

Organizational Effectiveness Program

2015 Lasting Change

Outcomes and impact of organizational
effectiveness grants one year after completion

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David and Lucile Packard Foundation Organizational Effectiveness Program 2015 Lasting Change

Executive Summary

The *2015 Lasting Change* report includes analysis of interviews with 19 grantee leaders conducted one to two years after completion of their Foundation-funded organizational effectiveness (OE) projects.^{1 23}

The study answers three OE evaluation questions:

To what extent do OE grants to individual grantees result in greater grantee organizational capacity in the long term?

- As a result of the OE grant, all grantees report some capacity increase.
- 79% report significant capacity increase now compared to 42% at grant completion.
- 90% continue to build broader organizational capacity very much (53%) or somewhat (37%).
- Grantees do the following better or differently: update/revise strategies (45%), plan strategically (37%), and develop boards (37%).

To what extent do OE grants amplify the impact of Foundation programs and strategies?

- All grantees attribute programmatic impact to their OE grants.
- Direct program impacts include improving program quality (42%), coverage (26%), and breadth (21%).
- Indirect program impacts include improvements in program organization (58%), program funding (42%), and program staff involvement (37%).

To what extent does OE provide good service to grantees?

- All but one grantee (a new Executive Director) say OE provides good or helpful service. Grantees say OE fills a funding gap that other foundations don't address (37%), OE is efficient (26%), and OE processes are easy (21%).
- Grantees had mixed responses regarding OE communications, thought partnership, and coordination with other Foundation programs; some felt these were OE strengths, while others felt these areas could be improved.

¹ The sample represents 27% of the 71 OE grants completed in the 2014 study year (July 2013 – June 2014), or 25% of the \$2,414,039 dollars awarded.

² Responses to three forced choice questions (ranking capacity increase, capacity investments and application of lessons) had fewer options and thus include higher percentages for each response. Responses to open-ended questions (type of new capacity, working differently, programmatic impact, types of lessons, types of challenges, type of OE helpfulness, type of OE improvement) are more varied with lower percentages corresponding to each response.

³ For programmatic impact, “quality” includes better service or outcomes, “coverage” includes number of people served or units of service, and “breadth” includes the variety or types of services.

Purpose and Methodology

Purpose: The Packard Foundation measures capacity building results one to two years after grant completion to:

- 1) Provide future OE grantees and other nonprofits insight in order to better plan for and implement capacity building projects and
- 2) Enable the Foundation and other OE funders to more effectively support grantees to not only catalyze short-term change, but also durable changes that enable grantees to become stronger and more resilient into the future.

Lasting Change studies help the Foundation’s OE program measure its effectiveness by answering the three evaluation questions highlighted on the previous page.

Methodology: Evaluators selected a stratified random sample of OE grants completed one to two years earlier. The sample was stratified based on the proportion of grants from each foundation program. The resulting sample is proportional by program area and total grant funding to the full population of grants (Table 1).⁴

Table 1: Description of study sample

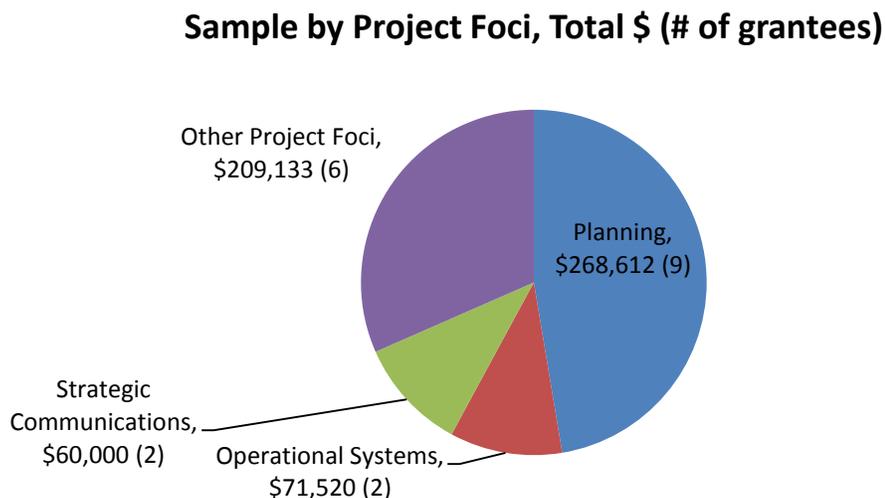
Program Area	2014 OE Grants Closed ⁵		Study Sample		
	Grant #	Grant \$	Grant #	Grant \$	Sample % of \$
Children, Families, and Communities (CFC)	17	\$ 551,540	5	\$138,000	25%
Conservation and Science (C&S)	21	\$ 789,931	6	\$203,416	26%
Local Grantmaking (Local)	15	\$ 386,570	3	\$ 90,000	23%
Population and Reproductive Health (PRH)	18	\$ 685,998	5	\$177,849	26%
Grand Total	71	\$ 2,414,039	19	\$609,265	25%

