

Employing Knowledge
Management To
Improve Performance:
Six Brief Essays on Lessons Learned



August 2004

This essay series was prepared by the staff of the Charles and Helen Schwab Foundation.

CHARLES AND HELEN SCHWAB FOUNDATION

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introduction

At the Charles and Helen Schwab Foundation, we are committed to continuous learning and assessment at all levels of our programs and operations. By helping staff and our partners capture, share and leverage knowledge, we expect to increase social impact in the areas in which we work. To fulfill that commitment we employ practices from the field of knowledge management, which was developed in corporate America but has become increasingly relevant to foundations such as ours. We believe that knowledge management is feasible for any foundation and can improve program performance. It is our hope that these essays will provide credible evidence to support these beliefs.

In this series of essays we discuss how our ways of working changed when we determined that knowledge was as critical an asset as money. We hope you will conclude, as we have, that foundations which develop vibrant systems for crafting, tracking and sharing their program work ultimately shape better program strategies and improve stewardship of resources in the service of genuine social change.

Generally speaking, knowledge management is the process through which organizations generate value from their intellectual and knowledge-based assets. Most often, generating value from such assets involves active sharing from within the organization, as well as with various stakeholders in the external community, in an effort to devise best practices and approaches.

At our foundation, knowledge management relies on social networks as much as information technology to be effective. We use the disciplines of knowledge management to deliberately gather information and articulate what we are learning at every stage of our process – from research and program development to program piloting and larger program dissemination. Culling lessons so deliberately puts our foundation on a continuous positive learning curve. As a result, our work for social change is fueled by knowledge that is constantly improved and updated.

The disciplines of knowledge management are habits and activities that help us consciously keep track of the information and expertise we are developing. These activities, on which we elaborate more in these essays, enable us to arrive at clearer insights about our progress and results, learn from our mistakes and build on our successes. They also ensure that neither we, nor others in our fields of work, waste time reinventing the wheel. By explicitly tracking knowledge, we can reference it ourselves and share it with others, essentially recycling it to leverage its full value.

So where does evaluation fit in? We team evaluation with knowledge management. We view evaluation as the systematic collection, analysis and interpretation of data for the purpose of determining the value of a program or policy in order to make better informed decisions. From this definition, we see evaluation as an important component of a larger knowledge management system and a powerful and systematic way to collect data about specific program work. A discipline of knowledge management

helps ensure that evaluations are fully employed to further the foundation's program work. Evaluations that are not situated within a system of knowledge management often sit on a shelf. Evaluations as part of a larger system of knowledge management have real power to keep our work effective and efficient.

Frequently we receive questions about how our foundation has implemented and integrated knowledge management and evaluation into its work. This series of six short essays addresses those questions, describing more comprehensively our approach to organizational learning at the Charles and Helen Schwab Foundation:

1. Why should foundations commit resources to knowledge management?
2. What are the essential characteristics of a knowledge management system that really works?
3. How are knowledge management and accountability related?
4. What does the knowledge management team do and how much does it cost?
5. How do you organize the output of knowledge management so that it supports decision making?
6. How do we approach evaluation at various levels of programs and operations?

Finally, a sketch of the Schwab Foundation's organization may help to make the essays which follow more clear. The foundation operates in four program areas: homelessness, poverty prevention, substance abuse and learning disabilities. The foundation also has created small teams in areas which we call "core services." The knowledge management and evaluation team constitutes one of these core services.

We have written these chapters with other foundations in mind. This series of essays provides many examples to illustrate the role of our knowledge management and evaluation team, describing how it functions and interacts with staff in all of our program areas, and identifying the considerable value their work contributes to our organizational learning. When adding capacity or developing a small team is out of the realm of possibility for a foundation, we also provide examples of how to leverage knowledge by using existing resources. We discuss how to implement cultural changes, deepen internal social networks and more effectively leverage the external knowledge of critical community stakeholders, such as other foundations, researchers and nonprofit and government leaders.

For More Information

This series of essays were prepared by staff of the Charles and Helen Schwab Foundation to reflect upon and share our experiences and lessons implementing knowledge management and evaluation systems within our foundation. The knowledge capital we are developing is not proprietary. We invite your comments and requests for more specifics. Most importantly, we invite you to share your own knowledge with us. Write, call or e-mail us at:

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All of the essays in this series can be downloaded from our Web site at www.schwabfoundation.org.

About the Authors

Alexa Cortes Culwell is chief executive officer of the Charles and Helen Schwab Foundation. Since 1992, the foundation has grown under Alexa's leadership to become nationally recognized for its work helping children with learning differences be successful in learning and life. More recently, the foundation has developed new programs to address the intersecting issues of homelessness, substance abuse and poverty prevention by creating model initiatives in the Bay Area that are informed by best practices nationally.

Alexa is a member of the board of directors for the national organization, Center for Effective Philanthropy, which is dedicated to improving overall foundation performance. Locally, she serves as a trustee for Northern California Grantmakers and as president of the board of Golden Gate Community, Inc. (GGCI), a community-based organization in San Francisco that builds businesses that employ at-risk and homeless youth. She also speaks and writes to audiences around the country about the importance of foundations being accountable for positive social impact.

Ann Christen is the chief operating officer of the Charles and Helen Schwab Foundation. She is responsible for building the foundation's infrastructure, overseeing its operational performance and providing strategic guidance. In addition, she oversees the knowledge management function and contributes subject matter expertise in the foundation's program areas. She also serves as an officer and director of Hispanics in Philanthropy, which encourages awareness, knowledge and leadership within the Latino community, philanthropy and the civil sector.

Prior to joining the foundation in April 2000, Ann was the chief executive officer of a large mental health/social services agency in San Jose, CA. As a licensed marriage and family therapist, she also maintained a private practice for many years. Ann holds degrees from the University of Michigan and Santa Clara University.

Gale Berkowitz is director of evaluation and organizational learning at the Charles and Helen Schwab Foundation, where she provides leadership and support in the design, implementation and management of a range of organizational learning and program evaluation activities across the foundation's operating programs and major grants.

As a seasoned evaluator, she has served the health and education sectors, providing evaluation and management consultation, health services research and policy analysis for a variety of foundations and community service organizations, as well as federal, state and local governments. She has worked at the Institute for Health Policy Studies at the University of California at San Francisco, Children's Hospital Oakland, and has consulted. She graduated from Johns Hopkins University and received her doctorate in public health from the University of California at Berkeley. She is the program chair of the Nonprofit and Foundation Technical Interest Group of the American Evaluation Association.

essay 1

WHY SHOULD FOUNDATIONS COMMIT RESOURCES TO KNOWLEDGE MANAGEMENT?

By Alexa Cortes Culwell, CEO

Introduction

When I first arrived at the Schwab Foundation in 1992, I did something exceedingly smart without even knowing it – I hired a librarian. Her name was Nancy and she was my first hire, one of only three employees at the time. Other librarians succeeded Nancy and all of them taught the same invaluable lesson – it is as critical for organizations as it is for individuals to learn as they go. The librarians started us on our current path of describing and measuring what we do and what results we achieve. They educated us to search for information and to put it in forms that we can readily review and share.

Recently, the foundation has made a quantum leap from resident librarian to a core services team devoted to knowledge management and evaluation. We now search for and codify our information in a more disciplined way. Yet the impetus at every stage has been the same – to understand what we are learning and use that understanding to inform future activities.

This essay provides an overview of why the foundation adopted systematic ways of understanding what it was learning and how it built a small team of experts in the area of knowledge management and evaluation to complement our program expertise. Successive essays will explain how the team interacts with staff in all our program areas. It also provides examples that do not necessarily require added staff or budget but instead focus on how we leverage freely available external resources and expertise to enhance our own program work.

