

Using Explicit Rubrics to Measure and Improve the Performance of Charitable Foundations

Chris F Jones, MBA FCMC¹

**Associate Faculty, Royal Roads University and President, StrategyLink Consulting
Victoria BC Canada**

© Chris F Jones, StrategyLink Consulting, July 2010

¹ The author is an Associate Faculty Member at Royal Roads University, a Certified Management Consultant and an expert in the application of explicit rubric methodology to qualitative opportunity analysis, decision making and evaluation. He has some thirty years' experience in program evaluation and performance management in governments.

Comments and enquiries are welcomed at chris@strategylinkconsulting.com

The author acknowledges the kind assistance and inspiration of Clement Bowman PhD and his colleagues at ProGrid Evaluation Solutions Inc., Toronto, Ontario. www.progrid.info

Table of Contents

Why measure foundation performance?.....	3
What creates “value” in a foundation?	3
Indicators of effectiveness	4
Conceptualizing performance measures	4
Indirect indicators – a framework for performance assessment.....	4
An “explicit rubric” approach to measuring intangibles.....	5
Evaluating foundation performance	6
Using explicit rubrics	7
The process	7
1 Establish the performance criteria	7
2 Choose a peer-group panel to perform the evaluation.....	8
3 Conduct the evaluation.....	10
A “window on the future”	11
Reporting the results	11
The assessor variance report.....	11
The foundation grid report.....	12
The foundation profile report	13
The advocate and assessor comparison report.....	13
The spider’s web report – where do we want to be?	14
The action statements report - how do we get there?.....	15
Additional performance measurement features.....	15
Comparative assessment – measuring the relative performance of foundations	15
Multi-level evaluation.....	16
Choosing grantees that best meet foundation objectives and strategies	16
Conclusion	17

Using Explicit Rubrics to Measure and Improve the Performance of Charitable Foundations

Chris F Jones MBA FCMC

July 2010

Why measure foundation performance?

The resources available for solving society's problems are scarcer than ever, but it is generally accepted that charitable foundations can achieve greater social impacts for the same cost than either governments or private donors. Foundations are crucial in the alleviation of society's problems and investment in improving their performance may have a greater relative impact on society than many other initiatives.

Porter and Kramer (1999)² noted that not enough foundations thought strategically about how they could create the most value for society with the limited resources at their disposal. Many foundations considered that measuring their own performance was unrelated to their primary charitable philanthropic mission, and were unwilling or unable to rethink what they did or how they did it. While foundations tend to rely on grantee evaluations and operational measures to assess their own performance, these are insufficient today from a foundation management perspective.

A 1999 Colorado Trust Report³ noted that "foundations most often direct their evaluations at the activities of their grantees, only rarely subjecting themselves to the same level of scrutiny, accountability - and discomfort" and that "the paucity of foundation-focused evaluation *severely limits the effectiveness of the philanthropic sector*". The author believes that this is an unsatisfactory situation.

Many non-profits, foundations and otherwise, operate without the discipline of bottom-line performance measures, and measuring performance with any degree of explicitness or objectivity is admittedly difficult. So they have less incentive to measure and manage their own performance. Some foundations have been successful in encouraging their grantees to measure their performance better. But what of the foundations themselves? The more they are able to improve the performance of social enterprises, create knowledge, and influence public and private sector efforts, the greater will be their social impact.

What creates "value" in a foundation?

Porter and Kramer identified four ways for a foundation to create greater value – selecting the "right" grantees, signalling others (leverage), improving their grantees' own performance, and creating new ideas. But the ability to create value and impact in this way requires a *real strategy*, which they defined as "a definition of its distinctiveness and a discipline that dictates every aspect of the organization's operations".

Instead of competing in markets, foundations are in the business of contributing to society by using their scarce resources to their maximum potential. Even a charitable foundation must attempt to "serve its customer needs" better than its "competitors". It must also compete for donations. That means not only optimizing the value obtained from its own resources, but also *demonstrating* that effectiveness to stakeholders.

² Porter, Michael E and Kramer, Mark. "Philanthropy's New Agenda – Creating Value". Harvard Business Review, November-December, 1999

³ Easterling, Doug and Csuti, Nancy Baughman. "Using Evaluation to Improve Grantmaking: What's Good for the Goose is Good for the Grantor". The Colorado Trust, March 1999.

If a common goal of foundations is “superior performance in its chosen area”, how can this goal be measured? Not only by measuring its grantees’ performance by conducting evaluations and learning from the results. Porter and Kramer’s “new agenda” requires that foundations develop (and presumably publish) a strategy; align their operations with the strategy; and revise their governance so that the strategy can be monitored effectively.

A particularly important component of operational alignment is the development of measures and tools to help the foundation to know not just whether or not it is “successful”, but *how successful it is*.

Indicators of effectiveness

The Centre for Effective Philanthropy (CEP) published its “Indicators of Effectiveness”⁴ in 2002. Its central thesis was that better performance assessment would lead to greater effectiveness of foundations, and that this would increase their impact on the people and the issues they aim to affect. The study was designed to explore the feasibility of defining foundation performance and then of measuring it. The study suggested that foundations can indeed find practical and measurable proxies for “social impacts” to enable them to improve their effectiveness, and provided examples.

