DANVILLE REGIONAL FOUNDATION

DRF Evaluation

Assessing Our Progress Toward Regional Economic & Cultural Transformation

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Executive Summary

As a young foundation with a sizeable endowment and dynamic mission, Danville Regional Foundation is positioned advantageously to become a vital engine for transformation in its community. To do so, DRF must ensure that its mission's dynamism is matched by an equally active organizational learning environment. The program staff, board, grantees, and other stakeholders must become part of an atmosphere that encourages inquiry and honest dialogue about DRF's performance and the progress of its community's transformation.

DRF uses innovative means of achieving social impact, including building grantees' capacity and creating novel partnerships; these newer ways of working demand an equally innovative approach to evaluation. Since DRF approaches grant-making as an investment and places great emphasis on forward-looking transformation, its evaluative practices ought to match that attitude. An effective evaluative process can enable DRF to make ongoing improvements in its work and transform as readily as the community's economy and culture.

The purpose of this report is to determine ways to observe progress; design a set of questions that board and staff members can annually ask themselves in a reflective conversation; and foster a culture of inquiry, learning, and reinvention. This discussion should serve the Foundation by leading to better, more informed decision-making. It should focus on whether or not DRF is headed in the most effective direction toward its goal of regional economic and cultural transformation and whether, as an organization, DRF is taking advantage of the most effective opportunities. It is understandable that no single approach to evaluation will serve every organization under every circumstance and we, as a team, want to inform DRF of the full range of available evaluative options, the purposes they serve, relevance, and which approaches will produce the information it needs. We hope to enable the Foundation to facilitate real-time learning by using the evaluation to find what the Foundation needs to know *this* year so that the Foundation will be where it wants to be *next* year. DRF wants to determine ways to fairly observe progress over time, *not* to attribute causality. Ultimately, the evaluation should answer the following questions: (1) How is DRF doing? (2) What is DRF learning?

We, as a group, have approached this task through a framework that distinguishes between progress at the grant, initiative, and organizational levels. At the grant level, we suggest tracking progress based on objectives agreed upon by the grantee and the Foundation *and* assessing the quality of interactions with grantees and applicants. At the initiative level, progress should be tracked against goals that each program officer sets for his/her focus area. At the organizational level, progress should be tracked using the Regional Report Card, which provides accessible and up-to-date statistical information about the trends in educational quality, financial stability, economic vitality, health, and civic capacity. This report card should be supplemented by a qualitative impact and implementation evaluation, the results of which will complement one another and will allow us to understand how DRF affects its community.

At each of these stages, a rigorous, data-based process and a more opinion-based, qualitative knowledge approach will be combined. The data points identified address process, outcome, and impact assessment, but wisdom exists in our communities that cannot be captured by scientific data. Accordingly, balancing quantitative data with qualitative knowledge is needed. The results of any evaluation will not produce a judgment or a final grade rating DRF's work; rather, it will inform an ongoing discussion and enable DRF to learn and grow.

DRF Evaluation Recommendations

"People think there is a generic approach to evaluation that they are supposed to use, but that is not the case. The primary question that should guide any evaluation is 'What do you and your foundation colleagues most need to learn?'"

Ed Pauly, Director of Research & Evaluation,
The Wallace Foundation

Evaluation Goals: What does DRF most want to learn? What questions does DRF want answered?

- How is DRF doing?
    - How is DRF doing in terms of transforming the regional culture and economy?
    - What is DRF's progress?
    - Is DRF taking advantage of every opportunity and making strategic grant-making decisions?
- What is DRF learning?
    - How does DRF observe progress? How does DRF learn from it?

I. Grant Level Evaluation

DRF's grant-making is a combination of responses to external requests and internally generated proposals. Foundation initiated efforts are likely to be part of initiative level activities and should be evaluated as such. Regardless of reactive or initiated, grants below a threshold should not be formally evaluated; DRF should establish such a threshold. Responsive grants above that amount should be evaluated as part of the foundation supported effort; foundation-initiated should be part of higher cluster.