Evaluators interviewed 19 grantee executive leaders or delegates who answered 12 forced ranking and open-ended questions. These questions targeted the degree to which specific capacity built through the OE grant changes after the close of the grant. To better understand lasting change, grantees were also asked to describe any lasting impact on program services, applications of lessons learned, challenges sustaining grant results, the degree to which the organization focuses on broader capacity building, and helpfulness of OE grant making. Evaluators then analyzed data for trends and compared the results to results from an analysis of responses by grantees at the time of grant completion found in OE’s [2014 Sharing Learning Report](#) as well as data from OE’s [2014 Lasting Change Report](#).

⁴ Planning grants and grants with a significant capacity increase at the time of grant completion are overrepresented in the random sample.

⁵ The study sample was selected from grants completed between July 2013 and June 2014 (2014 OE Grants Closed) that built one or two core capacities for individual grantees. However, capacity building grants to “partnerships” of multiple grantees, “intermediaries” that built field capacity or “scholarships” that generally built field capacity were excluded. The study underrepresents the Local Grantmaking program area by 1 grant since 1 Local grantee was unable to participate.

Figure 1: Analysis of sample by project foci



Lasting Change: Organizational Capacity

Increased Capacity Results: An OE grant is an investment in the future as much as the present. More than a year after the grants closed, all grantees report some increase in capacity⁶:

- 79% (15 of 19) report a significant⁷ increase in capacity.
 - 47% (9 of 19) report a significant capacity increase within the capacity focus of the project.
 - 32% (6 of 19) more report a significant capacity increase within and beyond the focus of the project.
- Only 42% (8 of 19) reported a significant capacity increase at the time of grant completion.

“We’re implementing recommendations. We’ve hired a communications staff person. We raised money to hire a development staff person. We’ve created our own independent 501c3 non-profit organization.” - CFC Grantee

Grantees do the following better:

- Update/revise strategies (45%)
- Plan strategically (37%)
- Develop boards (37%)
- Plan long-term (32%)
- Diversify revenues (26%)
- Communicate strategically (26%)
- Organize operations (26%)

⁶ OE grants are usually focused on building one or two specific capacities, not at capacity building across an organization more generally. In other words, not every OE grant aims to improve strategic planning, or develop a board, or raise revenue. Grantees are not expected to make progress in each of those areas.

⁷ Per the interview guidelines, grantees use the word “significant” to describe capacity increases that are greater than “moderate.” Tests of statistical significance were not performed due to the small sample sizes. In this report, authors include differences where comparisons can be made for data sets of 5 or more or where differences are consistent across reports, unless otherwise noted. Authors suggest the report in 2016 sum across three reports (2014, 2015, and 2016) and test for statistical significance, where appropriate.

“Now we have 25% Mexican revenues when before we had 0%. As a result of our marketing plan, we have new income generating revenues for studies we provide.” – C&S Grantee

There are a few patterns and relationships among grant/grantee characteristics and lasting capacity change.