Key findings of the study were that foundations are facing increased scrutiny by legislators and others to measure and improve their performance; that formal grantee performance evaluations, while useful, are difficult to aggregate in order to measure overall foundation performance (“apples and oranges”); that there is typically an absence of objective performance measurement data available to foundation managers; and that there is almost no *comparative* data available which might enable foundations to measure their relative performance against that of their peers. Additional efforts are needed to develop better measuring tools.

Conceptualizing performance measures

The CEP study encapsulated foundation performance in a single statement – “*the more benefit or social impact produced from a given pool of resources the more effective the foundation*”. The ideal way to measure the performance, therefore, would be to measure and assess the social benefit per unit of resources invested. This, of course, is easier said than done. Not only are there major data collection, assessment, and evaluation cost problems, but measuring the degree of causality between what a foundation’s grant actually did and the perceived change in social condition also presents technical evaluation problems.

The CEP suggested there was a need for new thinking about both *measures* and *data* so that performance could be measured and summarized at the overall foundation level. Two approaches explored were *indirect indicators* and *comparative assessment*. This paper deals primarily with the former, but the latter (as a potential consequence of the former) is also discussed.

Indirect indicators – a framework for performance assessment

Indirect indicators are those which, taken together, can provide an indication of a foundation’s performance and may be used to a greater or lesser degree as surrogates for other more complex, elusive, or expensive indicators such as the relative cost of social change.

The CEP identified a series of indirect indicators, described as “beneficiary measures”, “intermediate measures” and “foundation measures”. Seventeen major indicators were identified in four categories, as follows:

⁴ ----- “*Indicators of Effectiveness – Understanding and Improving Foundation Performance*”, Centre for Effective Philosophy, Inc., Boston, MA, 2002.

Achieving impacts

Program objectives
Grant objectives
Strengthening grantees
Funding influence and leverage
Field effects

Managing operations

Consistency with objectives
Grantee selection process
Grantee interactions
Staffing
Administrative expense
Endowment investment performance

Setting the agenda

Focus area
Goals
Approach

Optimizing governance

Accountability
Stewardship
Active engagement

Three of these indirect indicators, funding leverage, administrative expense and stewardship can be measured fairly simply by reference to tangible or quantitative measures. As well, some other indicators have components that may be measured quantitatively. However, the remainder are largely *qualitative* and *intangible* and their measurement is therefore rather more difficult and less objective. We are thus left with a series of important indicators which are, at the same time, *intangible, qualitative and difficult and potentially expensive to measure*.

An “explicit rubric” approach to measuring intangibles

An “explicit rubric” is a means of adding clarity, objectivity, transparency and rigour to an evaluation or rating process where the criteria are essentially *qualitative* or *intangible* and the numbers are hard to come by, non-existent, of limited relevance or expensive to collect. Explicit rubrics are used in education to grade complex assignments such as case study solutions; in business to prioritise strategies and evaluate projects; and in government to select the winners from competitive research grant applications. They are less commonly found in the non-profit foundation sector.

As well as explicit assessment criteria, rubrics use explicit measures of performance. There are usually only four generic measures of performance for any performance criterion⁵.

- Fails to meet an expectation or standard.
- Meets an expectation or standard in some respects but not in others.
- Meets an expectation or standard in every respect.
- Exceeds an expectation or standard.

In order to evaluate performance against a criterion, the criteria must be carefully articulated and explicit measures for each one developed. For example, if one were interested in evaluating the performance of a project in meeting its goals, a simple evaluation rubric might look like this:

⁵ For a full description and examples of the use of rubric methodologies for peer-group opportunity assessment and priority ranking in the business, government and non-profit sectors see Clement W Bowman, “*Intangibles*”, Grafics Publishing, Sarnia, Ontario, 2005 available at www.clembowman.info.

Criterion	Generic measures	Explicit measures	Evaluator's Ranking (check one)
Project performance	Fails to meet the expectation or standard.	This project failed to meet its stated goals	
	Meets the expectation or standard in some respects but not in others.	This project met some of its stated goals but not all of them	
	Meets the expectation or standard in every respect.	This project met its stated goals in every respect	
	Exceeds the expectation or standard	This project exceeded its stated goals	

Note the use of explicit measures reflecting the four generic measures. This is what distinguishes an “explicit rubric” from other types of rubric. The evaluator merely checks the ranking box which is most appropriate to his/her assessment about the criterion. The method uses peer-group assessment by a panel of experts and the experts’ opinions are combined. In practice, evaluating a project requires a variety of detailed criteria and performance measures, some quantitative and some qualitative.

Since there are several performance criteria, there will be several rubrics, one for each criterion⁶. The method also requires a means of accumulating the multiple performance measures to arrive at an overall performance rating. Evaluation against the criteria is made by the panel of experts and the results are combined to achieve a result and a ranking. Combining the rankings for each criterion gives an overall evaluation of the individual project. Sounds simple, and indeed it is.

