

*Executive Vice
President's Report*

The Fund's Performance as a Grantmaker, 1992–99

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The Fund employs many mechanisms to monitor and enhance the performance of its grants. In addition to maintaining a highly qualified staff whose members take an active role in shaping projects and disseminating findings, the foundation insists on a clear enumeration of deliverables and a well-defined timeline for every project it supports. The progress of each project is followed closely and its course corrected, if necessary, along the way.

The Fund also looks back on the effectiveness of completed grants. Since 1992, through a selective and labor intensive process, the Fund has commissioned independent reviews of 56 projects and 14 larger programs, or approximately one-fourth of the large projects it funds annually. Completed grant reports and

program reviews have assessed not only the work of grantees but also the foundation's own grantmaking activities. In addition, each year the Fund's president prepares a report to the board of directors on progress in achieving programmatic goals, and the board conducts a comprehensive assessment of the Fund's work every five years.

This year, at the urging of the board of directors, the Fund's managers decided to develop a comprehensive performance review system — and then to test it by rating all sizeable grants approved and completed between November 1992 and December 1999, a total of 204 projects representing grants of approximately \$56 million. The ratings and associated comments, along with summary lessons from completed grant reports and program reviews, were then assembled for use by the board of directors at a retreat in July 2000 to assess past performance and help steer the Fund's course over the next five years.

SCORING THE PERFORMANCE OF GRANTS

In planning the rating system, the Fund initially considered using external reviewers to score the grants, for the obvious purpose of assuring objectivity. This was deemed infeasible, however, on the grounds that it would be too difficult for outside raters to acquire the information needed to assess such a large volume of grants in the time available. Instead, a team of senior staff members, representing different professional perspectives and responsibilities, was assembled within the foundation.

Each project was scored independently and confidentially by four team members on three dimensions: overall performance, risk, and level of staff effort. Scores were assigned for each dimension on a scale from 1 (low) to 5 (high), with 3 being the expected norm. In addition to assigning numerical scores, the assessors were asked to provide explanatory comments and remarks on lessons learned. To promote consistency, criteria for rating each dimension were clearly delineated. The Fund's executive vice president, who did not serve as a rater, analyzed the data.

Although the primary goals of the scoring project were to add to the body of lessons learned and to test the feasibility of the scoring system for future grants, the Fund was also interested in learning about its own overall performance as a grantmaker. Summary data show that the great majority of grants met or exceeded expectations and that relatively few were genuinely disappointing. The scores also confirm that, historically, the Fund has selected projects for completed grant reports that approximate its overall measure of success.

LESSONS FOR GRANTMAKING

A dictum of foundation performance evaluation is that the aim should be to “improve, not prove.” Therefore, after analyzing the numerical scores, the Fund's review team went back to the data to extract the qualitative comments volunteered by raters. The comments were integrated with findings from completed grant reports and distilled into lessons learned in five areas: strategy,

communications, grantmaking procedures, surveys and related research, and foundation staffing. Although derived from the Fund's own experiences, the lessons are offered here in hopes that they will be useful to others.

Strategy

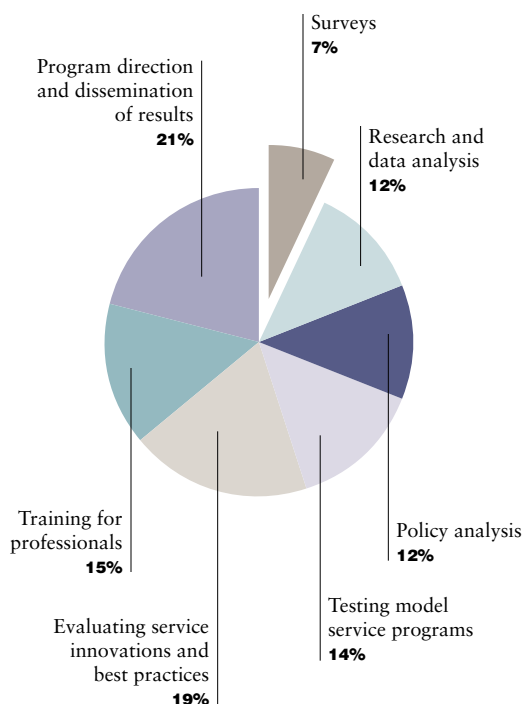
Maintaining focus — in the Fund's case, on improving health care policy and practice — can increase a foundation's effectiveness in addressing complex issues. Adhering to a unified focus, as mandated by the Fund's board of directors in July 1995, is sometimes difficult but pays off in the long term. Indeed, projects that do not have synergy with the rest of the foundation's work generally yield disappointing results.

Generating information for public policy can be a strong suit for a foundation of the Fund's size, provided its leadership and key grantees have the requisite expertise, experience, and intellectual creativity. The Fund has demonstrated that a mid-size foundation can produce useful information in such central areas of public policy as Medicare, managed care, academic health centers, and health insurance.

Timing is a crucial element in the success of policy research and action projects. Programs are likely to have a greater effect when they are running with the tide of political, economic, and social trends and a smaller impact when the reverse is true. In a number of instances, transitions in the health care system detracted from a project's potential, yet some shifts also provided unexpected opportunities. Projects that produce

The Fund has made substantial investments in survey research. Survey findings have often generated strong interest in improving health care policy and practice.

