## Conclusions and Highlights

This *Lasting Change from Organizational Effectiveness* (OE) report for 2014 includes analysis of 20 post-grant interviews conducted one to two years after the close of Packard Foundation OE grants. For purposes of this report, "lasting change" is defined as the degree to which the specific capacity built with the OE grant increases one to two years after the close of the grant period. To better understand "lasting change", grantees were also asked to describe any lasting grant impact on program services, applications of lessons learned, challenges sustaining grant results, the degree to which the organization currently focuses on broader capacity building and helpfulness of OE grant making. The analysis concludes:

1.  Organization and network capacity building from OE grants continues after the grant period and is more significant, and more transformative with time. [1]
2.  OE grants have moderate to significant impact on programmatic work funded by the Foundation.
3.  Learning from OE grants lasts, with grantees applying lessons and addressing challenges very differently than they did before the OE grant.
4.  OE provides very helpful service to grantees.

**Organizational Capacity:** As a result of their OE grants, almost all grantees continue to experience moderate to transformative increases in capacity after grant completion. 45% have a significant increase in the capacity focus of the grant and an additional 30% also experience transformative changes in other capacities across the organization. Strategic planning grants have the most transformative impact.

**Program Impact:** OE grants have a moderate to significant impact on programmatic work. The greatest impact of OE grants on mission or program services is the increase and/or sustainability of program funding, even when fund development was not the focus of the grant. Grantees also network more effectively with their fields and increase the visibility of their services.

**Organizational Learning:** Most grantees (75%) continue to apply lessons learned from the grant period very much. [2] Lessons vary and are mostly related to board involvement, communications, staff expertise, stakeholder engagement, and restructuring. The most common challenge for sustaining grant results is focus or prioritization, followed by leadership transition. If doing the project again, 25% would adapt the timeline and/or the consultant relationship while 20% would change little or nothing.

**OE Grant Making:** For the majority, OE helpfulness is a result of easy processes, open communication, flexible approaches, and high levels of expertise. For a few, OE could be more helpful if funds were available for staff time and with more outreach about grant eligibility and guidelines.

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[1] Grantees self-ranked capacity increase as: None (1), Slight (2), Moderate (3), Significant (4), and Transformative (meaning both significant for the capacity focus of the project and with other capacities beyond the capacity focus) (5). Evaluators used specific and verifiable examples of results referenced in open-ended questions to validate ranking.

[2] Extent to which the organization applies lessons learned, builds broader capacity and the helpfulness of OE service were ranked as: Not at all (none) (1), Slightly (2), Somewhat (3) and Very (much) (4).

Prepared for the David and Lucile Packard Foundation by the Vallarta Institute

## Purpose, Background, Methodology

**Purpose:** The Packard Foundation measures the sustainability of capacity building results (or "lasting change") to:

1. provide future OE grantees (and other nonprofits) insight in order to better plan for and implement sustainable capacity building projects, and
2. enable the Packard Foundation and other OE funders to make better OE grants, grants that result not only in short-term change, but also in lasting change.

**Background:** In 2013 the Foundation's OE Program updated its Monitoring, Evaluation and Learning (MEL) Plan and now uses 12 metrics to answer 6 core evaluation questions before, during, and after the grant period. The Foundation contracts with an external evaluation and organizational development consulting firm, the Vallarta Institute, to use 6 of the new metrics to answer the three evaluation questions related to lasting change (see Appendix). Prior to 2014, the OE team measured lasting change in 2011 via the Goldmine Research Project, an external evaluation of grant data (from final reports) and post-grant data (from surveys) for 169 grants representing 1,391 grants made to date.

**Methodology:** Evaluators Jeff Jackson and Maurice Monette selected a random sample of roughly 20% of 102 OE grants[3] completed between July 2012 and June 2013 that was then adjusted to be more representative of the portfolio of OE grantees by primary program area, capacity foci, and level of objective achievement. Evaluators interviewed grantee executive directors (delegates in four cases) who answered 12 forced ranking and open-ended questions. Evaluators then analyzed data for trends.[4]

