

Foundation-wide Assessment: An Overview

This document represents the culmination of a process during which the Irvine Foundation's board and staff identified the central elements of a framework to assess the Foundation's performance over time. As we describe those key elements below, we also acknowledge that this framework has been designed to remain flexible in nature, with ongoing refinement and improvement as we collect information. We also recognize that the six elements outlined below are not intended to be mutually exclusive and that our assessments should capture the fluid and overlapping nature of these key elements.

The central purpose of this exercise has been to sharpen understanding of progress towards our mission of expanding opportunity for the people of California. By identifying – in specific and tangible fashion – how the Foundation intends to track its progress, we clarify the ways in which the Foundation's activities have the potential to lead to lasting, positive impact for Californians. As we implement this framework in 2006, we do so with a firm belief that a rigorous approach to assessment enhances our ability to achieve a greater impact.

In addition to outlining the six elements of the performance assessment framework below, we describe the goals and assumptions that have driven this project.

Goals

The goals for this framework are:

- To clarify the key elements of Irvine's approach to measuring its progress towards its mission of service to the people of California
- To create a shared understanding between board and staff regarding ongoing assessment of and reporting about Irvine's performance
- To assist the board in fulfilling its fiduciary and oversight responsibility by providing concrete evidence of accountability and impact by the Foundation
- To inform future choices about programs, including further refinement of Irvine's grantmaking strategies

Key Assumptions

The following assumptions have influenced our approach:

- While measuring the impact of the Foundation's program work must be a central part of assessing the Foundation's impact, we should also examine a number of variables that extend beyond the grantmaking programs.
- To ensure the assessment framework is both meaningful and useful, we must be selective and targeted in what we measure and should not endeavor to measure everything.

- As the nature of philanthropic work is inherently complex and we engage in solving problems that do not necessarily lead to precise measures, both qualitative and quantitative measures should be employed.
- For the assessment framework to be successful, the Foundation has to foster a culture committed to measurement, dedicated to ongoing improvement, and willing to engage in candid discussion when things don't go as planned.
- Establishing an initial framework to assess the Foundation's impact represents a first step in what will be an ongoing and iterative process by which board and staff will hold themselves and the Foundation accountable to a set of agreed-upon outcomes.
- The investment of board/staff time and institutional resources for assessment and evaluation is extended by a related commitment to sharing lessons learned with the broader field.

Framework Outline

Flowing from these assumptions, we believe that the Foundation's impact can be measured by establishing clear goals, examining relevant data, and assessing progress against desired outcomes in two broad domains: program impact and institutional effectiveness, as defined below:

Program Impact: This domain measures the Foundation's effectiveness in achieving its programmatic objectives.

Institutional Effectiveness: This domain measures the Foundation's institutional effectiveness, especially in fostering and sustaining a solid organizational base upon which to pursue our programmatic agenda.

I. Program Impact

The vast majority of the Foundation's resources are devoted to making grants to organizations that we believe can help to advance the Foundation's mission and program objectives. Accordingly, any assessment of the Foundation's impact must begin with a consideration of progress in achieving our stated objectives in each of our program areas.

We propose that we use three broad categories to assess program impact, examining a set of specific measures and indicators, to be determined, in each category:

A. INPUTS: Where are our grants going?

We believe it's important to track our grantmaking along a range of meaningful indicators in order to have an informed understanding of the range of institutions we are supporting and to ensure that our grantmaking reflects our strategic

priorities (e.g., regional emphases) and our values (e.g., important to serve both small and large organizations.) Accordingly, we will continue to prepare quarterly and annual “dashboards” that measure a broad set of quantitative inputs such as: breakdown of grants by program area, types and sizes of organizations we support, the regional distribution of our grants, and grant size and duration. We will also explore adding new categories, such as ways to track the level of staff effort for certain activities as well as a review of the priorities and level of grantmaking by other major funders in our areas of interest.

B. OUTCOMES: Are we achieving what we have set out to achieve?

This Program Impact category will require the greatest attention and level of staff and financial resources. For this dimension of our assessment work to be successful, we must clearly articulate at the outset what we hope to achieve, at various levels: as a program area, within the central strategies for each program, and with selected clusters of grants or initiatives, as appropriate. Each program area is organized along the following hierarchy:

Level 1: Program Area (example: California Perspectives)

Level 2: Program Strategy (example: Mobilizing Californians)

Level 3: Program Initiatives or Clusters (example: California Votes Initiative)

Level 4: Individual Grants

In each of our three programs, as we proceed from the general (program area) to the specific (initiatives/clusters or individual grants), we are able to be more targeted about our intended impact and will likely be better able to assess our progress in a specific way. Accordingly, we intend to focus our formal evaluation activity at Level 3, the Program Initiative or Clusters level.

This focus on the Program Initiatives or Clusters level is not intended to suggest that we will avoid assessing our progress at the higher levels of program area or program strategy. It’s simply an acknowledgement that assessing progress against necessarily broad program area goals will be more difficult to accomplish and that we can be more constructive by focusing limited resources on those areas where measurement of impact will be more evident. At the program area and program strategy levels, it is imperative that we clearly articulate what we seek to achieve, so that our strategic initiatives and clusters flow from clear, focused, and concise articulations of our overarching goals and strategies.

C. RESULTS, LEARNING, AND PROGRAM REFINEMENT: What are we learning from our program work and how does that improve our approach?

