

ATTITUDES AND  
PRACTICES  
CONCERNING  
EFFECTIVE  
PHILANTHROPY

Francie Ostrower



THE URBAN INSTITUTE

EXECUTIVE SUMMARY

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PRACTICES  
CONCERNING  
EFFECTIVE  
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Francie Ostrower

*Funded by*  
The David and Lucile Packard Foundation

*in partnership with*  
Grantmakers for Effective Organizations



**THE URBAN INSTITUTE**

CENTER ON NONPROFITS AND PHILANTHROPY

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## Introduction

In 2003, the Urban Institute conducted a survey of 1,192 grantmaking foundations in order to construct a wide-ranging and rigorous portrait of attitudes and practices concerning effective philanthropy in the foundation field today. The study was funded by The David and Lucile Packard Foundation in partnership with Grantmakers for Effective Organizations (GEO). Members of the GEO Research Task Group served as an advisory committee for the study. This executive summary provides a general overview and examples of survey results, which are presented in detail in the full study report. The summary and report seek to advance the field's discussion of effectiveness in the following ways:

- Demonstrate the importance of avoiding broad-brush characterizations of, or “one size fits all” prescriptions for, the foundation field;
- Offer a typology of effectiveness frameworks and analyze the heterogeneity of attitudes and practices among different categories of foundations;
- Present findings indicating that substantial numbers of foundations are not engaging in practices that, *according to their own standards*, are important to effectiveness;
- Convey findings highlighting the need for foundations and those seeking to strengthen them to carefully consider their current levels of awareness and responsiveness to external parties (e.g., media, grantees, the general public);
- Point out the need for foundations to think about the purposes for which they collect information and how they can utilize information they do collect and connect it to their mission and goals;
- Underscore the need to incorporate the role and significance of donors into discussions of effectiveness;
- Provide benchmark data that can be used to track changes in foundation practices over time in order to assess the impact of efforts to strengthen philanthropy; and
- Allow those seeking to foster more effective philanthropy to identify and target their efforts on areas of greatest need.

Coming at a time of growing attention to foundation performance and accountability by government, the media, the public, researchers, and funders themselves, the information from the study could not be timelier. If efforts to strengthen philanthropy are to be effective, they must be informed by reliable data on the current state of the field. The survey results tell us a great deal about how foundations see themselves, how they function, and whether they are fully functioning in the ways that they feel they should be. Certain patterns that we uncovered warrant very careful thought by those seeking to enhance foundation performance, and should assist funders to better appreciate and respond to public demands for greater accountability. The level of response to the survey, expressions of interest in our results, and the growing levels of attention to effectiveness issues in the field testify to a widespread desire for information on improving effectiveness.

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## About the Study

We sent the survey to all the staffed grantmaking foundations in the United States that we could identify.<sup>1</sup> The 1,192 respondents represent a wide array of foundations. Of these, 853 (72 percent) are independent foundations, 238 (20 percent) are community foundations, 92 (8 percent) are corporate foundations, and 8 (fewer than 1 percent) are public foundations other than community foundations (figure 1).<sup>2</sup> With respect to size, 444 (37 percent) have \$10 million or less in assets, 426 (36 percent) have between \$10 and \$50 million, 132 (11 percent) have between \$50 and \$100 million, 129 (11 percent) have \$100 to \$400 million, and 59 (5 percent) have more than \$400 million in assets (figure 2). The geographical distribution of foundations was fairly equal and ranged from a low of 22 percent located in the West to a high of 27 percent in the Midwest.

The response rate to the survey was 35 percent, but response rates varied notably by foundation size. Response rates were 25 percent for foundations with less than \$10 million in assets; 41 percent for foundations in the \$10 to \$50 million range; 48 percent for those in the \$50 to \$100 million range; 51 percent for those in the \$100 to \$400 million range; and 58 percent for those with assets in excess of \$400 million. Thus, although the number of the small foundations exceeds the number of very large ones in the study, the response rate was notably lower for the smallest foundations, and thus particular care should be exercised when considering findings for that group.

The focus of this study was ambitious—to survey all foundations that we could identify with at least one staff member. Most foundations in this country, however, do not have any staff and thus the results of this survey cannot be generalized to them. As in all studies, we had to make a trade-off between breadth and depth. Given our wide-ranging purpose and the fact that this was the first survey to attempt to document the state of the field, we opted for breadth. Thus, we included the widest range of practices that have been hypothesized to bear on foundation effectiveness, oftentimes by those with very different perspectives on the matter. The trade-off for this breadth, of course, is that we simply were unable to go into greater depth on individual topics. Likewise, because we included such a variety of foundations in our sample, we had to focus on those questions that would be relevant to the widest range of foundations, and had to forgo many more detailed and specialized questions that would apply only to a particular subset.