Q: Why knowledge management?

A: Knowledge is a critical currency of foundations.

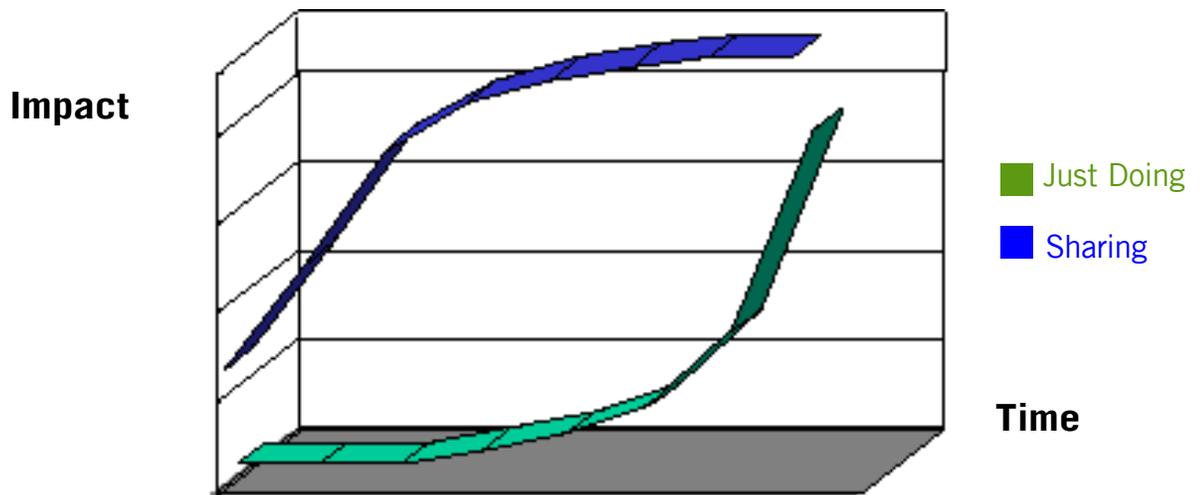
In 1999, the foundation undertook a year-long process of strategic planning. During this process, our founders, Charles and Helen Schwab, articulated a goal that the foundation develop knowledge as its main currency. They believe that foundations have a unique ability to both develop and share knowledge and expertise in their program areas. As Mr. Schwab remarked, “There is nothing proprietary about philanthropy.” All knowledge and expertise are developed for the public good. Consequently, foundations are free to collect and pool their accumulating information and expertise so as to avoid reinventing the wheel and to mitigate the risk of new strategies.

The Schwabs’ insight inspired us to more actively pursue the best theories and practices in our program areas, learning from others wherever possible and sharing with others as much as possible. Knowledge management is the link between our program

work and our goal of identifying what we are learning so those lessons can benefit us and our colleagues in other foundations and organizations.

Generally speaking, knowledge management is the process through which organizations generate value from their intellectual and knowledge-based assets. Most often, generating value from such assets involves sharing them among employees, departments and even with other organizations in an effort to devise best practices. Knowledge management integrates information, social interactions and technology adaptations.

We hypothesize, and eventually hope to show, that knowledge management accelerates impact, as shown below.



How does this work in the real world of our foundation? Let me provide an example. In 2001, the foundation was formulating strategies for a new program area focused on substance abuse. Research informed us that the Robert Wood Johnson Foundation (RWJF) was the largest and most influential private funder in the field. So we approached them to become our mentors and sent staff to Princeton for several days of meetings. Now, RWJF staff have become important partners in our work. Our one dedicated program officer in substance abuse avails himself of the expertise of RWJF's larger staff of experts. Conversely, our staff shares with RWJF our expertise in working with grassroots treatment providers to improve their effectiveness. Despite considerable discrepancy in the financial resources each devotes to substance abuse, the Schwab Foundation and RWJF have established a mutually beneficial relationship in which knowledge is the critical currency.

This knowledge sharing collaboration led to a financial partnership in which the two foundations are co-funding an evaluation of a Schwab Foundation initiative to build the effectiveness of local providers of substance abuse treatment. Not only are the two foundations sharing existing knowledge, but they are pooling resources to develop additional expertise. More importantly, this example demonstrates how any foundation can leverage the knowledge of more expert foundations as critical knowledge partners without necessarily expanding their staffs or budgets.

Our program work in learning disabilities provides another example of effective collaboration between foundations. More than 11 years ago, the leaders of the Schwab Foundation and the Emily Hall Tremain Foundation realized they headed the only two foundations in the country significantly focused on the issue of learning disabilities in children. Over the last decade, the two foundations have worked on several major initiatives together, sharing knowledge, networks and resources in a variety of ways. One of those is a public awareness campaign in which the two foundations have worked for nine years with national advocacy groups to learn how to best educate the public about helping children who have learning problems. In another collaboration, both foundations provided seed money and continuing leadership to a national organization dedicated to improving teacher education regarding learning disabilities. The two foundations have advanced their agendas much more ambitiously because of their partnership and each has strengthened its expertise by developing a collegial relationship with the other. In this example, no new staff were employed and no additional resources were required. In fact, the active knowledge exchange essentially saved time and money.

Q: How should we approach knowledge management?

A: With great care.

The foundation has created a small team of experts in knowledge management and evaluation. In just two years, we have integrated the team's work into all of our program areas. A number of factors contributed to such a speedy transition: support from board members who understand the importance of knowledge management and evaluation; existing and new program staff who brought many of the desired skills into their work; new staff who provided specific expertise in knowledge management and evaluation; and a collective ambition to raise the foundation's functioning to a new level.

Several practical steps were critical to success:

- 1. Define priorities and budget first:** Determine what the function and services of the knowledge management and evaluation team will be, how priorities will be determined and what the lines of reporting and accountability will be. Where new resources are not available, think about the reallocation of program staff time to allow for more knowledge management activities, prioritizing the most important ones.
- 2. Build capacity:** Identify and foster existing expertise. Create staff positions or use consultants to bring needed expertise into the organization only when necessary
- 3. Acknowledge existing leaders:** It is important to review all the current resources to find staff leaders already experienced in implementing knowledge management and evaluation work who can be enlisted to be early collaborators in the process.
- 4. Define terms:** Allot time to determine what knowledge management and evaluation mean to your organization.
- 5. Set aggressive timelines and agree on scope of tasks:** Keep goals as concrete and tangible as possible. A good project management plan with clear goals and deadlines makes all the difference.

6. Walk the talk: The knowledge management and evaluation team must review its own systems and output through continuous assessment to ensure that it is maximizing its contribution. Where a unique team does not exist, existing leaders must begin to change their own behaviors and explicit model new activities.

We suffered some missteps in our process, especially as it related to step 3, “Acknowledging existing leaders.” Initially we saw the team of knowledge management experts as shoring up our program staff. We failed to appreciate the extent to which many of our program staff already possessed and used the tools and practices of knowledge management. As we later realized, many of our program staff had significant exposure to knowledge management and evaluation systems in their careers. This was especially true of those who came from the for-profit sector where managing to a bottom line is a daily reality. Many members of the staff were frustrated by early efforts to create systems for them to implement. What they wanted was to participate in the creation of those systems or help deepen systems they were already employing. It took many animated conversations and meetings to fully understand these dynamics. We had to get past some initial tension that resulted from not getting started on the right foot and make a course correction in our process. Ultimately we worked together to create better ways of working together by starting with strengths that already existed. Nevertheless, it was a rough beginning.

Q: What changes were required?

