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On the Frontlines

Resisting Temptations Lessons on Grantmaking

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the "President's Message" in the Robert Wood
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Resisting Temptations

Lessons on Grantmaking

There needs to be a kind of restlessness in the work of philanthropy that will drive us to ask questions about how well we are accomplishing our goals and how we might better use our limited philanthropic dollars. Such discussions advance the work of our own organizations and of our field.

It is often easy for a foundation's board and staff to point out that they are working on an important problem and funding good programs, and doing pretty well at both. We need to be tougher than that. The lack of a standard metric is part of what makes our work so challenging and exhilarating.

Drawing on my 12 years of experience at the Robert Wood Johnson Foundation (RWJF), and my previous experience in healthcare, I hope to make four points that will stimulate others to take up the challenge of helping philanthropy achieve its full potential.

Focus is Critical

Grantmakers face an almost irresistible temptation to strike out beyond the boundaries of current priorities to explore new territory. This is, in part, a reaction to the frustration of working with intractable issues. Most experts, however, advise having a well-defined focus, and I agree with them.

The problems most foundations try to alleviate are so large that progress will seldom be possible without concentrated efforts. The Robert Wood Johnson Foundation's focus is probably narrower than that

of most large philanthropies, because of the specificity of our mission. Nevertheless, our staff regularly debated whether our four program goals and 10 program teams had caused us to become too diffuse.

Thinking specifically about what we wouldn't fund was one way we stayed focused. The foundation's general guidelines told us that we would not fund ongoing general operating expenses, basic biomedical research, or international programs. We also decided that many important *topics* fell outside our program scope – women's health and occupational health, for example. When staff members were developing specific initiatives, we discussed the kinds of projects that we would *not* fund. Such discussions are essential if grantmakers are to resist the relentless centrifugal forces to which they are subject.

Execution Trumps Strategy

RWJF's staff spent a great deal of time pondering how to approach complex social problems. They worked diligently to understand what had been tried before, what the evidence showed, and what forces affected both the problem and the attitudes of relevant constituencies. They then crafted well-designed grantmaking strategies that aligned with RWJF's mission, culture, and resources. But in my experience, our preoccupation with strategy often led us to gloss over how we would implement the goal or program.

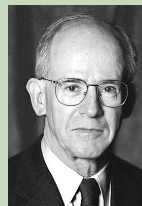
Foundations – RWJF included – emphasize strategy at the expense of execution because of internal reward structures and our relative isolation

from the frontlines, and because we typically recruit staff who are stronger in conceptualization than in operations. Common mistakes in planning a program's implementation include permitting lines of authority between foundation staff and the program director to become tangled, and having unrealistic expectations that set grantees up to fail. Another common mistake is selecting the wrong leader. We had one program officer who became such an advocate for a particular program that he made unsubstantiated claims about the program's success. This resulted in a major clash with other staff.

Achieving a proper balance between strategy and implementation requires shifting internal reward structures, staying in tune with the environment, and looking for staff members that are strong in both strategy and execution.

Know When to Fold 'Em

Knowing how long to stay with a goal, strategy, or grantee is part of the art of philanthropy. At RWJF, we were suspicious of becoming unduly enamored with favored grantees and making our grantees too dependent. At the same time, we recognized the risks of getting out of an area too early, as well as the signal a large foundation like ours sends when exiting a field. The trick is timing. In my tenure, we made both kinds of errors; we stayed too long in



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“We aspire to be as customer-friendly as the Ritz-Carlton.”

some arenas and left others too early.

Occasionally, we managed to avoid both pitfalls. One of our strongest programs was the Local Initiative Funding Partners Program, in which we collaborated with local grantmakers to provide matching funds to community-based projects for underserved and at-risk people. It did not start out as a success, however. Local grantmakers assured project leaders that both they and RWJF would provide funding. We sometimes decided against funding, however, and the embarrassed local grantmakers had to retract the support they had promised.

That was our fault. We articulated the rules poorly, but we did not abandon the program. Instead, we changed the rules to allow funders to nominate projects, but make no commitments to them. If that change had failed, we would have bailed out. Since then, the program has made almost 200 grants totaling \$63 million, and has established good relationships with funders and grassroots organizations nationwide.

Well-meaning foundations routinely enter fields with high aspirations, only to find that achieving results is harder than they expected. They then pull out and go on to the next thing. Foundations need to be more realistic and patient about what they hope to accomplish. My recommendation is that they leave the table carefully. RWJF has been trying to expand health insurance coverage for 30 years and the problem is no better. Yet the issue is so important and so central to our mission that we've stayed with it.

What should you consider when deciding whether to continue to fund a program? The more important the issue is to your mission, the fewer the number of funders in the field, and to the extent that you feel you didn't do it right the first time, the more you should continue.

But if the problem is getting better on its own, if the field's dependence on your funding is stifling entrepre-

neurship, if other funding is available, or if you're satisfied that you've done all you can, then perhaps you should exit. The key is to keep questioning and debating, internally and externally. It is the only way to know for sure when it is time to move on.

Pursue Accountability

As with any enterprise, foundations need to know if they are making a difference. The question is rarely whether to measure success; it is more often what to measure and how. Foundations lack the yardsticks of success used in business, government, or academia. No financial bottom line, periodic election returns, or *U.S. News & World Report* rankings exist to calibrate our performance.

At RWJF, we spent considerable time and energy developing three ways of assessing how we were doing: evaluations, performance measurements, and public disclosure. RWJF has long used some of the leading healthcare researchers to provide independent, external evaluations of our national programs and major grants. In recent years, we developed a variety of internal performance measures – including periodically assessing how our audiences thought we were doing – with the intent of using the results to shape future grantmaking.

We spent an increasingly large proportion of our quarterly board meetings wrestling with how to measure the impact of our programs. We look for results that are surprising or don't make sense. We benchmark RWJF against other health philanthropies. We use external pollsters to assess our image and performance. We share that data with our trustees. We also talk about how we compare to businesses. We aspire to be as customer-friendly as the Ritz-Carlton.

Some of our pioneering efforts lie in the realm of public disclosure. RWJF's annual anthology, “To Improve Health and Health Care,” attempts to provide a critical, in-depth

review of our programs' and grant-making's impact on specific fields. Our growing library of 600 Grant Results Reports, available online, looks carefully at what was accomplished by the scores of grants made each year. We committed almost \$20 million to new program evaluation in 2001.

Despite these efforts, our quest to measure performance remains incomplete. In part, it is simply difficult to establish causality when working on complex social issues, often alongside many others. But we have sometimes made our job harder by not specifying exactly what we hoped to achieve with a particular grant, program, or grant-making strategy. We sometimes oversold what we hoped to accomplish, because we believed in it and because we wanted the support of our colleagues. We were sometimes even tempted to tackle trivial problems where we knew we could measure our results.

We owe it to ourselves, our constituencies, and the fields in which we work to try as hard as possible to judge the worth of what we do. We must not abandon attempts at assessment because the tools are crude. I have watched RWJF get better and better at evaluation over the past decade.

When the problems we were trying to address seemed the most daunting, I often found myself rephrasing Robert Browning, “Ah, but a foundation's reach should exceed its grasp, or what's a heaven for?” I like to think that our arms grew just a little longer, day by day. □

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