The specific attitudes and practices covered in the survey fall under the following general topics:

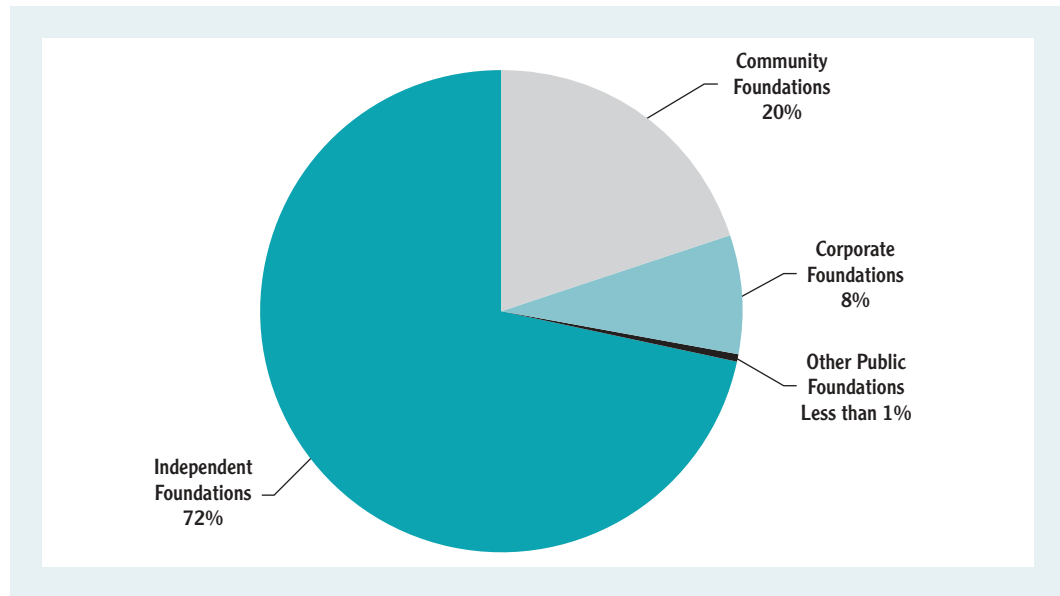
- Ideas about foundation effectiveness;
- Approaches to grantmaking;

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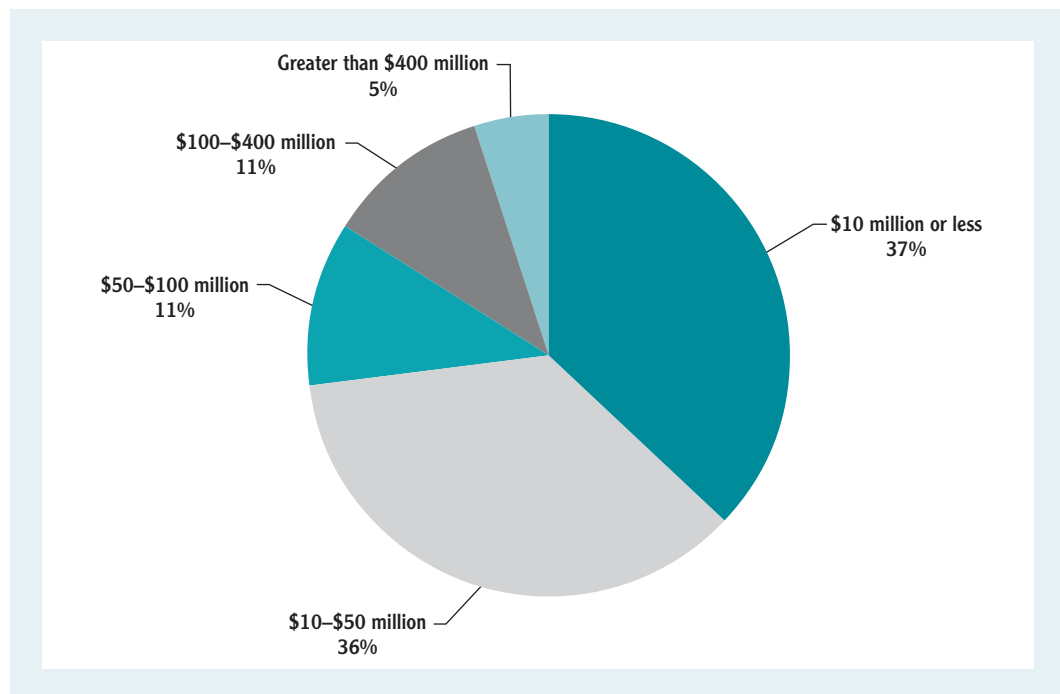
1. We identified staffed grantmaking foundations from a list obtained from the Foundation Center. In the course of our research, we learned of additional foundations eligible for the study, which we then added to our list. Likewise, as we learned of foundations that were ineligible (because they were operating foundations, had no staff, or had closed down), we deleted them from our list.