### Full Data Set and Study Sample

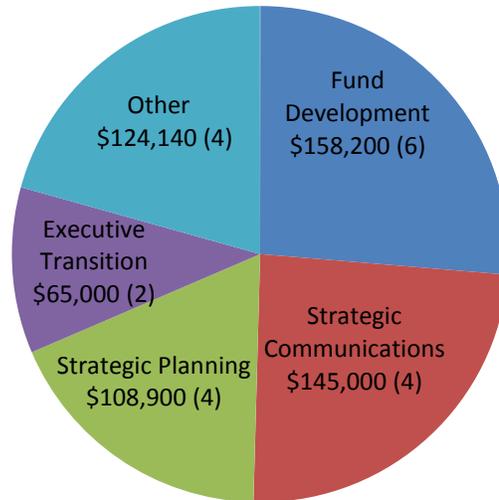| Program Area[5] | Full Data Set | | | Study Sample | |
|---|---|---|---|---|---|
| | Grant Count | Grant Amount | Average Grant (All) | Grant Count | Average Grant (Sample)[6] |
| CFC | 11 | $ 528,300 | $48,027 | 3 | $41,100 |
| C&S | 37 | $ 1,420,327 | $38,387 | 8 | $29,968 |
| Local | 28 | $ 659,801 | $23,564 | 4 | $18,300 |
| PRH | 26 | $ 825,128 | $31,735 | 5 | $33,000 |
| Total | 102 | $ 3,433,556 | $33,662 | 20 | $30,062 |

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[3] The study sample was selected from grants that build capacity for individual grantees; not for "partnerships" of multiple grantees, "intermediaries" that build field capacity, or "scholarships" that generally build field capacity.

[4] Where relevant, evaluators compared study sample data to data previously analyzed from 94 final reports (the most recent OE 2013 Year-End Learning Report) and data from 169 post-grant surveys (the 2011 Goldmine Research Project).

[5] The OE Program provides grants to Packard's primary four grant making programs: Children, Families and Communities (CFC), Conservation and Science (C&S), Local Grant Making (Local), and Population and Reproductive Health (PRH).

[6] The average grant size in the sample is generally lower than the average grant size in the full dataset. This is mostly due to outlier grants in the full dataset, which were not selected as part of the sample.

# Sample Grant Totals ($/#) by Project Foci



Pie chart segments:
- Fund Development $158,200 (6)
- Strategic Communications $145,000 (4)
- Strategic Planning $108,900 (4)
- Executive Transition $65,000 (2)
- Other $124,140 (4)

## Lasting Change: Organizational Capacity

**Increased Capacity Results:** As a result of their OE grants, almost all grantees continue to experience moderate to transformative increases in capacity after grant completion.[7] 45% have a significant increase in the capacity focus of the grant and an additional 30% also experience transformation in other capacities across the organization. Transformative impact appears to take time since none of the organizations in the sample reported transformative results in their final reports at the time of grant completion.

> "Internal restructuring continues almost two years after the grant finished. It doesn't happen overnight." *Local Grantee*

> "We started more fee-based services to diversify our revenues." *PRH Grantee*

> "From FY12 to FY14 we'll have doubled major gifts." *C&S Grantee*

**Results Related to Foundation/OE Relationship:** There does not seem to be a relationship between the long-term impact of the capacity building grant and the number of OE grants the organization has

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[7] Data is included for one grantee that reported increased capacity, but without verifiable examples. Data is also included for one grantee that reported increased capacity after grant activity concluded but still during the grant period; the grantee was an intermediary for multiple grantees and does not track continuing impact of the grant.

received.  More organizations with shorter relationships with Packard programs (under 7 years[8]) see their capacity improvements as transformative, while more with longer grant histories see their improvements as significant, but not as transformative.  There is little difference in capacity improvement between organizations that have received additional OE funding[9] subsequent to the study grant and those who have not, perhaps because not enough time has passed for grantees to experience the longer-term results of subsequent grants.

**Other Variations in Capacity Results:** Planning grants have the most transformative impact, while strategic communications grants are less likely to catalyze a transformative change in capacities across an organization.  This is similar to results grantees report at the time of grant completion (see the most recent Year-End Learning Report for OE grants).   Compared to other programs, OE grants for PRH grantees have a significant impact, but less often translate into broader transformative impact across the organization.

> "Before the OE project, the last thing the board wanted to do was raise funds. The new board members are taking responsibility for implementing the strategic plan and funding plan." *C&S Grantee*

**Continuing Impact of Results:** Most grantees (75%) indicate a strong commitment to ongoing capacity building.  All of the grantees reporting significant results at the time of grant completion express a strong commitment to further capacity building efforts. Most of the grantees without continued OE funding (8 of 11) continue to invest their resources in capacity building somewhat or very much.