A: We completely changed our model of doing business.

The Schwab Foundation made many fundamental changes to the way we did our work in order to become better stewards of our knowledge assets. Below are some of the important changes that we have implemented:

We have new tools for staff to enable sharing. As most toddlers will attest, sharing is difficult and not necessarily natural. We provided new tools to our staff, such as our office intranet, to give them an easy way to communicate and update others on their work, archive documents and share information. Our senior leaders also began to understand their roles as catalysts for sharing, developing processes that required staff to collaborate, interact and confer.

We are more connected to the external community. As we develop and mature our program work, we actively look for existing research and expertise outside the foundation. This requires us to spend more time with external stakeholders, nonprofit leaders, government officials and researchers. We actively network with other foundations and encourage staff participation in affinity groups and conferences. In addition, we work with key constituents to co-create our program initiatives instead of working unilaterally. Program staff job descriptions reflect this priority.

We understand evaluation differently. Evaluation has become part of a process of managing information to identify truly effective ways of working and not simply a report card at the end of a project.

We have a new agenda at board meetings. Our board meeting agenda now focuses on the broader issues of how we are defining our program strategy and subsequently what we are learning and what results we have to show. Performance data is provided at board meetings and is accessible between meetings. Grant review is done on a continuous basis, not during board meetings, with staff approving the majority of grants based on clearly defined strategies and performance measures.

Conclusion

Creating an organization committed to knowledge management and evaluation and integrating this work into the foundation's operations required great care as we made a concerted effort over two years. But it is important to note that the principles of knowledge management were not completely unknown to us when we embarked on this effort. Knowledge management was evolving in the foundation from its very earliest days. For us the seeds had been planted but needed to be nurtured in order to produce something of real value. A clearer understanding of knowledge as capital gave us the impetus to change the way we did our work, expanding and refining our knowledge management activities in a very deliberate way.

Perhaps the best first step for any organization contemplating a similar effort would be to assess what commitment to, and familiarity with, knowledge management or evaluation already exist. Nurturing existing seeds may be the best way to get going. It was for us.

essay 2

WHAT ARE THE ESSENTIAL CHARACTERISTICS OF A KNOWLEDGE MANAGEMENT SYSTEM THAT REALLY WORKS?

By Alexa Cortes Culwell, CEO

Introduction

Successful organizations focus on what is essential to get the job done. This essay shows you how to identify the essentials of a knowledge management system that works. In a sense, it's a simple process of asking the right questions. Of course, once you decide what to do, you must do it in a way that itself contributes to success. This essay explains why implementation must be collaborative, practical, continuous and flexible to succeed.

Ask the Essential Questions

At best, a robust knowledge management and evaluation effort will improve a foundation's overall effectiveness by generating and developing the best possible data to inform programs. At worst, it will complicate work and impede progress. The difference between these best and worst case scenarios is a leader who asks the following questions:

- ★ Does this add value to our programs? How? (If there is no real value that can be demonstrated, don't do it.)
- ★ Is this straightforward enough for staff to integrate it readily into their work? (If not, time and resources need to be invested in staff development or in simplifying implementation.)
- ★ Is it manageable from a time perspective? (If it's time consuming, is it really worth it?)
- ★ Is it something I as a leader can model readily to the organization by implementing it in my own work? (If you can't, don't even think of requiring others to do it.)

Let me provide an example of a particular situation where these questions became critical. During the early stages of implementation, we created templates to collect standardized information from staff. Often spreadsheets were used as the format because they plot information in tidy boxes on a single page.

At a key executive team meeting, a spreadsheet designed to collect evaluation data across our program areas was introduced. A first attempt by the executive team to complete the spreadsheet resulted in lots of Excedrin being consumed. Collecting all of the information sought would have been extremely time consuming. The executive team questioned how all of this information would be utilized given the extraordinary time commitment required of staff. Who would use the data? How? Could the information requested be prioritized according to staff and board needs?

To make matters worse, the tool format was unwieldy. Too many columns were crammed onto one page and the 11x17 format could not be printed out on a standard computer printer. “Couldn’t the boxes be bigger?” the team asked.

Together, the program and knowledge management staff remade the tool. They prioritized what information we needed and developed a more user-friendly format. The resulting tool is clearly valuable and easier to integrate into staff’s work. Completing it is still time consuming, but the information it provides is critical. As CEO, I complete the tool like everyone else, modeling its importance. This example highlights the value of asking the right questions in order to make sure that new processes and systems required of staff are truly meaningful, helpful and worthy of their time.

Essential Characteristics of Implementation

At the Charles and Helen Schwab Foundation, we are building a successful knowledge management and evaluation system. I credit our good progress to an implementation that is collaborative, practical, continuous and flexible.

Work Collaboratively

The net cast by knowledge management and evaluation must be big enough to snare everyone in the organization. The first stage is to structure interaction between the staff in knowledge management and evaluation and the staff who oversee initiatives in our various program areas. We have done this by setting up the knowledge management and evaluation team as a core service which interacts with each of our program areas.

The interaction takes place in meetings where every aspect of the programs are planned and discussed, including initiative design, research and decisions about grant making. Initially, I intervened to encourage the knowledge management and evaluation staff to invite themselves to meetings and educate our program staff about what value they could offer. Now everyone agrees that their ongoing involvement in team meetings is important. Frequent interactions and participation allow the knowledge management and evaluation staff to deepen their subject matter understanding so that they can fully optimize the skills they offer the program staff.

Our intranet is essentially a Web site for internal use that provides an important vehicle for communication among staff. See page 12 for a snapshot of our home page.

Our intranet provides a good example of the successful collaboration that has evolved. The knowledge management staff took the lead in designing our intranet, using the information they had received about the foundation’s work in specific program areas. They created a tool that allows individuals, departments, teams and any groups who work collaboratively to share or request information from others within the foundation. As CEO, I committed to become an early user and frequent contributor. Many of us made the intranet home page our personal home page to form the habit of using it regularly.

Intranet home page:

The screenshot shows the Charles and Helen Schwab Foundation Intranet home page. At the top, there is a header with the organization's name and logo, a search bar, and navigation links for Home, Sign In, and Contribute. The date August 6, 2004, is displayed in the top right corner. The main content area is organized into several columns and sections:

- Alexa's Corner:** A list of links including Accomplishments, Announcements, Evaluation, News, Open Discussions, Photos, Presentations, Team Resources, and Updates.
- Teams:** A list of links for various departments such as CHSF.org Site, Communications, Finance/Accounting, Homelessness, Human Services, Information Technology, Intranet, Kids Team, Knowledge & Evaluation, Marketing, Moms Team, Operations/HR, Outreach/Community Svcs, Poverty Prevention, Schwab Learning, Substance Abuse, and The Other 16 Hrs.
- Staff Resources:** A list of links for staff-related resources.
- What's New On SchwabFoundation.org: 8-6-04:** A featured article titled "This week: In Substance Abuse read about our new initiative to empower adolescents for an alcohol- and drug-free future and a program news piece on the success of New Hampshire's Community Leadership Initiative. In Homelessness you'll find an article about our latest round of Permanent Supportive Housing grants as well as a new study by the Local Initiatives Support Corporation on the need for affordable housing in San Francisco." It includes a "Read More..." link, a comments icon, and a message icon.
- SchwabLearning.org Gives Birth to a...:** A featured article titled "SchwabLearning.org Gives Birth to a..." (Submitted by caricson) with the text "New Newsletter! Come 'ooh and aah' over the newest addition to our 'family.' It's a brand spanking new design. No gifts please. :)". It includes a "Read More..." link, a comments icon, a message icon, and an "Announcements" link.
- SparkTop Usability Study Results 2004:** A featured article titled "SparkTop Usability Study Results 2004" (Submitted by jwaits) with the text "In June 2004 American Institutes for Research (AIR) conducted a usability test of SparkTop.org." It includes a "Read More..." link, a comments icon, a message icon, and a "Research" link.
- External Sites:** A list of links to external websites including SchwabFoundation.org, SchwabLearning.org, and Sparktop.org.
- Special Features:** A list of links for special features including Calendar, Feedback, Staff Roster, Weather, and Web Directory.
- Past Articles:** A list of links to past articles, including "Friday, July 30" (SubAbuse: Introducing Tiffany Shown (0)), "Thursday, July 29" (Alexa: ...But You Don't Look 9 Months Pregnant! (0) and SL: The DR. (Raskind) is IN! (3)), "Thursday, July 22" (CHSF.org: What's New On SchwabFoundation.org: 7-23-04 (1)), and "Tuesday, July 20" (other16: Steve on Channel 5).