Explicit rubrics have been used for a decade by the government and business sectors to evaluate discrete options and opinions and to select the “best” from those available, based on their qualitative indicators and their explicit measures of expected performance. Explicit rubrics are also used when the quantitative metrics one might ideally seek are elusive or non-existent or they are not sufficiently robust to withstand rigorous scrutiny. Some examples are selecting science and technology research projects for government funding; selecting outside agencies to provide professional services to governments; evaluating the performance of government agencies; and evaluating the performance of corporate governance structures. In that it uses an explicit ranking system to evaluate the alternatives, it is also used to measure and rank *qualities*, even if there is no need to “select a winner”.

Evaluating foundation performance

The explicit rubric methodology is not designed to replace the traditional forms of program and grant effectiveness evaluation, though the author’s experience shows that it can help there too. It is rather a complimentary activity which can provide an additional “foundation focused” dimension to evaluation and assessment which has hitherto been lacking. The example discussed below is intentionally couched at the “high level” – that at which a Board of Trustees tends to operate. However, it can just as easily be aimed at lower level issues, just as long as the performance criteria are mainly intangible and quantitative data are hard (or expensive) to come by.

Sometimes, “evaluations” are collections of data to which opinions are applied in order to provide an interpretation or to reach a conclusion. Given limitations on evaluation resources, no matter how sophisticated the approach, these opinions are bound to be subjective. Explicit rubrics can provide the opportunity to solicit evaluative opinions in a rigorous and explicit way in order to provide a much enhanced level of objectivity than can the traditional performance assessment process.

⁶ The author has experience of evaluation rubrics with from six to over 100 explicit evaluation criteria.

One further point. There are no restrictions as to whom a foundation might choose to involve in a rubric evaluation process. It is as inclusive as the foundation wishes to make it. The process is so simple, efficient and effective that groups or individuals who might not otherwise be able to contribute to a traditional evaluation can be invited to participate in the process. The sole requirement is for "knowledgeable people, appropriate for the circumstance". This is a valuable feature when relationships, for example with grantees, donors, staff and other stakeholder groups, are so important.

Using explicit rubrics

An explicit rubric evaluation process has two fundamental components, the "engine" and the "user content" (the actual measures of expected performance). The user content is specified solely by the user's requirements - hence the universal appeal to "evaluators" in many disciplines. The methodology employs a matrix approach with user-selected performance criteria and a series of explicit rubrics expressed in plain English. Compliance with these statements is assessed by experts such as a Board, the Executive Director, a client group, grantee representatives, community members, evaluators or peer review panels, depending on the performance issues to be evaluated. However, they must be key people with firsthand knowledge. The process compiles assessment rankings based on their responses and generates a series of easy-to-read user reports that both evaluate and explain the performance.

Their inherent flexibility enables explicit rubrics to be used at several different levels in a foundation, for example to:

- Identify, screen and diagnose important but low performing management areas on which the Board's attention should be focused;
- Explicitly evaluate in more depth the performance of any, or all, areas of management;
- Select the "best" grants and grantees from proposals submitted according to explicit criteria published by the foundation⁷; and
- Compare the relative strength and weaknesses with other, similar foundations (benchmarking).

The process is participative, iterative, intuitive and imaginative. Best of all, it is easy for busy people to use and to manage.

The process

The following example shows how rubrics might be used in a foundation to diagnose areas of management under-performance. The example can only indicate the basic fundamentals and reporting of the operation. It cannot display the richness of the methodology.

1 Establish the performance criteria

First, the foundation identifies the two "overarching" objectives which the Board considers most crucial to its success. Let us assume it selects the "*quality of its governance*" and its "*impact on society*". These are used to head up the first and third columns of the performance matrix shown below. A third heading represents the crucial "enablers" which represent the linkages between the overarching performance objectives as defined. These are entered in the centre column.

Next, it identifies a series of performance criteria which are fundamental to the achievement of these overarching objectives. Using the indirect indicators derived from Figure 4 in the CEP study, the completed matrix might look like Figure 1.

⁷ This is the most common use of the explicit rubric methodology, where it has proved sufficiently rigorous in over 30 government organizations and non-profits to guide the investment of some \$1 to \$2 billion in grantor investments every year.

Figure 1. EXAMPLE PERFORMANCE MATRIX FOR A CHARITABLE FOUNDATION ⁸		
Governance Criteria	Enabling Criteria	Impact Criteria
1. Accountability	5. Alignment with Objectives	9. Strengthening Grantees
2. Financial Stewardship	6. Grantee Selection Process	10. Leverage
3. Engagement	7. Grantee Interactions	11. Effects on Field
4. Endowment Performance	8. Staff Interactions	12. Program Impact

Each of the twelve performance measures represents an area in which superior performance must be achieved in order for the organization to achieve its overarching objectives of high quality governance and impact on society. If superior performance can be measured for every criterion, the foundation is performing well. If poor performance is detected in any criterion, overall organization performance may suffer and remedial action might be warranted.