A. In order to **track the progress** of grant implementation, have the grantee and the Foundation establish a set of goals upon signing a contract.

- If one of those goals requires observing indicators, the appropriate data points should be decided upon between the grantee and the Foundation.
    - For example, the following might be useful in tracking the progress of a grant targeting obesity reduction:
        a. *Number of Participants* or *People Served:* This **process indicator** measures performance at a stage where outcomes are not yet observable.

b. *Pounds Lost:* This **outcome indicator** measures the direct result of the obesity reduction initiative as exhibited by program participants.

c. *Mortality Rate Because of High Obesity Rates:* This **impact indicator** measures the long-term consequence that an obesity initiative would have on a broad scope.

- It may be useful to pull from FSG's methodological suggestions about tracking progress:
  - analyzing publicly available data;
  - developing or purchasing custom data;
  - administering surveys and collecting feedback through site visits, interviews, or focus groups; and
  - aggregating data from grantees.

B. To understand how the Danville Regional Foundation is **interacting with its grantees and to assess** the clarity of its communications, it should conduct an anonymous survey of grantees about their experiences with the Foundation. Maintaining grantees' anonymity ensures that they will be candid in their responses.

- The Center for Effective Philanthropy has developed a *Grantee Perception Report* (GPR) that could be useful for this process. Using their services, DRF could also compare its results with those from other grantees of peer foundations to determine field-wide norms and relative performance.

- As a companion to the GPR, the CEP developed the Applicant Perception Report which "allows foundations to understand the candid perspectives of declined applicants on a number of different dimensions."

II. Initiative Level Evaluation

A. Program officers should **set goals** that represent a tangible step toward DRF's broader mission for each program area and report to the Board annually on progress against those goals.

- Designing measurable, feasible, specific, and time-bound objectives will enable the Foundation to track progress toward measurable outcomes.

The following are examples of goals toward which DRF could track progress for each initiative, but establishing the actual goals the Foundation will track requires a much more in-depth discussion:

- **Health and Wellness:** *To decrease the obesity rates of Danville City, Caswell County, and Pittsylvania County to the state average of 23.1% in 3-5 years;*

- **Educational Attainment:** *To increase the college educated population of the Dan River Region to 30% by the year 2030*;
- **Community Engagement:** *Increase voter participation to the state average for presidential election years within 10 years*;
- **Economic Transformation:** *To increase the rate of entrepreneurial activity within the next 10 years, measured by the number of start-ups with growth potential, creating living wage jobs.*

B. The Foundation could **involve the community** by facilitating initiative-centered conversations about how the region is progressing. These conversations can be focus groups comprised of a diverse grouping of regional professionals and field experts who share their opinions and familiar knowledge about regional progress, whether attributable to DRF or not.

- This could also be accomplished by surveying the population at large, a task that should be completed by a consultant since DRF does not have the capacity. Such a study would have to be designed specifically for DRF and each of its initiatives, another reason why a consultant might be useful if a community-wide survey is deemed useful.

III. Organizational Level Evaluation

A. Quantitative Data

In this section, the proposal will review the most applicable evaluative tools for assessing the Danville Regional Foundation's ability to adhere to its mission of regional transformation, providing a means to evaluate DRF from the macro-organizational level. Specifically, this section advances recommendations for judging the impactful nature of DRF upon community transformation. In line with these recommendations, this proposal incorporates the "change focus" maintained by the Foundation.

Assessing from a community-wide or macro-organizational level requires using an outcomes-based evaluative methodology. Specifically, the outcomes-based evaluation should employ statistical information obtained from the Report Card.

DRF, with other community partners, should fund the yearly Report Card from which the community can be provided with yearly or bi-yearly reports on its progress. Importantly, the incorporation of a regional comparison is imperative to adequately judge DRF's impact upon the community. The comparison region should be similar to the Dan River Region as judged by economic situation, geographic and demographic considerations, and historical similarities. Selection of a similar region should be well researched and may be better determined by an outside evaluator. However, examples include Wilson, North Carolina, and Greenville, South Carolina. Both localities maintain similar trends in unemployment, income, population distribution, and recent setbacks to local economic structure.

