LESSONS FROM THE FIELD

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AIMING FOR EXCELLENCE AT THE WALLACE FOUNDATION

This case study examines a foundation working to improve its performance in response to comparative assessment data. The case illustrates the need for continuous feedback loops to inform decision making.

January 2008: Christine DeVita, president of The Wallace Foundation, was frustrated – yet resolute. She and her senior colleagues had just received the results of the Foundation's third Grantee Perception Report® (GPR) and, though heartened by steady progress in several important areas, she was disappointed that the Foundation had not made more progress on two crucial fronts: clarity of communications of goals and strategy, and interactions with grantees.

Despite Wallace's efforts to improve the clarity of its communications of goals and strategy, grantees gave it comparatively low ratings on that dimension, citing the lack of consistency among Wallace's communications as one of their greatest challenges in working with the Foundation. And although there had been some improvement in grantees' ratings of interactions with foundation staff, DeVita wanted to see more dramatic change.

Given the large investments Wallace makes in its grantees and its intense focus on results, DeVita and her colleagues at the Foundation were determined to do better.

Based in New York City with approximately $1.6 billion in assets, The Wallace Foundation works to expand learning and enrichment opportunities nationwide. The Foundation focuses its efforts in three areas: educational leadership, out-of-school learning, and the arts.

With a strategy focused on making systemic change, the Foundation joins forces with a distinct set of grantees – states, school districts, cities, and a variety of national nonprofit organizations. It seeks to work hand in hand with these entities to develop and test new ways to strengthen educational leadership to improve student achievement, improve out-of-school learning opportunities, and build appreciation and demand for the arts. Believing that knowledge is a key driver of social change, Wallace also evaluates its work and commissions research to fill knowledge gaps. It then synthesizes and shares best practices and lessons learned from these activities to inform grantees and others about effective approaches to improving institutional performance.

Wallace's strategy includes making unusually large investments in the organizations it supports. Its median grant size is $1 million – compared to a $150,000 median grant size for a set of ten of its peers. Grants are largely given to leading nonprofits and public agencies, research teams, and communications specialists. And,

grants are comparatively long in duration – many running three to five years – which means relationships must be sustained over a long term.

The goals of the Foundation relate to specific outcomes in each of its three focus areas. But Wallace's leaders recognize that it is the grantees that are doing the work on the ground, in research, and communications, to achieve those goals, and so they are also acutely aware that their relationships with those grantees are essential to creating impact. The effectiveness of Wallace's strategy hinges on that relationship.

Toward Impact

"The only thing that gives you impact on important programs and services, on research, and on communications is the relationship between the foundation officer and the grantee, because grantees are the means to that impact," says DeVita. "Unless that relationship is open, frank, and safe, the grantee's not going to tell the officer what's really going on." An attorney who joined Wallace in 1987, DeVita has pushed the Foundation during her tenure to focus on maximizing its impact. She led its transition from project-focused grantmaking toward more targeted strategies and an emphasis on building and promoting the Foundation's knowledge in its areas of work.

Wallace is rigorous about tracking progress against goals. DeVita insists that all information must be welcome – both the positive and the negative – keeping that attitude alive by frequently repeating the mantra, "Facts are friendly." "What we need is honest assessment," she says. "Because unless we have it, we can't brainstorm about how to fix problems, about what course corrections there are to make, about whether we need to change our strategy."

To get the facts, leaders at Wallace track performance data from numerous sources on a variety of dimensions. For example, the out-of-school learning initiative supplies two key indicators: student enrollment in the programs Wallace funds, and sustained attendance in those programs. Wallace leaders combine those results to create key metrics that are reported to the Board of Directors on the Foundation's scorecard, an annual assessment system that tracks its performance by defining goals, initiatives to support those goals, targeted outcomes, and measures.

Among the key metrics reported on Wallace's scorecard are results from its GPR, which its leaders commissioned for the first time in 2004 and then repeated in 2006 and 2007 (and are continuing to repeat on a regular basis). The GPR is based on a comprehensive survey of grantees that provides data on grantee perceptions of a foundation's performance in areas such as interactions during the grant, the helpfulness and efficiency of the application and reporting processes, and perceived foundation impact. The GPR allows Wallace to understand how it is rated on these dimensions relative to how peer foundations are rated by their grantees on the same dimensions. (See sidebar, "Making the Grantee Perception Report® Part of an Assessment Portfolio," page 12.)

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Hearing from Grantees

Wallace's first GPR was delivered to the Foundation in December 2004, and the results were decidedly mixed. On the plus side, grantees rated the Foundation positively relative to other foundations for its effect on public policy and its ability to advance knowledge in the fields in which its grantees work. The high numerical ratings were accompanied by a number of exceedingly upbeat comments about the Foundation's impact. "The Wallace Foundation has put new energy into the field of educational leadership," wrote one grantee. "Their focus on both state policy and district practice is very important and needed!"