Major appropriations by type of activity, fiscal years 1996–2000



unique information at a crucial time can make a major impact on fundamental policy deliberations.

Taking time to define the dimensions of a problem and organize a program around a unified theme can help shape a cohesive, synergistic set of grants.

Planning grants tend to be well worth the investment, allowing opportunities to test the feasibility of a potentially valuable but risky project or develop a business plan for a complex undertaking.

Commissions, task forces, and national programs — typically directed by individuals outside the foundation — have been highly successful. The strongest program directors are adept at building analytic

capacity, then disseminating information to move an issue. The Program on Medicare's Future, for example, has had a major impact on Medicare policy through the efforts of director Marilyn Moon.

Although costly, surveys have produced major payoffs. As described in more detail below, the Fund has used surveys to develop new, timely, and important information.

Secondary data analysis can produce high returns on a relatively small investment. Analytic work makes effective use of the Fund's limited financial and staff resources, especially when it is conducted by an expert author on a timely issue and when the results are disseminated effectively.

Action projects in the real world of health care delivery are difficult to pull off but capable of producing great rewards. The most successful efforts — such as the Restraint-Free Nursing Home Program, which trained nursing home staff to reduce their reliance on physical restraints — tend to be the first to apply an innovative idea to an important but little-recognized problem.

Creating a movement is expensive and demands a long-term commitment, as demonstrated by the Fund's efforts on behalf of patient-centered care and youth mentoring. Even a large number of successful projects or sites may fail to inspire a broad trend among institutions.

Working with individual states can be a sound strategy in either policy or action-oriented programs. A policy advance, even in a small state, can lead the way for others, and simultaneous work in several states (as in the Assuring Better Child Health and Development Program) can help develop replicable models and build a track record.

Investing in the development of talented young individuals through fellowship programs or grants to promising but inexperienced investigators is costly and sometimes risky. Even so, the Fund's receptivity to new talent has paid off in generally good returns.

Communications

Inadequate dissemination of results can compromise the impact of an otherwise successful project. Completed grant reports pointed to the need for an in-house communications program and a policy of building dissemination strategies into the planning of every project.

The Fund's publication series, established in the mid-1990s, has increased the effectiveness of information-generating projects and helped the Fund reach specific, influential audiences.

In-house research and evaluation expertise strengthens efforts to deliver information to policymakers and practitioners. The Fund's research and evaluation unit supports program staff in assuring that research projects are designed to produce publishable results, assures the quality of papers scheduled for publication, and works closely with program and communications staff to translate and frame findings to appeal to targeted audiences.

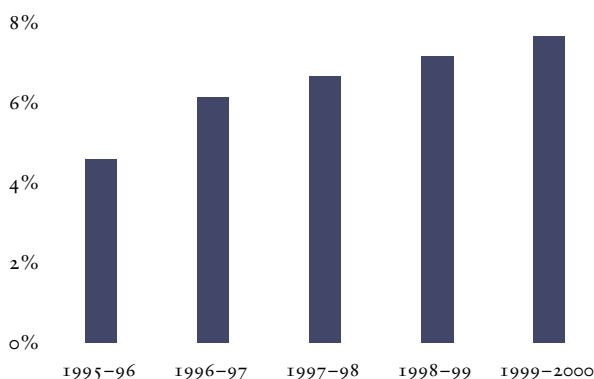
In addition to publications, forums for key health policy officials and their staff have been highly effective. Events include briefings, an annual congressional retreat, and topical forums in Washington, D.C., all of which have enhanced the accessibility of Fund program directors to the media and the federal policy community.

Careful presentation and packaging of information can help attract the attention of professional audiences and the media. Experimentation, as well as suggestions from a 1999 report by the Alpha Center, have led the Fund to develop new, shorter publication formats for reaching busy officials.

The Fund's website is an increasingly valuable distribution channel for findings and reports. The site has been progressively upgraded, and greater attention is being given to using the site to draw

Reflecting a strategic commitment to communicating results, the share of the Fund's budget devoted to communications has increased steadily over the past five years.

Percent of total budget



specific audiences. Even so, the Alpha Center report confirmed that many users of Fund products continue to prefer hard copy.

Videotapes can be effective in training professionals to implement and sustain service innovations, especially in organizations with high staff turnover. The Fund's experiences in the Restraint-Free Nursing Home and Healthy Steps programs show that videotapes need to be vigorously marketed and distributed.

Investing in vehicles such as television documentaries, television program pilots, books, or special issues of professional journals is risky and expensive.

Unexpected timing and programming conflicts can limit television audiences, and the audience for a book may evaporate with a change in the political winds. Even so, book projects have in several instances allowed more comprehensive analysis of survey or project findings.

Grantmaking Procedures

The terms of each grant should be negotiated carefully to assure that the foundation and the project director agree on expected activities and goals and that the project director has the necessary technical expertise. The Fund has learned that it is generally a mistake to put responsibility for writing substantive reports into the hands of practitioners with little research background.

