# TEAMWORKS

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## Hawaii Community Foundation
## Organization Capacity Building/PONO Leadership Program
## Key Findings and Recommendations

The following presents key findings of the evaluation of the two main components of the Hawaii Community Foundation's (HCF) Organizational Effectiveness (OE) Program: Organizational Capacity Building (OCB) grant making and the PONO (Promoting Outstanding Nonprofit Organizations) Leadership Program.  The findings are based on a review of key documents such as proposals and reports submitted to HCF, an electronic survey, and interviews conducted with grantees.

HCF's grantees and its staff were accessible, open, and generously shared information and insights.  The response rate to the electronic survey was extraordinary, 78% overall (187 OCB grantees between 2003-2006) and 82% from PONO participants (a population of 38 participants in classes 2, 3, and 4 occurring between 2004-2007).  In addition to the survey, over 40 interviews were conducted with 31 grantee organizations located throughout the state of Hawaii.
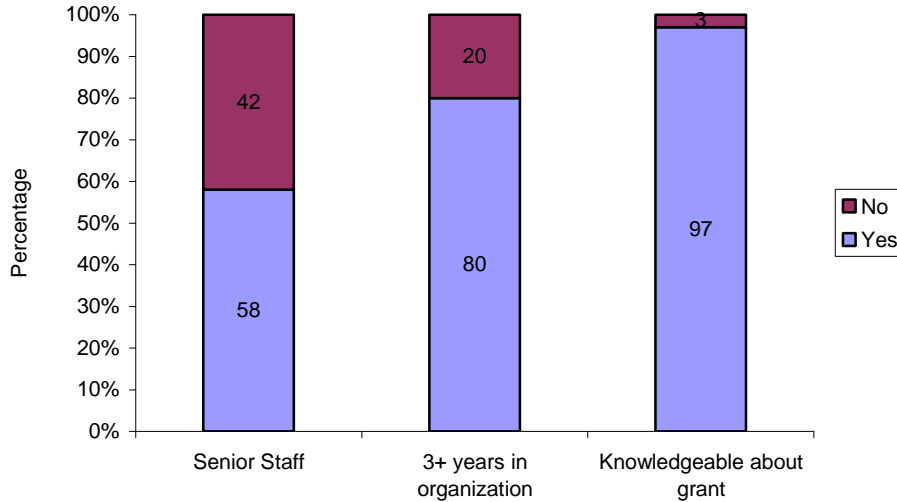
## Key Findings

### Who responded?
The respondent population is notably well informed about the purpose of the grant with 97% stating that they were either knowledgeable or very knowledgeable about the HCF grant.[1]  Also, respondents can be presumed to be knowledgeable about their organizations, with roughly 80% having worked in the organization for three or more years (nearly 58% for more than six years). There was a good balance between people who have had prior experience receiving another HCF grant (53% since 2003 and those who have not (46%), with the rest stating that they did not know whether or not they had received a grant previously.  (See Figure 1, page 2)

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[1] As part of the design of the process HCF staff sent an email to the grantee organizations to let them know about the impending survey and to determine who would be the most informed respondent.  This initial filtering clearly played a role in identifying the most suitable respondent.