Unique progress in the Dan River Region that is not found in the comparison region can provide some feedback on the impact of DRF. In fact, various theoretical conceptions of non-profit evaluations incorporate the use of longitudinal community studies that monitor change in indicators of community conditions (Connolly & York, 2002). Not only can the community report card provide yearly progress figures, but it can identify potential areas in need of intervention. Identifying intervention needs will allow DRF to remain aware of barriers to community transformation. With these barriers clearly defined, more appropriate funding decisions can be made.

In summation, to gain insight into Danville Regional Foundation's adherence to its mission, the Foundation should annually review the entire community's progress. Yearly review of statistical data remains important for both informing the staff of persistent barriers to transformation and the efficacy of past initiatives. While statistical information remains informative, it limits the Foundation from conclusively determining its impact on the community. As a result, qualitative data should also be ascertained to fill in the gaps left by statistical data.

B. Qualitative Knowledge

Importance of Utilizing Implementation Evaluation Designs

The Foundation should utilize both basic types of evaluation: impact and implementation. The main purpose of the impact evaluation is to estimate the Foundation's contribution toward regional transformation through statistical analysis of the outcomes created by various initiatives. An implementation evaluation provides indications of why or what happens within the organization in order to create the outcomes that were produced (this is useful for interpreting the results of the impact evaluation). The key advantage of utilizing this type of evaluation **along** with the impact evaluation is that evidence found in the implementation evaluation helps the Foundation decide whether outcomes are because of the actual organization or because of other variables.

For example, the impact evaluation shows that only forty percent (40%) of the initiatives were geared toward health and sixty percent (60%) were geared toward work-force development. Is this because the Foundation failed to create more initiatives geared toward health and wellness or is it because several of the programs funded toward that initiative failed to launch this year?

Designs for answering implementation questions have two levels, which are the *purpose* of the design and *timing* of the data collection (Aday 1996; Gehlbach 1993; Miller 1991; Patton 1997). The *purpose* of the design is used to *describe* events/activities with the goal of creating a "profile" of what went on in the foundation. Also, it is used to *explain* these activities/events with the goal of improving and understanding them. Timing of the design is simply used to describe how often the data is collected. *Cross-sectional* data is collected at one point in time, while *longitudinal* data is collected at two or more points (Grembowski 144-146). To allow the Foundation to track changes in the same data over time, as a means of comparison in consistency or variance, descriptive and explanatory designs that collect longitudinal data appear to be more useful for evaluation. However, once that data shows little variance in trend, a cross-sectional approach can be adopted.

For example, the impact evaluation presents statistical information that reveals only forty percent (40%) of the Foundation's efforts were directed toward health initiatives while sixty percent (60%) were in workforce development. The CEO can further investigate these findings through an implementation evaluation. Through a *cross-sectional descriptive* design, he can ask the program officers if they were satisfied with the number of projects geared toward each initiative. Beyond that investigation, the cross-sectional descriptive design will show if there was more emphasis placed on the development of particular sectors. Once data has been collected, a *cross-sectional explanatory* design could be performed.

This further evaluation would allow for asking staff why more emphasis was placed in a particular sector to understand what happened and why a lower percent was geared toward the health initiatives. A cross-sectional descriptive design can also be used to gather input of the community and the Board.

To allow the Foundation optimal opportunity to increase understanding of its performance, the following are examples of questions that should be included in an implementation evaluation (Grembowski, 22):

- Did the Foundation reach its intended target group?
- Was the community satisfied with the Foundation's services?
- Did the Foundation implement the initiatives as intended?

Ultimately, conducting implementation evaluations can ensure reliability and validity in the data collection. The Foundation can utilize simpler methods of tracking its progress as a means of immediate insight on the macro level. Such an approach can also be utilized in consultant evaluations.

