

MAKING CHANGE HAPPEN

CREATING AN
OUTCOME-BASED STRATEGY



ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

Effective philanthropy
is not wishful thinking
with a budget,
nor is it a pastime for
wealthy people who seek
a sense of service
simply by writing checks.

On the contrary,
effective philanthropy
is about the
thoughtful creation
of something
new in the world.

It harnesses rigor and strategy—as well as commitment and strength of heart—to build a practical path from donors’ ambitions to their desired impact. It starts with a philanthropist’s values and motivations, and moves through the careful, well-researched selection of appropriate goals until it produces its core element—a giving strategy. This strategy is hugely important because it dictates how a philanthropic investment will actually make change happen.

Many in philanthropy use the term “theory of change” to describe this planning and evaluation process. But for this guide, part of the *Philanthropy Roadmap* series, the donor’s journey is far more important than an industry’s jargon.

The key point here is that planning for this journey starts by identifying the destination. In other words, donors create their giving strategy by clearly stating the outcomes they want to see. Then donors identify the specific actions that they believe will produce those outcomes.

You will find outlined here a process that can help both experienced and emerging philanthropists. The goal is a functional model for creating social change, complete with plans for how to monitor the progress of the project.

Here are important questions that will orient our overview:

WHAT CHANGE DO YOU SEEK?

Identify the goals of your philanthropy by first defining the problem you want to address. Understanding the problem often suggests the approaches that might bring beneficial change.

HOW WILL CHANGE HAPPEN?

Specify the programs, initiatives and activities that will trigger change. Examine the assumptions that support your strategy.

WHERE WILL YOU SEE CHANGE AND WHO WILL BENEFIT?

Describe the program in detail. List the groups of people directly affected by it. What about other donors and parallel projects? Will the work raise awareness for the entire target community?

WHEN WILL YOU SEE CHANGE?

Decide on a time horizon for the program. How will that affect investment strategy, risk and complexity?

HOW WILL YOU EVALUATE

RESULTS AND UPDATE YOUR STRATEGY?

Plan to measure your goals against actual results. Schedule regular reviews of progress. Consider allowing enough flexibility in the model to adjust and adapt to changing circumstances.

WHAT CHANGE DO YOU SEEK?

Many donors come to philanthropy already knowing what issues they care about. It might be addressing climate change, or funding education reform, or helping combat type II diabetes. Yet, despite this clarity, the first step in creating a solid strategy is often to define the problem even further.

Why? It's logical: how we understand the problem informs how we seek change to address it. This often entails clarifying motivations, framing the big issues that relate to those motivations, narrowing your focus and listing the outcomes you want to see. (Our guides "Your Philanthropy Roadmap" and "First Steps in the Philanthropic Journey" cover this process in more detail.)

Once a donor has chosen a focus and desired outcomes, the specific planning can begin. That usually means research—not just to better understand the problem and survey programs that have attempted to address it, but to formulate detailed goals for your giving program.

What are the contexts and causes of the problem? What interventions have worked? Which ones haven't? Are there examples of programs in parallel situations? Where is there unmet need? How do the groups directly addressing the problem answer these questions? Will your outcomes really address the problem? Are your goals achievable? How much risk of failure are you willing to take on in setting your goals?

At this point, the task can seem overwhelming. But donors should not lose heart. Hard work now can save considerable disappointment and many dollars down the line. This early decision-making is what brings structure to your plan of action. So sound knowledge of the situation is essential.

Personal advisors, family members and professional philanthropic advisors can help here. The main driver, however, remains the vision of the donor. It's worth remembering, too, that philanthropists are sometimes pioneers of social change and as such, research on problems is not always relevant or even existent. There will always be a role for intuition and personal insight in deciding what change should be sought.

DEFINE THE PROBLEM AND THE SOLUTION OFTEN EMERGES

RURAL HEALTH CARE AND THE LEONA M. AND HARRY B. HELMSLEY TRUST

Rural Americans are underserved when it comes to access to basic health care. They're older, less healthy and have fewer financial resources than their urban counterparts. In addition, a significant number live without health insurance. To top it off, philanthropic dollars to address the problem are relatively scarce.