Network⁸ grantees (8 of 19 in the sample) report more significant capacity increases beyond the original capacity focus of the grant compared to non-network grantees. In fact, 83% (5 of 6) of the grantees reporting such capacity increases are grantees that are networks. Interestingly, these same 5 grantees reported higher than average capacity results at the time of project completion compared to the full data set of 71 grants closed. An OE planning grant for a CFC grantee enabled their start-up network to grow from 100 to 250 members. The CEO refers to this result as “more than transformative”.

Grantees that receive subsequent OE funding (8 of 19)⁹ report more significant capacity increases compared to grantees that do not receive subsequent OE funding. A similar finding is found in the data from 2014, though in both cases the difference is somewhat small. The following grantee comment reflects the leveraging of a subsequent grant to build on earlier grant results.

“Funding strategy and the scale-up of operations has been the most successful part of the OE grant. Scaling strategy will be expanded and transferred from private to government funding.” – PRH Grantee

Planning grants result in more significant capacity growth (within and beyond the focus of the grant) than non-planning grants; 89% of planning grantees report significant capacity increase, versus 70% of non-planning grants. A similar, but stronger, pattern is found in the 2014 study. In some cases, this may be a reflection of the grantee working well with the consultant so that consulting deliverables were more realistic and operational. In other cases, planning grants may add strength to large-scale changes processes that are already in motion like mergers or major reorganizations.

“The plan is driving change because it is more of an operational plan. We see the organization differently than we did the previous 40 years; we are one organization not six campuses. Boards work together. Departments work together.” – Local Grantee

“The planning grant was a major turning point for the organization. It enabled two large organizations to merge.” C&S Grantee

Continued investment in capacity building: Not only do OE grants continue to build capacity, but they also spur grantees to invest their own resources in broader organizational capacity after the completion of the grant. Grantees report investing “very much” (53%, or 10 of 19) or “somewhat” (37%, 7 of 19), a slight increase from the 2014 study.

“The grant helped surface the need for new leadership in India. There is now a formalized



⁸ OE’s working definition of “network grantee” is a collection of people and/or organizations connected to each other through purposeful relationships including: coalitions, movements, associations, communities, social groups, and peer-to-peer groups.

⁹ This includes organizations that have pending, active, or completed subsequent OE grants.

country leader of operations in India that will support this effort.” – PRH Grantee

“We've never had a more significant increase in organizational capacity. We now have a division for organizational capacity building.” C&S Grantee

“We added ongoing leadership coaching after the grant. We continued planning. We've been able to grow the primary program with the OE grant.” – C&S Grantee

“We have a team of planners in the organization now. We also have 4 new board members with strategic planning experience.” – Local Grantee

Interestingly, continued investment in capacity building is not strongly related to significant and more expansive increases in capacity due to the grant. The 10 grantees that report investing *very much* in ongoing capacity building report less expansive increases in capacity building due to the grant than the 7 who report investing *somewhat* in ongoing capacity building.

Grantees working with the Foundation for a shorter period of time (8 of 19) are slightly more likely to report a higher level of ongoing capacity building investment than longer-term grantees. The 2014 study includes a similar relationship, though stronger. Grantees that report higher ongoing levels of capacity building indicate they budget for ongoing capacity building because they know Packard OE funding is not always guaranteed, other foundations don't fund OE and/or they invest more during large-scale change processes. Many of these grantees plan and budget for capacity building as part of their operations budget and as part of their cost of delivering programs. Others will not invest in capacity building unless a foundation prompts and/or pays for them to do so.

“I don't know of any other foundation that supports OE on a sustained basis.” – CFC Grantee

“We are investing heavily right now in capacity building and we hope we don't always have to.” – Local Grantee

“An ongoing challenge is how to fund OE for the organization. We're determined to find funding for OE in the future, but it's a challenge given there are few funders.” - C&S Grantee

Most of the grantees without a subsequent OE grant (10 of 11) continue to invest their resources in capacity building somewhat or very much and, in fact, report more investment, qualitatively, than those who do receive a follow-up grant.