The collaboration among our staff continues at many levels and on a daily basis regarding tasks such as:

- ★ Articulating goals and strategy
- ★ Designing evaluations
- ★ Providing input regarding evaluation goals, processes or data
- ★ Managing information
- ★ Interpreting or reviewing results
- ★ Presenting findings to external audiences

Our BEST (Building Effective Substance Abuse Treatment) Initiative is an example of the ongoing interplay between programs, evaluation and organizational learning. While the initiative was being designed, we were already conceptualizing the evaluation that we wanted to run in concert with the program. While the evaluation staff developed the request for proposals for the evaluation, the program officer was able to review and give input into the design. Similarly, the program officer was involved in the review of proposals and selection of the evaluation team. Since then, the program officer and evaluation director meet regularly (as do other key players in the initiative) to share updates and perspectives about the progress, challenges and accomplishments of the initiative.

It has become clear that the best processes and forms are developed collaboratively and organically. Truly informed choices result when we graft the expertise of the knowledge management team onto that of our program staff.

Work Practically

We seek tools for evaluation that our staff and grant recipients can easily understand. The tools work best if they measure realities that are most meaningful to our primary audience of staff, trustees and partners. One such tool is our Table of Objectives and Outcomes. Applicants for grants from the foundation must complete the table, which is a simple spreadsheet identifying the objectives and outcomes anticipated from a proposed grant. Its user-friendly format makes it practical and provides us with critical data to understand the impact of our grants.

News and research updates, prepared by our research librarian, are another tool of real practical value. When the foundation began exploring new program areas during our strategic planning process, this staff person conducted much of the necessary research. As program areas were defined, he kept us up-to-date on current trends, legislation and the related work of other foundations. Program staff relied on these updates and began sharing them with grantees and funding partners. Today, these updates are formalized. The knowledge management team currently produces five weekly updates on the foundation's main issue areas. They are shared internally and externally with more than 1,300 subscribers.

Recently, program officers have begun to add commentary to articles that are referenced in the updates. The comments identify how particular developments affect our target populations or issue areas. Our knowledge management staff have spoken at national trade meetings about the updates and we receive continual feedback about the real, practical value they provide. The updates are now archived on the foundation Web site, allowing visitors and staff the opportunity to see developments in our issue areas over time.

Work Continuously

The primary reason the foundation committed to knowledge management and evaluation was our desire to articulate our approaches and to understand the impact we have in our program areas on an ongoing basis. In addition, the foundation wanted to understand the costs associated with its initiatives.

All those tasks require processes, forms and a commitment to regularly capturing and evaluating information. The knowledge management and evaluation team has been indispensable in articulating the processes, developing the forms and shaping our commitment. This was particularly valuable at the inception because program staff were occupied in developing new program areas. The combined work of the team and the program staff allows us to make progress with each new reporting cycle and with each new project or initiative we launch.

We have succeeded in integrating our knowledge management and evaluation activities into our ongoing behaviors and tasks, rather than tackling them as a quarterly or annual chore. That integration required sustained leadership to demonstrate that the foundation was committed to using the information we were generating. And it required

time to show that the information was really helpful. Only then were staff motivated to make the knowledge management and evaluation activities part of their normal routine. A leader plays a critical role in linking the knowledge management and evaluation to ongoing decision making.

Be Flexible

Inevitably processes and systems must be adapted to meet changing circumstances. They must acknowledge the needs of staff as well as variations in the size and maturity of different programs. Leaders play a key role in modeling a willingness to change and a belief that even the best tools can be improved.

Flexibility was key as we sorted out our early evaluation priorities. Our evaluation staff were inclined to conduct external evaluations on as many programs as possible. But our program staff wanted to reserve external, more expensive evaluations for our most promising work. Lots of dialogue ensued. From this dialogue, which was punctuated by differing points of view, we were able to see that program evaluation spans a continuum. In the early stages of a pilot initiative, it is possible to engage in “do it ourselves” assessments to determine if a project or program direction actually has merit. As the stakes increase with more funding and increased partnerships, external evaluations become more important.

For example, our learning disabilities program area has invested in a Web site to educate parents so they can take action to help a child with learning disabilities. We wanted to better understand how users of the Web site reported its impact in their lives. A formal study would have been expensive in the early stages of the Web site’s development, but one staff member noted that we had hundreds of feedback e-mails from parents voluntarily commenting on their experiences. We decided to collect these comments, then categorize and analyze them. The results were rich and instructive, and we were able to make several positive changes to the program before engaging in more rigorous and expensive testing.

Conclusion

By focusing on the essential characteristics of knowledge management and evaluation, we have worked to ensure that our efforts support rather than overwhelm our primary work. The key issue is one of integrating the efforts with program activities in ways that demonstrate the value that has been added.

essay 3

HOW ARE KNOWLEDGE MANAGEMENT AND ACCOUNTABILITY RELATED?

By Ann Christen, COO

INTRODUCTION

A few years ago, our chief executive officer, Alexa Cortes Culwell, spoke to foundation leaders about performance assessment. Alexa made a statement that several of them found audacious. She said, “Since foundations have no real accountability, we must figure out how to hold ourselves accountable at the highest level possible.” One of the participants bristled and reminded her that the attorney general and the IRS hold foundations accountable. Even though the comment was technically correct, it missed the point.

These agencies do oversee whether foundations comply with reporting and accounting requirements. But neither these agencies nor any others hold foundations accountable for performance – as in maximizing the impact of programs and investing in ways that research has shown to be most effective. This is something foundations must and should do for themselves. Knowledge management is the most effective tool we have found for achieving accountability for our performance.

Knowledge management has enabled us to work in cycles that begin with clear strategies and goals. We then systematically collect data and information that reveal how programs are meeting the stated goals. We achieve accountability when we transform the data and evaluations into knowledge that strengthens and improves our work, so that our financial investments are optimized.

We have become careful stewards of the knowledge we accumulate, just as we are careful stewards of our financial assets. Both types of stewardship are components of accountability. This essay will explore the connection between knowledge management and accountability for performance.

A Cyclic Process

In a previous essay, we have described how knowledge management and evaluation staff team with our program staff. Within that collaboration, there is a continuous feedback loop in which they expand and reinforce each other’s work. That same kind of reinforcement takes place in the larger circle of the knowledge management and evaluation team, the program staff and our board of directors. Knowledge management and evaluation are critical if the board of directors and staff are to communicate meaningfully.

