nothing in the list is the exclusive province – or the responsibility – of experts. These acts

of evaluative thinking are nothing more or less than the basics of good management – with some extra attention to innovations and other uncertain social projects, and to communicating lessons to others who are seeking similar benefits for society.

Why are these actions not universally used in philanthropy? The reasons are many. Donations may aim to express the good wishes of the donor, without a focused effort to achieve a specific result. A donor may be more interested in vividly responding to the great needs of those seeking donations than in focusing on the donation's use or effects. Donor and recipient may lack the capacity or the energy to gather or share evidence of results. Inexperience and uncertainty about achieving impact may be a barrier. And unlike many businesses, government agencies and civil society organizations, philanthropic donors face few pressures to scrutinize their effectiveness and change their activities.

It is not surprising, then, that donors and foundations often make grants without always paying a great deal of attention to the likely impact. They would surely like to achieve impact, but hesitate to take the actions needed to do so.

For those who want to achieve philanthropy with impact, the following concise explanation of the five fundamentals of evaluative thinking will enable them to do so.

1. First, clarify what you think success looks like and how you think it can be achieved

Good ideas often turn out to be messier and less clear than they first appear to be. This is true for corporations' new product ideas, government programs, civil society organizations' plans for social uplift, and philanthropic donations: All are likely to discover that the plan they designed was not as clear as they thought. Since it takes time and in-the-moment learning to translate any idea into action, significant time can pass before the leaders of grantee organizations recognize the puzzling experiences that point to a lack of clarity about what success looks like – and that discovery may be awkward and even embarrassing to discuss with a donor. Yet an early embrace of 'the brutal facts' often paves the way to success.

Evaluative thinking begins by examining – and clarifying – the specific content of the planned grant (and the philanthropic project of which it is a part, if there is one), including a careful probe of the thinking behind each grant-funded activity and how it seeks to achieve the specific successes sought in each step of the plan.

Do you have a mental picture of how people's lives will be different at the end of the grant? If you do, and if the grant recipient agrees with you, you have taken an important first step in evaluative thinking. If your picture of success is somewhat uncertain, or if you are unsure about how to think about success, it's important to recognize that you and the grantee need to work together to understand what you are seeking to accomplish and how you will know whether you have accomplished it. Few discussions between a grant-maker and a grantee are as important as the discussion of what you both think success looks like.

Donors that know what specific kinds of success they are seeking to achieve through a grant can build on that important first step by clarifying how they will work to that success. This effort to create a clear, understandable plan enables the donor and the recipients to ask tough questions about their plan and whether it is likely to work. To find out whether the plan is on the right track, donors and civil society organizations should ask three common-sense questions, at the beginning of a grant, and on regular occasions thereafter:

Three Questions About the Donor's Plan:

Is It Plausible? Feasible? Knowable?

Is it plausible that the planned actions will achieve the intended results? (That is, do the best available experience and knowledge say this is the best way to proceed?)

Are the planned actions feasible with the available money, staffing, and context?

Are the results of the planned actions knowable through observation?

(Source: The Aspen Institute Roundtable on Community Change, 2005)

These three questions puncture fuzzy language; probe whether the donor's enthusiasm is realistic; and clarify the core actions that are intended to produce benefits for society.