The GPR also showed that Wallace provides its grantees much more nonmonetary assistance, particularly field-related assistance, than most other foundations – and that assistance was typically highly valued. In addition, grantees rated the Foundation positively in the helpfulness of its selection and evaluation processes. While the 2004 GPR held much encouraging news, other ratings were more sobering.

Grantees rated Wallace below the median foundation on a number of dimensions that were important to its strategy. Among these were:

1. Understanding of and overall impact on grantees' fields
2. Assistance securing funding from other sources
3. Quality of interactions
4. Clarity of communications of goals and strategy[1]

Area for improvement	2004 GPR
Understanding of and overall impact on grantees' fields	○
Assistance securing funding from other sources	○
Quality of interactions	○
Clarity of communications of goals and strategy	○

○ = needs improvement

Organizing a Response

Foundation leaders found the 2004 GPR results a lot to digest. "It was very challenging to mentally synthesize the more than 50 indicators," says Edward Pauly, the Foundation's director of research and evaluation. "People had lots and lots of questions."

> "WE THOUGHT, 'WE'RE SPECIAL, WE'RE DIFFERENT.' SO IN SOME WAYS IT WAS EASY TO DISCOUNT THE '04 RESULTS."

According to Pauly, a researcher and former Yale University faculty member who joined Wallace in 1996, many of his colleagues across the Foundation wanted to know whether CEP's comparative set of grantee ratings from 117 other foundations was relevant to Wallace. "People were asking, 'What are the goals of these foundations? Do they all take a traditional approach to grantmaking – or do some do that while others focus on regional capacity building, others on national field building, and still others on

[1]To learn about the dimensions of foundation performance that nonprofits most value in their funders, see *Listening to Grantees: What Nonprofits Value in Their Foundation Funders*. The Center for Effective Philanthropy (2004).

knowledge building and advocacy? What is the comparison of Wallace to these other foundations really a comparison to?'" says Pauly.

Even DeVita was a bit skeptical. "We thought, 'We're special, we're different.' So in some ways it was easy to discount the '04 results," she says. Despite these concerns, DeVita appointed a committee of senior managers and charged them with organizing a response.

> "THE ONLY THING THAT GIVES YOU IMPACT ON IMPORTANT PROGRAMS AND SERVICES, ON RESEARCH, AND ON COMMUNICATIONS IS THE RELATIONSHIP BETWEEN THE FOUNDATION OFFICER AND THE GRANTEE."

The group believed that several of the areas that were rated less positively – including perceptions of impact on and understanding of grantees' organizations and fields – were likely related to a reorganization and change in strategy the Foundation had undergone in 2000. This had resulted in the phasing out of many program areas, but some grantees with multiyear commitments remained in the pool of respondents to the 2004 survey.

"We knew the pre-reorganization grantees were understandably concerned and dissatisfied with the shift in The Wallace Foundation's priorities. Their dissatisfaction was absolutely real, but it made it challenging for us to sort out and interpret the GPR results," Pauly says.

The group decided to focus on three areas for improvement: quality of interactions, clarity of communications of goals and strategy, and assistance securing funding from other sources. They were concerned by the less-positive ratings relative to those received by other foundations, and by the tenor of some of the open-ended comments grantees made on the survey. For example, in response to an open-ended survey question one grantee wrote, "[They] do not follow through on communications, do not engage with us in order to learn from our work, [and] they reframed their direction in the middle of our grant cycle but had not communicated the reframing directly to us."

To address these issues, the committee organized an all-staff training session. "We identified a number of topics from the GPR that we thought were a good basis for staff training. And we did a full-day training session based on those topics in May 2005, for directors, officers, and everyone," says Pauly. The internally led training session included staff from every function. "The message was that reception staff, operations, and finance have grantee connections with varying frequency, but they all interact with grantees," says Pauly.

The session, held in Wallace's office, featured mock interactions that demonstrated how to handle difficult conversations with grantees in a way that was firm, responsive, and courteous. According to Lucas Bernays Held, director of communications, who had previously held similar positions in academia, "Our hypothesis was that because we were in the business of helping grantees push themselves in directions that were challenging, we needed to find ways to navigate these conversations that both gave us the lessons we needed and ensured that grantees felt respected and listened to."

In the area of clarity of communications of goals and strategy, "We developed common messages for how we describe our work," says DeVita. "So we weren't leaving it to the idiosyncrasy of each individual officer about

what to emphasize, or what not to emphasize." Staff left the training session with specific, written messages to address a variety of situations. In addition to helping staff improve the clarity of their communications with grantees, the Foundation also adjusted information on its Web site for grantees and applicants so that it matched the messages given to staff.

When it came to assistance securing funding from other sources, Wallace officers agreed that the Foundation did little in this area. "We found they were in fact steering away from discussing it with grantees," says Pauly. "Introductions to or connections with other foundation funders are usually treated as *quid pro quo* – if a foundation responds to your introduction of a grantee, then they expect you to respond when they refer grantees to you, and we knew that we had very little capacity to do that. The staff's unintended response was to just not talk about it."