A possible consultant which DRF may be interested in is the Altarum Institute, which has a location in Alexandria, Virginia. This institution is a nonprofit health systems research and consulting organization serving government and private-sector clients. They offer a diversified range of different types of evaluations while specializing in strategic planning, cultural competency, overall program evaluations, etc. Their areas of expertise parallel some of the same initiatives (i.e. Health) that DRF may be interested in pursuing for further information. Altarum's hourly rates are $120 for a Junior Analyst with a master's degree and $185 for an Expertise Analyst with a doctoral degree.

Because of the multiple methods of measurements, data collection, and analysis that must be completed, a consultant should be used for the overall process because of its rigor and complexity in structural development.

Forming a Practice Through the Utilization of Tools

A large portion of the evaluative process should be carried out by a consultant; however, it is important for the Foundation to have immediate access to evaluative tools that are not complex or rigorous. Those less complex tools can still allow for excellent insight while eliminating complete dependency on an outside agency for needed information. Therefore, the organization should develop timelines for board members, staff, and principle partners to meet and develop questions that provide a self-assessment for various facets of the Foundation.

These meetings are important, because the Foundation board and staff must have a more in-depth understanding about its "craft," in order to create complete understanding and knowledge of all sectors of the organization. This in-depth knowledge will help in developing consistent discussion of self-improvement through members and staff understanding what factors may have been influential.

There is freedom to structure how often the organization uses these practices, but they should be carried out at least once every two months. There is freedom concerning how to structure this self-assessment. However, based on research, emphasis should be placed on the authority, authenticity, accountability, and community engagement of the foundation (Harwood). Each of these four areas provides a self-assessment on the "theories of change" utilized by the Foundation, as well as a means to ensure the Foundation's actions are aligned with its mission. To increase understanding of the Foundation's "craft," the following are possible questions in the self-assessment practice:

- **Authority:** Do we hold deep knowledge about the community: do we understand people, their lives, where they live, their aspirations and concerns (Harwood)?
- **Authenticity:** Have we created ways to deeply listen to the community in an ongoing way? Do we know the role we want to play…is it clear internally and to those outside the community (Harwood)?
- **Accountability:** Are we focused on pursuing actions that are meaningful to the community? Are we going to present honest, candid, and straightforward findings even when they are critical of the Foundation (Harwood)?
- **Community Engagement:** Do we ask "What can I do for you? or What can we do together (Harwood)?

While the "self-assessment" tool will create practices that will keep the organization's board members focused on its "craft," there also needs to be the usage of an evaluative tool that will allow for immediate access, is feasible, and provides detailed insight into specific needs of the Foundation's community. Therefore, the Foundation should create an on-going partnership with a survey organization. This partnership will provide the Foundation with statistical information on the areas served: Pittsylvania County, VA, Danville, VA, and Caswell County, NC. Major assets in utilizing a survey organization to provide information for DRF's evaluative purposes include:

- An established and trusted on-going relationship with targeted communities;
- Flexibility to gear a portion of surveys toward DRF initiatives;
- Highly experienced in surveying all socioeconomic levels, cultures, regional areas;
- Services and data can be used throughout multiple DRF initiatives (i.e. report card); and
- Affordability, and
- Capacity to coordinate key research initiatives the Foundation is incapable of coordinating (community forums, group interviews, etc.).

Model 1. From Insight to Action: New Directions in Foundation Evaluation

Mark Kramer and other evaluation professionals from FSG conducted a study on the changing direction of foundation evaluation. According to FSG, the philanthropic field is transitioning toward a "performance-centered and forward-looking evaluation approach that provides foundations and their grantees with timely information and actionable insights."

The traditional approach is also linked to a specific theory of change: that foundations discover new solutions to the root causes of social problems, test them on a small scale, demonstrate their efficacy, then leave it to government or other funders to replicate and expand their efforts. This theory is widely accepted but rarely plays out in practice. Increasingly, foundations are using alternative approaches to achieving social impact, such as building the capacity of grantees, creating public-private partnerships, funding social entrepreneurs, and using advocacy to shape public opinion.