We believe that providing ongoing qualitative assessments of impact are a critical complement to the more quantitative measures described above. These

assessments will generally take the form of written or oral reflections provided to the board by program leadership at key intervals in a program's development and/or evolution. They intend not only to reflect on our successes and failures, but also on how our learning will improve our approach in the future.

We intend to devote more time within our board meeting agendas for these qualitative discussions. As program staff are able to articulate with greater clarity and focus the intent of our program work, and as the board deepens its knowledge of the Foundation's activities, we need to build on that shared understanding by engaging in candid and substantive discussions about what is working, what we are learning, how we are refining our approach based on that learning, and where we are not proving to be as successful as we had hoped. In the process, we will also describe our approach and assumptions when we launched a particular program activity and how that evolved as we moved to implement the program. In addition, these discussions will provide opportunities to describe how we consider "risk" in each of our programs, which we recognize as a necessary by-product to achieving some of our program goals. In considering when, how, and why we take risks, we will give equal attention to describing the steps we take to mitigate such risks as much as possible.

Our success in this domain will not only be measured by whether we devote the requisite time at board meetings for such discussions, but, just as importantly, by whether we have created and fostered a culture of free exchange between board and staff that strikes just the right balance between a commitment to learning and ongoing improvement and a focus on accountability and results.

In addition, working in partnership with our communications office, we will develop strategies and approaches to ensure that we share our learning with the broader field. In doing so, we will need to be strategic about intended audiences (e.g., other funders, leaders in our program areas, policymakers) and the specific tools that can be used for best reach and impact.

II. Institutional Effectiveness

We believe that understanding the Foundation's performance requires us to look at areas beyond our direct grantmaking. The Foundation's ability to achieve its mission and goals requires an organization that achieves excellence in all domains, that operates efficiently, that uses its financial resources prudently, that is governed effectively, that serves its varied constituents with fairness and professionalism, and that aspires to providing leadership in targeted ways.

To that end, we intend to consider the following three broad categories to assess institutional effectiveness, with specific measures and indicators in each category:

A. LEADERSHIP: How is the Foundation exercising leadership?

The Foundation aspires to be a leadership institution, helping to frame understanding of key issues facing California, supporting the formation and implementation of solutions to California's challenges, and working collaboratively with others to achieve its mission and goals. We intend to identify measures that can help us to assess how well the Foundation is achieving its leadership aspirations. Measures may include: tracking effectiveness of various communications strategies, understanding the foundation's reputation as a thought leader and innovative grantmaker, assessing our ability to leverage and marshal other resources to issues we focus on, and determining our effectiveness in leading key stakeholders to issues of common interest.

There are certain proxy measures we can consider such as Web site hits, number of speeches given by senior staff, invitations to have staff participate and/or testify on panels, staff membership in various key committees or panels (especially leadership roles within such efforts), or the number of convenings organized by the Foundation. In addition, a more direct approach we will consider entails hiring an independent consultant to interview representatives of selected target audiences. These interviews can help assess understanding of the Foundation's agenda, determine how Irvine is perceived, and help us learn how Irvine might be a more effective leader. Working with the President, the Director of Communications will play a central role in developing our approach to develop both quantitative and qualitative measures to understand better the Foundation's success as a leadership institution.

B. FEEDBACK: How do key stakeholders perceive us and how does our understanding of these perceptions inform our work?

Because foundations are traditionally well-insulated from direct and candid feedback, we must devote special attention to finding ways to gather feedback from key constituents, including grantees, grantseekers, other funders, key leaders in the state, board members, and staff. Primarily using strategies such as anonymous surveys, targeted and confidential interviews by third parties, and organized dialogues with key constituents, we will demonstrate our commitment to understanding how our constituents view the Foundation and, just as importantly, what strategies and approaches we might consider to enhance our effectiveness.

As we determine which feedback mechanisms will be most useful to us, we believe that those approaches that help to contextualize how Irvine is perceived within a broader universe of foundations – similar in size and approach to us – will be the most beneficial, especially given how difficult it is for outsiders to be critical of philanthropic institutions. We also agree that assessing trends over time is valuable so that we can determine if we are improving in the eyes of key constituents.

C. FINANCE AND ORGANIZATION: How are we doing along various measures of financial health and organizational effectiveness?

In view of our significant assets, our commitment to prudent fiscal stewardship, and our dedication to managerial efficiency and effectiveness, we propose that we track a number of indicators related to the Foundation's financial condition and operational effectiveness. The financial measures are best assessed in the context of data from other similar institutions. Among the measures to consider are investment performance, operating ratios and costs, and resources devoted to complementing a relatively lean program staff with outside consultants. We must also consider key operational measures related to ensuring we hire and maintain a high-quality and diverse staff, maximizing the efficiency of our operations, and supporting strong governance and leadership for the Foundation.

Building on what we have done for our programs, we will develop an annual "dashboard" that incorporates key measures in the finance and organization areas that will provide the board with a summary of key indicators. We will also consider other ways to address less quantitative measures that relate to organizational health through activities such as an annual State of the Foundation presentation by the CEO at the board retreat and having the board engage in self-evaluation activities to assess its own effectiveness as a governing body.

Ultimately, the success of this framework will rely heavily on how we use the information we gather to inform both sound judgment today and thoughtful planning for the future. The central purpose of this exercise is to make us a better philanthropic enterprise. We intend to assess, on an ongoing basis, each of our activities related to this framework against that overarching aspiration. Keeping our eye on that objective will determine the usefulness and success of this framework.

December 2005