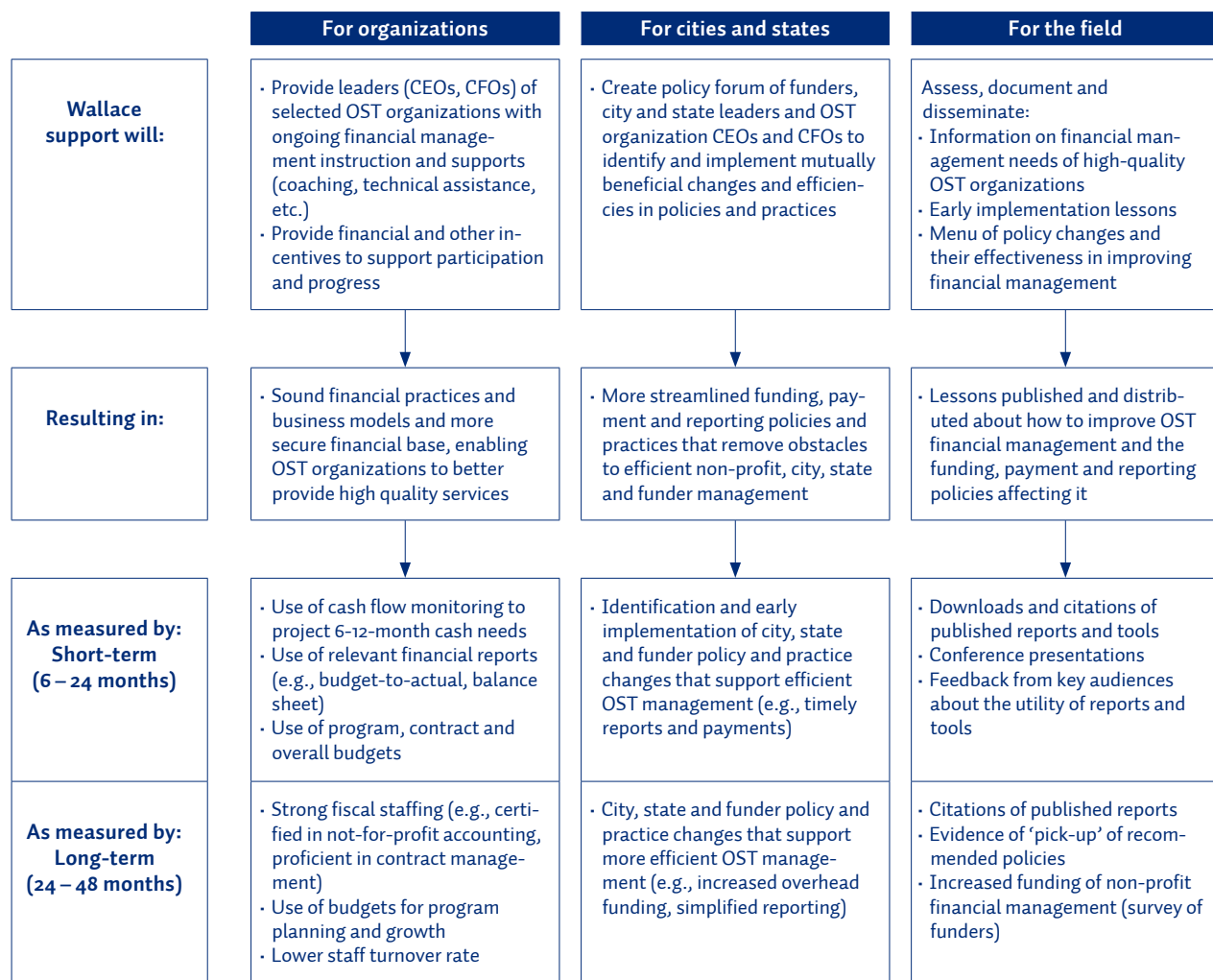
All too often, a donor's first serious effort to clarify what success looks like doesn't happen until an evaluator is brought in! The evaluator will politely ask the donor and the recipient to explain the goals of their work and how the goals are to be achieved, diplomatically explaining that this is the first step toward evaluating whether the planned activities are being carried out, and whether they are achieving the project's goals.

The truth is, there is no reason and no need to wait for an evaluator to ask you to spell out the planned results of your effort and the specifics of how the results are to be achieved. While clear goals and methods are often the first accomplishment of a good evaluation, donors and civil society organizations do not need to pay an evaluator to probe what success looks like and how they are seeking to achieve success; they can do that themselves.

Working together, some leading evaluators and civil society organization leaders have created a tool for mapping out their roadmap to results: the 'Theory of Change', a diagram of each major action or approach taken by the donor, its intended results, and how the results will be recognized and measured. Here is an example, the Theory of Change from a current philanthropic effort to help youth-serving organizations improve their financial management (a widespread and destructive problem for many such organizations). This example and others in this guide are drawn from the work of The Wallace Foundation, both because of the author's familiarity with it and because Wallace is among the foundations that have been most persistent in using evaluative thinking.

Theory of Change for Wallace Foundation Initiative:
Strengthening Financial Management in Out-of-School Time (2008)

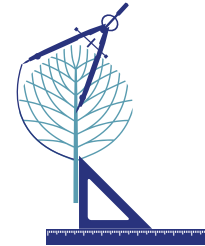
If the financial management of high performing OST organizations is enhanced, and cities and states adopt more supportive funding, payment and reporting policies and conditions, then OST organizations will be better able to deliver high-quality services and others in the OST field will benefit from the lessons.



Clarifying a plan to strengthen the financial management of after-school programs

When The Wallace Foundation sought to strengthen after-school programs for schoolchildren, foundation staff were uncertain about how to proceed. Researchers examined previous studies, examined the management challenges facing high-quality programs, and found that a common barrier to strengthening these programs was weak financial management. In consultation with the leaders of these organizations and experts, the staff developed a Theory of Change to map out the foundation's plan for supporting improvements in the financial management of these organizations. This enables the foundation and the civil society organizations it supports to recognize accomplishments and problems in the effort to improve financial management as soon as they arise – and to make needed changes quickly.