Because of this fundamental change in how foundations operate, DRF will have to adjust its means of evaluation. There has been a shift from evaluating the impact of completed grants to collecting timelier, more useful, forward-looking information that informs grantors and grantees to continually improve their work. The Z. Smith Reynolds Foundation provides a practical model for foundation evaluation based on a more forward-thinking outlook on evaluation practices:

Kramer profiles the Z. Smith Reynolds Foundation, which focuses on whether or not the "needle is moving" on social issues in which they invest rather than attributing causality to their invested funds. They are more concerned with understanding the effect of their presence in the field rather than *what* exactly their money bought with each grant. According to their Executive Director, Tom Ross, "If our grantees working on a certain issue are collectively moving the needle, that's what we want to know." This Foundation's work addresses five issue areas: community economic development, democracy and civil engagement, environment, pre-collegiate education, and social justice and equity. Its goal for evaluation is to compile information from grantees across a field of work and use it to measure progress toward its goals in that given area. Its greatest concern is determining "whether progress is being made on the social issues they care about." This approach to evaluation has enabled the Z. Smith Reynolds Foundation to update its goals and refine program area strategies to practice more effective grant-making.

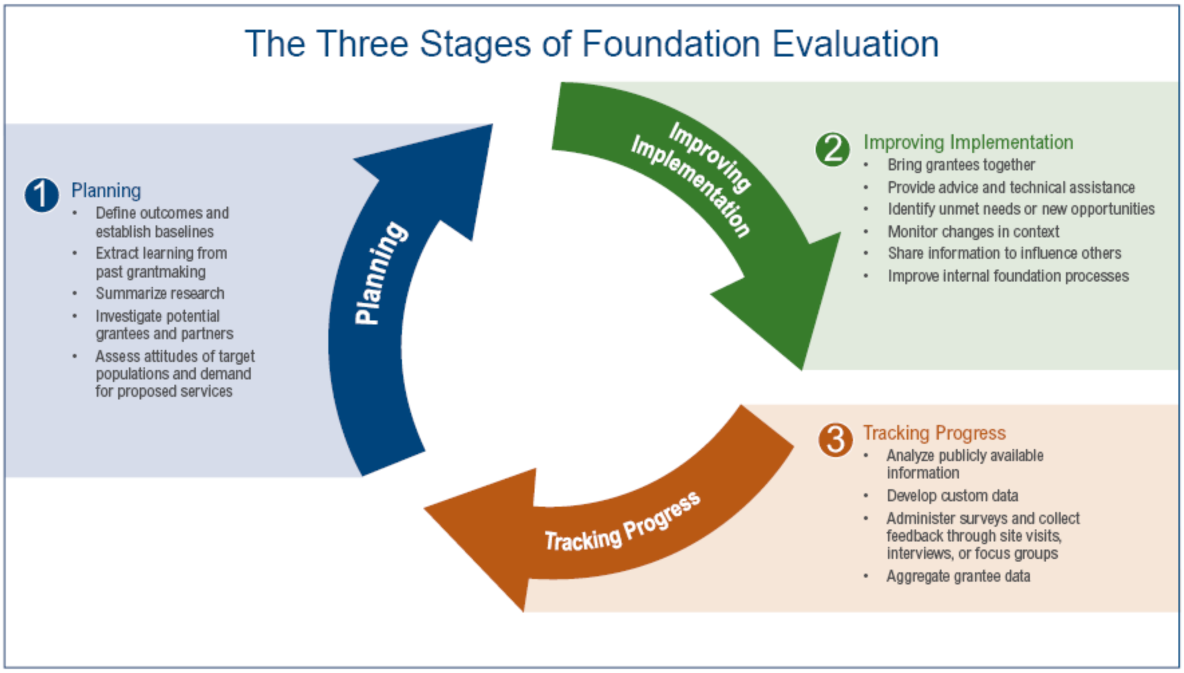
Kramer concludes that the three most critical questions evaluation can answer include the following. He also details several data sources and activities that foundations can utilize in evaluation efforts.