While twelve performance criteria are displayed, the rubrics can use virtually any number of performance criteria, at any level of detail, by “cascading” the matrices. For most applications, twelve key criteria would be quite sufficient.

No attempt is made to weight these twelve criteria. If a consensus can be found, the criteria may be weighted. The simple reason they are usually not is that this consensus is often difficult to achieve and since performance against each criteria is reported on independently, weighting is of limited importance.

2 Choose a peer-group panel to perform the evaluation

The second step is to choose the evaluators. As noted above, this will depend on the issues to be evaluated. The process uses “knowledgeable people, appropriate for the circumstance”.

A logical first step is for a Board of Directors or Trustees to be their own “expert panel” to quickly assess the perceived performance of their organization with respect to the high level criteria in the above matrix. This quick and simple process will provide a first level assessment based on their knowledge, experience and perceptions, which are among the reasons they serve in the first place⁹. They may also choose to include other stakeholders such as grantee representatives, sector experts, community representatives or public officials. Each evaluator would spend no more than 20 minutes on such a high level performance review, and an hour in a meeting to review the results, so this is not an unreasonable imposition on busy people¹⁰.

For some criteria, external review panels are necessary. For example, the assessment of “grantee interaction” will benefit from the use of grantee representatives¹¹, in order to examine their perceptions of performance and compare them with those of the Board. The more an issue affects external stakeholders, the greater the will be need for external representation on the evaluation panel.

⁸ Note that, if these example criteria were generally acceptable to a large number of charitable foundations, they would provide the basic elements of a comparative measuring process whereby the relative performance of like foundations could be measured.

⁹ Some would criticize this as “inward looking”. However, since it relies entirely on those who know most about the organization, and who are ultimately accountable for its performance, it is a logical first step.

¹⁰ Many users have found that some “busy people” who might not be expected to participate in the evaluation process actually “invite themselves along” to the evaluation process because they find it innovative, interesting, rewarding and even fun.

¹¹ It would be quite feasible to include all of them.

DRAFT, REVISED JULY 2010

The rubric evaluation form is the standard instrument used for measurement and data capture. The form contains a series of statements which allow each evaluator to select one which best illustrates his/her opinion of the foundation's performance, as described above. There is one explicit rubric for each performance criterion in the matrix, each containing four qualitative statements. Like the performance criteria in the matrix, these are user defined, and approved at the highest level.

Each rubric is composed so that it has four alternative statements which, in general, mean:

1. Fails to meet expectations
2. Meets some expectations, but not all
3. Meets all expectations (full compliance)
4. Exceeds all expectations ("pacesetter")

A rubric for Criterion 6, the Grantee Selection Process, might look like this:

Figure 2 – EXPLICIT RUBRIC FOR CRITERION 6, GRANTEE SELECTION PROCESS (ALTERNATIVE 1)	
The Foundation has no process or a loose or informal decision process for assessing and awarding grants.	A
The Foundation has a formal and systematic decision process for assessing and awarding grants.	B
The Foundation has a formal and systematic decision process for assessing and awarding grants, and it includes knowledgeable specialist evaluators	C
The Foundation has a disciplined, objective, systematic and effective review process with extensive use of knowledgeable specialist evaluators who have demonstrated a high level of commitment to a transparent, fair and effective review process. The review process includes a methodology for post-award evaluation to guide future decision processes.	D

The rubrics are designed so that Level C represents the foundation's acceptable level of "good performance". Level D is a level beyond "good performance" and represents the best practice achieved by pacesetter organizations. Because they are written in English, an evaluator has little difficulty in choosing the level he/she finds most suitable. There is no need to interpret what an evaluator might mean if a numeric ranking approach were used.

A second foundation might view its grantee selection process in a different way and so it would write its rubric quite differently, for example:

Figure 3 –RUBRIC FOR CRITERION 6, GRANTEE SELECTION PROCESS (ALTERNATIVE 2)	
The grant selection process has resulted in a significant history of appeals and complaints from unsuccessful applicants and their resolution takes up more staff and/or Board time than it should. Its decisions are not well accepted in the grantee community.	A
The grant selection process has resulted in some appeals and complaints from unsuccessful applicants but the time taken for their resolution is generally manageable. Its decisions are only moderately well accepted in the grantee community.	B
The grant selection process has resulted in the foundation rarely recording appeals and complaints from unsuccessful applicants and the time taken for their resolution is minimal. Its decisions are well accepted in the grantee community.	C
The grant selection process has resulted in the foundation having no history of appeals and complaints from unsuccessful applicants. Its decisions are accepted without question in the grantee community and it is considered a leader in the field	D

A rubric for Criterion 5, Alignment with Objectives, might look like this.