The diagram helps answer the three big questions about donors' plans – are they plausible, feasible, and knowable? Feasibility can be judged by probing the list of actions to be taken by the foundation and the recipient organizations. The list of measures of results answers the question of 'knowability'. Initially, the plan failed the 'plausibility' test because it omitted, and did not respond to, the city and state government policies that often delay payments to youth-serving organizations and pay less than the normal costs of operation and management that contracts with businesses routinely include. In response, the planners added the middle row to address city and state policies.



Spelling out clear goals and clear methods enables donors and their grantees to focus their work by persistently asking: What are we trying to accomplish – and how will all of us (the donor, the grantees, and other affected and interested people) figure out whether the desired impacts are being achieved?

In philanthropy, just as in government and business, it is understandable and (temporarily!) acceptable for initial goals and plans to be fuzzy and unclear. The sooner the donor and grantees can reach agreement on what they mean by success and precisely what it looks like, the sooner they will know how to put their plans into action, overcome the barriers that block their progress, and achieve the impact they seek.

2. Use real progress measures to track the work while it is underway

Until donors and their grantees decide together how they will measure progress, they are likely to spread their scarce funds and staff time widely, rather than focusing on following the roadmap to results. This frailty is part of human nature, and it happens in corporations, governments, civil society organizations – and philanthropy.

What gets measured, gets done; so if you keep track of progress on the right things, the chances increase they will get done.

It sounds simple: Get feedback on how the work is going, and adjust the work based on the feedback. But when the work is at an early stage, and when the work is complicated and uncertain, it's easy and appealing to listen to the latest interesting 'news' from the front lines (goods that were purchased, a meeting that was delayed) – and not to ask about specific information on progress, such as how many people received training and whether they are using it after they leave the training classroom. Experienced managers know that figuring out and reaching agreement on real measures of progress, and then gathering and using the information, requires persistence – and the ability to ask oneself, how would an independent observer gauge our progress toward real results?

Using progress feedback on a project to improve school leadership

Grants to state government agencies to help them reform the ways universities prepare school leaders were a central part of The Wallace Foundation's education reform efforts. Progress reports on who was participating in the governance meetings found that top-level state officials were sending their deputies (or the deputies' deputies) to these meetings, so few decisions were being made. Wallace's staff re-designed the grant agreement to ensure that appropriate officials were at the table and were reaching important agreements.

Many efforts (including my own!) to create and use progress measures wind up identifying dozens, and sometimes hundreds, of items to track. Not surprisingly, when there are too many progress measures, the feedback they provide is not very useful and it is not used. Your evaluative thinking will be overwhelmed by a blizzard of data. Perhaps the most difficult task in tracking progress is the discipline of reducing the number of progress measures to the very small number of signals that matter most. In most cases, that means no more than three or four progress measures for each major group of grants.

When a donor and grantees choose progress measures, the most useful ones will be measures that change in response to the activities the donations directly affect. That could mean measures such as the number of high-need people who receive food (or vaccinations); changes in a region's carbon emissions; or the number of children who learn to play a musical instrument. Good progress measures are proximate to the donor's philanthropy – that is, they represent the direct results of the donations – if the plan works! Proximate measures tell the donor and grantees whether and how much the philanthropic work is moving toward the desired results.

When donors and civil society organizations do not know whether they are making progress, experience suggests that they may be risking their limited opportunity to benefit society.

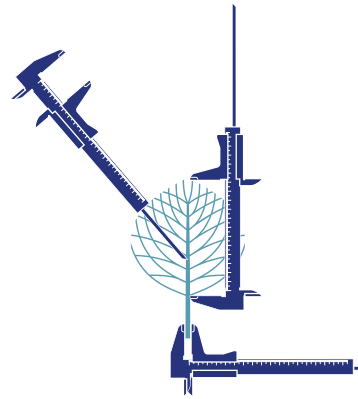
If progress were easy, no one would complain about measuring it; it is the stress of accepting responsibility for progress that causes resistance to progress measures. Good progress measures focus on the difficult steps toward change, such as the number of people who actually change their behavior after they receive training, and whether those most in need are the ones who actually receive services.

Progress measures often find barriers, shortfalls, or incomplete designs for change – for example, midwives who are trained to provide contraceptives to new mothers may find that contraceptive use is often rejected. When this happens – and it happens often! – the trainers may feel discomfort or embarrassment, even though they did what they were asked to do. This is understandable. Donors and grantees should always remember that facts are friendly. And especially when facts are uncomfortable, if you treat those facts as friendly, you can use them to move closer to the impact you are seeking – for example, by gathering village elders to ask for their help encouraging the use of contraception. If you turn away from the facts, you risk turning away from impact.

Gathering real progress information isn't free, and when the recipient organization is stretched thin, basic services take priority over progress measures. For donors who seek real impact, this means that paying for accurate progress reports is part of the donor's job.

