



Evaluating Your Philanthropic Investments

Assessing the return on your philanthropy will help ensure that you achieve the greatest possible impact. At the Center for Strategic Philanthropy, we have developed an evaluation framework to guide philanthropists' efforts to make more informed strategic decisions about where and how to invest their philanthropic capital.

There are three key drivers of success. To measure impact objectively, organizations must focus on:

- 1 Strategy**
- 2 Collaboration**
- 3 Effectiveness**

These measures provide you with information you need to inform your philanthropic priorities and track the impact of your giving within a functional framework.

When we invest our money, we look for the best return on investment. When we donate it, shouldn't we look for the best return on philanthropy?

STRATEGY

How do exemplary organizations develop and implement strategy?

Strategy focuses on organizational policies and mechanisms that ensure funds are being used responsibly and effectively to achieve the organization's goals and generate a social impact. Evaluate an organization's strategy by reviewing these three areas of focus:

1. Planning
2. Management
3. Financial Sustainability

Planning – Key Questions

1. Does the organization have a current strategic plan that articulates its goals and understanding of the field?
2. Does the plan detail the activities that will help achieve those goals?
3. Is the strategy consistent with the organization's mission and resources?
4. Does the organization seek out unbiased advice on its strategy from a diverse set of experts, including those with lived experience of the issue at hand?

Management – Key Questions

1. Who runs the organization's day-to-day management and strategic planning?
2. What are the backgrounds of members of the senior management team?
3. Does the organization appear to be driven by a cohesive team of leaders rather than a single person?

Financial Sustainability – Key Questions

1. Does the organization receive funding from a diverse set of donors?
2. Does the organization have a fundraising plan that sets out goals and strategies for attracting a diverse set of donors?
3. Does the organization publish financial statements, to ensure transparency with internal and external stakeholders?

COLLABORATION

How can an organization demonstrate its commitment to collaboration?

Collaboration is critical to successful systems change, as well as innovation. Consider the following:

Community Engagement – Key Questions

1. Does the organization have deeply-rooted ties to the communities it serves?
2. Does the organization conduct activities aimed at understanding the needs of affected communities?
3. Does a representative of the affected community sit on the organization's board, or is there a separate community structure?
4. Does the organization have mechanisms in place to regularly communicate with the affected community?

Strategic Partnerships and Knowledge Sharing – Key Questions

1. What kinds of strategic partnerships does the organization have to help advance its mission?
2. How does the organization collaborate with other organizations working on similar issues?
3. Does the organization create and leverage opportunities to share knowledge among other organizations or communities?

EFFECTIVENESS

How do you objectively measure an organization's effectiveness and impact?

Measuring effectiveness may start by looking at an organization's ability to achieve its own objectives and may require input from external experts. Consider the following:

Milestones and Monitoring – Key Questions

1. How does the organization track progress?
2. Are project milestones linked to the goals laid out in the strategic plan?
3. What are the organization's most important milestones?
 - a. Do outside experts consider these to be significant contributions to advance the issue area or cause?
4. Is funding tied to the achievement of milestones?
5. Are projects designed with the flexibility to allow for mid-course corrections if a project gets off track?

Strategic Achievements – Key Questions

1. What is the organization's track record in achieving the milestones it has established for itself?
2. If some milestones have not been met, can the organization reasonably explain why not?