Figure 4 –RUBRIC FOR CRITERION 5, ALIGNMENT WITH FOUNDATION OBJECTIVES	
Most grants approved are considered to be in general alignment with the objectives of the Foundation.	A
All of the grants approved are explicitly aligned with the objectives of the Foundation and there is a systematic process for reporting on their degree of alignment.	B
All of the grants approved, <i>and most of those submitted</i> ¹² , are explicitly aligned with the objectives of the Foundation and there is a systematic process for reporting on the degree of alignment with the areas of focus that the Foundation has established and published.	C
All of the grants approved, <i>and most of those submitted</i> are clearly and explicitly aligned with the objectives of the Foundation and there is a systematic process for reporting on the degree of alignment with the areas of focus that the Foundation has established and published. The organization is recognized by its peers as one of the most effective sources of support in its chosen area(s) of focus.	D

3 Conduct the evaluation

This example assumes that each evaluator is sufficiently knowledgeable that additional information is not necessary to make this preliminary assessment of performance.

Each evaluator is given one set of rubric forms. He/she marks one letter in each rubric by moving through from A to D. A letter is selected *only if all the conditions contained in the description are completely fulfilled*. If a condition is not completely fulfilled, the lower letter must be selected.

A typical assessment form consists of twelve sets of rubrics, one for each performance criterion, with each containing four qualitative statements. Since an evaluator has only to read twelve rubrics, typically contained in about two or three pages, the process is simple and it takes little time.

Data entry is directly from the forms or by using response screens at the computer. The form provides space for brief explanatory comments, which are also recorded.

¹² This point can shed light on the effectiveness and success of the foundation's outreach process in attracting only those applications which meet the goals of the organisation and have a reasonably good chance of succeeding.

A “window on the future”

While a laudable aim, few foundations can realistically aspire to be rated as exceeding expectations (a perfect “D”) with regard to each and every criterion. So as well as asking for assessment information on the current situation, the rubrics may be designed to ask the evaluators not just where they are, but *where they think they should be in the future*. By showing the differences between the status quo and one or more future conditions, the rubric software can produce charts showing which performance areas are furthest “in arrears”, exactly where corrective efforts should be focused, and what will happen to the overall performance if the “performance gaps” are closed.

Reporting the results

Once the assessments are in the database, there are several ways of reporting the results. All reports are displayed in graphs and charts and designed for display on a wall screen so that the busy people on the Board or the evaluation panel can see the results as they discuss them. Should panel members wish to change their assessments as a result of their discussions, the updated results are immediately displayed on the screen.

The following charts result from an evaluation of a hypothetical foundation. While hypothetical, the charts are illustrative of the results from any explicit rubric application.

In this case the Executive Director (serving as the foundation’s “advocate”) and three assessors representing various stakeholder groups assessed the performance of the foundation. The evaluation matrix and rubrics previously described were used as the framework for the assessment.

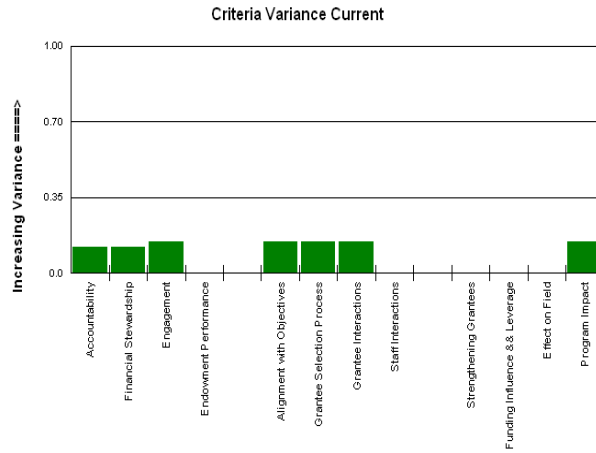
The following pages show the “standard” reports¹³ produced for this type of foundation assessment, including the “Window on the Future” option. All are generated from the evaluation data from the peer-group evaluation team.

The assessor variance report

Consistency between assessors is a good thing, even if not essential, and it is important to know how consistent their evaluations are.

The chart below is designed to identify, and focus discussion on, areas of high assessor variance for each performance criterion. Many users find this the most valuable component of the process and reports. Where the variance is low, the assessment represents a consensus and need not be examined more closely. Where the variance is high, discussion between the assessors will doubtless follow, not necessarily to change opinions, but rather to identify and examine legitimate reasons for the difference. Participants might change their opinion on the basis of the discussion, or they might agree to differ. Because the original assessments have been done independently, it is unlikely that the “most persuasive” member of the evaluation team will unduly influence the final assessments.

¹³ The author and his MBA students at Royal Roads University have evaluated the performance of several proprietary methodologies and software designed for the qualitative evaluation of intangibles. The reports on the following pages were generated by ProGrid www.progrid.info which is the only methodology which meets the author’s standards for performance and value.