2. Data on type are missing for one foundation. Size percentages here and in figure 1 sum to slightly more than 100 percent due to rounding error.

**FIGURE 1. Foundations in the Study by Type**



**FIGURE 2. Foundations in the Study by Asset Size**



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- Grant application and review processes;
  - Monitoring and evaluation;
  - Investments (program-related investing and social investing);
  - Collaboration and professional involvement;
  - Communications;
  - Staff training and development; and
  - Self-assessments of effectiveness.

Keep in mind that these data come from foundation self-reports. As in all such surveys—even those that assure confidentiality, as ours did—respondents may be more inclined to choose answers they perceive as more positive or favorable to their institutions. In the case of this survey, therefore, the percentage of foundations that reported they engaged in particular practices may be biased upwards, and this may be particularly true in the case of practices (e.g., conducting formal evaluation) that are subject to a wider variety of interpretations. There is no reason to believe, however, that any particular subgroup was more or less likely to exhibit this tendency.

## The Heterogeneity of Foundation Attitudes and Practices

Although commonalities do exist, attitudes and practices concerning effectiveness often differ dramatically among foundations with different characteristics, particularly size and type. Moreover, we developed a distinct set of foundation effectiveness frameworks that cut across demographic characteristics and have profound influences for the individual practices that foundations choose to undertake. A clear implication of the extensive variations we found is that broad generalizations and aggregate statistics concerning foundation attitudes and practices often mask substantial differences among subsets of foundations, and therefore can be very misleading. Below we present highlights of variations among foundations of different types and sizes. We then present our typology of effectiveness frameworks.

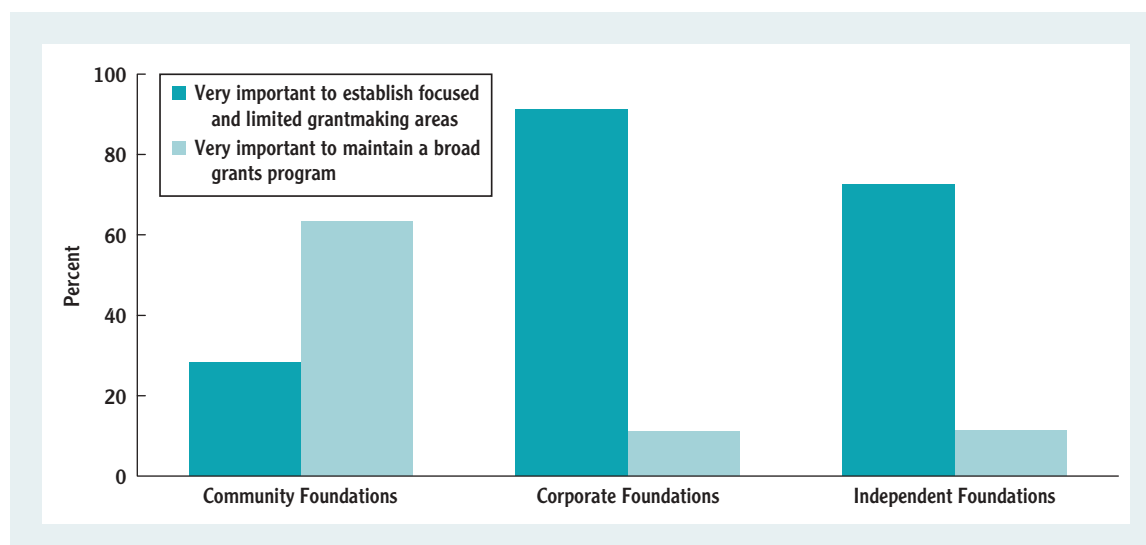
### Attitudes and Practices among Different Types of Foundations

Numerous and striking contrasts in attitudes and practices concerning effectiveness exist among community, corporate, and independent foundations.<sup>3</sup> Most often, those differences occur between community foundations and foundations in the other two categories. Indeed, the findings indicate that, in key respects, community foundations and private foundations (corporate and independent) have fundamentally different conceptions of what constitutes effectiveness. The following examples are a sampling of differences by type:

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3. The eight public foundations other than community foundations were not included in analyses of foundations by type because too few cases were available to permit separate treatment.

**FIGURE 3. Foundation Attitudes toward Focused and Broad Grantmaking Activities, by Foundation Type**



- Independent and corporate foundations were far more likely to rate establishing focused and limited grantmaking areas as very important to achieving effectiveness for a foundation such as theirs. Fully 73 percent of independent foundations and 91 percent of corporate grantmakers, but only 28 percent of community foundations, hold this view (figure 3).
- By contrast, the majority of community foundations (63 percent) say that maintaining a broad grants program is very important to effectiveness—but fewer than 12 percent of corporate or independent foundations share that view.
- In the case of attitudes toward engaging in activities beyond grantmaking to increase impact, corporate and community foundations resemble one another but differ from independent foundations. Thus, 69 percent of community foundations and 62 percent of corporate foundations believe this is very important, as compared with 37 percent of independent foundations.
- Compared with community foundations (16 percent), higher percentages of corporate and independent foundations (37 and 39 percent, respectively) had made grants for general operations. Among independent foundations only, a considerably higher percentage of family foundations (45 percent) than nonfamily foundations (29 percent) had made such grants.<sup>4</sup>
- In contrast, more community foundations said they had often made grants for organizational and management development (24 percent) than corporate (4 percent) or independent foundations (14 percent).