“We are not investing a lot of financial resources, but we are investing time.” - C&S Grantee

“We have more time built in for board involvement. We have new director positions so we're investing more in leadership communications.” – C&S Grantee

One limitation found in the sample's willingness to invest in continued capacity building is that while some organizations clearly plan and budget for ongoing capacity building, others see it as a one-time or infrequent investment for them and/or they perceive their funders see capacity building this way.

“We're investing heavily in capacity building and our funders appreciate it. We've set fundraising targets, staff hire targets, etc. Funders were receptive to investing in capacity because it was a well planned ask. It was also a one time ask at a 20-year juncture. If we asked every four or five years it would not be well received.” – CFC Grantee

In Focus – Leadership Transition and Capacity Building

Grantees receiving OE funding may be more likely to experience a leadership transition during the grant period or within the first year following grant completion. Even after excluding grantees funded specifically for executive search, 33% of grantees reported an executive transition in 2015 and the figure in 2014 was even higher at 50%. The figures are twice as high as national averages, which would predict rates of around 15-20% over two years,¹⁰ and higher than an internal study by the Foundation’s Local Grantmaking program which found turnover rates average 20% over 5 years. The critical assessment of the organization that often occurs during capacity building efforts may be a trigger for leadership change as was dramatically the case for one grantee.

“The operations manager transitioned as a result of the OE business planning process when inconsistencies were identified. Then the ED transitioned.” – C&S Grantee

Leadership transition is consistently among the most commonly cited challenges by grantees (26% in 2015, 20% in 2014). Somewhat surprisingly, however, leadership transition is not associated with a drop in continued capacity building attributable to the grant and may be associated with a higher focus on applying lessons learned after grant completion. The minimal association of leadership transition and capacity building results indicates that OE grantees retain learning from capacity building grants despite leadership transition. Perhaps many new leaders focus on capacity building or leadership transition forces the broader organization (other staff) to adapt, retain learning, and move the organization forward.

“The retirement of the CEO has been a challenge and at the same time it allows additional changes to the plan.” – Local Grantee

“Leadership transition was a challenge for implementation. The associated culture change with a new leader was a challenge to keeping the project results moving forward.” - C&S Grantee

“The new ED brings the standards and values of the field to the organization. OE support has helped the ED develop her leadership capacity and that of the leadership team.” - Local Grantee

Lasting Change: Program Impact

Program Impact Results: Studies at the time of OE project completion conclude grantees are not always able to attribute program improvements (improvements to core or mission services) to the OE grant. This changes, however, a year after grant completion. After a year, grantees are easily able to connect OE grant funding to lasting programmatic impact, in some cases stating the program impact would not exist had it not been for the OE project. All of the organizations in the sample cite programmatic impacts. The most common programmatic impact that 58% of grantees (11 of 19) cite is better organized programs. This takes many forms, but one notable example includes a grantee that re-

¹⁰ A Nonprofit Times [study](#) from 2013 found that the average tenure was 11.4 years, indicating a turnover rate of approximately 9%.

organized from very independent regional programs to a coordinated national program. Better organization is a more frequent impact of planning grants; 7 of the 9 planning grantees cite this impact.

Otherwise, grantees cite various *direct* program impacts including: quality (42%), coverage (26%), breadth (21%), and depth (16%).

“Scaling up is happening in the Packard target region. The OE grant was focused on Packard program outcomes.” – PRH Grantee

“The biggest impact was to rebuild our education department which is the core program in the community.” – Local Grantee

“We now have a new focus with our programs as a result of the grant. We're focused on the greatest needs of women.” – PRH Grantee