With health care as one of its main program areas, the Leona M. and Harry B. Helmsley Charitable Trust (2010 assets \$3.3 billion) commissioned professional philanthropic advisors to research the subject.

The results were clear: With a population spread over large areas and far fewer health professionals per capita than urban dwellers, rural Americans often did not have the same chance of getting basic care such as check-ups, blood pressure readings, cholesterol checks and mammograms. And serious health problems required people to travel great distances at great cost.

So the Helmsley Trust asked a strategic question—how can we effectively and efficiently get services to these people? In other words, how can we make change happen? With more research and networking, it became clear that

there was a considerable opportunity to make progress. Two avenues of promise were identified:

1

Supporting information technologies to deliver distance medicine

2

Offering grants to make advanced therapies available to rural populations

The Trust chose to focus on a six-state area, including Minnesota, South Dakota, North Dakota, Wyoming, Iowa and Nebraska. And the first grants, in 2009, narrowed that group to one state, South Dakota, where a key health care nonprofit partner was located. This partner, Avera Health, had the ability to bring advanced medical expertise to the communities in which basic health care facilities exist, but where the population cannot financially support specialty practices. One of the programs, called eEmergency, used video links to give 14 rural hospitals 24-hour access to a team of emergency care doctors at a teaching hospital in Sioux Falls. Another program brought advanced cancer treatment and detection (digital mammography) to rural hospitals, eliminating drives of up to three hours that patients had been making for radiation therapy.

The four initial grants, worth \$14.3 million, immediately put the Helmsley Trust into a leadership role among philanthropies addressing rural health care. As the trust saw success in developing health care access for rural residents, it gave more grants to spread the use of information technology and introduce advanced therapies. It also worked to build partnerships with other funders. It regularly evaluates the reach and impact of its grants so that it can evolve its strategy for making change happen.

HOW WILL CHANGE HAPPEN?

Once the problem is well-defined, philanthropists often find it much easier to determine how to create the specific results they seek.

As usual, each new stage brings a new set of questions. This set can help donors formulate the action points of their strategy:

**WHAT ORGANIZATIONS, INSTITUTIONS AND PARTNERS
WILL HELP CATALYZE CHANGE?**

**WHAT IS THE BEST COMBINATION OF PROGRAMS AND ACTIVITIES?
WILL A NEW INITIATIVE BE REQUIRED? WILL IT REQUIRE COORDINATION
WITH OTHER CIVIL SOCIETY OR GOVERNMENT ENTITIES?**

**WILL COLLABORATION INCREASE EFFECTIVENESS?
DONORS CAN BRING TOGETHER NONPROFIT ORGANIZATIONS
AND OTHER FUNDERS WORKING ON THE SAME ISSUE.**

HOW LONG WILL YOUR PROGRAM TAKE?

HOW MUCH MONEY WILL IT TAKE?

WHAT WILL SUCCESS LOOK LIKE?

**HOW MUCH TIME AND MONEY ARE YOU WILLING
TO INVEST IN ASSESSMENT?**

WHERE ARE THE GAPS IN YOUR CHANGE MODEL?

Key steps in the strategy are sometimes doubtful or simply missing—for example, a literacy program in a developing country might lack a building for instruction or adequate transportation for students. Sometimes funders must consider areas outside their initial interests if they are to build a truly achievable plan.

WHAT ASSUMPTIONS DOES THE MODEL DEPEND ON?

For example, does the goal of funding research towards curing a disease assume one researcher's approach is most promising? Does the pace of the research depend on the support of other donors? Will the activities carried out by the scientists result in actual progress towards a cure?

Assumptions aren't necessarily bad in philanthropy. In fact, it's hard to avoid them entirely. However, identifying assumptions can help a great deal in evaluating a giving strategy. These assumptions can be tested by comparing them against the outcomes of the giving program. Then the program—or the assumption—can be adjusted. Donors should consider being transparent with nonprofit partners about those assumptions.

