

# Decree or co-create? How to decide what is working



**Brenda Solorzano** is CEO of the Headwaters Foundation.

✉ [brendas@headwatersmt.org](mailto:brendas@headwatersmt.org)

📍 @HeadwatersmtCEO

**Stephanie Schilling** is Evaluation and Operations associate, Headwaters Foundation.

✉ [stephanies@headwatersmt.org](mailto:stephanies@headwatersmt.org)

The success or failure of initiatives is often determined by the donor without much reference to the grantee. Ironically, this can make it seem to the funder that what is a success is really its unwanted opposite

There is an undeniable power dynamic in philanthropy between funders and beneficiaries; this is particularly obvious when it comes to defining success and failure. Because philanthropy controls the money, it defines what non-profit success (or failure) looks like. The limitation of this is that philanthropy is not on the ground doing social change work, and yet, when there is success, philanthropy takes the credit and attempts to correlate how their funds caused the improvements. But are funders best positioned to define impact in the first place? Are there more equitable evaluation approaches that share or cede power to define success to grantees and the communities they serve?

### A cautionary tale

Instead of partnering with non-profits and engaging in dialogue about what they're learning and accomplishing, the industry standard is to document a set of canned metrics for non-profits to 'prove' they made a good use of the funds. This leads to collection of information around impact that is rooted in what foundations want to hear and not what they need to hear. It also exacerbates the power dynamic that keeps grantees from taking risks, sharing

challenges and creating more meaningful opportunities for learning.

An example of this occurred when a foundation attempted to incentivise non-profits working on healthcare access to incorporate quality-of-care issues into their work. The foundation's belief was that providing grants to health advocacy groups for quality-of-care issues would increase advocacy on those issues. It defined the work and developed a theory of change that included a set of outcomes and indicators and then selected six statewide grantee partners. Each of these organisations used the funds to hire staff, attended all the foundation events, and then submitted quarterly reports detailing the work they were doing to address quality-of-care issues. Foundation staff presented the results internally to demonstrate progress against outcomes. Based on this, the foundation continued to fund these organisations over a period of five years.

However, the funded organisations did not prioritise quality-of-care issues. Instead, they used their staff to do the work that was central to their mission and added 'quality-of-care' language to anything they shared with the foundation. Seeing minimal





Headwaters Foundation

In 2019, Headwaters created its theory of change and evaluation and learning framework. Using the trust built in the previous years, Headwaters asked its grantee partners to identify which outcomes they thought were important to track to achieve the change that communities wanted to see. Headwaters' evaluation and learning framework is centred around listening, learning and sharing grantee stories highlighting success and areas for improvement based on lessons learned.

Headwaters' evaluation and learning framework also shifted the burden of collecting stories of change from grantees to staff. Rather than having a reporting process imposed on them, grantees shape the learning experience they want. Reporting is done through conversations. Staff enter the information collected into a knowledge management system, which is part of the grants management system and is where grantee stories are linked to outcomes from the theory of change. Staff then use the knowledge management system to create an annual learning book divided into three sections:

- 1) Accountability, which is what Headwaters as funders can control and where staff look to assess how the foundation is doing (number of grants awarded, results from staff surveys, the foundation's Glass Pockets rating, the annual staff goals dashboard, etc).
- 2) Staff uplift grantees' stories to learn about the work they support, looking at successes as well as challenges.
- 3) Staff look at impact indicators using external data sources to track how health is changing in Montana over the long term.

Headwaters Foundation uses learning work to:

- allocate resources and prioritise investments that have shown progress against the outcomes prioritised by grantees

**Above:** Headwaters' evaluation and learning framework enables grantees to shape their learning experience.

- make changes to strategy to better align with what staff are hearing from grantees
- understand and illustrate the effectiveness of a community-led, trust-based model for addressing the social and economic barriers to health and well-being, including the assets and strengths of communities
- build mutual learning relationships with partners.

The impact of this shift has been significant for Headwaters Foundation. First, there is more buy-in and commitment to the work by both grantees and staff because it is prioritised by grantees and the communities they serve. Because staff have focused on building trusting working relationships with grantees, they hear candid stories about what is happening on the ground. In other words, grantees feel they can be honest about what's not working and they and foundation staff collaborate to solve the problem. Early admission of failure means less wasted time and resources. Grantees are also more comfortable taking risks because the foundation's approach is about learning what works. The time that grantees spend doing mission critical work has increased because they are focused on doing the work instead of chasing funds or writing reports on what they think the foundation needs to hear. Finally, board conversations on impact have shifted from short-term metrics towards a better understanding of the ecosystem Headwaters funds and the realities of advancing long-term systems change on health equity, which in turn informs resource allocation.

Headwaters Foundation recognises that their approach is not perfect. But by sharing their story of how they worked with the grantees to define success and share learning, they hope they can be a part of a larger conversation that eventually shifts the industry standard on measuring impact to one in which grantees' role is to define and measure success and philanthropy's role is to listen and learn from grantees. ●



Headwaters' evaluation and learning framework is centred around listening, learning and sharing grantee stories highlighting success and areas for improvement based on lessons learned.