The Charles and Helen Schwab Foundation convenes three board meetings annually. These meetings are complemented by other regular communication and consultation with our board throughout the year. Our June meeting is devoted to

reviewing plans and budgets for the next fiscal year. The other two meetings focus on program updates and more thorough reviews of program performance. This standard agenda puts the priority on program planning and performance, so that staff and board are constantly connecting around these issues. It is important to note that our board meeting agendas never include reviews of grants or dockets since this is largely work that can be done “off-line” with directors, allowing the board to focus on high level strategy and program review.

Since there is not time to consider every program initiative during a board meeting, we focus discussion on programs for which we have significant updated knowledge. For example, in our most recent board meeting, we reviewed the evaluation of a national public awareness campaign that sought to educate mothers about learning disabilities and help them to take action if they suspected any child had a problem. At this board meeting, we were able to share excellent data about the results of the campaign (including data on how many people we had reached and how much it had cost) and have a conversation about future directions. These board meetings become the ground where information flowers into decisions about future directions for our programs.

Our directors, as well as program staff, have come to rely on our knowledge management and evaluation systems both as a way to inform themselves about our program areas and as a way to hold the foundation accountable. Without this solid foundation, the staff’s recommendations and the board’s decisions would be equally random. With it, they complete a cycle of goal setting, data gathering and commitment of resources that is solidly based in reality. In the early years of the foundation’s life, much of our decision making was good guesswork because we had not developed tools to measure and assess our program results or progress.

Obviously, there is the potential for information to overwhelm rather than aid decision making. After a conversation with our board of directors about the questions most important to them, our knowledge management and evaluation team created a simple tool for reporting our activities – a set of questions that quickly synthesize vast quantities of data and provide a snapshot of our progress for each program:

- ★ How many lives have we touched?
- ★ How deeply have we touched them?
- ★ How much have these endeavors cost?
- ★ How did we do it?
- ★ What did we learn?

Answers to these questions guide tough decisions. For example, a few years ago, our board and staff had to decide whether to continue funding a local resource center the foundation had established to help parents find answers to questions about learning disabilities in children. The center had been a valued resource for parents and teachers locally for more than a decade. The questions outlined above kept us focused as we compared the local resource center to the internet-based services we could offer parents and teachers nationwide. Data showed that the resource center served approximately 1,000 families per month. The internet-based resource had the capacity to serve millions

of people nationwide for much less money per person. After reviewing the data, the staff recommended that the foundation invest resources in the internet-based program rather than the center. Today, the foundation's internet strategy has allowed us to offer comprehensive resources to hundreds of thousands of parents at a cost of mere dollars per person.

As this example shows, the board uses information from our knowledge management and evaluation activities to authorize funding and set priorities. The board's decisions initiate a new cycle of assessment that will result in succeeding conversations with the board and additional decision making. The cycle keeps the foundation accountable in the sense that our actions and resources are always linked to the most accurate information and to an awareness of the best practices in our field.

Advantages

There are many advantages to genuine accountability. Perhaps the most significant is that it aligns the interests of board members, program staff, the knowledge management and evaluation team, and our constituents. With meaningful data in hand, together we are able to maximize the impact of our programs, shape our work so that it meets the highest professional standards, and invest our resources in ways that research has shown to be most effective. Clear, objective information and evaluations are critical to all of us in fulfilling our respective roles and obligations.

A second, related benefit to this form of accountability is that the research makes our work transparent to the public and to other foundations, as well as to the different teams within the foundation. We are able to readily share our results and learning with others since we have systematic ways of gathering and synthesizing information.

Early Indicators of Value of Knowledge Management

While the development of our knowledge management and evaluation systems are still relatively new, there are some early signs that this approach to knowledge management and evaluation is enhancing accountability at all levels of our work:

- ★ Our program officers report that it has helped them make more informed, less risky investment decisions.
- ★ Grantees appreciate our sharing of information and active engagement with them.
- ★ Program reports and findings are seen as credible by external audiences.
- ★ Subscribers to our News/Research Updates report that they find value in them, and the majority have forwarded them to others.
- ★ Partners have applied lessons from our research and tested models.
- ★ Policy makers and other institutions have been influenced by our point of view and approaches.

Conclusion

Accountability is the capstone of all our efforts. It signifies that we have integrated all the elements of our work at both the staff and board levels: goals, best practices, knowledge management and evaluation, and decision making. Every element of the process complements the others and ensures that we are optimizing our contributions to issues of critical social concern.

essay 4

WHAT DOES THE KNOWLEDGE MANAGEMENT TEAM DO AND HOW MUCH DOES IT COST?

By Ann Christen, COO

Introduction

In the summer of 2000, after consulting with various experts in the field, the Schwab Foundation began recruiting a leader for its knowledge management and evaluation activities. “Knowledge management” was becoming a more familiar word in the foundation world. Yet it still was not clear how to implement knowledge management programs that would add value to the work of foundations and complement the expertise of program staff. We knew that integrating knowledge management into our programs would be challenging. We also knew that hiring the right people who would help design the right services for our program staff at the right cost to the foundation would be the difference between success and failure.

This essay will explain how we formed our knowledge management and evaluation team (now three years old), who is on it, what they do and how we budget for it. The devil is in the details and this chapter seeks to outline some of the critical minutiae for making a knowledge management and evaluation program work. This essay is most relevant for foundations that are considering adding dedicated capacity for knowledge management and evaluation, and are interested in the costs and added value of such an effort. In the other essays in this series, we have provided examples of how to integrate disciplines to leverage knowledge by deploying existing resources in new ways and with new approaches.

While our knowledge management and evaluation team is a small dedicated staff, the importance of its integration with program staff cannot be overstated. Without that integration, knowledge management and evaluation is like the garnish on a meal – adding a note of color on the plate but often left untouched. We have made knowledge management and evaluation the spice in our dish – an element that is fully integrated with the other ingredients in our program and which flavors every aspect of our work.

Organizational Structure – The Key Players

Our foundation was already 12 years old when we formed our knowledge management and evaluation team. During these years, we had developed some good habits as a foundation that made the implementation of more formal knowledge management practices easier. For example, we were already collecting performance data on some of our initiatives and our grants. We already had practices of good note taking at meetings and of disseminating those notes back to team members. Monthly staff meetings were used routinely to share information that everyone needed to know. Working groups took time out from their ongoing projects to reflect on what they had

learned and then shared their conclusions with others. In short, we already habitually performed certain knowledge management tasks.

However, we needed to add expertise and unify staff as a team dedicated to knowledge management and evaluation. The team is comprised of three staff who prioritize and support the varying needs of four main program areas and 30 staff.

- ★ Our chief operating officer provides leadership to the knowledge management and evaluation team as one of her various roles within the foundation. This role comprises about 35% of her work. She serves as a critical link between program staff and the core services team, ensuring effective integration and delivery of services. As a member of the foundation's executive team, she represents the work at the most senior levels of the organization.
- ★ Our director of evaluation and organizational learning provides leadership for evaluation activities throughout the foundation, creating many in-house evaluations and overseeing outside evaluators as well.
- ★ Our research librarian provides a variety of knowledge management services, including research services, weekly program updates and intranet management.

Knowledge management and evaluation staff also require the help and expertise of other core service colleagues to fully succeed in their work.

- ★ Our chief financial officer generates data about the cost of our programs relative to performance and provides critical support to the economic analysis of various initiatives.
- ★ Our information technology staff provide technology infrastructure to allow internal data to be collected, and provide a variety of tools for knowledge management and evaluation work, such as technical support for our intranet.
- ★ Our communications director synthesizes much of the work product of the knowledge management and evaluation team into succinct reports and documents for sharing with audiences outside the foundation.