Half of the grantees mention the continued impact the grant has on fundraising and external communications/branding.[10]  35% have since reorganized and upgraded their operations or structure. Others are still led by the plans developed during the grant period.  When broken down by project focus, the results are intuitive.  Organizations that received grants for fundraising continue with fund development, those funded for strategic communications reference new communication capacities, and organizations funded for planning are the most likely to focus on restructuring.

> "We've conducted an annual review of the plan at the board meeting. We now have a budget for capacity building and we now have a budget for facilitated planning." *Local Grantee*

> "We are now site-based and focused on the schools. We fundraise differently and allocate resources differently. We were $600,000 in debt a few years ago and now our board members and staff have reorganized to be in the black." *CFC Grantee*

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[8] For the sample, 7 years was the mid-point for grant history available to evaluators.

[9] This includes organizations that have pending, ongoing, and closed subsequent OE grants.

[10] Grantees were asked what they are doing differently or better because of the grant as well as what steps they have taken to advance the work begun during the grant.  Because these responses overlapped, they were coded together.

"The board is investing $1,000,000 of our own funds to implement the OE consultant recommendations. We've already doubled membership and we'll have even stronger results eighteen months from now." *C&S Grantee*

**Leadership Change and Capacity Results:** A new finding for OE (one that unexpectedly surfaced during interview scheduling) is that 50% of OE grantees experience a change in executive leadership during or within one year after completing their OE project. The association of OE grants with a high incidence of leadership change is not surprising considering new leadership often focuses on some form of capacity building or high-level capacity building can lead to leadership changes. What is surprising given how many grantees (20%) reference leadership transition as a challenge for sustaining grant results is how little variation there is in lasting change between organizations with new leaders and those with tenured leaders. One hypothesis for the limited impact of leadership change on capacity results is that new capacities are shared beyond individual leaders and are carried forward by staff. The hypothesis is supported by a number of executive directors referring to new or strengthened staff capacities.

"As a result of the ED leadership transition, capacity has increased via a larger leadership team. There is more human capital in place to manage transitions. I'm now part of an ED support group and we talk about longer term succession planning." *PRH Grantee*

"We added a dedicated "new media" manager in Beijing. He's ramped up the use of social media in program work and campaigns." *C&S Grantee*

## Lasting Change: Program Impact

**Program Impact Results:** OE grants have moderate to significant ongoing impact on programmatic work funded by the Foundation, and grantees have specific examples to demonstrate program impact. The greatest impact is the increase and/or sustainability of program funding (40% report this, while only 30% of the sample focused on fund development). Grantees also network more effectively with their fields (25%) and increase the visibility of their services (25%). In addition, some grantees change, improve or expand program services, some advocate more effectively, and some have better organized programs.

"Our program work is better organized. Our donors have more confidence in our more solid structure. We are better able to document our land purchases and management. We're more transparent." *C&S Grantee*

"We became more visible and effective as we try to have an impact on health policy, bringing the local voice to the discussion." *CFC Grantee*

"The strategic plan has informed program development. The main change is to not only look at our outputs, but to look at our impact on individual Africans, communities and countries. So we don't just look at policy change that we help deliver, we look at the impact of that policy change on the reproductive health of Africans directly impacted by the policy." *PRH Grantee*

"Some of the most robust changes since the leadership transition have been in the field with programs." *C&S Grantee*