4. “Family foundations” include those foundations with two or more voting board members who are foundation donors or relatives of donors by birth, adoption, or marriage.



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- Corporate and independent foundations were notably more likely than community foundations to have ever made grants of three years or longer during the past two years. Fifty-two percent of corporate foundations said they had sometimes or often made such grants, as did 46 percent of independent foundations; however, only 18 percent of community foundations reported doing so.
  - Community foundations were far more likely to convene people from outside the foundation to inform their activities. Fully 75 percent of community foundations as compared with 42 percent of corporate and independent foundations had done so.
  - Community foundations were typically more likely to have engaged in various self-evaluation activities during the past two years (e.g., conduct a strategic planning process, solicit grantee feedback). For instance, twice the percentage of community foundations (41 percent) had conducted a needs assessment of their field or community, as compared with corporate (21 percent) or independent foundations (20 percent). However, corporate and independent foundations (65 and 61 percent, respectively) were more likely than community foundations (46 percent) to have reviewed grants for consistency with stated foundation priorities.
  - Community foundations were more likely to have engaged in various communications activities during the past two years (e.g., publish annual reports, publish newsletters, actively solicit press coverage). Fully 68 percent of community foundations had engaged in six or more of the communications activities we asked about, as compared with 17 percent of corporate foundations and 11 percent of independent ones.

### **Attitudes and Practices among Foundations of Different Sizes**

Foundation size, as measured by asset level, is consistently associated with variations in both attitudes and practices, and the differences are often quite large. Typically, higher shares of the larger foundations engage in the various practices asked about in the survey and more often rate them as very important.

- The percentage of foundations that believe it is very important to engage in activities beyond grantmaking to enhance impact increases among those with higher asset levels, from a low of 39 percent among the smallest foundations (\$10 million or less in assets) to a high of 71 percent among the largest ones (more than \$400 million in assets).
- The percentage of foundations that believe it is very important to solicit outside advice increases with asset size, from a low of 40 percent among the smallest to a high of 76 percent among the largest foundations.
- A higher percentage of smaller foundations believe that keeping staff size to a minimum is very important to maintaining effectiveness. This view was expressed by 57 percent of the smallest foundations and 14 percent of the largest foundations.

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- Most foundations in all size categories believe it is very important to adhere to the founding donors' wishes (61 to 73 percent), to establish focused and limited grant-making areas (58 to 70 percent), and to have an involved board (69 to 78 percent).
  - Larger foundations are more likely to have made long-term grants. Few foundations with less than \$100 million in assets (fewer than 13 percent) had often made grants of three years or more. In contrast, 24 percent of foundations with \$100 to \$400 million in assets and 40 percent of foundations with more than \$400 million had done so.
  - The use of formal evaluation becomes more common as foundation assets increase—from a low of 31 percent among foundations with \$10 million or less to a high of 88 percent among foundations with more than \$400 million.
  - Reasons commonly held to be very important for conducting evaluation across foundation size groups were to learn whether original objectives were achieved (72 to 85 percent), to learn about the outcomes of funded work (75 to 84 percent), and (though to a lesser extent) to learn about the implementation of funded work (60 to 72 percent). Higher percentages of larger foundations, though, also say they conduct evaluations for reasons that have to do with influencing and/or contributing to some outside group or field. For instance, the proportion of those foundations that say a very important reason they conduct evaluation is to contribute to knowledge in the field rises from 25 percent among smaller foundations to 56 percent among the largest ones.
  - Larger foundations place more emphasis on the presence of measurable outcomes as a criterion in their grantmaking decisions. While only 26 percent of the smallest foundations report that this is a very important criterion, that figure rises to a high of 49 percent among the largest foundations.
  - The percentage of foundations making program-related investments during 2001 and 2002 was higher among larger foundations, rising from 11 percent among the smallest foundations to 31 percent among the largest foundations.
  - Smaller foundations engaged in collaborative activities less often during the past two years. For instance, the percentages of the smallest foundations that participated in a formal co-funding arrangement, convened outsiders to inform foundation activities, or discussed issues of interest with government officials were 34 percent or fewer. In contrast, percentages for each of those activities were more than 77 percent for the largest foundations.
  - The share of foundations engaging in the individual communications activities we asked about increases with foundation size. For instance, the percentage of foundations with a web site ranges from a low of 48 percent among the smallest foundations to a high of 88 percent among the largest ones. Overall, the percentage of foundations engaging in large numbers of communications activities (six or more) increases with asset size, from 12 percent among the smallest to 66 percent among the largest foundations.