Getting Started

As a brand new function within the foundation, the knowledge management and evaluation team needed the CEO's support and example to communicate to staff the importance of its contribution. One of the initial jobs of the team was to specifically request the CEO's participation and stress the importance of her leadership. As a result of a key meeting with our team, the CEO became a primary champion and leader of knowledge management and evaluation disciplines. Among other activities, she hosted an internal party to launch the foundation's intranet and then used it regularly to update staff about her own work, including highlights from executive team and board meetings. She also archived presentations she made at conferences, as well as articles she wrote, so they would be accessible to all staff.

Another early effort involved mapping the connections between people in the foundation who worked together. Initially, we set up formal reporting methods for those groups so that we could capture, synthesize and share information throughout the foundation. Over time, communication among those whose work connects and overlaps has become more relaxed and informal. This is one example of the way in which we used formal procedures initially and then were able to relax the formalities as the sharing of information became habitual.

In collaboration with program staff, the knowledge management and evaluation staff formulated aggressive plans and timelines to integrate their work into program initiatives. Throughout the process, the staff subjected the efforts of the knowledge management team to the same scrutiny as the rest of our operations to be sure that the feedback loop was complete and that all tools developed really enhanced our program work.

Key Activities and Disciplines

Among the practical tools that have emerged to date, the following knowledge management activities and disciplines have become central features of our work:

- ★ Making research services available to all staff to help them find answers to questions, as well as new sources for information in their program areas.
- ★ Disseminating, via e-mail, weekly compilations of local, regional and national news in each of our program areas to keep staff and partners better apprised of relevant fields of work.
- ★ Developing an extensive array of evaluation tools and services to track our outcomes (this includes everything from internally generated surveys to more extensive evaluation services by external experts).
- ★ Promoting habits, such as group reflections during team meetings, that contribute to the assessment of on-going work or the review of completed projects.
- ★ Encouraging regular postings to our intranet to update one another on our work and activities.
- ★ Archiving meeting notes and program and evaluation reports on the intranet so the information is readily accessible to all staff.

One mark of our success was that we reached a point at which significant investment in our technical infrastructure was necessary to keep pace with the information we were generating. The foundation organized a team of information architects, network engineers, programmers and technology support. We invested in networked servers and equipment to meet the growing needs. One exciting dimension of this work is that the team members are proponents of open source technology, essentially

free software available over the Internet. This vehicle is enabling us to share the information we generate with other foundations and nonprofits. Our first collaboration has been launched with a nearby community foundation that is using our intranet model at no cost because it was developed using free software.

The budgetary considerations of these activities are critical to understanding the value the knowledge management and evaluation team adds to the foundation's program work. Here is some data about the costs of our knowledge management and evaluation team's work:

- ★ The team plus expenses comprise about 13 percent of the total grant making budget for the areas of substance abuse, homelessness and poverty prevention. For example, this year, our total budget for our program work in homelessness will be \$3,800,000. Of this, \$418,000 will be allotted for a knowledge management and evaluation budget.
- ★ The team plus expenses comprise about 8 percent of the total program budget of our operating program for learning disabilities.
- ★ Overall, evaluation activities are about 9 percent of our grant making budget.
- ★ Overall, knowledge management activities are about 3 percent of our grant making budget.

Tracking the costs of this work has been important to understanding its value. An important marker of success is that program officers have prioritized knowledge management services when budget considerations forced tough choices.

Understanding What the Value is for the Cost

Building a robust knowledge base that enhances our mission takes time and resources, but we see the benefits everyday in our work.

With meaningful data, we are able to work to maximize the potential of our programs, investing our resources in the most promising approaches. We are saving money by not reinventing the wheel, instead taking time to find and import knowledge from outside experts and leaders in our fields of work. This active networking with key stakeholders also provides critical information and data that enables us to make better informed decisions as we develop and implement program initiatives.

Because we have systematic ways of gathering and synthesizing information, we are more capable of being transparent about our work, sharing our efforts and results with others via our Web site updates and publications.

Finally, our knowledge management and evaluation investments help us measure the results of our work and better understand and demonstrate their value. This enables new levels of accountability to our staff, our board and to the communities in which we work.

Conclusion

Knowledge management and evaluation were merely aspirations for our foundation several years ago. Thoughtful planning and implementation allowed us to bring the right capacity into the foundation and develop a core set of disciplines and services that have become central to the foundation's work and approach.

Our hard work is paying off. With infrastructure in place, it is easy to access information and knowledge for critical decision making among our staff and board. At any given moment, we have real information about our program progress and can share our learning with others. As a result, our knowledge management and evaluation work is a huge source of pride throughout the foundation. The work is so integrated that program staff and the knowledge management team rightly take joint credit for our success.

essay 5

HOW DO YOU ORGANIZE THE OUTPUT OF KNOWLEDGE MANAGEMENT SO THAT IT SUPPORTS DECISION MAKING?

By Gale Berkowitz, Dr.P.H., Director of Evaluation and Organizational Learning

Introduction

At the Schwab Foundation, our program work begins with a passion for an issue, starting with our founders and extending to our staff and the larger community. We've disciplined that passion with tools of knowledge management so that we now gather information systematically about our operations as a foundation, about the programs we fund and about the results we achieve.

This combination of passion and discipline allows us to be accountable for using the best practices in our fields and for investing in work that research has proven to be effective. It also means that we now have generated a wealth of information about our work and programs that must be managed to be useful.

We found ourselves in the position of a film director who needs to edit the rough footage to make a movie. We needed to interpret, distill and summarize our information so that it would tell a story. Since we confronted this task in early 2003, we have worked consistently to develop and organize a tool that would organize the levels of information we generate. After many preliminary efforts, we hit upon the pyramid structure that is the focus of this essay. It is a simpler system than some we explored, but far preferable to others because it permits a very high level of participation throughout the foundation.

The Pyramid



The pyramid helps us bridge the gulf between the information we gather everyday about the nuts and bolts of our operations and the decisions our staff and board of directors must make about strategy and mission. As we move from level 3 to level 1, we refine and interpret the data. The effect is to move from one level of questioning to another: from “What did we do?” to “What did that accomplish and how much did it cost?” to “How shall we proceed in the future?”

Level 3:

At level 3, we seek to capture information about our own grants, projects and initiatives, as well as information about non-grantmaking activities such as attendance at conferences and meetings, presentations, publications and partnerships. That is easier said than done. We are in an ongoing process of developing ways to measure and describe these various categories of information.

Thus far, we’ve developed several forms and activities which allow us to systematically capture data:

- ★ The foundation now has a standard grant proposal application that is used in all program areas. That information feeds easily into software used to manage grants and in turn feeds into analyses in level 2.
- ★ The forms which grantees use to report annually and at the end of a grant track the categories of the original grant application, so that updated information on consistent parameters is available.
- ★ One component of the grant application and subsequent reports is a form called “Objectives and Outcomes” (see Exhibit A) which provides comparable data for each of the foundation’s program areas.
- ★ A member of the knowledge management team attends meetings of program staff and archives content from those meetings on the file server.
- ★ We consistently survey our partners and stakeholders for new data and insights.
- ★ Our accounting department provides financial data on the direct costs of various programs as well as such indirect costs as staff, research, evaluation and meetings. By tracking both direct and indirect costs, we hope to account for the total cost of our approach to philanthropy.
- ★ On larger initiatives, the foundation commissions evaluations from third parties.
- ★ Officers in each program area revise a strategic plan annually. Each officer then completes a strategy worksheet for that program area which defines the people to be served, identifies the needs to be met and articulates what we hope to learn and demonstrate.

It took time and collaboration to develop every form or activity described above. We continue to develop prototypes for others and test them until we achieve some consensus that the activity or form is useful and practical to implement.