Figure 1. Characteristics of who responded



**Key Findings for PONO:**
The goal of PONO is to create a network of empowered, innovative, and resilient executives, capable of navigating change and moving their organizations towards social innovation with greater impact. When PONO first began 5 years ago its designers were seeking to address a set of concerns about Hawaii's nonprofit sector, particularly its instability due to staff turnover, a fear of losing long-standing leaders due to "burn out," and the lack of opportunities directors had to advance their skills and knowledge. From these concerns grew the strategy of launching a program that would create a network of leaders, including both seasoned and less experienced executive directors. Though leadership development programs are notoriously hard to measure, the data collected provide powerful evidence that PONO is achieving its goals.
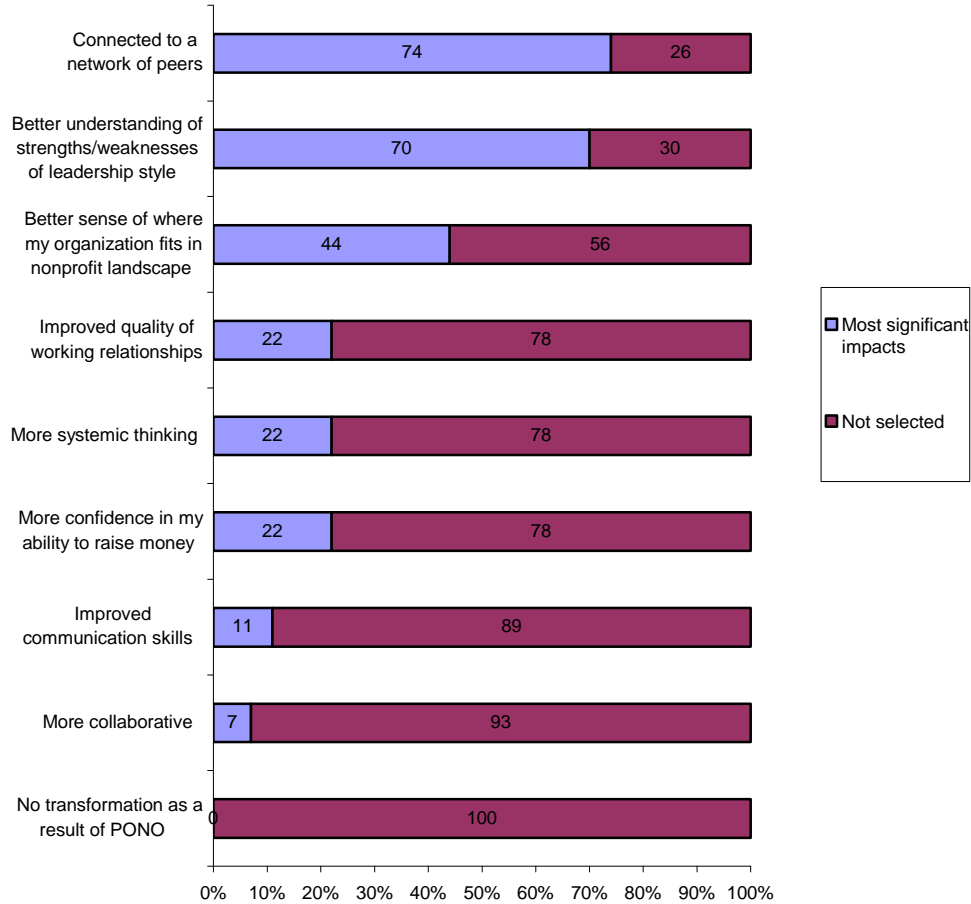
▸ **PONO refreshes and revitalizes nonprofit leaders:** Among the key objectives of PONO is to refresh and revitalize leaders in the nonprofit sector. Toward this end PONO administrators and trainers should be very pleased that 88% stated that they will stay in their job longer, and 91% said that they will stay in the nonprofit sector. The vast majority of PONO's participants can be considered well experienced or exceptionally well experienced. Survey data indicates that 68% of PONO's respondents had 6 or more years of experience in their position and that nearly 43% of PONO's respondents had been in their position 6-10 years. Still this means that about 1/3 of them had little to modest levels of experience. The mix of the number of years of participant experience appears to work well in regard to meeting individual needs as well as shared ones. During the interviews more experienced people talked about feeling revitalized, while less experienced ones noted that they were excited about learning from people who had been in the trenches. (See Figure 2, page 3)

Figure 2. PONO effect on its participants
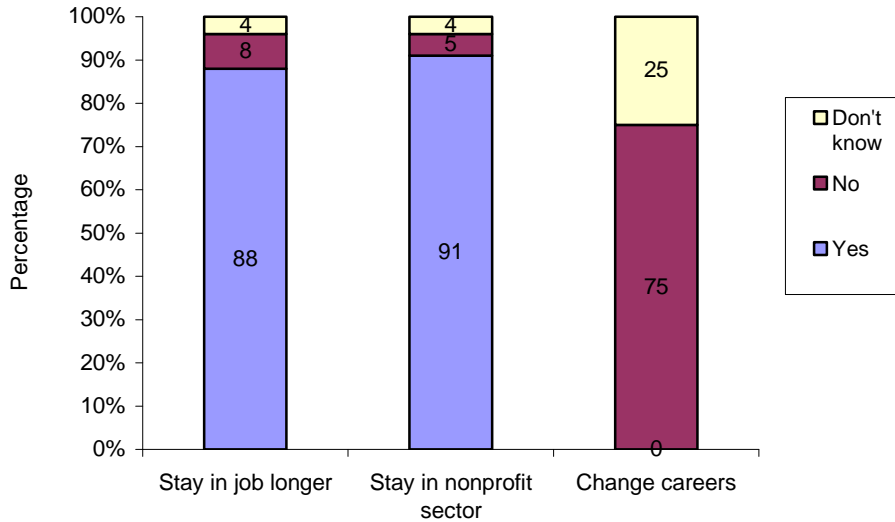