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## Attitudes and Practices among Foundations with Different Effectiveness Frameworks

As part of this study, we developed a typology of effectiveness frameworks among foundations. Applying this framework permits us to go beyond discussing individual attitudes and behaviors to analyze foundations in terms of their overall approaches to effectiveness, as reflected in the sets of generalized and interrelated attitudes and practices that they exhibit. Specifically, this typology classifies foundations not according to whether they think or do any one particular thing, or have any one particular characteristic, but according to their ranking across a set of scales that measure different components of effectiveness. These effectiveness frameworks cut across demographic characteristics and, as we shall see, have profound consequences for the individual practices that foundations value and adopt.

## The Effectiveness Frameworks

Our typology groups foundations according to how they rank across four scales that measure different effectiveness components and approaches. The four scales<sup>5</sup> are:

- *Proactive Orientation*: This scale measures whether foundations view proactivity as important to achieving effectiveness. Foundations that measure high on this scale make grants for foundation-designed initiatives; use the presence of measurable outcomes as an important grantmaking criterion; and believe that it is important to actively seek out social needs to address, to engage in activities beyond grantmaking to increase impact, to focus on root causes of major problems, and to collaborate.
- *Technical Assistance/Capacity Building*: This scale measures foundation support for management and capacity development among grantees. Foundations that rank high on this scale make grants for organizational and management development and provide nonfinancial technical assistance in areas that include board development, strategy and planning, fundraising, communications, technology, and hosting grantee convenings.
- *Social Policy/Advocacy*: Foundations that rank high on this scale believe that influencing social policy is important to being effective. They make grants in support of advocacy, and a major goal of their grantmaking is to “strengthen social change and strategies for social change.”
- *Internal Staff Development*: This scale measures foundation support for the development and training of its own staff. Foundations that rank high on this scale more often provide opportunities for training and development in use of computers/technology, internal management, and grantmaking. While we hypothesized that the items in this

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5. These scales were developed on the basis of results from factor analysis, a statistical technique we used to determine which sets of attitudes and practices are likely to be found together. All scales range in value from one to four. The value of each scale equals the average of its component items' values. For instance, if a foundation answered “4” (often) for having made grants for organizational/management development, and answered “3” (sometimes) for providing each of the six types of nonfinancial technical support asked about, then the foundation's score on the technical assistance/capacity building scale would be  $(4 + (6 * 3)) / 7 = 3.14$ .

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scale and the technical assistance scale might have correlated and formed one “capacity building (internal or external)” scale, this was not the case, indicating that support for internal capacity building and support for capacity building among grantees are two distinct sets of activities and priorities.

Using a statistical technique called cluster analysis, we then identified four discrete clusters, or groups of foundations, according to how they ranked on all four of these scales. The four groups are:

1. *High on All:* These foundations rated comparatively high on all four of the scales. This group was the only one with relatively high scores on the technical assistance/capacity building scale. Thus, we find higher levels of support for technical assistance only among the group whose members also are proactive *and* oriented toward social policy *and* emphasize internal staff development. There were 313 foundations in this group.
2. *Proactive/Policy:* These foundations rank relatively high on the proactivity and social policy scales, but not on the technical assistance/capacity building or internal staff development scales. There were 296 foundations in this group.
3. *Proactive/Staff:* Foundations in this cluster rank high on the proactivity and internal staff development scales, but not on the social policy or technical assistance/capacity building scales. There were 230 foundations in this group.
4. *Low on All:* These foundations ranked low on all four of the scales. There were 224 foundations in this group.