Level 2:

The foundation's trustees worked closely with staff to formulate six categories for organizing information at level 2:

Planning Phase

- ★ How lives change
 - What were our starting hypotheses about how we intend to change lives?
 - Whom does the program serve?
 - What strategies are being used?

Implementation Phase

- ★ How many lives have we touched?
 - How will we measure how many people our programs reach?
 - What are the key indicators?
- ★ How deeply have we touched them?
 - To what extent do we intend to make a difference?
 - What effect will we have on individuals, families, organizations, communities, regions and societal levels?
- ★ How much have these endeavors cost?
 - What are appropriate ways of assessing how much it costs? What are the costs?
 - How can we relate the cost of delivering this program to its outcomes?

Reflection Phase

- ★ How did we do it?
 - What methods best demonstrate how we did the work?
- ★ What did we learn?
 - How do we analyze what we did to advance our work?

Once these categories had been decided, the knowledge management and evaluation team tried various ways of packaging the information from level 3 to be responsive to the questions of level 2. Ultimately, they developed a tool we call a “dashboard” (see Exhibit B). It is akin to a scorecard, succinctly summarizing key performance data that links short-term action with longer-term strategy.

We developed a dashboard specific to each of the foundation's four program areas. Each dashboard incorporates quantitative and qualitative information in a format aimed at decision makers. It incorporates charts and tables thereby including a great deal of information in a small amount of space. That wealth of information is necessary to reflect accurately the complexity of our work, while the compression of data into a display of limited size accommodates the real constraints on the time of our board. The dashboard includes information on the lives touched by our work, the dollars awarded and the demographics of the clients served. It also measures progress in achieving specific objectives.

We tinkered with the dashboard through several cycles of board meetings and now have the board’s resounding approval of the format. Attached to this essay is a sample copy of one of our dashboard’s for our program area of homelessness. It is meant to quickly capture key grant information as well as highlight some of the non-financial aspects of our work that are so critical to advancing our strategies. Ultimately, it serves to inform and spark further dialogue with our board.

Level 1:

At level 1, we synthesize the information from prior levels to obtain information for a strategic review by program staff and trustees. This involves organizing the information so that it allows us to identify trends and patterns, to become aware of key discoveries, to formulate new hypotheses and to assess implications of our research. We analyze information by program areas as well as across programs. To the extent possible, we weave in information about larger environments that affect or may be affected by our strategies. For example, we may include census or municipal data and information about the economy, such as the cost of living or housing prices, as well as information about the political climate as reflected in pending legislation.

We make this leap from Level 2 to Level 1 through many conversations among our program leaders. Our director of communications plays a key role in this process, helping us to gather together the key information and shape a succinct narrative that we can use internally with our board as well as externally through publications on our Web site. For example, we have learned a lot about the value of knowledge management and evaluation in our program work. We have used this learning to refine our work, to discuss issues with our board, and to develop publications such as the very one you are reading. These are all “Level 1” insights that emerge through conversation, analysis of the data and a review of our performance.

At this level we bring the process that began with the identification of a mission and the targeting of specific program areas full cycle. The trustees and executive staff have the information they need to engage in robust discussion about the future direction of the foundation.

Lessons Learned

Through this process of figuring out what information to gather, how to organize and analyze it, and how to communicate it, we have learned several lessons about improving decision making through knowledge management:

- ★ Knowledge sharing must be integrated into a foundation’s strategy – owned and supported by the board and at the executive level.
- ★ The value and benefits of engaging in knowledge management activities must be consensually validated and made explicit.
- ★ Knowledge management and evaluation must grow in tandem with programs.

- ★ There is no one vehicle for knowledge sharing. Organizations must pay equal attention to three modes:
 - Face-to-face
 - E-mail
 - Web based (both internal and external)

- ★ When integrated, knowledge management and evaluation activities and roles are synergistic and heighten the overall learning and effectiveness of a foundation.

Conclusion

Gathering data systematically about all the foundation’s programs has generated enormous amounts of information. Knowledge management means organizing, synthesizing and presenting that data in ways that facilitate reflection, discussion and decision making. We have created a primary tool, the pyramid, which organizes our data at three different levels. Level 3 presents data responsive to the question of what the foundation staff have done. Level 2 addresses the questions of what our activities have accomplished and what that has cost. At level 1, we consider parameters that inform the foundation’s decisions about how to proceed in the future.

Exhibit A
Objectives & Outcomes Table

[Institution]
[Title of Project]
[ANNUAL] [FINAL] NARRATIVE REPORT
Year [X]

Dates covered: [from date] through [to date]
Total grant amount for period: \$XXXX

(1) Objectives	(2) Activities	(3) Baseline	(4) Outcomes (Proposed)	(5) Outcome Indicators	(6) Progress towards Outcomes (Annual)	(7) Progress towards Outcomes (Final)

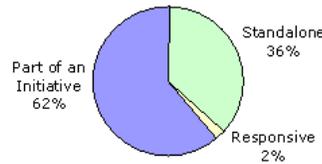
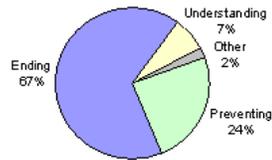
Exhibit B



Homelessness Program Dashboard

July 1, 2002 - February 29, 2004

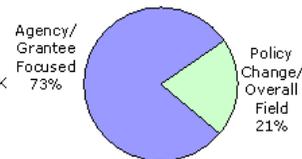
Grant Summary



Grants by Focus Area



Grants by Type



Grants by Size

Grants by Orientation

Total Active Grants
 35 - \$2,485,500
 Pending: 14 - \$1,085,000

Lives Touched
 + Direct Services : 2,065
 + Capacity Building: 8,679

Family Permanent Supportive Housing Makes a Difference for One Family

Clarissa* walks home from the bus stop one block from her two bedroom apartment at Episcopal Community Service's Canon Barcus House . The 24-hour security desk clerk buzzes her in as she enters her building from the quiet, tree-lined alley, directly off a busy SOMA intersection. Clarissa has a key to her own apartment, a sense of privacy in a safe and secure building. She is a 32-year-old African American woman who has lived in this building

Bay Area Foundation Advisory Group to End Homelessness Earns Headlines

San Francisco Chronicle

essay 6

HOW DO WE APPROACH EVALUATION AT VARIOUS LEVELS OF PROGRAMS AND OPERATIONS?

By Gale Berkowitz, Dr.P.H., Director of Evaluation and Organizational Learning

Introduction

At the Schwab Foundation, we are committed *to making a measurable difference* in our four program areas. Those two simple words – *measurable difference* – are the reason the foundation has embraced knowledge management and evaluation. Only by gathering data on our activities and interpreting that data can we know whether we are meeting our commitment.

Our foundation integrates evaluation with organizational learning. We view knowledge management as a continuum of activities that increase learning across all aspects of the foundation’s programs and grant making. As such, information generated from evaluations is just one type of information we rely on to assess impact and increase learning. What distinguishes evaluation from other types of knowledge management tools is its focus on systematic and rigorous methods of gathering, analyzing and interpreting data. Evaluation is used to directly support program strategy. For us, evaluation is as much about process and learning as is it about outcomes, both for our foundation as well as for the communities in which we work. In this regard, it is a natural partner with knowledge management.

In this article, I address the component of evaluation. In particular, I will explain how we use methods of evaluation that are appropriate to different activities and how we allocate resources for evaluation. First, however, let me acknowledge that apportioning resources for evaluation over different levels of operation has been a challenge and a matter of trial and error. We’ve become acutely aware of the way that differences in the size, scope and maturity of programs affect evaluation. We know now that evaluation must be very different at the level of initiatives versus the level of individual grants, just as we now realize that we must evaluate the final year of a multi-year grant differently than a grant made for one time only. That said, let me explain how the foundation approaches evaluation at the level of individual grants, the level of programs and the level of initiatives.