The biggest cost of tracking progress is not financial. It is the cost of holding oneself accountable for progress that can actually be observed, assessed – and when shortfalls occur, revised to achieve realistic goals. To paraphrase the late Canadian-American economist, Harvard professor, and influential social critic John Kenneth Galbraith, when we are faced with the choice between using tough progress measures for our favorite project or explaining why there is no need to use progress measures, most of us immediately start working hard on the explanation!

The difficulty of embracing accountability means that it is essential for the donor and the recipient organization to have candid discussions about the progress measures they will use, and to do so at the time the donation is made (not when the first report comes due!). Agreeing on progress measures at the beginning of the philanthropic work generally makes it possible for both the donor and the recipient to work for progress while recognizing that problems sometimes block progress. If progress stalls, both donor and recipient should respond by reassessing the plan – and sometimes deciding to use a different, more useful progress measure.



Why are progress measures central to evaluative thinking? Because progress paves the way to impact. In my evaluation work for a large foundation, I spend more time on progress measures than on designing evaluations. Deciding on progress measures takes time – time to examine the context of a project, listen carefully to step-by-step descriptions of complicated activities, and most of all, ask for the differing perspectives on progress as it is experienced by street-level service workers, their managers, the people they serve, and more distant leaders and critics who have learned to be skeptical about how money gets spent on good intentions. Progress measures seek to gather concrete information on results before they have been achieved – which requires evaluative thinking about whether and how results can be achieved.

3. Only when philanthropy is testing new approaches or requires innovation, learn whether and how change has happened

When I am asked to advise donors and civil society organizations about evaluations, I often tell them not to spend money on an evaluation. Hearing this advice from an evaluation expert surprises them. When a donor or a grantee organization needs better management information and better progress measures, those are the changes they should make – rather than paying for an evaluation, which in such cases will probably conclude that they need better management information! Businesses need management information systems that provide clear signals on sales, costs, trends and market penetration, and in many cases, so do civil society organizations and the donors that support them. These well-known management tools are extremely useful when a civil society organization is using established methods to solve a problem they know how to solve, such as providing scholarships to rural students, or providing disaster relief. In contrast, when donors and their grantee organizations face uncertainty about what approaches will work for a problem they don't know how to solve, management information systems and progress measures are not enough.

In these situations, it is enormously valuable to discover what is working, what is not working, for whom, where, and why. That is what evaluations are for.

I cannot emphasize enough that evaluations are not appropriate when donors are supporting an established, well-managed organization to continue its good works. Careful progress measurement should be the core of evaluative thinking in those cases.

Only when a donor is supporting a previously untried innovation, a tricky reform, or an activity whose effects are highly uncertain (such as financial rewards for protecting endangered species) should both donor and recipient recognize that one of their most valuable resources is more knowledge about what works and why.

This means evaluations are valuable when what's needed is new knowledge or a test of a new approach. Evaluations are not particularly useful for accountability; they are too indirect, too slow, and too expensive. Simply put, progress and accountability require the attention of management, not evaluators. And all of these tools – progress measurement, management information for accountability, and evaluations that create new knowledge about what works and what doesn't – are parts of evaluative thinking.

Candor about the financial cost of evaluative thinking

The purpose of evaluative thinking is to clarify the roadmap to philanthropic impact. Consequently, evaluative thinking should always be held accountable for adding value to the donor's work, and the value should be greater than its cost. It is vitally important to examine and candidly discuss the likely value and cost of the information and knowledge expected from evaluative thinking so that scarce funds are not diverted from uses that are more productive. Every dollar spent on evaluative thinking is a dollar that cannot be spent on services to people in need. Unless this common-sense criterion is realistically applied, it is easy to spend money gathering information of little value. However, when there are clear benefits from evaluative thinking – such as significant improvements in a grant recipient's work when progress reports identify needed changes in the work – then donors should confidently allocate resources to evaluative thinking. When evaluative thinking is done well, the benefits are substantial.

Once the donor and recipient recognize great uncertainty in their ability to achieve the desired impact, they should consider whether to do an evaluation. But not just any evaluation! The knowledge needed to achieve impact differs enormously from one project to another. It is rare that the needed knowledge is simply whether the recipient accomplished everything in the grant proposal. The needed knowledge is more likely to be about the barriers encountered, the challenge of connecting people in need with services, and lessons for improving future effectiveness. Regrettably, generic evaluations that compare funding proposals to results – and thus touch lightly or not at all on the knowledge gaps that undermine a project’s success – are frequently chosen by donors seeking to ‘do the right thing’ by evaluating a project they funded.

Evaluations pay off when donors and recipients step back from their work to ask: What do we most need to learn in order to succeed? What is it that we don’t know that – if we knew it – would enable us to achieve a breakthrough?

