The International Network of Women's Funds (INWF) has a problem. While they sincerely believe that the work done by women's funds around the world is making a critical difference in the lives of women, families and communities, they can't prove it. They can tell deeply moving personal stories of changed lives and improved social and economic conditions. But what it all adds up to, they don't know.

One of the first questions prospective funders ask groups such as INWF is, “Do you have any data that demonstrates your impact?” The underlying concern beneath this question is, “I'd love to believe that your work is effective and that my investment in it will pay off. But how do I know you are not just cherry-picking the best stories to tell me? Have you really figured out how to make a sustainable difference in the lives of women, families and communities? How can I demonstrate to my board that my investment will be a good one?”

The issue here, of course, is accountability. Prospective funders don’t just want to make an investment and hope for the best – they want to be confident that their investment will actually create positive change. And they have every right to ask for compelling evidence that their grantmaking has a reasonable chance of paying off.

But while funders have become increasingly focused on holding grantees accountable, they are still largely blind to the fact that how they work is every bit as important to achieving impact as the work of their grantees. If foundations actually understood this, they would be doing much more than they are now to hold themselves accountable for the outcomes they seek to achieve. Specifically, they would be paying better attention to the role that data can play in increasing their effectiveness.

In fact, if we wanted to measure just how well foundations are holding themselves accountable, I would argue that we should track the extent to which they compile, share and use data about their work.

To understand why data is crucial to the way foundations work, we need to look more closely at what “achieving impact” actually amounts to. First of all, achieving impact is not simply a function of finding and funding the right grantee. As Mark Friedman explains in his must-read book, *Trying Hard is Not Good Enough*, achieving lasting social impact is possible only through “broad partnerships that take collective
responsibility for progress.” No organization, no matter how powerful, can single-handedly bring about true social impact. What a single organization can do is create specific programs that can make a difference for certain people in certain communities at certain times.

To understand why this is the case, a picture might help. Any community of any size is made up of a complex, relatively entrenched network of inter-locking relationships among individuals, families and organizations. You might think of it as being like a “buckyball” (pictured on page 6) except far bigger and far more inter-connected.

With such a picture in mind, try to imagine what kind of an intervention you could make at a specific point within the community in order for its effects to be felt at the community level. You might shake up some local entities and relationships, but how far will the ripples carry? And for how long will those local effects be felt before the deadening inertia of larger network connections quiets them back down?

It is precisely because communities have this entrenched, interconnected character that foundations began talking during the past decade about the importance of developing theories of change. Unless you are only interested in local, short-term change, you have to work from a more sophisticated model about how “systems” can be changed, so that change can be more than local and more than temporary. And that model must take into account the fact that foundations are not operating alone and cannot unilaterally make change happen. It takes a village to change a village.

So, what does this all have to do with data?

Ironically, part of the problem with discussions about “data” and “why the field needs data” is that they focus too much on data! Foundations don’t need data, per se; rather, they need the philanthropic equivalent of market intelligence so they can design their interventions based upon the best possible understanding of the environment in which they are working. This is essentially what we mean when we invoke terms like “strategic philanthropy.”

What kinds of “market intelligence” do foundations need to work strategically? In a nutshell, they need to understand at least four things:

1. The situations of potential constituencies.
2. Unmet needs among those constituencies.
3. Mechanisms for meeting those needs.
4. The work of other entities operating in that “market.”

Understanding potential constituencies means gathering intelligence on who the people you seek to help are. Where do they live? What do they look like demographically? How do they fit into the larger social, cultural and economic environments in which they are situated?

Understanding unmet needs among those constituencies means gathering intelligence on the scope of the problems or issues that disproportionately affect them. How are specific constituencies (e.g., women, people of color, rural populations, people with disabilities and other populations) affected by these problems or issues?

Understanding mechanisms for meeting the needs of constituencies means gathering intelligence on the types of interventions that have been tried and with what levels of success.

Understanding the work of other organizations operating in the same “market” means gathering intelligence on the activities of other foundations, as well as bilateral and multi-lateral organizations that are working on the same problems or issues. What are their theories of change? What types of interventions are they engaged in? What organizations on the ground do they work with? How does the work of your foundation fit into this picture?

Systematically gathering intelligence in each of these areas minimizes the risk of making poor investment decisions. Put another way, by thoroughly understanding the environment in which they are operating, foundations put themselves in the best possible position to make a difference through their work.

So what, specifically, should foundations be doing to make this vision of “strategic philanthropy” come true? Now, we’re ready to talk about data.

Foundations are basically in control of their own destinies when it comes to the third and fourth areas of market
intelligence listed above – namely, understanding the different mechanisms being employed to meet needs and understanding the work of other entities operating in the “market.” To put it bluntly, foundations can either compile and share data with their peers about their grantmaking practices in order to work together more strategically or they can continue to operate as lone wolves, content to tug compulsively at different spots on the buckyball only to watch it snap back to its original shape once their funding has ended.

To work together strategically, foundations need to know five basic things about each other’s grantmaking (besides which organization received the grant and how much it was for):
1. What is the subject of the grant?
2. What type of work does the recipient organization do?
3. What type of support will be provided?
4. What geographic area will be served?
5. What population group(s) is the grant intended to reach?

Imagine what could happen if each foundation had access to this kind of information about every other foundation, allowing existing services to be mapped against perceived community needs.

Through an exhaustive, multi-year process working closely with individual foundations, regional associations of grantmakers, the Council on Foundations, the D5 Coalition, and organizations such as NCRP and Marga, Inc., the Foundation Center has developed a robust set of data standards and methodologies for collecting and sharing this kind of information with the field. The technical hurdles associated with making this vision of foundation transparency a reality have already been surmounted. Now, it is simply a matter of summoning the collective will to fill in the gaps.

There are glimmers that this way of operating is beginning to take hold in various corners of philanthropy. Examples can be found in the recent emergence of knowledge-sharing coalitions among funders around issues such as water access, sanitation and hygiene (WASHfunders.org), black male achievement (BMAfunders.org) and improving U.S. democracy (democracy.foundationcenter.org). Each of these funder groups has committed to sharing data on their strategies, grantmaking practices and results in order to improve their chances of creating lasting social impact.

The field is also making serious noise about taking this vision to scale. At its annual meeting in San Diego at the end of July, the Forum of Regional Associations of Grantmakers announced that it had entered into a framework agreement to “combine the trusted grassroots reach of regionals with the advanced data and tools of the Foundation Center.” At the heart of this developing relationship is the systematic sharing of data among the members of each regional association.

And the International Network of Women’s Funds? They have secured major funding to develop appropriate tools for monitoring and evaluating the work of women’s funds so they can begin to answer, without evasion, the question, “Can you demonstrate impact?”

Moreover, they have committed to pooling the collective intelligence of their members by submitting all of their grantmaking data to a centralized database accessible to the entire network and managed by the Foundation Center. They have adopted, as their own, the vision of working strategically through compiling and sharing data with their peers. To my mind, at least, this is philanthropy at its best.

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