- **PONO successfully develops professional identity and then reinforces it through the program's emphasis on networking:** Unlike professions such as law or accounting, the route to becoming the head of a nonprofit organization does not typically proceed from a base of shared academic or professional experience. For example, PONO participants include a veterinarian, a dancer, and environmental scientist—none of whom had previously been an executive director of a nonprofit. In addition to not having this foundation for a shared identity, executive directors are well known to experience feelings of isolation (being "alone at the top"). PONO's dual emphasis on teaching academics and practice and on networking successfully fills essential human needs for identity and connection. Survey data supported this finding with directors stating that feeling connected to a network of peers was one of the top impacts. Also ranked among the top impacts was having a better sense of where their organization fits in the nonprofit landscape. (See Figure 3, page 4)

- **Important personal impacts reported by PONO participants are greater awareness of the strengths/weaknesses of their leadership style:** Survey data found that one of the most significant personal impacts of PONO (in addition to feeling connected to peers noted above) is that they have a better understanding of the strengths/weaknesses of their leadership styles. The self-reflections of executives as well as observations of board members offered during interviews added nuance and affirmed this finding. Executive directors who acknowledged tendencies to make decisions in isolation or have difficulties with delegating, for example, talked about changes they have made rely more on staff and allow for more input into decisions. Board members affirmed reported changes such as executive directors being more communicative and showing more confidence.

Figure 3. Most significant impacts of PONO on fellows



| Category | Most significant impacts | Not selected |
|---|---|---|
| Connected to a network of peers | 74 | 26 |
| Better understanding of strengths/weaknesses of leadership style | 70 | 30 |
| Better sense of where my organization fits in nonprofit landscape | 44 | 56 |
| Improved quality of working relationships | 22 | 78 |
| More systemic thinking | 22 | 78 |
| More confidence in my ability to raise money | 22 | 78 |
| Improved communication skills | 11 | 89 |
| More collaborative | 7 | 93 |
| No transformation as a result of PONO | 0 | 100 |

▸ **PONO empowers executive directors to foster changes in board operations:**
PONO is proving to be a vital tool for fostering board change. Executive directors feel more control over what they can do to motivate or otherwise influence staff than what is within their ambit for fostering board change. PONO changes this balance for participants by affirming that they are not alone in experiencing board problems such as lack of clarity of board versus staff roles and by giving them the financial resources to support change through the accompanying OCB grant. The fact that PONO is sponsored by HCF is critical to assisting executive directors in gaining the attention and serious consideration of board members. Finally, the credibility of La Piana Associates aids greatly in advancing ideas and processes for improving board operations. Though just 26% of the respondents stated that one of the top two organizational impacts was improved communication with the board, they reported a number of changes which include greatly increasing efficiencies through reducing the number of committees and introducing consent agendas. Also core policy documents such as bylaws and personnel have been and rewritten. Similarly, 26% said that one of the top two impacts was

improved communication with staff, yet PONO participants introduced a number of changes at the staff level, including changing how staff meetings are conducted (e.g., placing more emphasis on planning and strategy and less on reporting), and revised staff performance reviews (e.g., soliciting more input on how to foster professional growth).[2]

▸ **PONO's trainers, La Piana Associates, receive nearly universal high marks for the quality of the training:** Interviewees were consistent in praising La Piana Associates for their knowledge, experience, for their emphasis on practice, and the quality of the materials. They were especially appreciative of cutting edge ideas including innovative thinking about different ways to do strategic/business planning, and how to restructure boards in order to increase involvement and foster efficiency. Comments were largely glowing and it was evident that people were hesitant to criticize the trainers. Two observations were noted by several participants: (1) Hawaiian context/culture was not adequately taken into consideration; and (2) recommendations were frequently made in a prescriptive manner, based more so on the personal experience and style of the trainer rather than on the dynamic of the situation being presented. For example, some cited that the Hawaiian family-centered characteristic of "ohana" was largely pushed aside in favor of a "competitive" approach to human resource management.