1. How can we better plan our work?
    a. Gathering baseline data and defining realistic and measurable objectives
    b. Extracting relevant knowledge from past grant-making efforts of the Foundation
    c. Summarizing relevant research from public data, academic studies, and the reports of field leaders
    d. Investigating the capabilities and priorities of potential grantees and funding partners
    e. Assessing the attitudes of target populations and the demand for proposed services

2. How can we improve implementation?
    a. Bringing grantees together to share knowledge and overcome common obstacles
    b. Offering advice and technical assistance on improvements in program design, management, or implementation
    c. Identifying new issues or opportunities for foundation intervention
    d. Reporting on changes in context that alter the assumptions behind the original strategy
    e. Providing information that can influence the behavior of others—funders, legislators, other nonprofits, or the beneficiaries themselves
    f. Improving the Foundation's internal operations

3. How can we track progress toward our goals?
    a. Analyzing publicly available data
    b. Developing or purchasing custom data
    c. Administering surveys and collecting feedback through site visits, interviews, or focus groups

d. Aggregating data from grantees



For DRF, it seems that the understanding of *how we can track progress toward our goals* is most critical to informing the type of evaluation we, as a group, would like to design.

Kramer goes on to suggest the following five broad principles that should be the foundation for effective evaluation. They apply to *any* evaluative process, not just the model presented in this paper.

1. **Create the organizational culture and processes necessary to translate information into action:** "Evaluation should be about learning with a purpose—what works and what doesn't, grounded in evidence. And we need to act on what it tells us." Furthermore, we must analyze the data that serves as evidence, create insights, and formulate an action plan to improve foundation effectiveness. Equally integral is an organizational culture that encourages learning and values candid feedback.
2. **Directly engage key decision-makers.** Make sure that all the parties expected to act on evaluation results are involved in designing the evaluation and collecting data, to some extent. By involving all the individuals expected to participate in the organization's learning experience—program staff, grantees, and board members—w the perspectives represented in the evaluation process are ensured to be accurate, informative, and useful.
3. **Let grantees take the lead.** Take a collaborative approach to evaluative design: allow grantees to play a leading role in defining the data to be collected and the design of the evaluation process. Both parties—grantees and foundations—are incredibly knowledgeable about different aspects of evaluation and grantees, as foundations' patrons and the field agents of greater social change should be actively involved in planning the foundation's learning process.

4. **Choose the fewest and simplest measures.** Using a small number of simple measures may be challenging since each foundation initiative and grantee has very distinct priorities and values, but overly complex performance measurement can become overwhelming.
5. **Use targeted, compelling methods of communication.** "If evaluation is to produce changes in behavior, the results must be communicated in a way that commands attention and compels action." The way we convey evaluation results is as important as the methodology and findings.

Model 2. The Center for Effective Philanthropy

The Center for Effective Philanthropy allows its subscribers to assess their performances relative to other foundations. They have designed tools that provide practical, actionable data for foundation leaders. Upon subscribing to their services, foundations achieve the following two outcomes:

1. they obtain important new insights into their foundation's performance, and
2. they support the development of comparative data for the field that is analyzed by CEP's staff and described in publications that are made broadly available.

They provide the following assessment tools:

A. Performance Assessment Worksheet,
B. Grantee Perception Report & Applicant Perception Report,
C. Applicant Perception Report,
D. Comparative Board Report,
E. Staff Perception Report,
F. Stakeholder Assessment Report,
G. Operational Benchmarking Report,
H. Donor Perception Report,
I. Multidimensional Assessment Process, and
J. Beneficiary Perception Report.

Conclusion

Now is a good time for DRF to take advantage of the expansive learning experience that can come from effective, comprehensive evaluation programs. The Foundation's program staff, board, grantees, and other stakeholders should become more actively involved in exchanging ideas about how to transform the region's economy and culture in order to better understand DRF's role in that process. These evaluation programs are some of the most effective practices in which we, as a group, can recommend DRF to consider undertaking. The methodologies suggested give ways to fairly observe progress over time, not to attribute causality. The evaluation should ultimately answer the following questions: (1) How is DRF doing? (2) What is DRF learning?

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