These questions about the knowledge that is needed to achieve desired results are ones that civil society organization leaders, and other change agents, embrace (unlike questions that use the wisdom of hindsight to criticize their management decisions). When evaluations provide new knowledge about what works and what doesn’t work, they point the way to success.

What works and what doesn't to prepare school leaders

The Wallace Foundation commissioned an evaluation of exemplary training for school leaders to identify the program features worthy of government funding. The evidence showed valuable results when participants were carefully selected and when training included sustained, high-quality internships. The evaluation criticized state government agencies for failing to provide the support exemplary training programs need to survive. With this evidence in hand, innovators know where to focus to bring about change. (See *Preparing Leaders for a Changing World: Lessons from Exemplary Leadership Development Programs*, by Linda Darling-Hammond et al.)

Deciding what the donor and recipients most need to know is a task they should not outsource to an evaluator who knows far less than they do about the knowledge gaps that block their way to success. There is no one-size-fits-all evaluation design. Instead, there are a wide range of knowledge gaps that sometimes bar the way forward – and for each one, there are corresponding, useful evaluation approaches.

Chart:

Common knowledge gaps – and how donors and foundations can fill them

If the knowledge gap is...

1. What works and what doesn't work

Donors and foundations should consider filling the knowledge gap with...

Synthesis of the best existing knowledge about what has worked in similar contexts; this may show what works – or that a new, untried approach is needed

2. How to carry out the project

Operational guide and assessment of experiences in exemplary, similar programs

3. Who is being served, why, how many people of various kinds are served

Participation study

4. What is the demand for services; which people need which services

Market research; needs assessment

5. What results were achieved, who benefited, how the results were achieved

Effects study; analysis of effects on specific subgroups (such as people with the greatest needs or specific age groups)

Examples:**How these knowledge gaps were filled**

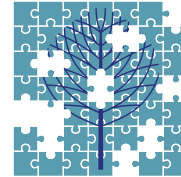
1. Making Out-of-School-Time Matter: Evidence for an Action Agenda, Susan Bodilly and Megan Beckett, 2005

2. Ahead of the Class: A Handbook for Preparing New Teachers from New Sources, Beatriz Chu Clewell, Ana Maria Villegas et al., 2001

3. 'One Day I Will Make It': A Study of Adult Student Persistence in Library Literacy Programs, MDRC, 2005

4. Getting Started with Market Research For Out-of-School Time Planning: A Resource Guide for Communities, Market Street Research, 2007

5. Absence Unexcused: Ending Teacher Shortages in High-Need Areas, Beatriz Chu Clewell and Ana Maria Villegas, 2001



As the chart shows, very different knowledge gaps arise in different philanthropic efforts. The most powerful evaluative thinking a donor can do, before launching an evaluation, is to step back from the day-to-day work to consider whether the biggest unknowns are about the effort's basic design, operations, participation, demand, or results. Only if the knowledge gap is identified can the donor, the recipient organization, and an evaluator figure out how to fill it by tailoring the evaluation to the specific knowledge gap. Doing an evaluation (no matter how 'good' the evaluation!) that addresses the wrong knowledge gap leaves the donor and recipients facing the same unsolved problems as before the evaluation.

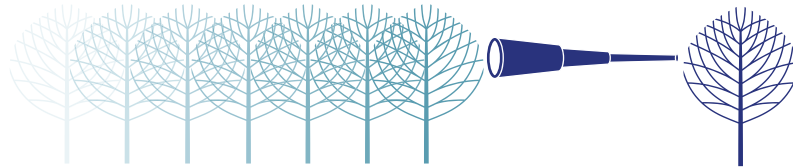
4. Interpret the evidence and your experiences – and then revise your approach

By now, you have read about deciding what success looks like, tracking progress, and seeking knowledge to fill crucial gaps when the work faces great uncertainty. None of this matters if the donor fails to use the evidence and experiences gained through evaluative thinking to achieve impact.

Interpreting evidence so it can be used by decision-makers

Evidence about what works, what doesn't and why are presented to field leaders and policy makers at Wallace Foundation briefings. The first such briefing was in 1998, when Wallace and independent evaluators presented findings on an innovative teacher training approach to staff members of the U.S. Congressional committee on education. The findings were seen as objective and useful by both Republican and Democratic staff members, and led to legislation permitting Higher Education Act funds to be used for this approach to training new teachers. (See *Absence Unexcused: Ending Teacher Shortages in High-Need Areas* by Beatriz Chu Clewell and Ana Maria Villegas.)