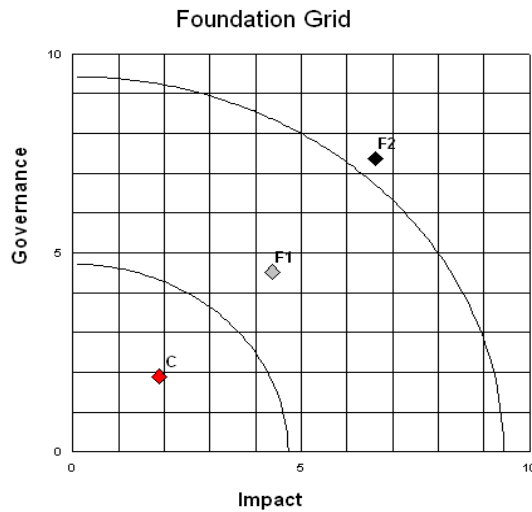
The absence of vertical green bars for some performance criteria in the chart indicates complete agreement among the assessors. The remaining criteria have a variance of less than .35, considered to be well within the normal range. This level of variance would not require extensive discussion or debate. However, were the variance for one of the criteria .70 or above, discussion would certainly ensue – *but it would be explicitly focused on that particular criterion.*

Should an assessor wish to change a ranking as a result of the discussion, this may be done in the meeting and all the reports updated instantaneously.

The foundation grid report

The simple grid chart below displays the current position (“C”) of the foundation as seen by the three “outside” assessors, and two expected future positions based on the existing strategic plans of the foundation. F1 is the position within the next three years and F2 a longer-term preferred future state. “Governance” and “Impact” are used as grid axes, reflecting the “overarching” performance factors determined when the performance matrix was designed.

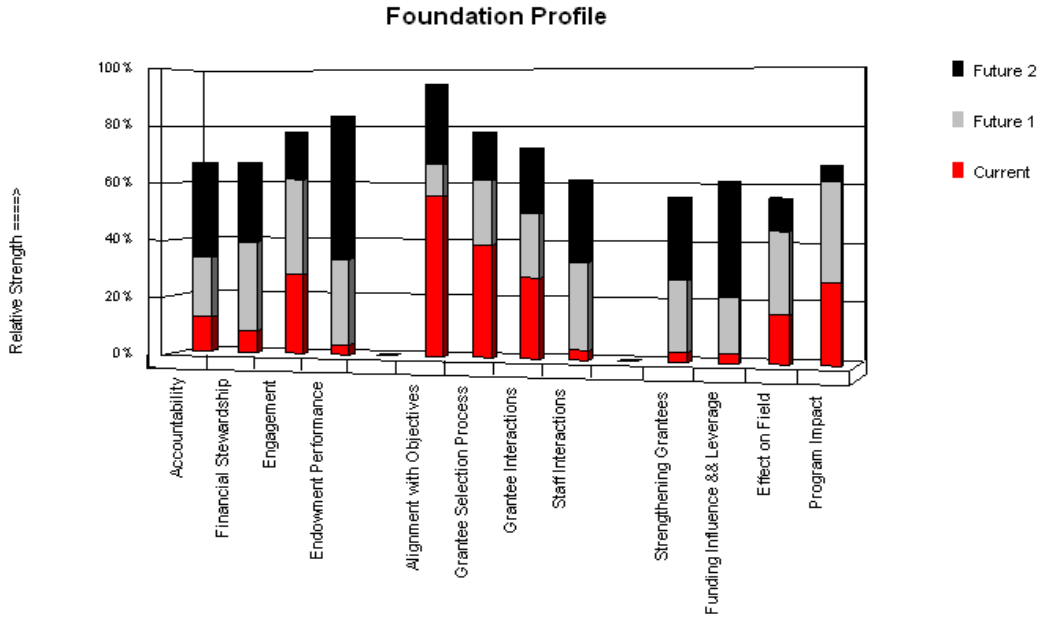
High performing organizations tend to place in the top right-hand corner. The grid indicates that overall performance for this foundation is quite low and might be much improved.



The foundation profile report

The following profile chart depicts the detailed assessment for each of the twelve evaluation criteria in the performance matrix. This identifies the current level of performance, the difference between the current assessment and the future target, and the specific areas where performance improvement is essential to move to the two future states.

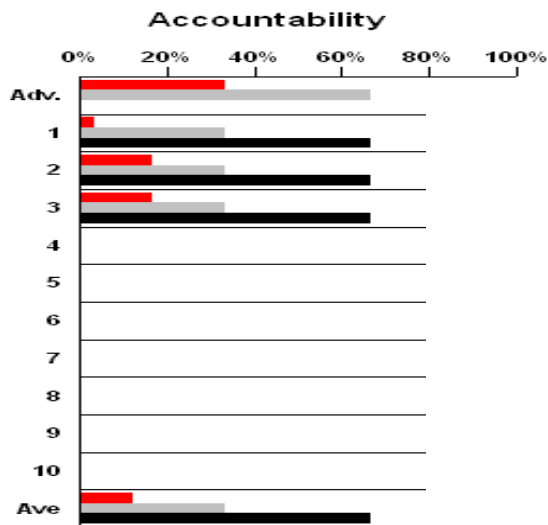
For example, the expected future state for “Alignment with Objectives” is very high, at almost 100%, as it should be. But the current assessment, while quite high, is at less than 60%. The performance levels for endowment performance and staff interactions are assessed exceptionally low, and this foundation appears to have been notably unsuccessful in leveraging its projects.