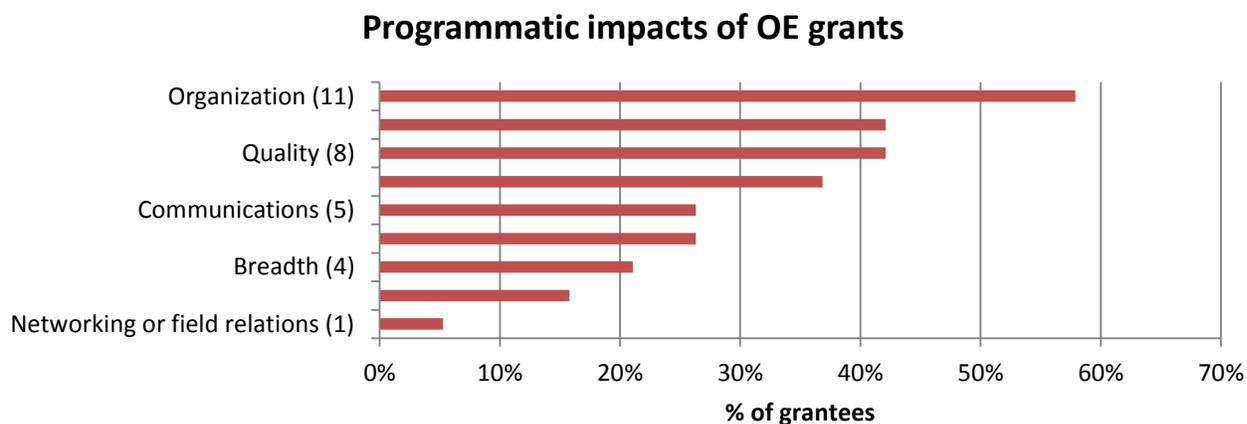
“The grant helped us focus on our core programs. Some might say we offer fewer services, but they are better services.” – C&S Grantee

In addition to the 58% who cite better organized programs, grantees cite other *indirect* impacts that build program capacity (not only institutional capacity) including: program funding (42%), staff involvement (37%), and improved program communications (26%).

“Because the strategic plan was operational for programs, program staff were motivated to participate.” – Local Grantee

“There are now 5 programs instead of 2. More money can now go to programs rather than administration.” – C&S Grantee

Figure 2: Top programmatic impacts that grantees cite



Planning grantees are also somewhat more likely to cite an increase in quality of programs and an increase in program funding; other grantees were more likely to cite increases in program staff involvement. The finding for planning grantees likely reflects how most strategic plans aim to improve programs and the organization's funding, including program funding. The finding of more program staff engagement in non-planning grants may reflect a) a more direct focus on programs with those grants and/or b) a common mistake made by planners (leaders or consultants) to not engage busy program staff until the end of a planning process.

The top program impacts in the 2014 study include program funding (40%), network/field relations (25%), and program visibility (25%), which mostly reflect differences in project focus; program funding resulted from fund development grants and program visibility from communications grants, etc.

Lasting Change: Organizational Learning from Lessons, Challenges, and Adaptation

Grantees provide similar descriptions of how they currently apply lessons learned during the grant period, confront ongoing or new challenges, and would approach capacity building differently in the future. Common themes relate to engaging and developing board and staff, finding the right consultant, and having the resources, including staff time, to sustain the project.

Applying Lessons Learned: Most grantees (79% or 15 of 19 grantees) continue to apply lessons learned from the grant period very much, similar to the 2014 study (75% or 15 of 20). With such a strong finding, it is hard to find meaningful differences across groups. Two areas show some variance however, leadership transition and grant size. As described earlier (see the *In Focus* box), new leaders and/or retained staff carry-forward the lessons learned during the grant period, even after leadership transition.

Those receiving smaller OE grants (less than \$30,000) are somewhat less likely to report that they apply lessons learned very much, perhaps due to resource constraints. All 4 of the organizations that report applying lessons "somewhat" rather than "very much" received smaller OE grants. This finding is further supported by the 2014 data.

The ongoing application of lessons varies, but lessons related to staff engagement (26% or 5 of 19), board engagement (21% or 4 of 19) and leadership transition (21%) are three of the most cited lessons. Top lessons in the 2014 study include board engagement and staff-related lessons.¹¹



¹¹ In 2014, staff lessons were more likely to relate to staff skills, rather than staff engagement, whereas in 2015, this pattern is reversed.