In a similar fashion, all strategic giving is a work in progress. Your theory of how to make change happen is just that—a theory. That's why it's important to initiate giving programs and then evaluate their outcomes. This cycle allows philanthropy to evolve and follow a path of continual experimentation and improvement.

GOING PUBLIC-PRIVATE

WHEN YOUR BEST PHILANTHROPIC PARTNER IS THE GOVERNMENT FOODCORPS

Start with the epidemic of obesity in the United States (33 percent of the U.S. population in 2011, according to the Center on Disease Control). Then narrow the focus to low-income children, and how 32 million of them who rely on school food for basic nutrition face a particularly unhealthy future (1 in 3 children born in 2000 is expected to suffer from type II diabetes). This frightening reality is the problem that led to the formation of an innovative, public-private philanthropic approach to making change.

FoodCorps, a national service non-profit organization, was launched in 2011. Their strategy for change is straightforward: 50 young people will work for a year in limited-resource communities, offering hands-on nutrition education, building and tending school gardens and bringing high-quality food into school cafeterias through farm-to-school programs. The outcome they seek: better-nourished children who know what healthy food is and have better access to it. The young people will be paid \$15,000 for their year's work.

"These young leaders are dedicating a year of their lives to help give kids a relationship with healthy food that we hope will last a lifetime," said Curt Ellis, co-founder and executive director of FoodCorps, and co-creator of the documentary, "King Corn."

The organization came together with grassroots support from around the country, but it owes its existence to the generosity of an unusual combination of funders: AmeriCorps (the federal government) supplied early funding, along with individual donors and a group of foundations, including the W.K. Kellogg Foundation.

Kellogg's support was crucial. The foundation invested \$2.3 million in philanthropic seed money in the years 2007–10, seeking to "reduce childhood obesity by establishing a viable and sustainable farm-to-school network" on local, state and national levels. An additional grant of \$172,000 was made in 2010 to "increase the health and prosperity of vulnerable children ... by supporting the planning process for FoodCorps."

And how will FoodCorps achieve their outcomes? Here, very briefly, is the change plan:

NUTRITION EDUCATION

About 60,000 children from more than 100 schools will "receive at least 10 hours of garden-enhanced nutrition education" in the first year.

ACCESS TO HEALTHY FOOD

Working with community groups, FoodCorps leaders will encourage participating schools to serve local, healthy food. School gardens will be built or enhanced. Relationships between school food service directors and local farmers will be established or strengthened.

PROFESSIONAL DEVELOPMENT

Leaders will receive training and mentorship in food, agriculture, education or public health.

STRENGTHENING COMMUNITIES

FoodCorps will recruit, train and place new volunteers in school garden and farm-to-school initiatives, at an average rate of five volunteers per FoodCorps leader.

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WHERE WILL YOU SEE CHANGE AND WHO WILL BENEFIT?

To create a testable philanthropic strategy, donors often need to link specific goals with specific outcomes. That means the plan for change must give a detailed description of what funded programs will actually do, and who will be affected, so donors can compare their strategy with real results.

For example, a donor who sought to help homeless youth might develop a plan to fund direct services organizations which distribute food and other basic necessities of life. The outcomes could be measured in the number of meals served, the number of young people given shelter, the number of doctor visits, clothes handed out, et cetera.

Or the same donor could also fund organizations that provide ways to increase educational opportunities for homeless youth, reasoning that more education, more training and more skills would give young people more resources to succeed in life. Outcomes could be seen in the number of homeless young people who go back to school, the number who receive college prep and financial aid counseling, the number who undertake vocational training, the number achieving a high school equivalence degree, or enrolled in drug treatment and rehabilitation programs.

Or the same donor could seek change on the same issue at a systemic level, working on advocacy and policy issues. Measurable outcomes could include: the passage of new laws or bylaws, a shift in public opinion as measured by surveys, or the creation of new collaborations or coalitions to work for systemic change. At this level, it's worth noting that measurable results can be very hard to achieve and donors often must confront a greater risk that their philanthropy may not produce tangible results in a short time frame.