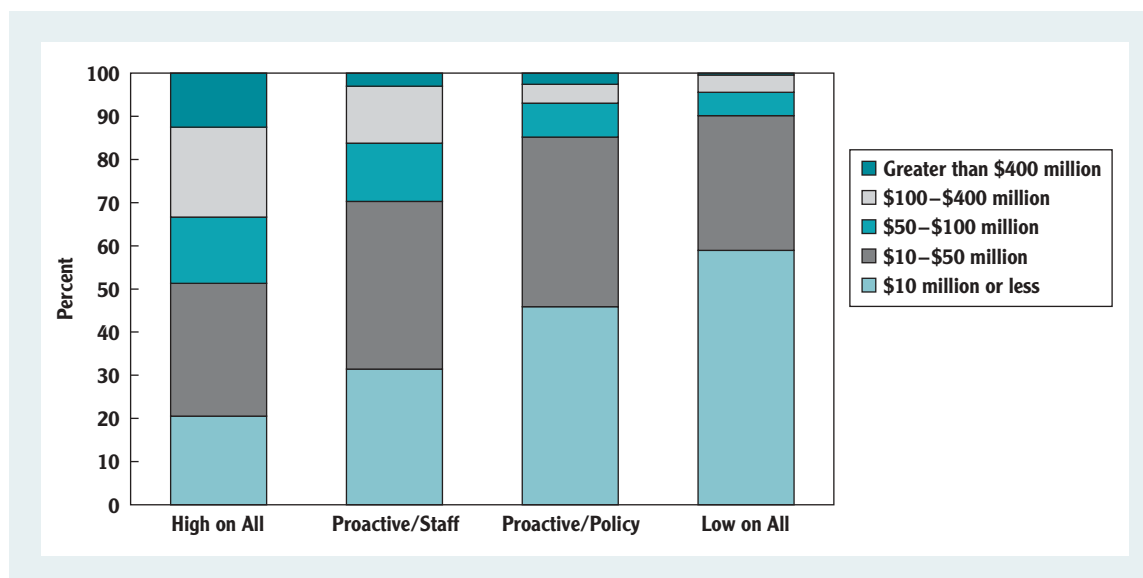
The various groups, particularly the High on All and Proactive/Staff clusters are diverse and include foundations of various types and sizes, although certain subcategories of foundations are more likely to be in the same cluster. For instance, among High on All cluster members, 13 percent have more than \$400 million in assets, but 21 percent have \$10 million or less in assets (figure 4). Likewise, 58 percent of the High on All group are independent foundations, but 35 percent are community foundations. The least diverse cluster is the Low on All group, which is comprised overwhelmingly of independent foundations (88 percent) and foundations in the two smallest asset categories (90 percent).

The subcategory of foundations whose members are most likely to be in the same cluster is by far that of foundations with more than \$400 million in assets. Among this subgroup of foundations, fully 71 percent are in the same cluster (High on All). In only one other instance do half or more of foundations of the same size or type belong to the same cluster (53 percent of foundations with \$100 to \$400 million are in the High on All group), although almost half of community foundations are in the High on All group.

### **Attitudes and Practices among the Clusters**

The clustering of foundations was based on scales that were constructed from certain items on the questionnaire (e.g., supporting foundation-designed initiatives). It was

**FIGURE 4. Typology of Effectiveness Frameworks: Cluster Composition by Foundation Size**



therefore a given that cluster membership would be related to responses for those items. As the following examples show, however, cluster membership also proved to be associated with a large number of other attitudes and practices—ones that did not go into the construction of the scales. This demonstrates that our typology does indeed capture a valid and important source of differentiation among foundations that helps us to understand distinct patterns of attitudes and behavior. For instance:

- A higher share of High on All foundations believe it is very important to publicize the foundation and its work in order to be effective. Fully 45 percent of these foundations hold this view, as compared with 11 percent of those in the Low on All group, and 34 and 25 percent in the Proactive/Staff and Proactive/Policy groups, respectively.
- A far lower percentage of foundations in the Low on All group believe that responding to social needs identified by grant applicants is important to achieving effectiveness. Only 25 percent of foundations in the Low on All group hold that view, as compared with 42 or 43 percent in all other groups.
- A far higher percentage (72 percent) of the Low on All group believe it is very important to keep staff size to a minimum. It is rated as very important by only 48 percent of those in the Proactive/Policy group, and by 38 and 25 percent of those in the Proactive/Staff and High on All groups, respectively.
- Fully 53 percent of the foundations in the High on All group reported that “strengthening particular organizations” was a very important goal of their grantmaking, as compared with between 33 and 38 percent of foundations in other groups. This is consistent with the High on All group’s higher rating on the technical assistance/capacity building scale.