As a solution, staff identified and researched sources that funded within the same areas as Wallace but would not expect reciprocation – such as government agencies – and shared that information with their colleagues and grantees. "In education, for example, there are also a few other foundations that work on leadership issues. We charged people internally with becoming knowledgeable about their requirements and were then able to give our grantees targeted, substantive information about when an approach to these other funders would be useful," says Pauly.

> THE SESSION ... DEMONSTRATED HOW TO HANDLE DIFFICULT CONVERSATIONS WITH GRANTEES IN A WAY THAT WAS FIRM, RESPONSIVE, AND COURTEOUS.

Hearing from Grantees Again: Repeating the GPR in 2006

DeVita and Pauly decided that two years was a good interval for gauging progress and commissioned another GPR in 2006. The 2006 GPR brought good news in the form of statistically significant improvements over the 2004 results in a number of areas.

The Foundation was now rated above the median foundation on perceptions of impact on the fields in which grantees work, compared to its rating at the 25th percentile in 2004. On understanding of grantees' fields, the Foundation had jumped from below the median to close to the 75th percentile. In other areas, the Foundation built on strengths – increasing ratings that were already at or above the 75th percentile on dimensions such as advancing knowledge in grantees' fields and effecting public policy.

"In '06, we really grew over our '04 numbers on some of the things we really cared about, like knowledge in the field and public policy," says DeVita. "We had a lot of work come to fruition, and we had invested heavily in trying to be smart and sophisticated about how we disseminate and communicate that work. So the fruition of the research reports and the rebranding of Wallace as a knowledge source, and the reinvention of our Web site to focus on what we know as opposed to just what we do – all those deliberate actions paid off."

The higher GPR ratings on these dimensions confirmed other indicators monitored by the Foundation. For example, the Foundation had seen enormous growth in the number of publications downloaded from its Web site and from research grantees' Web sites, which increased from 2,000 per year in 2003 to almost 100,000 per year by 2006.

Wallace also worked harder to get its message out by increasing the number of staff speaking engagements from 59 in 2004 to 88 in 2006.

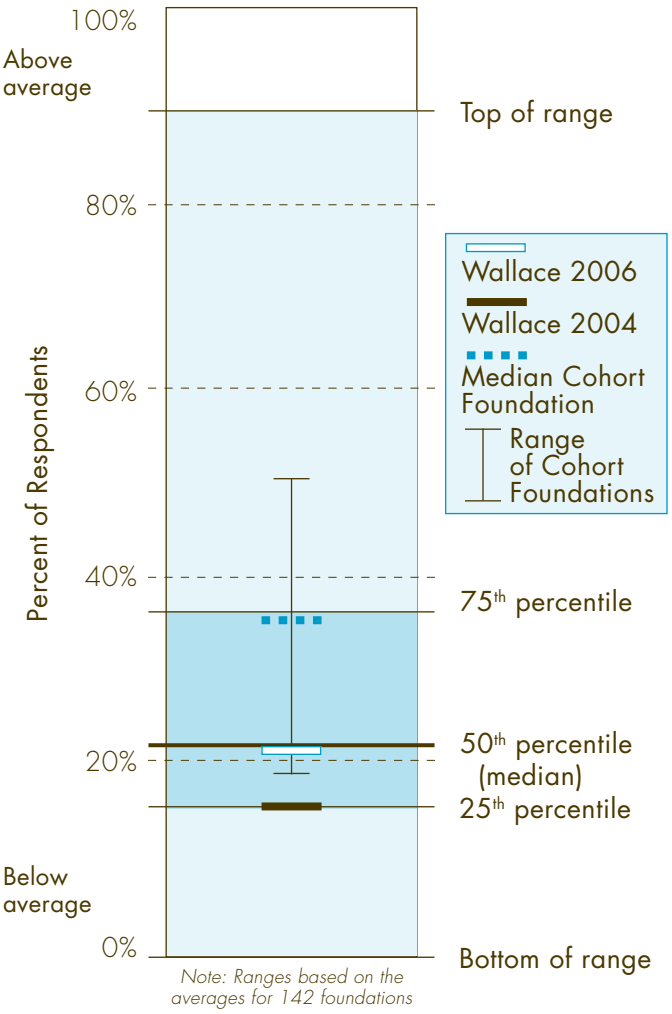
However, in the three areas that had been the focus of action by Wallace – clarity of communications of goals and strategy, quality of interactions, and assistance securing funding from other sources – the results were varied.

On the positive side, the Foundation saw dramatic improvement in a summary measure of assistance securing funding from other sources. A higher proportion of Wallace grantees reported receiving this kind of help – the Foundation's rating on this dimension jumped from the 25th to the 50th percentile – and those who received the assistance rated its impact more positively than had been the case in 2004. "We were delighted that the concerted efforts of our staff had paid off," says Pauly.

But on interactions, the Foundation improved only slightly. Answers to one of three grantee survey questions related to interactions – comfort approaching the Foundation if a problem arises – were higher on average than they had been in 2004. But on the other two interactions measures, fairness and responsiveness, the Foundation's ratings were essentially unchanged – at or below the 25th percentile. The ratings of clarity of communications of goals and strategy also remained unchanged, and a number of grantees continued to complain about communications in their open-ended comments.