## Grantees Report Long-Term Impact of OE Grants
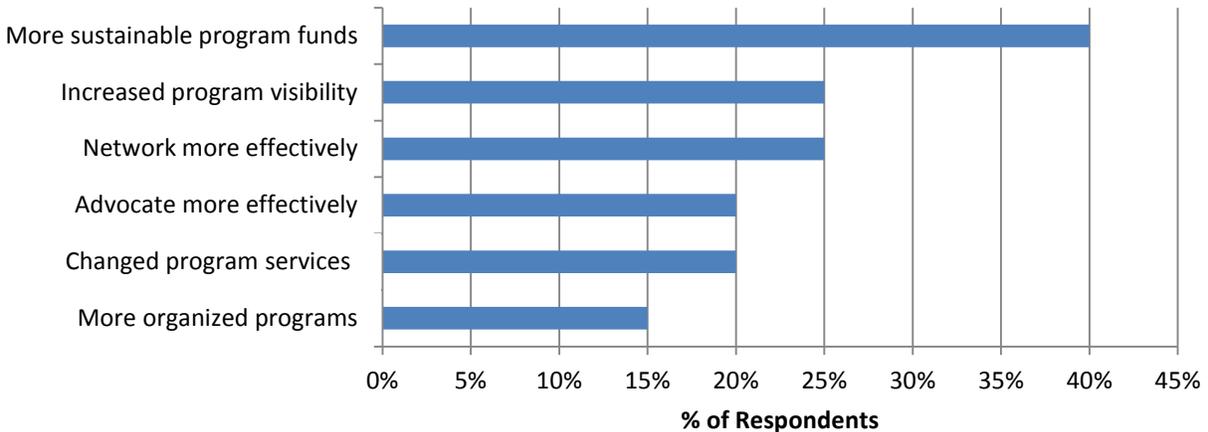


**Variations of Impact on Programs:** Organizations funded for fundraising projects report the largest number of program impact areas, including sustainable funding, changed services, more visibility, and engaged clients. Four out of five PRH grantees note the benefit improved funding has had on their programs, while only one focused the OE project on fund development. Four out of the nine organizations (44%) with an additional OE grant after the grant for which they were interviewed[11] have improved networking versus one out of eleven of the organizations (9%) without additional OE funding.

> "With the fund development plan we've focused on expanding our facilities to expand programs, so there is a direct impact on programs. With the strategic plan, we've been able to focus more directly on reproductive health services and with the focus we can also identify funding resources better." *PRH Grantee*

> "Programs are the engagement and the fund development cultivation strategy; getting families engaged in more programs benefits fundraising and vice a versa. Programs for schools are also now changing to get more families engaged with multiple exposures to environmental education." *Local Grantee*

> "The OE grant supports our sustainable fisheries work because we learned to build partnerships and core relationships first. The income we're generating is directly tied to fisheries improvement." *C&S Grantee*

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[11] This includes organizations that have pending, ongoing, and closed subsequent OE grants.

"We're expanding programs by partnering with government, which was not done as much before." *C&S Grantee*

## Lasting Change: Organizational Learning (Lessons, Challenges, Adaptation)

**Lessons:** Learning from OE grants lasts, with grantees still applying lessons learned during the grant period and addressing challenges very differently than they did before the OE grant.  Most grantees (75%) continue to apply lessons learned from the grant period very much. Lessons vary and are mostly related to board involvement, communications, staff expertise, stakeholder engagement, and restructuring. Planning grants seem to breed more insight into board involvement, while fundraising grants result in more lessons about staff expertise.

Newer grantees (those with less than 7 years of time with the Foundation) apply lessons about stakeholder and staff engagement, while older grantees apply lessons about staff expertise, communications, restructuring, and the readiness to look at options openly. Grantees that have received subsequent OE funding more often mention organizational restructuring lessons, while those without additional OE funding mention communications lessons more often.  This makes sense given strategic communications is required early and throughout an organization's lifecycle, whereas restructuring is ideally not a constant and would more likely engage funder support after a relationship develops.

Grantees with the highest level of applying lessons learned are also the grantees with the highest post-grant capacity building increases, suggesting those that continue to apply lessons continue to increase capacity. Those that apply lessons the most are the newer grantees to the Foundation.

> "The learning from the financial analysis tools is still being applied with the board to better plan; we've moved from knowledge development to application." *CFC Grantee*

> "Our media work is very different after the OE grant. Our Facebook and Twitter use has increased dramatically since the OE grant. The way we did that was to train staff, not to add FTEs." *CFC Grantee*

> "For a short period after the work with the consultant we were not following through with plans and we were very disperse which caused problems; now we're more focused on the plan, our vision and our mission." *C&S Grantee*

> "The ED has used communication strategies to increase corporate partnerships from 14 to 25 which is the biggest increase in partnerships since the organization started." *C&S Grantee*

**Challenges:** The most common challenge for sustaining grant results is focus or prioritization followed by leadership transition, funding, board involvement, and staff time (which might be similar to focus/prioritization). Focus or prioritization is also the top challenge during grant implementation

(22%)[12], but more report the challenge (35%) when it comes to sustaining grant results. Leadership transition is also the second most common challenge during grant implementation (14%), but more report the challenge (20%) for sustaining results. Many assume funding is the greatest challenge for grantees when it comes to sustaining grant results, but only 5% report the anticipated challenge at the time of grant completion, then only 15% report the challenge a year or two after grant completion.