Leaders of non-profit arts organizations seeking to attract and serve more people were briefed on *A New Framework for Building Participation in the Arts* (by Kevin McCarthy et al.), an evaluation of Wallace-funded projects. Field leaders used the briefing to improve their understanding of the people they seek to serve, the barriers to their participation, and how these can be overcome. Based on this information, some museums changed their exhibition hours; some theaters added social activities; and some community arts centers invited local church and leaders to attend and bring friends – and these actions attracted people that arts organizations had previously failed to reach.



Evidence and experiences often change donors' understanding of people's response to a project, the ways the project was executed, what worked, and what didn't work. These challenges cannot be fully understood at the beginning of a philanthropic project. It takes experience and evidence to locate the weaknesses that need to be fixed to achieve impact.

Philanthropy begins by hoping for impact; evaluative thinking helps achieve it.

5. Communicate the results and lessons so they can be widely used

Philanthropy is often quite isolated from all but a few civil society organizations, and isolated activities have limited benefits – unless their results and lessons are communicated for wider use. When philanthropy seeks to achieve impact, communicating results and lessons (both encouraging and cautionary) can multiply philanthropy's contribution to society.

One of the most significant ways philanthropy can contribute to society is to inform decision-making by others with its lessons and evidence.

Donors cannot buy change and they cannot compel people to change, because change is essentially voluntary for civil society organizations, policy makers, the public, and other donors. While philanthropy can provide benefits by paying for valuable services, real change depends on independent, informed decision-making. Consequently, the communication of compelling lessons and results often lies the heart of change.

The communication of results can speed and spread change in several ways:

- *Proof that a new approach is feasible and effective shows leaders that a previously unsolved problem can be addressed successfully.*
- *'How to do it' evidence paves the way for effective action by many others.*
- *Cautionary evidence saves time and money – and stops the repetition of failure.*
- *Publicity about grant recipients' accomplishments helps them achieve recognition – and they are among the most energetic users of lessons communicated by donors.*

The example of a leader

Many children lack arts learning opportunities in school, and there is little agreement about how to solve this problem. The Wallace Foundation commissioned a study of efforts in six cities by schools, arts organizations, and after-school programs to work together on expanding arts learning. The findings sparked new discussions – and spread the most promising efforts. The study, *Revitalizing Arts Education Through Community-Wide Coordination* and a companion account by Wallace, *From Hip-Hop to Shakespeare: Dallas Blazes ‘Coordinated’ Trail in Arts Education for City Young People*, provided proof of feasibility and a guided tour of how the approaches worked. These reports increased support for arts learning, both in Dallas and in other cities.

The audience for results and lessons from donors’ and recipients’ labors includes many people who are seeking the same social benefits the donor is supporting. These are precisely the people who can both use and spread the lessons from the donor’s evaluative thinking. If these activists never discover the results achieved by the donor’s and the recipients’ efforts, the benefits of these efforts will be sharply limited. There are far more people and civil society organizations who will never receive a philanthropic grant than ones who will. All of them can benefit from the lessons produced through evaluative thinking, but only if these are clearly communicated.

Does publishing lessons and results damage civil society organizations?

Some donors believe civil society organizations will be damaged if mixed or negative evaluation findings are made public; their reputation may be harmed, their fund-raising may suffer, or their performance may be labeled as weak. This has not been the experience of The Wallace Foundation, nor that of leading evaluation groups such as MDRC and Rand. Even if a project failed, the evidence and reasons may reflect that the operations and management were effective, and the organization that took the risky step of innovating remains a high-performing organization. Evaluations provide lessons about what works and what doesn't work, and evaluations appropriately emphasize that design problems are different from poor organizational performance. Rather than damaging civil society organizations, evaluations often bring added attention and recognition to them. Civil society organizations lose support when their management and staffing are seen to be weak – not when they fall short of achieving ambitious goals. Of course, feelings of sensitivity and vulnerability about assessments have deep roots in human nature, and are normal responses to progress measures, evaluations, and published lessons.

Lessons about failure can be surprisingly helpful

Failure is something most people don't like to discuss – and it's also something most people want to avoid. One of the best ways to avoid failing is to learn from the failures of others. When a Wallace Foundation project fails, the foundation publicly presents the reasons for the failure. Two examples: When an innovative project to educate adults with poor reading skills failed, Wallace published the evaluation ('One Day I Will Make It': A Study of Adult Student Persistence in Library Literacy Programs, by MDRC), including the causes of low attendance that led to the failure. Experts immediately began to develop solutions to the problems found by the evaluation. When Wallace sought to attract more people to the arts by funding partnerships between large and small local arts organizations, an evaluation found that the local arts organizations' goal of obtaining money overwhelmed the goal of attracting more people. The evaluation findings were published in the Stanford Social Innovation Review ('The Reality Underneath the Buzz of Partnerships: The Potentials and Pitfalls of Partnering,' by Francie Ostrower), and provided lessons for financial support for partnerships that will work for many civil society organizations, not just arts organizations. Publicizing these failures helped many civil society organizations succeed. The Wallace Foundation benefited from the increased credibility that resulted from the honesty of reporting on failure, and from the useful lessons these reports provided.