DeVita and her colleagues were pleased to see that the focus on helping grantees secure funding from other sources had paid off. But the implications of the lack of movement on interactions and communications were clear. "The training as a one-day event wasn't sufficient," says DeVita. "We needed to do more."

Percent of Grantees that Received Active Funding Assistance



Note: Ranges based on the averages for 142 foundations

Area for improvement	2006 GPR	2004 response
Understanding of and overall impact on grantees' fields	●	
Assistance securing funding from other sources	●	Researched and shared information
Quality of interactions	○	1–day training
Clarity of communications of goals and strategy	○	1–day training

● = on target

"No More Excuses"

The staff skepticism about the appropriateness of the comparative group that had arisen after the 2004 GPR evaporated in 2006 because the new GPR compared Wallace not just to CEP's larger cohort of other foundations but also to a smaller group of foundations that were similar to Wallace in terms of size, national focus, and approach. "These foundations had goals and activities that were very similar to ours, and when they were having average findings that were radically different from ours, it wasn't because we were being compared to foundations serving a narrow part of the country with a very small staff," says Pauly.

Adds DeVita, "Having the peer group meant no more excuses about why we were special, and that caused us to take another series of actions."

With the GPR results now resonating even more loudly, Wallace's leaders organized a deeper, more coordinated response than they had in 2004. This time a task force was formed that was chaired by Pauly and included representatives from all levels of the Foundation.

"People were charged with not just doing their own best thinking in the task force, but with going back to their colleagues, checking facts, soliciting ideas, and bringing that input to the full group," Pauly says. He notes that the 2006 response was also informed by what the team had learned from the 2004 GPR. "Doing a GPR the second time is clearer, more sensible. You know what the questions are," he says.

The task force zeroed in on the two areas that were proving most stubborn: communications and interactions.

Auditing Communications

With grantees continuing to express dissatisfaction about the Foundation's communications, it was clear that the role playing and scripts developed during the 2004 GPR response did not go far enough. "That exercise didn't change language and messages that staff members were using on topics that they regarded as unrelated to strategy and goals, such as how we ask grantees to do their annual reporting, or the grant agreement that clarifies our description of the goals of a grantee's grant," says Pauly.

"HAVING THE PEER GROUP MEANT NO MORE EXCUSES ABOUT WHY WE WERE SPECIAL, AND THAT CAUSED US TO TAKE ANOTHER SERIES OF ACTIONS."

Held, who has guided Wallace's communications efforts since 2002, suggested that the Foundation undertake a full-blown audit of its communications to grantees "so that we could identify where the holes were, and then focus on filling those. Rather than just stepping into a bunch of remedies, we stepped back and took a look at where we had strengths and where we had weaknesses," he says.

Members of the Communications and Editorial Services groups carefully gathered a wide variety of Foundation documents, descriptions of grantees' work, grant agreements, RFPs (requests for proposals that are evaluated in a competitive process), speeches, and Web pages, and then spent a day sifting through them. "We reviewed essentially all the written materials that we produce and which we reasoned would be the touchstones for the ways that grantees understood

Wallace's goals and strategy," says Held, who advised the team to read through the materials as though they knew nothing about The Wallace Foundation.

> "NO WONDER THEY DIDN'T UNDERSTAND WHERE THEY FIT INTO THE LARGER FOUNDATION STRATEGY. WE DIDN'T MENTION IT!"

The audit revealed a number of missing pieces. First, the descriptions of work, while precise about what Wallace wanted grantees to do as individual organizations, were nearly silent on the larger goals of the Foundation's initiative. "No wonder they didn't understand where they fit into the larger foundation strategy. We didn't mention it!" Held says. "In fact, we found one that said the 'ultimate aim' of the grantee's activities was to improve that particular institution without any reference to field-wide benefits or even the name of the initiative."

Second, while Wallace's grants are meant to help an institution strengthen its activities, a key goal of its approach involves broadly sharing effective ideas and practices so that those activities become a learning opportunity that will benefit others. The written communications said little to grantees about their being part of a learning effort and why that necessitated candid dialogue about what was working and what was not. The audit also found that both the speeches and the descriptions of work said little, if anything, about measuring progress and did not mention the data Wallace would be collecting for its scorecard. "These were missed opportunities to help grantees be clear – both about the Foundation's goals and strategy and about how their work fit into our larger goals," Held says.

One bright spot in the audit was the Foundation's RFPs. These had been targeted previously as communications vehicles, and the team found that they effectively communicated how the grant-funded work would advance the larger goals of an initiative. "So these became a model which we could apply to the other documents," says Held.

In a memo to all staff, Held and Lee D. Mitgang, director of editorial services, made the following recommendations:

- "That scopes [descriptions of work] and grant agreements include a description of the Foundation's mission, approach, initiative goal, and, where appropriate, information about other grantees doing related work.
- That communications be more explicit and consistent about the implications of having a learning agenda for both measurement and the need for candor.
- That staff make grantees aware that we will be asking for data on key areas in order to assess progress."