“The board galvanized around the executive search process and learned broader capacity building lessons. It learned to look at each OE intervention or process as a building block for the future and to use past learning to inform future decisions and investments.” - Local Grantee

“We learned to include staff more in planning.” - C&S Grantee

Challenges: Resource constraints limit continued capacity building for many grantees in the sample; 53% (10 of 19) report a lack of resources to sustain project results as a challenge and 26% (5 of 19) cite limited staff time. This is true even among organizations that received a subsequent OE grant. Notably, more grantees report resources/funding as a challenge in 2015 (53%) than in 2014 (15%). This seems at odds with a finding presented earlier that 53% of grantees invest significantly in capacity building and another 37% invest somewhat. 80% (8 of 10) of those reporting lack of resources as a challenge indicate they invest significantly (4) or somewhat (4) in capacity building. Thus, grantees plan, budget, fundraise and dedicate staff time for capacity building, but it’s a major challenge for them to do so.

“The biggest challenge is the amount of time spent raising money vs. delivering programs.” – PRH Grantee

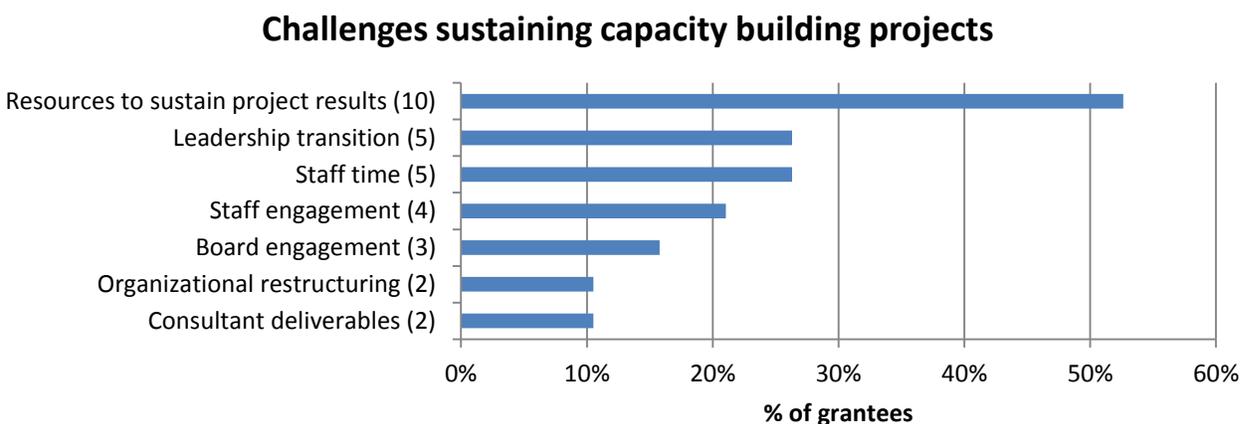
“We focus on capacity building a lot, but we don't always have resources.” - Local Grantee

“We don't have the staff bandwidth to implement all our capacity building plans so we have to be careful to take on what we can do and do well.” - Local Grantee

There needs to be a healthy mix of funding for capacity building from general operations and projects (overhead) and special funding for special changes. – C&S Grantee

Other top challenges include leadership transition (26%), staff engagement (21%), and board engagement (16%). Other results are similar to the 2014 study, which includes staff time/prioritization, leadership transition, funding, and board involvement as key challenges. Resource constraints are rarely cited as a challenge at the conclusion of a grant, though staff time is mentioned by 27%.

Figure 3: Top challenges that grantees cite



Adaptation: Grantees say they will do some things differently the next time they undertake a large capacity building project. If building new capacity, 37% (7 of 19) say they will engage staff differently (such as with more transparency or collaboration in the process) and 21% (4 of 19) indicate they will

engage board members differently (such as earlier, deeper, and/or more frequently). Other grantee adaptations relate to preparing staff or management with the skills to participate in the OE project (21%) and spending more time to find the right consultant (21%). Grantees in the 2014 study also said they would engage consultants differently.