Every donor and every foundation seeking impact needs information about what works, what doesn't, for which people, in what contexts, and why. Because this need is shared by all donors and foundations that seek impact, there is a Golden Rule of communication and impact in philanthropy:

Communicate to others as you would have others communicate to you. Just as you want objective information about what works and what doesn't work, so do others whose goals are similar to yours. Philanthropy and civil society organizations can achieve impact when they have the best available information and lessons about what works. Useful information and lessons expand the impacts achieved by the donor who communicates them, and simultaneously expands the impacts achieved by everyone who applies the lessons to their own work.

To create greater benefits for society, donors and foundations should give others objective information they can use to benefit society – just as they should take advantage of the best available information and lessons they receive from others.

The Cycle of Evaluative Thinking and Philanthropic Impact

Each of the five fundamentals of evaluative thinking adds to donors' and grantee organizations' effectiveness. When combined, they strengthen impacts by continuously reinforcing the practices that work and consistently weeding out the practices that don't work. There is a cycle of starting to use evaluative thinking:

- *Deciding what success looks like and establishing clear goals,*
- *and then measuring progress toward achieving those goals,*
- *and then learning whether the innovative parts of the effort are working,*
- *and then revising the effort based on the evidence,*
- *and then communicating the lessons to others,*
- *who use it to establish clearer goals ...*
- *and the cycle continues ...*

This cycle of evaluative thinking increases philanthropic impact by adding clarity and evidence to the good intentions and the creative work of donors and civil society organizations.

Most high quality evaluations reach the same essential conclusion: 'Things are more complicated than you thought.' This lesson, in its many forms and its many specific examples, shows us what we need to do in order to impact society's most challenging problems.

Only the donor can initiate the cycle of evaluative thinking. This is because the cycle of evaluative thinking is fundamentally non-technical. At every stage, the cycle reflects and uses the insights and experiences of donors and foundation leaders. Donors, foundation leaders, and civil society organizations have a great advantage over experts and consultants when it comes to identifying what matters most for the success of their work, and what it is most important for them to learn in order to succeed. Once donors and foundation staff have done the initial evaluative thinking, there are many experts who can design and carry out the data gathering and analysis that are needed.

To achieve impact, philanthropy needs the best information and the best understanding of results we can get. Philanthropy needs donors and foundations that use evaluative thinking.



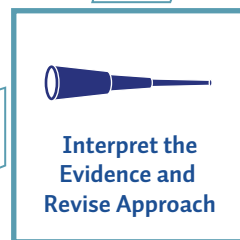
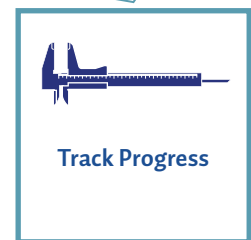
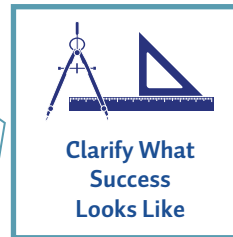
We would like to invite you to build your own Cycle of Evaluative Thinking and Philanthropic Impact: Please reflect on the questions at each stage of your philanthropic engagement with regards to your specific project(s) or plan(s). The result is your individual flow chart to Philanthropic Impact (right page).

On the following pages you'll find more space for your notes related to the questions. You may want to use this as a continuous work sheet in your everyday work as a donor and philanthropist.

What are the goals you want to achieve?
How do you think they can be achieved?

What progress measures
do you want to use?
What progress has been
made so far?

What can you learn from your progress
measures and evaluation?
Do results suggest to change anything?



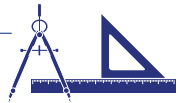
What can others learn from your experience?
How would you like to share your experience?

Should you do an evaluation to fill knowledge gaps?
What kind of evaluation will work for you?

Clarify What Success Looks Like

1. *What are the goals you want to achieve?*

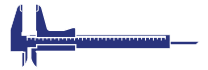
2. *How do you think they can be achieved?*



Track Progress

1. *What progress measures do you want to use?*

2. *What progress has been made so far?*



What Do You Most Need to Learn?

1. *Should you do an evaluation to fill knowledge gaps?*

2. *What kind of evaluation will work for you?*



Interpret the Evidence and Revise Approach

1. *What can you learn from your progress measures and evaluation?*

2. *Do results suggest to change anything?*



Communicate Lessons for Wide Use

1. *What can others learn from your experience?*

2. *How would you like to share your experience?*



Your Notes:

Achieving Impact

The impacts sought by philanthropy are breathtakingly diverse. Building affordable housing, ending illiteracy, reversing the effects of global warming, and reducing risky and unhealthy behaviors are just a few of the impacts foundations and donors seek.

