

Seeking a Bigger Bang for the Philanthropic Buck

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... Paul Shoemaker is a former Microsoft executive and founding president of [Social Venture Partners International](#)

. The organization, which Shoemaker started in Seattle with other business leaders, has now spread to twenty-three cities. It works to make nonprofit organizations more effective by having donors from the business world donate time and expertise as well as money.

Shoemaker acknowledges the complexity of measuring the progress of all types in nonprofit work, but thinks it may be possible to create standards for some of the most common activities and to get funders and the nonprofits to agree to them.

"You can't create a taxonomy for every issue and every problem out there, but you can acknowledge that 90 percent of the nonprofits take on these twenty areas, and then agree to key indicators of progress," Shoemaker says. "That would solve a big part of the problem.

"It's hard for people to get their brains around it, but it's doable," he said. "We need to identify some ecosystems (of grantmaking for a certain problem) and take it on to see if we can create a system."

Shoemaker said efforts to do this will have to be led by funders. Otherwise, nonprofits will have little reason to change their behavior, and many will lack the resources to undertake such a task.

Encouraging Nonprofits to Chart Progress

"The outcome side does belong to the nonprofits," he adds. "Many of them are not clear enough about their theories of change and about how they track the outcomes of their work. And some

organizations that do still don't use this data to improve their delivery of services."

But not everyone is convinced that more and better information about the performance of nonprofits will bring hoped-for improvements.

"I have big questions about the fundamental premise that high-quality information leads to better decisions," says Aaron Dorfman, executive director of the [National Committee for Responsive Philanthropy](#) in Washington, D.C. "Larger foundations would be receptive to having the information, but with smaller foundations and individuals it really depends."

Dorfman also says he worries that encouraging some donors to demand information about nonprofits' progress could backfire if the donors aren't sufficiently knowledgeable about what to seek. "It actually could lead to bad behavior on the part of donors."

He is also concerned that large funders demanding the use of certain yardsticks to measure progress could have unintended consequences. "If they get it right, it could be good," he says. "If it stifles innovation, it could be a bad thing."

Dorfman is more supportive of the study's call for nonprofit organizations to do more to track their own progress toward their goals and to share that information. "Having better information about performance will make nonprofits more effective even if it doesn't shift where the donor dollars go," Dorfman predicts. "And that shared information will help everyone in the sector."

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