*Key Findings for the Organization Capacity Building Program:*
The long range vision of the OE program is to build effective and resilient nonprofit organizations that successfully demonstrate progress toward meaningful goals. The OE program will focus the resources of the Hawai'i Community Foundation on developing capable leaders, effective management, and good governance which will in turn improve the accountability and impact of nonprofits served by HCF.[3]
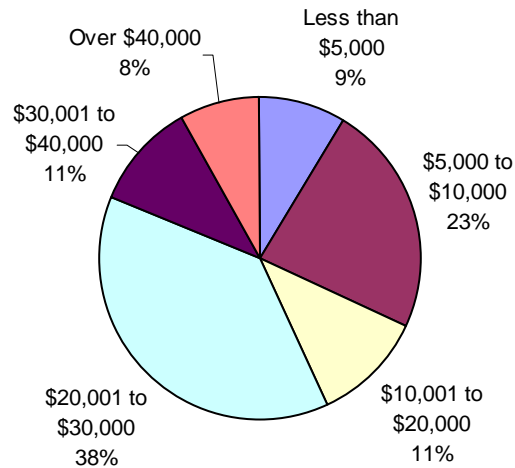
The grants that were reviewed reflect the full range of the type and sizes of grants provided by OCB. The interviewees were almost exclusively the executive directors of grantee organizations, or the organization's representative identified as the person most familiar with the grant. In select cases, board members and/or consultants were also interviewed, to determine the extent to which a PONO participant's leadership/management style may have changed as a result of their involvement in the program. (See Figure 4, page 6)

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[2] Asked to rank the top one or two impacts on the organization, highest ranked were better prepared to manage growth (44%), and able to be more strategic (41%).
[3] Organizational Effectiveness program strategy statement developed at its launch in 2000.

Figure 4 Size of grant award



Over $40,000 8%
Less than $5,000 9%
$30,001 to $40,000 11%
$5,000 to $10,000 23%
$20,001 to $30,000 38%
$10,001 to $20,000 11%

‣ **Grantees felt that their self-diagnostics about their need(s) were on target and that the principal problems encountered were in their being overambitious and in choices regarding strategies.** An overwhelming number of grantees (86%) reported that they identified their need well, but only 54% said the objectives they set out to accomplish were realistic. The principal problems encountered by the grantees include various issues associated with boards (difficulty setting up meetings for planning/retreats, lack of engagement, willingness to participate in fund development), staff turnover, and some technology related issues and technical matters regarding surveying (lack of success with mail surveying, over-estimating numbers of households). The grantees did not make major changes in their objectives or their strategies. The chief adjustment that was required was that more time was needed. Information gleaned from the interviews regarding the nature of the adjustments include learning that the technology issues were more complicated than anticipated, and that occasionally there were difficulties with consultants (budget adjustments, work not having priority, personnel changes in the firm—particularly with marketing firms). (See Figure 5 below)

Figure 5. Description of proposal objectives
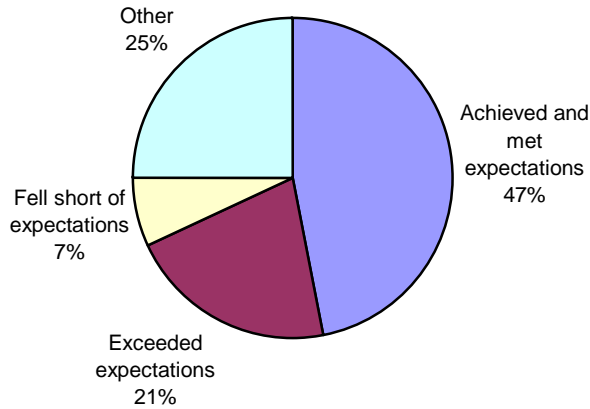


**OCB grants achieved a wide range of organizational improvements, including increasing management efficiencies, clarifying mission and direction, and increasing revenues.** This summary has already described the impacts of OCB grants that are linked to the PONO program. The interviewees (of over 30 organizations) reported the following types of impacts: (1) significant increases in efficiencies (e.g., reductions in costs due to reorganization, greatly improved technology for case management, greater cohesiveness of staff across islands due to technology changes/availability of information and improved communication), (2) providing for clear direction as a result of strategic planning/organization restructuring processes, (3) reorganization, professionalization, and reenergizing of boards (committees, new bylaws, expansion of membership), and (4) diversifying fund base/increased revenues. The survey data was less definitive about the top impacts which could be a function of the options provided in the question. The single highest ranked impact was improved communication with external audiences (30%). This was followed by respondents giving high rankings to the board is more strategic (21%), new partnerships or collaborative agreements (18%), and the board is more engaged (17%). See Figure 6 below)