Individual Grants

At the level of individual grants, we use a form called the “Objectives and Outcomes” table, popularly known throughout the foundation as the O&O. This form requires that grant applicants articulate objectives, activities and outcomes. Initially, we made great strides simply by realizing that the form should be part of an application rather than used as a reporting device once the program had finished.

The O&O requires applicants to articulate objectives and provide baseline information about each objective. Applicants then describe the activities that will be conducted and the outcomes that are anticipated. They must specify what the indicators will be for each outcome and how the indicators will be measured.

The O&O stimulates our initial conversations with potential grantees – focusing both parties on the rationale for the proposal and the reasoning underlying the expectations of success. It continues to be useful as a monitoring tool throughout the funding cycle since grantees augment the O&O periodically to show what progress has been achieved toward the stated objectives.

Recently the foundation surveyed organizations it funds about the O&O. Three-quarters of respondents characterized the O&O as “helpful” or “very helpful.” While this feedback is primarily positive, it indicates we have room for improvement. Some respondents suggested that we make the foundation’s expectations for evaluation explicit at the beginning of the funding cycle. In response, we have begun to do this.

In addition to the O&O, the foundation has devised standards for reporting at the midpoint and at the end of grant cycles. We request that grantees reflect on achievements, challenges, lessons learned, unintended effects and future plans.

Both the program officer and the evaluation team review reports from grantees and together determine whether the feedback will be useful to our overarching goal of measuring the difference we are making.

Evaluation of Program Areas

The foundation has programs in four areas: homelessness, poverty prevention, substance abuse and learning disabilities. A program officer oversees each area. When an individual grant ends, the program officer reflects upon the information provided by the grantees and upon personal interactions with the organizations. To assist that reflection, the evaluation team and program staff developed the following questions. We are in the process of implementing a pilot of this evaluation internally:

- ★ What are the achievements with regard to this grant? They may be related to any aspect of the grant - implementation, outcomes or impact.
- ★ What challenges, if any, arose and how were they addressed?
- ★ Have there been any unintended effects or “spillover” effects related to this grant (such as outcomes that were not anticipated, other opportunities for collaboration, etc)? If so, what were they?
- ★ Has the organization changed as a result of this grant?
- ★ What are the post-grant plans for this grant?
- ★ What long-lasting impact do you think this grant will have had in a few years?
- ★ Overall, what were the most important lessons learned from undertaking this grant?

- ★ Has this grant contributed to fulfilling our program's goals? If so, in what ways? If not, why not?
- ★ What has been learned from this grant that will affect our investment in this area in the future?

The program officer also reflects upon various grants in the aggregate to determine what has been learned and how the various grants and activities have advanced the overall goals in that program area. We have formulated the following questions to assist that more comprehensive evaluation:

- ★ Have these projects, collectively, contributed to fulfilling our program's goals? If so, in what ways? If not, why not? Please give specific examples.
- ★ Overall, what were the most important lessons learned from undertaking these projects?
- ★ What would you do differently in the future?
- ★ How will what we have learned affect our investment in this area in the future?

We are in the midst of developing a process for program level reflection, or cluster reviews, for the purpose of helping us determine whether or not we maintain our investment in a program area, expand or reduce our investments, or change course. These reviews take into account the learning from each individual grant, third party evaluations, other research from the field, and most important, the expert assessment of our program officers. These cluster reviews question the extent to which our investments in a given program have collectively contributed to fulfilling our program's goals.

This kind of process requires more time from program officers. In the past, our sole program officer had so many grants to make there was no time for evaluation activities. Today, we take these kinds of additional activities into account when we evaluate the work load of program staff. For small foundations with only one program officer this approach might mean reducing the number of grants the program officer is responsible for or increasing the size of grants and making fewer of them.

Evaluation of Initiatives

The foundation identifies initiatives in each of its program areas which address broad issues in that field. In the area of homelessness, for example, the foundation has an initiative regarding permanent supportive housing – affordable housing with on-site supportive services. We are funding particular programs which provide such housing – these would be examples of specific grants and be evaluated as described above. In addition, we are evaluating the costs and outcomes of those programs to generate credible economic evidence about this approach to ending homelessness. Our goal is to use such data to mobilize governmental support for this approach to homelessness.

The foundation has developed pilot initiatives in each of its program areas to assess the potential of promising interventions. We have had to develop appropriate tools for evaluating these initiatives. We take into account that resources allocated to the evaluation of initiatives will yield information that can potentially influence other

philanthropies and governmental entities in a certain direction, as well as information that will help the foundation to decide whether to continue pursuing a given strategy. Because of this potential for our initiatives to have a ripple effect throughout the field, we accord a very high priority to the evaluation of initiatives. At this level, we contract with third-party researchers to conduct rigorous evaluations of implementation and outcomes. For smaller foundations, developing initiatives can also be an effective way to both make a difference and manage the workload by allowing the evaluation component to be outsourced to a strong partner.

Allocation of Resources

Our resources are finite. We must make difficult decisions regarding the allocation of resources for evaluation. We consider the potential impact of a program or strategy as well as the amount of our investment. Almost all grants include some evaluation component from the minimal level of grantees conducting self evaluations to third-party evaluations of initiatives. The following statistics may help to explain how we allocate resources:

- ★ Number of dedicated evaluation staff: One.
- ★ Percentage of grants evaluated: No fixed percentage, but almost 100% of all grants have some evaluation component, from grantees conducting self-evaluations to larger-scale third-party evaluations for larger initiatives.
- ★ Percentage of evaluation resources allocated for third-party evaluations: 60
- ★ Allocation of remainder of evaluation resources:
 - 20%: Internal, operational evaluation
 - 5%: Evaluating general grant making/reporting processes
 - 5%: Internal knowledge sharing
 - 5%: Due diligence – reviewing proposals or program ideas
 - 5%: External knowledge sharing
- ★ Average evaluation-to-program costs: 9% of grants budget; 3% of total program budget

How do we decide how to allocate finite evaluation resources? By continuously working with program staff, we consensually prioritize evaluation resources. Evaluation activities take a variety of forms, depending on the degree of learning about the issue that is desired. Our evaluation services, provided either by our staff or through external partners, includes:

- ★ Evaluation research consultation
- ★ Evaluation design
- ★ Grantee evaluation technical assistance
- ★ Monitoring grantee evaluation plans and results
- ★ Identifying third-party evaluators (and contract monitoring)
- ★ Looking across programs to capture the overall performance of the foundation

We do not have formal criteria for deciding whether or not a formal evaluation should be undertaken. Rather, we use an informal equation based on the combined importance of potential impact in program or strategy of the evaluation and the amount of funding being allocated to the program. For example, an investment of \$500,000 in an initiative will likely trigger a formal evaluation, while a one-time \$50,000 generally will not. However, if the potential learning is high even for a small investment, such as funding a new approach to ending homelessness, we will consider conducting an evaluation of this program. The scope and rigor of the evaluation would be proportionate to our ability to document and measure both process and outcomes.

Conclusion

We are continuing to develop and refine our approach to evaluation. In other words, we subject our evaluation activities to continuing evaluation! However, we have made progress in identifying particular instruments, such as the O&O or third-party evaluations, that are appropriate and effective at different levels of our operations. And, through continuous monitoring of costs, we are insuring that interventions likely to have the greatest impact also receive the larger share of resources committed to evaluation.