The advocate and assessor comparison report

In the detailed analysis of the results it might be important to compare the results of the external assessors with those of the internal “advocate”, the Executive Director perhaps. This is depicted in the chart below, which indicates for one of the cells in the evaluation matrix (Accountability) how the advocate’s assessment (Adv.) compares with those of three external assessors (lines 1, 2, 3). The red bars represent the current situation, and the grey and black “future 1” and “future 2” respectively. The average of the three external assessors appears at the foot of the chart.

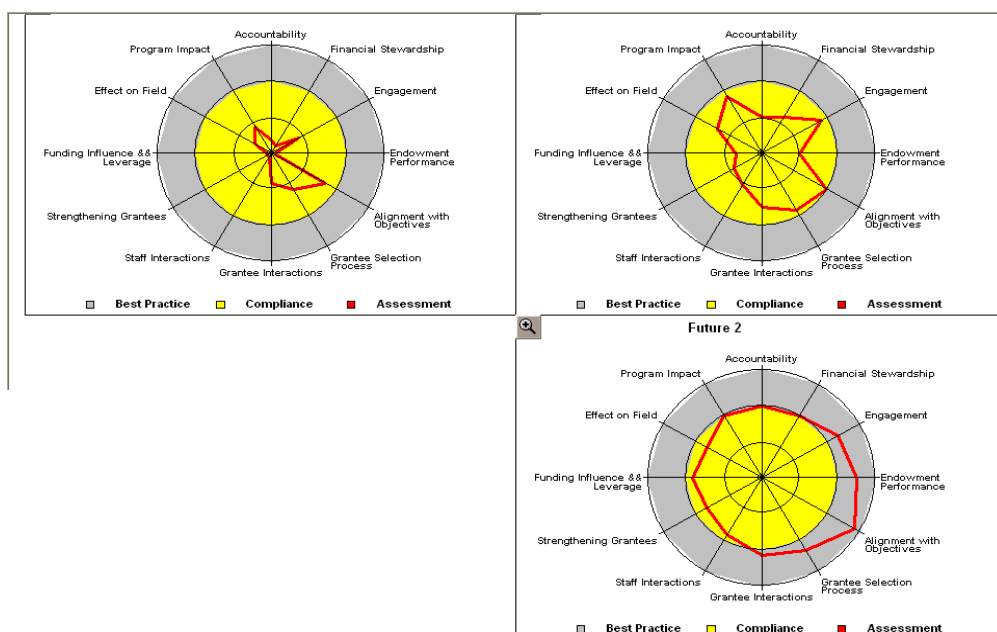
Note that, in this case, the advocate consistently rates his/her foundation’s performance higher than do the external assessors. This might be quite legitimate, but the Board might appreciate the opportunity to consider why.



The spider's web report – where do we want to be?

Foundations do not necessarily wish to operate at the “best practice” or “pacesetter” level in all respects. “Compliance” might be enough. Indeed acting as a pacesetter may be too expensive, or beyond the reach of the foundation for many practical reasons. However, it may choose to act as a pacesetter with regard to some criteria, or to operate somewhere between “compliance” and “pacesetter” levels with others. Most would choose not to operate at less than “compliance” level.

The charts below provide a different view of the assessment, showing how the foundation can progress from its current position through one of “compliance”, representing a fully satisfactory level of performance, to “best practice”, representing the level achieved by pacesetter foundations. The grey area indicates “best practice” for each performance criterion; the yellow represents “compliance”, and the red border the foundation’s assessment for each criterion. The first chart shows the current assessment, the second the “future 1” condition and the third the “future 2” condition.



In this case, the foundation has identified “compliance” with regard to most performance criteria by “future 2”. However, it has also indicates that it expects to be at the “best practice” level in respect of its ability to align grants with its own objectives.

The action statements report - how do we get there?

One of the powerful aspects of methodology is the ability to create Action Statements which describe specifically what the foundation must accomplish to move to higher levels of performance. The following Action Statements examples recommend that this foundation should take for the first two cells in the evaluation matrix.

	Action to move from Current to Future 1	Action to move from Future 1 to Future 2
Accountability	Put in place processes to provide full, accurate and meaningful reports of the Foundation's operations.	Develop plans which will show that the objectives of the sponsors and/or mandate of the Foundation have been fully met.
Financial Stewardship	Put in place processes to achieve an unblemished record in performing the accounting functions associated with the Foundation's operations.	Develop plans to ensure that timely and accurate financial reports are positively received by all key stakeholders.

Additional performance measurement features

Once the information is all “in the box” it is always tempting to make further use of it. The examples which follow merely use the same performance data in different ways.

Comparative assessment – measuring the relative performance of foundations

Porter suggested that the high level performance criteria for effective foundations were probably more consistent than many would expect. Assuming that a group of foundations were to agree on relevant performance criteria and rubric statements (and the CEP report provides an excellent lead in this respect) it would be possible to use the concept to collect benchmark data from as many foundations as chose to participate.

All of the above charts reflect the evaluation of a single foundation. If many foundations are involved in a formal benchmarking program, charts comparing foundations by size, type, interest area and geographic region might be produced. These would be extremely helpful for Boards of Directors or Trustees, and would become the basis for developing new strategic plans.