The final recommendation was to edit program descriptions on the Web site to emphasize Wallace's broad goal of generating effective ideas and practices as well as to review the site on an ongoing basis and update it after each board meeting.[2]

Tracking Responsiveness

In the area of interactions, DeVita and her colleagues concentrated on the low responsiveness ratings. "One of the GPR findings was that there was a real inconsistency in whether grantees felt that their inquiries were

[2]To learn more about developing clear foundation communications, see *Foundation Communications: The Grantee Perspective*. The Center for Effective Philanthropy (2006).

getting handled or falling between the cracks. There were clear examples on both ends of the spectrum, from a quick response to 'never heard again after I made my inquiry,'" says Pauly.

Seeking greater consistency in staff responsiveness, in the spring of 2007 the task force recommended, and the Foundation implemented, a number of actions, including increasing officers' authority to move quickly to respond to course corrections and instituting a grantee inquiry tracking system. The system required staff to enter every grantee query received and how it was resolved.

The system was not uniformly used across the Foundation's various departments and was seen as onerous by some staff. "It's not particularly effective from my perspective," says one officer, "because program officers in [my area] are immediately responsive to our grantees. I'll go back and forth all day with somebody on an issue and to log that in didn't seem to add anything to the process." Similar views came from communications officers and research and evaluation officers.

A program director speculates that the system put staff on the defensive, leading some to simply not follow the directive to log all queries. "I think some people didn't use it because of a belief that 'leadership is using this to track whether or not I do my job rather than as a way to improve the processes behind me doing my job.'"

In the early fall, DeVita asked for a report on the interactions that had been tracked in the new system during the previous month and saw that only a handful of contacts had been logged. Even those departments that had been aggressively logging all inquiries had vastly reduced their use of the system. Normally imperturbable, she was clearly distressed. "At the October (2007) senior management meeting, I said, 'So, here's the data. Now either we're not talking to our grantees, in which case there's a problem. Or, we're not using this system!'"The discussion DeVita initiated brought the resistance to the system to the surface. But there was good news, too – when they looked at all the inquiries that had been logged since the system was put in place, they found that 90 percent were handled either during the same interaction, on the same day, or within one day, and that only 10 percent were taking longer to resolve. In early 2008, DeVita and her colleagues decided to end the tracking system, having concluded that it had sufficiently raised awareness of the issue, and that the data it provided had led to changes in internal processes.

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"The staff's unwillingness to use the system was actually very good management feedback because if you create a system that people refuse to use, you haven't created the right system," says DeVita.

Round Three: The 2007 GPR

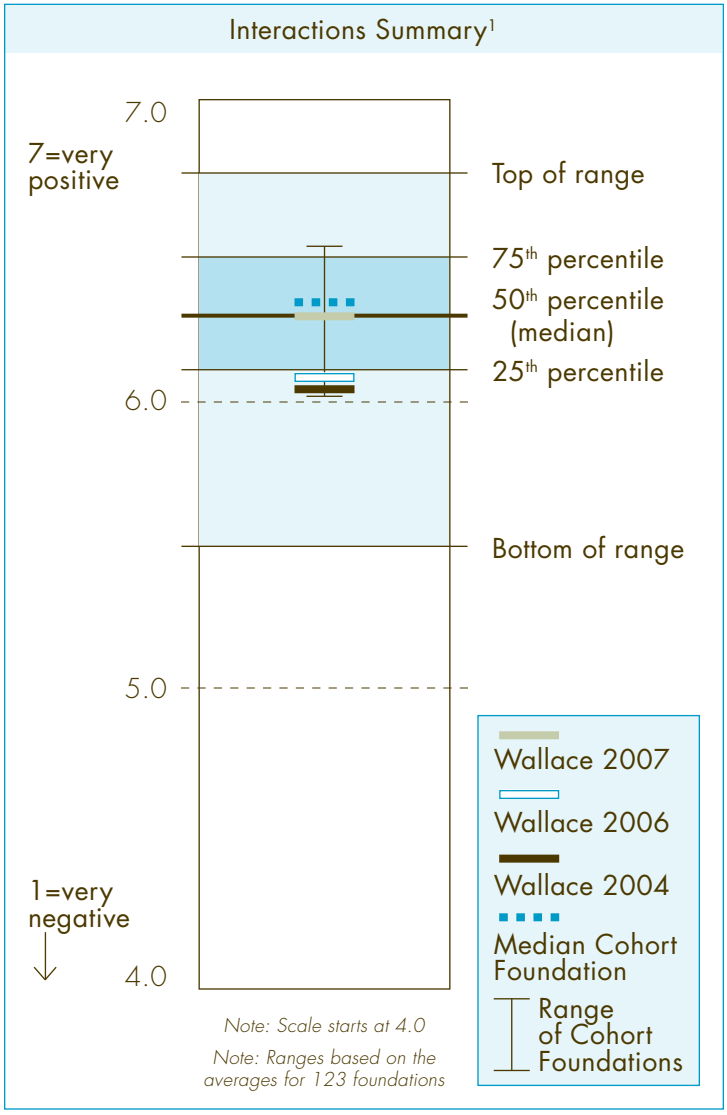
Foundation leadership had debated whether to wait another two years to conduct a GPR or whether to follow the 2006 results with another survey a year later.