“We’re trying to be more transparent and collaborative with staff and board about the capacity building. We’re engaging them in the development and implementation.” - C&S Grantee

“We would select a consultant differently. We’d be more clear about the consultant deliverables we’d want.” - CFC Grantee

Lasting Change: Feedback for the OE Program

OE Improvement Opportunities: Comments about OE helpfulness far out-weigh comments about how OE can improve, but critical feedback is more specific. Also, interestingly, grantees report different experiences related to OE communications, thought partnership, and OE coordination with other Foundation programs; some OE grantees feel these are strengths, while others see them as opportunities to improve. Other suggestions include: provide multi-year funding, limit OE staff transition, provide additional venues from which to learn from other grantees, provide support in finding a consultant, and fund staff working on OE projects. Most of these surfaced in previous studies.

“We understand why funding the consultant is important since you only have a small pot of money for many grantees. Perhaps a small percent of the grant can support staff time, unless that meant fewer of us would get grants or we’d get grants less often.” – CFC Grantee

“I would like a thought partner, someone who has worked with organizations on organizational development, for feedback on plan design, advice on finding a consultant, and samples of strategic plans.” - Local Grantee

“American donors are keen on measuring change and how change happens. We can take time to link our changes to one grant, but our change comes from a longer process of learning, mistakes and challenges. This would be more helpful to grantees.” – PRH Grantee

OE Helpfulness: All grantees in the study have positive comments about OE helpfulness, with the exception of one new leader who has not interacted with OE and therefore has no comment. Grantees (37% or 7 of 19) are grateful for the OE program because OE fills a funding gap that other funders do not address. Grantees see OE as efficient (26%) with easy processes (21%). The director, OE program officers and OE consultants are all referenced in a positive light by at least one grantee.

“I like the flexibility of the OE program. I like that the foundation listens to our ideas and is open to our needs.” - C&S Grantee

“I value their knowledge around capacity building, especially how to assess and evaluate capacity building.” - PRH Grantee

“That we can hire our own consultant to work on our issues is a better use of time and resources and I wish more foundations would work like Packard’s OE. Most foundations want you to go to their own trainings, but this is nowhere near as impactful.” - C&S Grantee

Lasting Change: Conclusions

Given the sample of 19 grants represents 27% of the 71 OE grants covered by the study, the following conclusions should be considered accordingly for decision-making:

1. With 79% of grantees reporting significant increases in capacity and 90% reporting continued investments in capacity building a year after grant completion, lasting change resulting from the OE grant is strong.
 - OE's responsive grantmaking to individual grantees is working well and therefore no major changes to strategy or practice are recommended at this time.
2. Lasting change may be stronger for planning grants, grants to network grantees and/or newer Foundation grantees.
 - Continued learning from such grants is recommended to determine if such successes merit more investment or can be replicated with other types of OE grants.
3. Grantees attribute both direct and indirect programmatic impacts to OE grants, especially a year or two after grant completion. Grantees are also hesitant and realistic to not over-attribute program impacts to OE investments. OE and program staff have struggled to document a measureable and verifiable connection between OE investments and program impacts, but grantees seem to do so with little effort and have numerous tangible examples and stories to tell. Similarly rich program impact data also surfaced in OE's 2010 post-grant [Goldmine](#) survey.
 - Since grantee post-grant survey and interview data is confidential, OE may want to conduct non-confidential interviews in the future if more tangible documentation of program impact is needed.
4. OE provides very good service to grantees (efficient and flexible). While wanting more OE funding, grantees understand OE budget limitations and accept grant size, frequency, focus, and process limitations.
 - If resources permit, OE might experiment with larger and multi-year grants and grants that support some staff involvement in OE projects.
5. Leadership transition is more common for OE grantees than for the non-profit field in general, yet some grantees plan for and adapt to leadership transition better than others. Likewise, some grantees plan and budget for ongoing organizational capacity building better than others.
 - These differences seem to provide an opportunity to address a request that surfaced by a number of grantees, to partner more with OE on learning from other grantee challenges and successes.

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.

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?¹²

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

¹² OE service to program staff is not addressed in this report.