The performance measurement rankings, or benchmarks, would be similar to those in the example described above. They would be collected from the foundations, stored in a secure database, summarized and distributed back to the participants. The web-based technology to do this is simple and readily available.

The participant reports would indicate how each participating foundation ranked with its peers in respect of each performance criterion. Comparative performance reports (similar to the examples) would be provided for the foundations as a whole and, given sufficient participation to ensure confidentiality, by geographical area or by sector. The sectors might reflect size of asset base, area of interest, location, type of foundation, or any combination. Participants would be told which foundations were included in the performance indices for their own sector but not, of course, given the confidential results of other individual foundations. Eventually, the database would be capable of being queried so that a participant would be able to query any sector dataset in which it was interested.

If this were done every two or three years, changes in the comparative performance of the participating foundations could be tracked, which might be in the interest of an industry organisation. Some foundations might be interested in publishing the results of their comparative performance assessment.

Multi-level evaluation

One of the unique features in a rubric style assessment is its ability to perform multi-level performance evaluation using a “cascading matrices” technique. Using the same principles as the single matrix, each performance criterion in the main matrix is supported by a second matrix which may contain up to twelve sub-criteria. This increases the number of performance measures from twelve to 144.

This technique was used to assess the performance of a complete Ministry (department) in a Canadian provincial government and to assess the effectiveness of corporate governance in the wake of the Enron scandal. A group of major international corporations are currently participating in the world's first global benchmarking of their Intellectual Property Management capabilities using rubric performance assessment methodology.

Choosing grantees that best meet foundation objectives and strategies

The rubric approach to performance assessment was originally developed to assess technology research and development proposals for government funding. It has been used in several industry sectors for proposal solicitation, evaluation, ranking, approval and funding. In Canada it is used to allocate some \$1 to \$2 billion each year in science and technology research grants and investments.

What has this in common with the selection of grantees by charitable foundations? Simply that, in both environments, the performance criteria on which the granting decisions must be made are essentially intangible and difficult to measure explicitly by traditional means.

Rubric evaluation software has been designed and used to measure these intangibles explicitly, whatever their context. It will evaluate and rank the quality of an applicant's intangible performance criteria (accountability, stewardship, alignment with foundation objectives, leverage, program impact and so on) in an objective, disciplined, explicit *and transparent* manner. It will then generate comparative rankings of proponent applications, based on their ability to match the foundation's explicit performance requirements.

“Non-profit organizations spend a great deal of energy guessing at funders' preferences, anticipating funders' concerns and trying to accommodate funders' expectations”¹⁴. This was precisely the situation in the science and technology grant making sector before they moved to explicit rubrics. But it is not so now. The rubrics can be included in the solicitation and evaluation documents to ensure that the applicants know *exactly* what the funder requires and, on receipt of a funding application, the funder knows exactly how well its requirements and expectations are likely to be met.

A “closed ended”, proposal format is as essential to the user solicitation process as it is to the evaluation process¹⁵. Since the applicants must answer explicit questions related to the foundation's performance measures, it gives them no opportunity to stray outside the foundation's specific requirements. No superfluous material needs to be submitted, all the proposals are written in exactly the same order and format, and there are no detail-laden appendices. The proposal writing process is simple and efficient, and extra “credit” cannot be awarded for information not explicitly requested by the foundation. The standard format makes evaluation and

¹⁴ Easterling and Csuti. *Op. cit.*

¹⁵ Many foundations use a “closed ended” format for grant applications. Fewer use a sophisticated methodology to evaluate them. Many use numeric ranking systems, which may not stand up to scientific rigor or objective analysis. The reasons why not are well described in Bowman, *op. cit.*

DRAFT, REVISED JULY 2010

ranking quicker, easier, more accurate, completely transparent, more objective and more readily defensible than traditional methods. Further, a built-in “self-assessment” process ensures that the applicant does not write expensive applications which have no chance of success.

Once the Board of Trustees has established the selection criteria and approved the explicit rubrics, the first part of the evaluation process is essentially a mechanical exercise. However, the reporting capabilities facilitate Trustee oversight at every stage. Because the complex calculations involved are performed automatically, many more applications can be handled more quickly, and more accurately, than by traditional assessment methods. This would have the effect of significantly reducing foundations’ administrative costs, as it has already done for the science and technology research granting community.

The ability to minimize acrimonious debate and to focus the efforts of the selection panel(s) enables the organization to capitalize on the value and contributions of the busy (often volunteer) Board Members and Trustees whose job it is to evaluate applications and approve grants.

Conclusion

The explicit rubric approach has a long and successful history in evaluating the performance of organizations, programs and projects in many sectors.

There are three key areas in the management of foundations where explicit rubrics will provide benefits:

1. Measuring the performance of individual foundations;
2. Measuring the comparative performance of groups of foundations; and
3. Selecting the most suitable grantees from grantee proposals

The methodology has the potential to significantly improve foundation performance and change the way individual and comparative performance are measured.

Chris Jones
July 2010

6,100 words, approx.