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- Fewer foundations in the Low on All group funded unsolicited proposals. Fully 41 percent of them had *never* done so in the past two years, as compared with 17 percent of High on All foundations and 21 and 18 percent of the Proactive/Staff and Proactive/Policy group members that also had not done this. Conversely, 32 to 36 percent of members of other groups, but only 26 percent of Low on All members, had often funded unsolicited proposals.
  - Ethnic/racial diversity of the applicant's board or staff was not characterized as a very important criterion in grantmaking decisions by many foundations in any group, but the percentage of those that said it was somewhat *or* very important varies dramatically: Fully 47 percent of the High on All group said this, as compared with fewer than 13 percent of the Low on All group members. Between the other two groups, 24 percent gave this response.
  - The percentage of foundations that conduct formal evaluations of their work is smallest in the Low on All category (28 percent) and highest in the High on All group (62 percent). Among those that do conduct evaluations, there are variations in the importance of different reasons and intended audiences. Members of the High on All and Proactive/Policy groups were more likely to say that it was very important to evaluate their work for reasons that had to do with making some type of external impact. For instance, 48 percent of High on All members and 37 percent of Proactive/Policy foundations characterized contributing to knowledge in the field as a very important reason, as compared with only 23 percent of Low on All and 18 percent of Proactive/Staff members.
  - Those in the High on All and Proactive/Staff groups had more often conducted a strategic planning process; held a board retreat; conducted formal reviews of staff performance; reviewed grants for consistency with stated foundation priorities; and compared themselves with other foundations in the past two years than had members of the two other groups.
  - Greater percentages of the High on All and Proactive/Policy group members had invested or avoided investing in a company/business sector because of social, political, or environmental practices. Thus, 22 and 23 percent, respectively, had done this, as compared with fewer than 13 percent from the other groups.
  - Those foundations in the High on All group engaged in the largest number of communication activities, followed by those in the Proactive/Staff group, the Proactive/Policy group, and the Low on All group. Indeed, 43 percent of the Low on All group engaged in no communication activities. For example, 79 percent of High on All foundations and 60 percent of Proactive/Staff foundations published an annual report, but only 46 percent of Proactive/Policy and 29 percent of Low on All foundations did so.
  - Notably lower percentages of those in the Low on All group had engaged in collaborative and professional involvement activities during the past two years (e.g., participating in a formal co-funding arrangement, discussing issues of interest with

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government officials). The highest percentage of Low on All group members doing any of these activities was 43 percent. By contrast, more than 70 percent of High on All foundations had conducted each of the activities, and majorities of the Proactive/Staff and Proactive/Policy group members had engaged in three or more of these activities.

## Implications and Observations

Many of the conclusions that readers draw from this study's findings will depend on their own beliefs concerning the appropriateness and effectiveness of the individual practices queried in the survey. That said, we also believe that a set of general conclusions can be drawn from the myriad specific facts of this study—conclusions that are widely relevant to foundation leaders and staff and others concerned with strengthening foundation effectiveness.

1. *Assessments of and proposals to strengthen foundation effectiveness must recognize the heterogeneity of the foundation field and specify the types of foundations to which the assessments are (or are not) applicable.* Given the variation in foundation attitudes and practices, broad generalizations and aggregate statistics often mask substantial differences among subsets of foundations and therefore can be very misleading. Do most foundations conduct formal evaluations of their work? For the largest foundations, the answer is “yes.” For the smallest, the answer is “no.” As we have also seen, in key respects community foundations and private foundations have very different ideas about effectiveness.
2. *The role and significance of the donor needs to be incorporated into discussions of effectiveness.* Analyzing foundations according to multiple subcategories not only reveals variations, but also helps to identify commonly held attitudes and practices. As many ways as we subdivided the foundation world, again and again we found that, with the exception of corporate foundations, most foundations believe that adhering to the founding donors' wishes is a very important component of effectiveness.<sup>6</sup> Therefore, discussions of foundation effectiveness must talk *about* the donor and *to* the donor. If those in foundations view adhering to the founding donors' wishes as very important, then the way that donors formulate and convey their wishes (e.g., the balance between guidance and flexibility) becomes a critical part of implementing effectiveness. The impact of the founders' wishes is certainly recognized in the foundation world, and is a subject that is much addressed by those individuals associated with family foundations. Lacking in the effectiveness literature, however, is the link between the issue of

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6. Corporate foundations were the sole exception. Forty-four percent of corporate foundations believed that adhering to the founding donors' wishes is very important. Our data did not permit us to differentiate foundations housed in corporations that had been sold, merged, or taken over since the foundation was started, but it would be interesting to examine whether the percentage is higher in corporate foundations where the “founding donor” is also the “current donor.”



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adherence to the founders' wishes and discussions of *organizational* performance. The subject of adherence to the donors' wishes is perhaps a controversial one, and one that may sit uneasily within the organizational focus of the effectiveness literature; however, it is clearly one that needs to be addressed because of its prevalence.

3. *A substantial number of foundations are not engaging in practices that, by their own standards, are important to effectiveness.* For instance:

- Among foundations that say it is very important to have a strong organizational infrastructure in order to be effective, 30 percent never or rarely provided formal opportunities for staff development and training in computers/technology; 45 percent never or rarely provided such opportunities for training in internal management; and 29 percent never or rarely provided opportunities for training in grantmaking.
- Among those that say it is very important to collaborate with external groups, 41 percent had not participated in a formal co-funding arrangement in the past two years, 42 percent had not discussed issues in the foundation's interest areas with government officials, and 34 percent had not convened people from outside the foundation to inform foundation activities.
- Among those that say it is very important to respond to social needs identified by grant applicants, only 30 percent had solicited anonymous or nonanonymous feedback from grantees through interviews, focus groups, and/or surveys during the past two years.
- Among those that say strengthening particular fields of activity is very important to what the foundation is trying to achieve in its grantmaking, only 28 percent had conducted a needs assessment of their field or community during the past two years. Likewise, such a needs assessment had been conducted by only 30 percent of foundations that said it was a very important goal to strengthen the foundation's local community or region.
- Among foundations that say it is very important to establish focused and limited grantmaking areas, 29 percent funded in four or more areas.
- Among those that say conducting formal evaluations of funded work is very important to being effective, fully 33 percent do not conduct them (although 9 percent said they plan to begin doing so within the next year).
- Of those that say to be effective it is very important to solicit outside advice, 26 percent said that community input was not at all or not very important in the formulation of their grantmaking program priorities, 32 percent had not convened people from outside the foundation to inform foundation activities, and 62 percent had not solicited anonymous or nonanonymous grantee feedback through surveys, focus groups, or interviews.