Figure 6. Most significant impacts of OCB project on organization
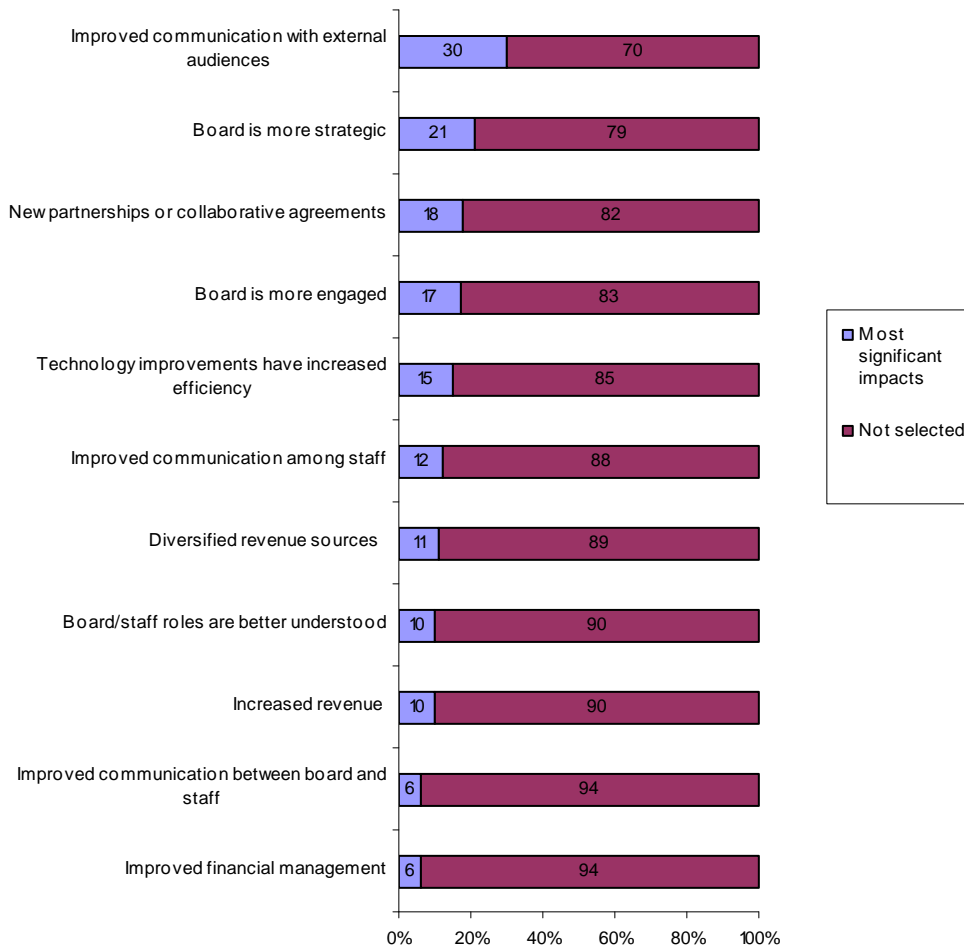


Illustrative of impacts of OCB support include the restructuring of the Honolulu Youth Theater that was on the brink of closing a few years ago, enhancing the database at the Hawaii Youth Symphony resulting in major improvements in communications with alumni and in finding new sources of funds, professionalizing the operations of the Kona Historical Society both producing and putting in practice guidelines for supervising and training personnel, developing a video communications capacity at Child and Family Services that spans sites statewide to ensure a higher and more consistent level of staff development and services, helping raise the community's awareness of the U.S. Veteran's Initiative resulting in increased funding, and giving an emergent organization such as Kokua Mau a footing to continue their work.