Answering the “who” question is a big part of answering the “where” question. In this example, the initial focus is obviously young people who are homeless. But depending on which approach a donor takes, the list of people directly affected by the program could include medical staff, educators, volunteers, legislators and other policy-makers. Since homelessness presents different challenges in different communities, targeting awareness in an entire community might also be a goal.

As donors consider their model's details of where change will happen and who will benefit, they can also be watchful for flaws in their approach. One of the strengths of this planning process is that it allows donors to spot weaknesses in their approach and correct them before any money is granted.

The J.B. Fernandes Memorial Trust is one of the few private funders working in the Caribbean nation of Trinidad and Tobago. Formed after the death of entrepreneur Joseph Bento Fernandes, the trust has made more than 1,000 grants since 1998 totaling \$72 million. It focuses largely on the areas of education, health and poverty alleviation.

The Trust also works in Portugal and Madeira and several Portuguese communities in the United States. But on the small islands of Trinidad and Tobago (population 1.3 million), the trust has an outsized role and responsibility.

It was this sense of responsibility that suggested a new way of making sustainable change in the islands. Site visits by representatives of the trust revealed a number of nonprofit organizations with tremendous passion for their work. However, some leaders of these NGOs were challenged by basic issues such as proposal writing, budgeting and most importantly, governance and registration as a charitable organization.

So the Trust decided to develop a new strategy. In place of some direct grants to worthy groups, it would seek to create systemic change by building the capacity of civil society. In other words, the Trust would train nonprofit leaders in management, fundraising and other key areas, believing that the empowered leaders would make a greater impact on programmatic issues.

The multi-year strategy began in 2008 and, building on work that had begun in 2001, sought to build a stronger civil society on five levels:

1

Support training within individual Trinidad and Tobago NGOs around key management areas.

2

Encourage the development of a network of trained NGO leaders which eventually could establish best practice standards and goals for the sector.

3

Provide professional development opportunities for in-country consultants, enhancing their capacity to serve as resources for NGOs.

4

Create short courses in nonprofit management topics, designed to be accessible for working professionals.

5

Explore the development of certificate-level educational programs in partnership with post-secondary institutions.

The Trust believes that its coordinated investment at multiple levels of the NGO sector will help establish civil society organizations as an important, professionally managed and effective force in improving the health, education and economic conditions of disadvantaged Trinidadians.

Because the ambitious strategy exceeds its normal financial and programmatic scope, the Trust is actively engaging other private donors, the government, and the business sector as partners in this work.

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WHEN WILL YOU SEE CHANGE?

Effective giving usually relies not just on how we decide to give, but for how long.

The time horizon for a philanthropic program can stretch from less than a year to many decades. Such flexibility is fitting as problems vary from the urgent (disaster relief) to the very long-term (scholarship support for students in need).

In the last two decades, there has been a dramatic swing toward limited-term philanthropy by some high-profile donors. And yet, the norm is still to pursue social change through a private foundation in perpetuity.

Of course, the donors call the tune here. The problems they define, and the outcomes and approach they set will often suggest a time frame for their giving. Still, many donors find it useful to include issues such as how the amount of giving will affect their investment strategy, how the amount of risk in their programs will affect the duration of their investment, and how the complexity of what they want to achieve will affect the time they allow for their giving programs.

Some of the biggest and most impactful funders in the world allow for mistakes and the re-adjustment of their giving programs when they set their time horizons. They find building flexibility into their strategy allows them to learn as they go and incorporate mid-course corrections that ultimately create greater effectiveness.

For more detail on how to set a time frame for your giving, see our guide "Setting Your Time Horizon—How Long Should Your Foundation or Giving Program Last?"

In 2011, Bill Gates said he spent more time working on polio eradication than any other activity. He sees a huge opportunity to wipe out the disease in less than five years.

One of the keys to the effort is an evolving model of change. To put it another way, the biggest foundation in the world has a strategy of regularly reviewing and adjusting its strategy.

That doesn't mean the Bill and Melinda Gates Foundation (\$36 billion in assets as of 2011) improvises its grantmaking. In fact, nothing could be further from the truth. The Gates Foundation is dedicated to thoughtful, impact-driven giving. But, it also stands for continual review and a willingness to change its own approach as the landscape changes, progress indicates a need to recalibrate or enough time passes that it's reasonable to re-examine the validity of its initial assumptions. One of the foundation's stated guiding principles gives a clear indication of this: "We leave room for growth and change."