The arguments against repeating in 2007 included a concern that a year was an insufficient span to see any improvement. But, in an effort to keep everyone focused on the importance of these grantee issues, DeVita and Pauly decided to repeat the process in 2007.

And, for the first time, the Foundation saw a bump in its interactions ratings – with a statistically significant difference over 2004 ratings on a composite measure of responsiveness, fairness, and grantees' comfort in approaching the Foundation. Although the tracking system had provoked staff resistance, it appeared to have produced meaningful change in just a year. Rated at the 25th percentile in 2006, the Foundation was now rated at the median for the quality of its interactions.

In addition, Wallace continued to build on its strengths. Grantees rated the Foundation higher than all of its peer foundations on its ability to advance knowledge in grantees' fields and gave it top ratings for effecting public policy in their fields of work. (Non-grantees continued to increase their downloads of Wallace-commissioned research, with more than 200,000 downloads in 2007 between Wallace's Web site and those of its research partners.) Grantees also continued to applaud the assistance they had received, beyond grant money, from Wallace staff.

But in spite of the staff's work, grantees' ratings of Wallace's clarity of communications of its goals and strategy remained, overall, at the 2004 level. Pauly and Held speculated that the changes they made had been too recent to have an effect in all areas of grantmaking – and that, ironically, the improvements may have contributed to a perception of inconsistency, because the Foundation's messages to grantees changed. They were hopeful that, with more time to hold the messages constant, they'd see improvement on the next GPR.



[1]Index created by averaging grantee ratings of comfort approaching the Foundation if a problem arises, responsiveness of the Foundation staff, and fairness of the Foundation's treatment of grantees – ratings that are highly correlated.

Area for improvement	2007 GPR	2004 and 2006 response
Understanding of and overall impact on grantees' fields	●	
Assistance securing funding from other sources	●	Researched and shared information
Quality of interactions	◖	1–day training; Tracking system
Clarity of communications of goals and strategy	○	1–day training; communication audit

◖ = achieved some improvement, more needed

Pushing Ahead

But if DeVita and her colleagues had learned anything, it was that improvement requires constant vigilance. And DeVita was intent on seeing more improvement.

In a letter to grantees in February 2008, DeVita described the 2007 GPR results:

> *"So how are we doing? Our grantees gave us top ratings on advancing knowledge and effecting public policy in the fields in which we work, two areas that are critical to our goal of developing and sharing effective ideas and practices. We also received particularly high ratings on the assistance (beyond money) our staff provides, particularly advice on research and issues in grantees' fields.*
>
> *This year's survey also showed a significant improvement in our responsiveness, fairness, and your comfort approaching us if a problem arises. These were areas we worked on last year, after hearing from you that we were not doing a particularly good job on these 'customer service' elements.*
>
> *However, we are still not meeting your expectations for clear and consistent communications about our strategies and how your work contributes to those strategies."*

Borrowing a page from a peer foundation,[3] Wallace went further – making explicit promises to grantees and providing them with avenues to say if the promises are not fulfilled. DeVita wrote that "to continue to improve" in communications and interactions, "we will:

- Explain more clearly how the work supported by the grant you've received fits into Wallace's overall program strategy.

- Improve the clarity of our overall strategies, the grants we've made in support of those strategies, and the lessons we've learned from that work in our written materials and on our Web site.

- Conduct periodic focus groups to seek your advice as to how we can work better together.

- Respond to your email or phone inquiries within 48 hours, and your written communication within five business days. If the person needed to respond to your inquiry is not available, we will acknowledge receipt of that inquiry within these time frames and let you know when you might expect a response.

- Acknowledge and briefly comment on your grant reports within 30 days of receipt."

DeVita offered grantees three avenues for communicating their concerns: emailing her directly, emailing a special "grantee feedback" mailbox at Wallace, or, for those who wished to remain anonymous, emailing a "Wallace feedback" email address the Foundation established at the Center for Effective Philanthropy.

Lessons Learned

In three years, The Wallace Foundation had made dramatic strides in the eyes of its grantees on dimensions such as impact on the fields in which it funds, advancement of knowledge and influence of public policy in its fields, and the provision of assistance securing funding. It had maintained strengths, such as

[3] *See Improving the Grantee Experience at the David and Lucile Packard Foundation.* The Center for Effective Philanthropy (2008).

assistance beyond the grant check and helpfulness of its proposal and reporting and evaluation processes. And it grappled with ratings that were proving harder to move – including quality of interactions and clarity of communications of goals and strategy. On the former, progress was finally evident in 2007; progress in the latter area was proving more elusive.

"WORKING TOGETHER, WE ENSURE THAT WE DEVELOP AND SHARE EFFECTIVE IDEAS AND PRACTICES THAT CAN CONTRIBUTE TO POSITIVE SOCIAL CHANGE ON A BROAD SCALE."