Small planning-oriented grants have a big bang, particularly those that support strategic planning. The structure of OCB allows for small grants of $5,000 for planning oriented projects such as strategic planning, technology planning, or communications planning (e.g. public relations, marketing strategy). There was a total of just eight grants falling into this overall category, a small group from which to draw generalizations. Nevertheless, of the group it appears that the strategic planning grants are the most

successful as measured by completing the plan, generating plans that are living documents, engaging board members, and otherwise giving organizations a direction for their development. Ingredients for success were executive directors committed to producing a plan, the skill in properly scaling what could be accomplished with the available resources, the ability to identity a capable consultant and utilize that person effectively, and the commitment of the board. La'a Kea Foundation, though an all volunteer organization completed its plan, and explained that the planning and plan itself were critical to positioning the organization for nearly $500,000 reportedly set aside in the state budget toward the development of a new vocational facility for mentally retarded adults.

The lack of these ingredients undermined one strategic planning grant. The executive director was unfamiliar with strategic planning and did not know how to effectively use the consultant that they had selected. In the case of technology planning grants both provided for needed clarification regarding how to integrate reporting systems (one for a multi-site school, and the other for a community health care center) and inform decision making about software.

## Recommendations

1. **Continue investing in organizational capacity building:** Philanthropic resources are scarce and precious. Within the foundation world, funding has traditionally been channeled toward programs such as in education, health, or mental health. The idea of setting aside a portion of those resources for supporting the day-to-day operational realities of organizations began to gain credence during the past decade. HCF was an early adopter, first launching its "organization effectiveness" program in 2000. Among community foundations, it is a leader in its commitment and creative and responsive approach to addressing the organizational development needs of its diverse constituencies.

   *Maintain basic structure of the program:* The evaluation findings make clear that the program is well conceived, skillfully managed, and having valuable impacts. HCF has strategically invested in addressing the needs of a wide range of organizations, from nascent to highly mature, that reach across a broad spectrum of missions, and that span the state of Hawaii. The fundamentals of this approach are sound, wholly consistent with the values of HCF, and fit well with the overarching goal of growing a stable nonprofit sector. The evaluation findings indicate that the small planning grants ($5,000) are useful. The concept of small grants should be maintained, though HCF might want to revisit whether to modestly raise this sum. HCF would likely increase the impacts of these monies by providing examples and/or connections to organizations that have had similar grants. It was clear that many of the organizations that received the small grants were doing their own path-finding without the benefit of knowing whether there were better routes available to them.

   *Provide operating support and multi-year grants:* HCF should also give consideration to providing flexible operating support and to providing multi-year support, two of the most important types of funding for nonprofit organizations and the most difficult to

obtain. While OCB has not been directly providing operating support, the reality is that its programmatic funding actually is paying for a portion of the operating needs of grantees. Given HCF's desire to promote stable, effective nonprofit organizations it should consider including operating support in the mix of its OCB offerings. As HCF staff go forward with this type of funding, they will want to focus on how such funding would make a discernible difference in an organization's long-term sustainability strategy and in how the impact of this funding would be measured. Staff might consider starting with a pilot program. In addition to operating support, the provision of multi-year grants would allow for addressing issues in a deeper and longer-term manner. One year grants (which invariably take longer than a year to implement) do not allow groups to plan how they might build upon their outcomes. Many grantees reapply to HCF for additional grants, but this structure intrinsically means that while implementing one grant they are preparing another proposal.

2. **Generate a sustainability plan for PONO:** The findings from the evaluation provide strong evidence that the program is achieving its important goals. HCF has made a wise choice to focus on the networking, relational and personal aspects of leadership while complementing this with practice-oriented training. HCF made a winning decision in retaining a high caliber firm to implement the program. From feedback gathered for this evaluation, the composition and size of the PONO program works very well for the trainees, suggesting that the criteria used for recruiting participants are sound. In this regard, the PONO program depends highly upon its current staff and their personal knowledge, insight, and relationships with executive directors. PONO's success is very much based upon the principal HCF staff responsible for the program and the firm retained for its implementation. This is both its great success and also it is its weakness.

In looking forward, staff should generate a three-to five year strategy for how PONO will institutionalize a network of leaders, and also address how PONO might sustain itself without having to continue its reliance on a mainland-based consulting firm. HCF staff has had some prior experience with nurturing networks and knows that Hawaii brings special challenges associated with its geography. For the PONO program the staff has already built in a well received alumni meeting. Staff might consider articulating a strategy narrowly focused on institutionalizing a network complementing the latest technologies (e.g. video meetings) with the human touch that is significant in meetings such as the alumni gathering. Staff might want to begin this process tapping the PONO participants about how they currently maintain contact to learn what works and what has not worked for them.