The foundation's grantmaking process has four stages:

- 1
DEVELOP STRATEGY
- 2
MAKE GRANTS
- 3
MEASURE PROGRESS
- 4
ADJUST STRATEGY

These steps create an ongoing planning and giving cycle. The foundation says that throughout this process, "we are continually learning by asking questions and reviewing progress."

And how does that work in terms of the push to eradicate polio?

In 2010, the foundation launched an ambitious three-year, \$2.6 billion strategy. It was based on "lessons learned" from past philanthropy, including major grants to the World Health Organization in 2006 and 2008 to fund its work through the Global Polio Eradication Initiative. (This public-private initiative began in 1988, combining the WHO, UNICEF and the U.S. Centers for Disease

Control and Prevention with Rotary International. The initiative is credited with a leading role in reducing polio cases by 99 percent.)

The new Gates Foundation strategy focuses on the last four countries in the world where the disease remains endemic—India, Pakistan, Afghanistan and Nigeria. The plan sets out clear milestones to bring an end to the transmission of polio, as well as a number of outcomes, including increasing vaccinations, developing new vaccines, advocating for more funding, and creating an improved disease surveillance system. Built into the strategy is an “independent and rigorous monitoring of milestones” with a global advisory body meeting on a quarterly basis to evaluate progress. Such continual review adds to the cost of the overall program. But the foundation feels it is essential for what it calls “catalytic philanthropy.” For Bill Gates, the need for such a catalyst within the polio program is urgent. “If we fail, the disease will not stay at its current low level, it will spread back into countries where it has been eliminated, and it will kill and paralyze hundreds of thousands of children who used to be safe.”

So far, results in India are encouraging,

with only one reported case of polio in the entire country during the first eight months of 2011. As Bill Gates says, “It’s exciting to be part of this. It will be even more exciting when we’ve got the thing done.”

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HOW WILL YOU EVALUATE RESULTS AND UPDATE YOUR STRATEGY?

Many funders know how important it is to have reliable, relevant information about the programs they fund. Assessment, done in tandem with grantees, can provide this information. Without it, donors risk investing in programs that don’t produce desired outcomes. With it, donors have a built in way to adjust their giving—and their strategy—to increase effectiveness.

Here, common sense is a great initial guide. Donors naturally seek to measure goals against results and strategy against real outcomes. Donors and their partners should have a clear sense of the baseline against which results will be measured and what outcomes will be captured. Regular reviews of progress provide essential information to allow such assessment to take place.

And what exactly can assessment do? Here are three main uses:

ACCOUNTABILITY

At the most fundamental level, donors want their grantees to be accountable. Any strategy for sustainable social change depends on grantees carrying out the actions they have promised. Much can be learned by basic follow-through and review of performance.

DECISION MAKING

Many donors assess their grants as a way to make decisions about future giving: they want to understand which nonprofits should continue to get support, and which should be abandoned. Or, they may use assessment to make decisions about how to help their grantees be more effective. Donors may also use their assessments of grantees as a way to assess their own role in the change process: have we made good choices? How can we improve our decision-making?

"PROOF OF CONCEPT"

Solid evidence that a program is making sustainable change is cause for celebration, but it also provides information that can leverage further development. Often evidence of success offers a funder and the nonprofit a chance to attract other funders and expand the initiative's reach. A successful program can also become a model for other programs.

For most philanthropists, the assessment of giving leads them to update their giving strategy which leads to more giving, more assessment and more strategic updating. Donors creating their philanthropic plan should consider allowing enough flexibility in their model to review, assess, adjust and adapt their plans to changing circumstances.

For more information, see our guide "Assessing Impact."

The best way to improve student performance is to encourage, support and develop superior teaching—that's the basic strategy of the Intrepid Philanthropy Foundation.