## Challenges to sustain grant results
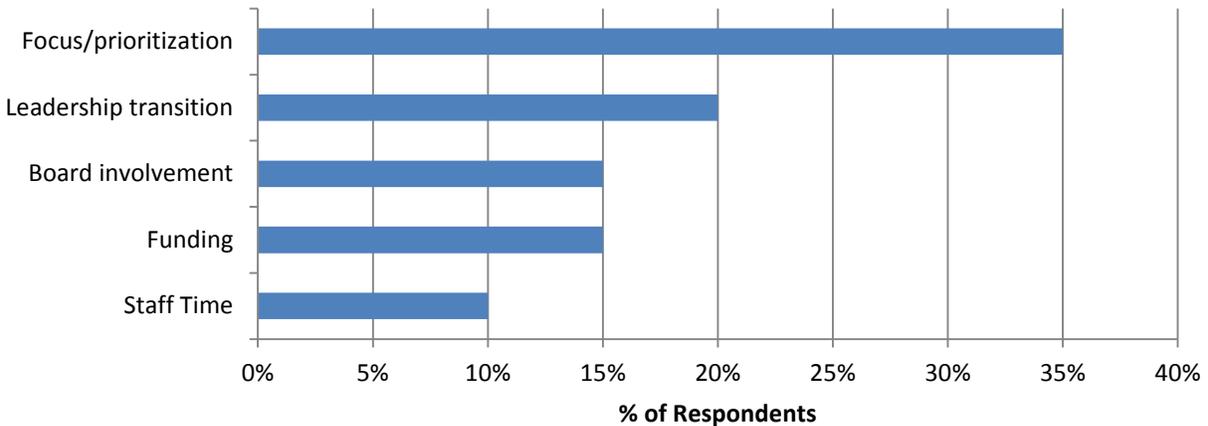


There are no strong patterns when evaluating the challenges by program area.  While both longer-term and shorter-term grantees have challenges with focus and prioritization for maintaining grant results, of the 14 longer-term grantees in the sample four report leadership transition and three report funding; no shorter-term grantees report these challenges.  There were no meaningful differences between organizations who have continued to receive OE funding and those who have not; even the challenge of funding is similar for the two groups.

> "It's hard to keep the same level of focus on OE projects when there's so much other programmatic work. Sometimes staffing capacity doesn't allow us to make progress." *CFC Grantee*

> "The transition of two EDs caused delays. The actual plan which finished two years ago will not be launched until August, 2014." *Local Grantee*

> "We're stretched to deliver programs so we don't develop capacity unless it's funded. Most of our funding is to deliver programs." *CFC Grantee*

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[12] Most (53%) of grants in the most recent 2013 OE Year-End Learning Report correspond to the data set for the 2014 Lasting Change study. After the 2014 change of reporting periods, data sets for both studies should correspond to the same grants.

**Adaptation:** If doing the project again, 25% would adapt the timeline (some longer and some shorter) and 25% would adjust the consultant relationship (fit or time) because of grant success or a grant challenge. These numbers are also reflected in the most recent assessment of grantee final report responses. 20% expressed they would change little or nothing. 15% of the grantees suggested they might focus on different priorities if they could repeat the grant, again responsive to the top implementation and sustainability challenge of focus or prioritization.

Half of the six fund development grantees would change little or nothing about the process. Three out of four planning grantees would change the timeline and two out of four would seek additional time with the consultant. Grantees with a longer history with the Foundation would work differently with the consultant and possibly focus on a different capacity. Newer grantees would focus on a more specific deliverable. Of the 11 grantees who did not receive additional OE funding, three would work on a different priority; none of the nine grantees that received additional OE funding mentioned this, perhaps because they are now working on a different priority.

> "We would narrow our grant objectives and focus more." *CFC Grantee*

> "In 2015 we will start creating another plan. We are better now at strategic planning and staff are very engaged, but we would still need external facilitation skills to help us drive consensus and to be more consultative rather than prescriptive. The consultant will have a different role next time." *PRH Grantee*

> "I would spend more time upfront with the board itself." *C&S Grantee*

> "We wouldn't try to rush the process. We need to invest time and spread out the process a little. Also, as we learned more during implementation, we could deviate more from the plan. At first, we thought we needed to follow the plan exactly, but Packard let us be flexible." *Local Grantee*

## Lasting Change: OE Helpfulness and Improvement Opportunities

**OE Helpfulness:** Among the 60% of grantees that report meaningful interaction with OE, most have positive comments related to easy processes, open communication, flexible approaches, and high levels of expertise. 40% of the organizations in the sample have limited interaction with OE and comment on transitions among their staff, transitions among OE staff, or high levels of interaction with the program staff. Some prefer limited interaction, while others prefer more interaction. A couple of grantees mentioned staff by name, with positive comments.