Making the Grantee Perception Report® Part of an Assessment Portfolio

Engaging the GPR on a regular basis rounds out Wallace's snapshot of its organizational effectiveness. Leadership, including the Board of Directors, finds the GPR particularly useful both because its data is comparative and because when viewed in concert with other measures it enhances its ability to connect the dots.

"When you see the GPR in the context of other metrics, it helps illuminate issues that you might not have seen if you only had the GPR," says Wallace President Christine DeVita. "For example, when we had a year with greater than average staff turnover, do we understand our responsiveness scores on the GPR as a result of the turnover or because we didn't provide effective customer service training for program staff? And while I might have seen the customer service intervention as a piece of the responsiveness issue, without putting the GPR results in the context of other metrics, I don't know that I would have asked, 'Is it turnover? Is it staffing? Is it that we have a lot of new officers and we haven't done a good job of orienting them?'"

In addition to financial and staff performance metrics and its GPR, Wallace's scorecard tracks its public outreach and communications efforts, to assess the Foundation's efforts to provide significant and useful information to non-grantees. "We keep very careful track of Web site visits and the downloads of publications for the field," says Edward Pauly, director of research and evaluation.

According to Pauly, Wallace's scorecard is an important tool in tracking progress and planning for the future. "We use it extensively for annual planning, for senior management reflection on performance, for developing next steps, and as a reporting and analysis tool with our Board of Directors," he says.

Pauly was instrumental in developing Wallace's first scorecard in 2003 and was a proponent of doing the GPR – when the time was right. "I was very concerned that if we had done the GPR in the absence of the other measures, it would have taken on too much importance at a time when we really didn't know what to make of it. And I advocated strongly for doing the GPR once we had the scorecard process in place because then it would be part of a package that had a lot of different, interesting, and useful parts," he says.

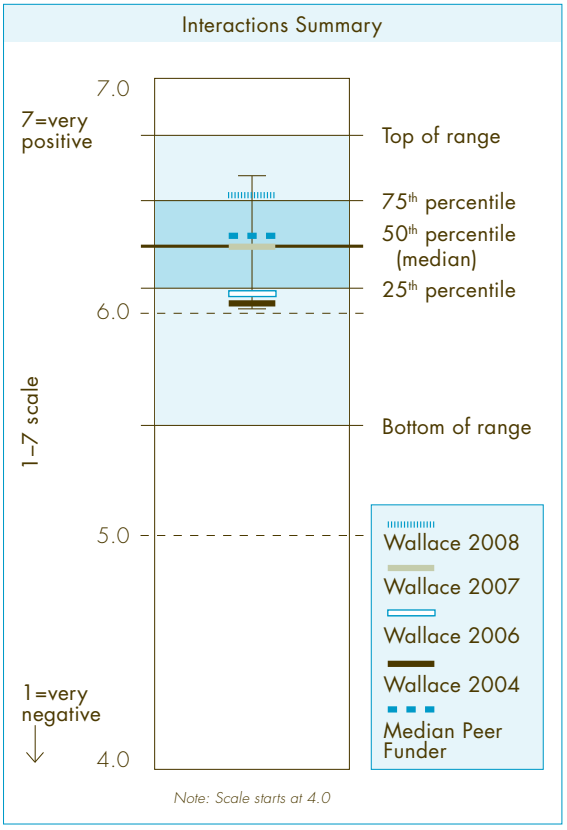
All the while, the Foundation remained focused on achieving its strategic impact goals and aware of the link between the foundation–grantee relationship and achievement of its goals and strategy. DeVita expressed that determination in her letter to grantees:

"Because foundations like ours can only achieve their missions through the work of others, it is important that we have strong and effective partnerships with all our grantees: the organizations we fund to try out innovative solutions to important social issues; the researchers we commission to contribute to the field's knowledge and to help evaluate what's working; and our communication partners whose efforts are crucial in getting both issues and solutions before policymakers, practitioners, and thought leaders. Working together, we ensure that we develop and share effective ideas and practices that can contribute to positive social change on a broad scale."

Breaking Through: The Wallace Foundation's 2008 GPR

Determined to keep staff focused on improving the quality of interactions with grantees and the clarity of communications of goals and strategy, Wallace's leaders repeated the GPR again in the fall of 2008.