Based in Northern California, the private family foundation has devised a model of change based on a reasonable assumption—that better-supported teachers will do a better job of educating students. Intrepid focuses on supporting cohorts of teachers, often from the same school. Here is an example of their leveraged, partner-based giving strategy:

A few teachers from a California primary school had received a state-funded grant to get training in an innovative reading program developed by the esteemed Columbia Teachers College in New York. The idea was for the teachers to use the training to write a new K-4 reading curriculum at their school. With an eye to leveraging the impact of the training, Intrepid made a grant to enable a larger group from the school to attend the training, including the school's principal. Upon the group's return, the school

implemented the new curriculum. Early results in 2011 indicated a significant increase in reading ability and student enthusiasm. "I do not have a single student out of 29 who doesn't cheer when it is time for Reading Workshop," wrote one teacher. "While the third grade standard is to read about 500 pages per month, my classes' average is 972 pages per month."

Another grant provided a new opportunity for Intrepid to support teachers. The Teachers College of San Joaquin in Stockton, CA is a relatively new tertiary institution that focuses solely on K-12 reform. Intrepid decided to provide fellowships to incoming graduate students. The fellowships support delegations of K-12 teachers from seven San Joaquin County schools to go through the Teachers College masters program together.

Through the program, teachers learn how to prepare students for both work and postsecondary education, how to implement project-based learning, conduct classroom-based research studies and participate in an innovative lesson study process.

Once they complete the masters program, the teachers are then expected to implement reform strategies in their own schools.

The founder of Intrepid, who prefers to keep a low public profile when giving, is personally involved in her philanthropy. She often measures impact by going into the classroom and observing. She agrees with Geoffrey Canada, founder of the Harlem Children's Zone, that a great teacher is a work of art. "You can see great energy and confidence flow into the kids. I'm the kind of funder who would much rather spend the hours I have available for philanthropy at the ground level with teachers and kids." This hands-on philanthropy makes the Intrepid Philanthropy Foundation flexible and responsive with its partners—whether they are teachers, schools, training institutions or other funders. "It's very creative," says Intrepid's founder. "It's like investing in R and D in the business world. We can say to teachers: what do you dream? If you had this money, what could you do?"

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MOVING FORWARD

Creating an outcome-based strategy for giving allows donors to tell the story of their philanthropy in advance. It invites them to make clear the end results they seek and then go through a thought exercise developing the steps that logically lead to those results.

In short, it's a draft script for change.

Like all drafts, it exists to get the ideas flowing and the project started. The expectation is that it won't be perfect and that it will require revisions. Because it is a work in progress, philanthropists can relax a little and experiment a lot. They can ask questions. Of themselves. Of family and friends. Of their advisors. Of other donors. Of nonprofits and social entrepreneurs.

Once the questions subside, donors can consider sitting down at a keyboard and actually writing the story of their strategy. (Or asking someone else to write it.) They can include everything—the problem, the goals, the outcomes, the assumptions, the sequence of change, all of it. This allows donors to share their change strategy with stakeholders and get feedback. It also allows them the opportunity to look for flaws in their model for change and its logic.

The beauty of creating such a narrative is that it helps evaluate strategy even as it helps formulate it. Once written, a story of philanthropic change will give a fresh perspective on a donor's purpose, and like hearing prose read aloud, will quickly show you what rings true and what could be improved.

ROCKEFELLER PHILANTHROPY ADVISORS

is a nonprofit organization that currently advises on and manages more than \$200 million in annual giving. Headquartered in New York City, with offices in Chicago, Los Angeles and San Francisco, it traces its antecedents to John D. Rockefeller Sr., who in 1891 began to professionally manage his philanthropy "as if it were a business." With thoughtful and effective philanthropy as its one and only mission, Rockefeller Philanthropy Advisors has grown into one of the world's largest philanthropic service organizations, having overseen more than \$3 billion to date in grantmaking across the globe.

Rockefeller Philanthropy Advisors provides research and counsel on charitable giving, develops philanthropic programs and offers complete program, administrative and management services for foundations and trusts. It also operates a Charitable Giving Fund, through which clients can make gifts outside the United States, participate in funding consortia and operate nonprofit initiatives.

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