A proposed change in project leadership, for whatever reason, is a warning flag for potential problems. The Fund accordingly retains the right to close a grant when there is a change in project

leadership or to move the grant to the project director's new base, when appropriate. Experience cautions against assuming that a substitute principal investigator will carry out a project with the same vigor as the original proposer.

As a general rule, defining and rigorously limiting the scope of a project heightens the prospects of success. It is also wise to evaluate risks carefully when a project's conduct and policy value are contingent on governmental action or the availability of key data.

An investigator's organizational affiliation can enhance certain projects, such as those intended to change professional behavior or disseminate best practices. The Fund has worked productively with professional associations and trade organizations to a degree that was not anticipated in 1995. Their involvement can confer an official imprimatur, engage members who might not otherwise be interested in an issue, and magnify the practical impact of a project.

For action projects, assessing institutional capacity is particularly important. Good intentions may well outpace ability to change or implement new programs, especially when bureaucratic and financial constraints are also at play.

The Fund has learned to be cautious about joining a large undertaking as a small contributor. To have an impact under those circumstances, the Fund must be perceived by larger cofunders as adding significant value because of its expertise or credibility.

Well-chosen add-on elements can increase the effectiveness of a larger project. A small grant for a follow-up activity can greatly enhance the overall return of a project. Communications activities and supplemental data analysis have been particularly useful.

For projects testing service innovations, the Fund generally funds a companion evaluation and involves the evaluators early in a project's life. Evaluations need to be independent and should include well-designed comparison groups to yield solid results. Evaluators need to pay careful attention to data collection, since a project's operations staff may give evaluation a low priority.

Surveys and Related Research

By committing heavily to surveys, the Fund has developed a significant market niche and strengthened its reputation as a reliable source of information for both the media and public policy officials. Surveys have been very useful in identifying major issues, shaping the Fund's own agenda, helping policy officials understand the experiences of key sectors of the public, and aiding health care professionals in understanding the preferences and needs of patients.

Skilled staff are needed to plan, oversee, and communicate survey findings. All surveys require enormous investments of effort by research and evaluation, program, and communications personnel. A challenge to a survey strategy is the public's growing unwillingness to participate in telephone surveys: indeed,

low response rates can make survey findings unacceptable to major professional journals.

The Fund's decision to self-publish survey reports has paid off in timeliness and media attention. Detailed technical reports can be published later in professional journals or academic press books to facilitate even greater dissemination of results and the incorporation of findings into the body of peer-reviewed literature. This two-pronged communications approach has produced extensive media coverage at the time a survey is initially released and given most Fund surveys a long shelf-life.

Case studies to enrich survey findings have also proved useful—especially during a period of rapid change when timely, accurate information is scarce. Case studies have proved valuable, for example, in assessing the effects of the spread of managed care and changes in public programs and in identifying best practices and reporting innovative practices. Experience shows that documenting many models is a more fruitful approach than seeking single models of “best practice.”

Focus groups have proved to be a valuable tool for defining problems, developing survey instruments, and giving a human face to survey findings. Along with surveys, case studies, and analysis, focus groups contribute to a confluence of related projects that can

yield collaborative relationships among investigators and a wealth of nuanced findings.

Foundation Staffing

Turnover in the Fund's own professional staff can reduce the payoff of grants, especially when key skills are lost or communication with grantees falters.

Turnover is inevitable in today's world of high professional mobility, but the Fund has learned to make every reasonable effort to retain key staff and to minimize the effects of turnover when it occurs. For example, the Fund urges its program officers to give full attention to inherited grant portfolios and to oversee existing projects when a major programmatic shift occurs.

A high level of staff commitment can increase a foundation's risk of failing to cut losses when a project is not working.

The temptation to continue to pour financial and staff resources into a trouble-plagued project is very strong. Great discipline is required to abandon an irremediable situation.

A PLAN FOR CONTINUING ASSESSMENT

Having taken stock of the Fund's performance as a grantmaker over the last five years and its systems for assessing grants, the board of directors concluded that the foundation should adopt a system for rating the performance of all completed projects. In the future, program officers will prepare a brief memorandum at the close of each grant, summarizing accomplishments and

lessons learned and scoring performance, for review and discussion by the Fund's executive management team. These memoranda will assure a strong body of information for use in program reviews, provide the basis for comprehensive assessment of grantmaking methods, and reduce the Fund's reliance on completed grant reviews performed by consultants. With a streamlined and more comprehensive project assessment system, the Fund will be positioned to conduct program reviews more frequently and to assess its progress toward achieving objectives on a continuous basis.

Writing in the *Harvard Business Review* in 1993, David Garvin defined a "learning organization" as one that is skilled at five main activities: systematic problem solving, experimentation with new approaches, learning from its own experience and past history, learning from the experiences and best practices of others, and transferring knowledge quickly and efficiently throughout the organization. Through activities such as the grants performance rating project and review of lessons learned, the Fund seeks to achieve an organizational culture that meets those criteria. Constant learning will be essential in the five years ahead, as we strive to meet the goals established by the board of directors for improving access to health care and the quality of care for all Americans.