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These statistics clearly show that one of the most basic and immediate steps that any foundation can take to strengthen its own effectiveness is to review its practices in relation to its stated priorities and values for consistency, and, if these are not consistent, either alter/expand its practices or rethink its priorities.

4. *Foundations and those individuals seeking to strengthen foundations need to consider carefully their level of awareness and responsiveness in relation to their external environment (e.g., media, grantees, the general public).* In various ways, our findings do indicate a level of insularity in the foundation world that seems ill-suited to institutions that—however effectiveness is defined—exist to serve some wider public benefit and that ultimately depend on public legitimacy for their continued existence. Our findings raise questions about whether foundations are adequately taking in information from the outside as the basis for decisions that they make, and whether they are adequately conveying information about themselves to external constituencies. Consider the following examples:

- Only 14 percent of independent foundations and 33 percent of corporate ones believe that it is very important to publicize the foundation and its work. (In contrast, fully 84 percent of community foundations believe this is very important.) Clearly, private foundations have not connected their communication with the broader public to their concept of effectiveness, and this may in part explain the media's negative portrayal of foundations. A considerable portion of foundations (about 43 percent) apparently do feel that they are doing only a fair or poor job in communications and public relations, but unless they believe that doing better is integral to their effectiveness, it is uncertain that they will expend much effort to try and do better.<sup>7</sup> Still, even among those that do believe that publicizing the foundation and its work is very important, 28 percent believe that they are doing only a fair or poor job of it—indicating that this is clearly an area for focus by those seeking to devise ways to help foundations be more effective.
- By far, most foundations said that their grantee relations were good or excellent. However, among those that said they are excellent, only 29 percent had solicited anonymous or nonanonymous grantee feedback through interviews, surveys, or focus groups during the past two years. Among those that said it is good, only 25 percent had done so. The finding raises questions about the basis upon which foundations are making this judgment.
- As noted earlier, a low percentage of those foundations that say they value strengthening their local community or a particular field of activity had actually conducted a needs assessment of their field or community. Again, this raises questions about how foundations are determining what needs to be done to strengthen the local community.

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7. Attitudes concerning the importance of publicizing the foundation and its work were indeed related to levels of engagement in communication activities.

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- Virtually all foundations believe their grant quality is good or excellent—yet only 44 percent conduct formal evaluations of their work.

We do not know what these foundations are doing in their day-to-day programs and activities, and it may be that many of them in fact have good relationships with grantees and are making good grants—that is not something that this survey can determine. What is important, however, is to highlight that foundations appear to be functioning in the area of communications at a level of insularity that warrants serious thought by those who run institutions intended to serve a public purpose—and are increasingly being called upon to show that they do.

5. *Foundations should consider what information they really need to pursue their goals (as per above), and how they can better use information that they do collect and connect it to their mission and goals.* This conclusion is indicated not only by findings we have already discussed, but also by responses to survey questions on evaluations. Overwhelmingly, foundations want to learn about whether their original objectives were achieved and about the outcomes of funded work. But other findings raise questions about what foundations then do or want to do with this information. Only 54 percent of independent foundations and 51 percent of corporate foundations say that a very important reason for conducting formal evaluations is to strengthen future grantmaking (in contrast, 77 percent of community foundations gave this response). On the other hand, foundations apparently are not typically conducting formal evaluations in order to make an external impact—only 15 percent of independent foundations and 19 percent of corporate and community foundations make the results of their evaluations public. Moreover, fewer than 20 percent (of any type) say that a very important reason they conduct evaluations is to strengthen public policy; only 28 percent of independent foundations and 32 percent of community foundations (but 38 percent of corporate foundations) say that a very important reason is to strengthen organizational practices in the field; and 35 percent or fewer of each type say that contributing to knowledge in the field is very important. These findings certainly suggest that foundations might look for more effective ways to utilize evaluation results, whether internally or externally.

This executive summary has presented major study findings, drawing from the more extensive discussion in the full study report. Yet this summary and the report represent but a first step in mining and analyzing what the rich and voluminous data amassed by this study have to tell us. Much remains to be done as foundations and those who work with them search for ways to strengthen the effectiveness of individual foundations and the field as a whole.





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