> "I like that grants are "hands-off" and that's great from the perspective of a busy grantee. I like the simplicity of reporting." *CFC Grantee*

"Having had continued OE funding for the past few years has been strategic for us as a small organization, especially given the leadership transition we were in." *CFC Grantee*

"The OE consultant has been more like a coach, not just a grant maker. The conversations have been very helpful in identifying the key goals." *C&S Grantee*

"OE is very support of the grantee and doesn't try to change the grantee." *C&S Grantee*

**OE Improvement Opportunities:** Few grantees suggest improvement opportunities. 20% say it would be helpful if grants could fund staff time in addition to consultant time and 10% would appreciate greater outreach by OE, mostly about grant eligibility and guidelines. While there were few meaningful differences by program area or project focus, five of the 14 longer-term Foundation grantees mentioned the staff funding issue, while no shorter-termed grantees did so. Longer-term grantees may have experienced OE when the grants budget was much bigger and newer grantees may be more accepting of current funding constraints.

"I understand why Packard funds the consultant, but to get more out of the consultant, budgeting time for project staff is critical." *CFC Grantee*

"Bringing in a consultant doesn't always transform an organization's capacity. Staff really build capacity. Sometimes what we need for better capacity is extra support for an internal staff member to focus on a project, with our without a consultant." *Local Grantee*

"If the OE team could reach out to grantees, that would complement the outreach of the primary program officers. It would help us know what we can apply for." *PRH Grantee*

## Evaluator Recommendations

The following are key recommendations to inform OE strategy, practice and learning:

**Strategy:**

1. **Continue the course of successful OE grant making to individual organizations,** which is shown to create lasting change that improves over time.
2. **Partner with Programs to address some grantee time/priority/funding constraints;** determine whether (in particular circumstances) capacity building work may require the organization to pause some program work, temporarily reorganize to work on OE projects, and/or outsource/hire staff support**.**

**Practice:**

3. **Develop OE PO "readiness assessment" questions** and/or direct grant applicants to a summary of the *Lasting Change* report to consider potential leadership transition challenges.

4. **Review grant objectives for subsequent OE grants considering additional data** related to a) results and sustainability of previous OE grants, b) length of Packard relationship, and c) size and maturity of the organization. Review all of these factors with grant applicants.

5. **Add one or two "low-touch" OE interactions with grantees** per year (perhaps an email about grant options and/or final report learning), keeping in mind some grantees prefer less interaction.

**Learning:**

6. **Conduct a version of post-grant interviews as part of the application process for subsequent OE funding** in order to test "lasting change" at a more actionable interval more than two years after grant completion and/or to reinforce planning for lasting change.
7. **Compare longer-term post-grant results for grants to individual grantees and grants to groups of grantees**, especially for communications grants, in order to better understand organizational transformation potential for the two capacity building approaches.
8. **More deeply explore positive deviances referenced in this report** in order to build on what's working best, especially related to newer Foundation grantees, capacity building sustainability without OE support, strategic planning grants, leadership transition, multiple OE grants, and/or up-front planning to sustain new capacities.
9. **Explore why some grantees plan/budget for capacity building and some do not** in order to favorably incent capacity building as part of mature organizational planning and budgeting.

## Appendix: OE Monitoring, Evaluation and Learning Questions and Metrics

The following are OE's Monitoring, Evaluation and Learning (MEL) questions addressed by the *Lasting Change* report, along with the 6 OE metrics used to answer the questions. Note: Not all OE MEL questions and not all OE metrics are relevant to this study.

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*MEL Questions:*

- To what extent do OE grants to individual grantees result in greater grantee organizational and/or network capacity, in the short and longer term?
- To what extent do OE grants amplify the impact of foundation programs and strategies?
- To what extent does OE provide good service to grantees? To program staff?[13]

*Core Metrics:*

- Grant objectives met for individual grantees
- If grant objectives not met, the extent to which organizational learning was achieved and captured (individual and Partnerships grantees)
- High quality of OE service provided to grantees
- Increased grantee capacity as a result of OE grants (applies to grants to individual organizations)
- Increased grantee capacity/learning sustained one to two years post-grant
- Increased achievement of individual grantee programmatic goals due to increase in capacity from OE grants

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[13] OE service to Program staff is not addressed in this report.