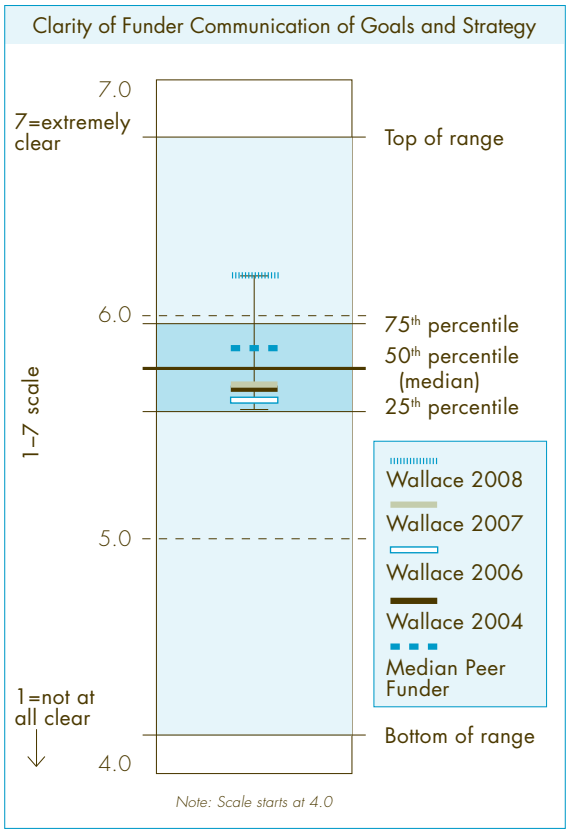
The Foundation saw dramatic improvements in areas that had proved toughest to influence. While Wallace had seen some improvement in its ratings for the quality of its interactions in 2007, its 2008 GPR showed significant improvement. Rated at the median in 2007, the Foundation's ratings on that dimension topped the 75th percentile in 2008.



Responsiveness of staff, a key component of the overall rating for quality of interactions, had jumped from below the median to the 75th percentile. Seventy percent of Wallace

grantees now receive a response to their questions or requests within one day.

Improving its ratings for clarity of communications of its goals and strategies had been the most difficult challenge. Yet the Foundation achieved statistically significant improvement on this dimension as well, moving from ratings that were below the median on its 2007 GPR to well above the 75th percentile in 2008.



Wallace leaders believe that repeating the survey four times over five years has helped deepen everyone's grasp of the data and motivated a sustained improvement effort. "Doing it this way fostered gradual learning and allowed us to take multiple bites of the apple," says Edward Pauly, director of research and evaluation.

The Wallace Foundation plans to repeat the GPR for the fifth time in 2010. In the meantime, it will continue to refine and strengthen its relationships with grantees as it works to achieve its impact goals. Christine DeVita, the Foundation's President, said, "Everyone at Wallace is really pleased about the measurable improvements we have made in supporting grantees and in communicating with them clearly about our goals and strategies. Because we cannot achieve the impact we seek without having our grantees as strong, engaged partners, the quality and candor of our relationships with them is crucial. We are working to sustain the progress we have made and we plan to continue to use the GPR in the future to check ourselves."

Areas for improvement	2004 GPR	2006 GPR	2007 GPR	2008 GPR
Understanding of and overall impact on grantees' fields	○	●	●	●
Assistance securing funding from other sources	○	●	●	●
Quality of interactions	○	○	◖	●
Clarity of communications of goals and strategy	○	○	○	●

◖ = achieved some improvement, more needed
● = on target ○ = needs improvement

Judith A. Ross is senior research writer for CEP.

About the Center for Effective Philanthropy

The Center for Effective Philanthropy (CEP) is a nonprofit organization focused on the development of comparative data to enable higher-performing foundations. CEP's mission is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness and impact.

This mission is based on a vision of a world in which pressing social needs are more effectively addressed. It stems from a belief that improved performance of funders, and in particular foundations, can have a profoundly positive impact on nonprofit organizations and those they serve.

CEP pursues its mission through data collection and research that fuel the creation of research publications, assessment tools, and programming.

- **Research**

  Since receiving initial funding in 2001, CEP has produced widely referenced research reports on foundation strategy, performance assessment, foundation governance, and foundation–grantee relationships. CEP has created new data sets relevant to foundation leaders and provided insights on key issues related to foundation effectiveness. All of CEP's reports can be downloaded or ordered on our Web site.

- **Assessment Tools**

  CEP has developed widely used assessment tools such as the Grantee Perception Report® (GPR), Applicant Perception Report (APR), Comparative Board Report (CBR), Staff Perception Report (SPR), Stakeholder Assessment Report (STAR), and Multidimensional Assessment Report (MAP). More than 180 foundations, many among the largest in the country, have used the CEP's assessment tools – most implementing significant changes on the basis of what they have learned.

- **Programming**

  CEP offers programming for foundation trustees, CEOs, senior executives, and trustees. CEP's programming features our latest research and highlights exemplars in the field. Conferences are candid, hard-hitting, and practical, bringing foundation leaders together to learn from each other and set a higher standard for foundation performance. Conferences feature sessions on strategy development, performance assessment, governance, and leadership.

For more information on CEP, including a list of staff, members of the Board of Directors, or members of the Advisory Board, please visit www.effectivephilanthropy.org.

Our Case Studies

This case study is the second in a series. CEP hopes the stories shared through these cases will both help and inspire funders to improve their performance.

We would greatly appreciate your comments and suggestions. Please send your feedback on this case study to comments@effectivephilanthropy.org. To download (free) or purchase hard copies of CEP's cases, please visit www.effectivephilanthropy.org.

Our Funders

CEP's funders are crucial to our success, supporting research initiatives, the development of new tools, and programming. Funders in 2008 include:

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