Once a donor or foundation has chosen a desired impact, the effort to achieve that impact confronts a predictable and daunting array of challenges – challenges that evaluative thinking addresses directly and powerfully. Evaluative thinking imposes no templates on philanthropy. Instead, it maps out a flexible set of actions that donors and foundations can tailor to meet their particular needs and context.

The actions outlined in this guide – from clarifying what success looks like to communicating the results for wider use – are meant to be adapted and applied to challenges facing philanthropies both large and small. Evaluative thinking adds to philanthropy’s limited financial resources the unlimited resources of discipline, focus, and evidence and experiences on how to achieve impact.

In its quest for impact, philanthropy needs every resource it can muster.

Links to documents in the text of ‘Philanthropy with Impact’

The Community Builder’s Approach to Theory of Change:

A Practical Guide to Theory Development,

Andrea A. Anderson, 2005

<http://www.aspeninstitute.org/sites/default/files/content/docs/roundtable%20on%20community%20change/rcccommbuildersapproach.pdf>

Preparing Leaders for a Changing World:

Lessons from Exemplary Leadership Development Programs,

Linda Darling-Hammond et al., 2007

<http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/EducationLeadership/Pages/preparing-school-leader.aspx>

Making Out-of-School-Time Matter:

Evidence for an Action Agenda,

Susan Bodilly and Megan Beckett, 2005

<http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/Out-Of-SchoolLearning/Pages/MakingOutOfSchoolTimeMatter.aspx>

Ahead of the Class:

A Handbook for Preparing New Teachers from New Sources,
Beatriz Chu Clewell, Ana Maria Villegas et al., 2001

<http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/AreasOfContinuingInterest/TeacherRecruitment/Pages/AheadoftheClass.aspx>

‘One Day I Will Make It’:

A Study of Adult Student Persistence in

Library Literacy Programs,

MDRC, 2005

http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/AreasOfContinuingInterest/Literacy/Pages/LILAA_One_Day.aspx

Getting Started with Market Research For Out-of-School
Time Planning:

A Resource Guide for Communities,

Market Street Research, 2007

<http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/Out-Of-SchoolLearning/Pages/getting-started-market-research.aspx>

Absence Unexcused:

Ending Teacher Shortages in High-Need Areas,
Beatriz Chu Clewell and Ana Maria Villegas, 2001

[http://www.wallacefoundation.org/KnowledgeCenter/
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Pages/AbsenceUnexcused.aspx](http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/AreasOfContinuingInterest/TeacherRecruitment/Pages/AbsenceUnexcused.aspx)

A New Framework for Building Participation in the Arts,
Kevin McCarthy et al., 2001

[http://www.wallacefoundation.org/KnowledgeCenter/
KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/
NewFramework.aspx](http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/NewFramework.aspx)

Revitalizing Arts Education Through Community-Wide
Coordination,

Susan J. Bodilly and Catherine H. Augustine, 2008

[http://www.wallacefoundation.org/KnowledgeCenter/
KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/
revitalizing-arts-education.aspx](http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/revitalizing-arts-education.aspx)

From Hip-Hop to Shakespeare:

Dallas Blazes 'Coordinated' Trail in Arts Education for
City Young People,

The Wallace Foundation, 2008

[http://www.wallacefoundation.org/KnowledgeCenter/
KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/
dallas-blazes-coordinated-trail.aspx](http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/dallas-blazes-coordinated-trail.aspx)

The Reality Underneath the Buzz of Partnerships:

The Potentials and Pitfalls of Partnering,

Francie Ostrower, 2005

[http://www.wallacefoundation.org/KnowledgeCenter/
KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/
reality-underneath-the-buzz.aspx](http://www.wallacefoundation.org/KnowledgeCenter/KnowledgeTopics/CurrentAreasofFocus/ArtsParticipation/Pages/reality-underneath-the-buzz.aspx)

Notes:



ACTIVE PHILANTHROPY

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Dr. Edward Pauly is Director of Research and Evaluation of The Wallace Foundation, located in New York City. Since 1996, he has led Wallace's efforts to develop field-relevant knowledge and solutions from the foundation's work on strengthening education leadership, improving after-school programs, and expanding participation in the arts. The foundation makes all of its evaluations public and available as free downloads at Wallace's Knowledge Center, www.wallacefoundation.org.

Previously, Pauly was a faculty member at the Institution for Social and Policy Studies at Yale University, where he earned his doctorate, and was a senior researcher at MDRC. He is the author of books on education policy and employment programs. From 2005 to 2007, he was Chair of Grantmakers for Effective Organizations.