

Bookshelf

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Evaluating Performance Improvement in the Non-Profit Sector: Challenges and Opportunities

By Vic Murray and Kim Balfour

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REVIEWED BY COLIN GRAHAM

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Rudyard Kipling's prudent British private who confessed, "But I'd shut my eyes in the sentry-box, so I didn't see nothin' wrong" is not seen as an appropriate model in these days of focus on organizational and governance accountability.

In this book the authors develop recommendations for where those who want to improve the effectiveness of the nonprofit sector through better accountability should put their efforts. They start with the premise that the sector lacks market mechanisms and clear performance indicators for decision makers to use, such as return on investment and share of market.

They outline the basic concepts and process of evaluation and set out the ideal evaluation process. They see this as a clear statement of objectives and of the desired outcomes, with indicators that are timely and feasible to use in terms of cost and effort. They advocate two basic logic models for the analysis of results: "Measurement" logic models that make clear the assumed links among input indicators, process indicators, outcome indicators and goals, and "Level of focus" logic models that make explicit the links among performance evaluations of individuals, programs or organizational units, systems and organizations.

They go on to cite the many pitfalls and difficulties with a seemingly ideal evaluation process: technical difficulties that can cast serious doubts on the conclusions and psychosocial reactions that occur when people are subjected to evaluation by others.

This is followed by a comprehensive discussion of 19 available evaluation systems (11 of which are aimed at evaluating the organization as a whole), with references to related literature on each.

Their conclusion: “Finally, for evaluation to succeed, attention must be paid to creating an entire ‘culture of accountability’ in which acceptance of responsibility is not something that is seen as threatening but is energizing and an incentive to learn and change.”

This is an excellent resource book and goes hand in hand with the book reviewed below, *A Review of Evaluation Resources for Nonprofit Organizations*, and with *Benchmarks of Excellence for the Voluntary Sector* by Linda Mollenhauer (reviewed in *The Philanthropist*, Volume 16, No. 3 and available from the Canadian Centre for Philanthropy).

A Review of Evaluation Resources for Nonprofit Organizations

By Sandra L. Bozzo and Michael H. Hall

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This is a research report for the Canadian Centre for Philanthropy which is designed to assist voluntary organizations to find the information products or tools to help them in their evaluation efforts. The authors assess the current availability of tools, i.e., guides, manuals and resource books, that can be used by voluntary organizations to help them evaluate their programs, then go on to appraise the adequacy of these tools.

They undertook to review in detail 14 of the 22 evaluation manuals they identified and to classify them as “Program logic / Outcome measurement manuals”, “Participatory, Empowerment and Collaborative Evaluation manuals”, or “Balanced Scorecard manuals”. The individual manual reviews speak of purpose, description, strengths and weaknesses.

This book is a thoughtful resource for those seeking to develop a more in-depth evaluation of their organizations using tested and available techniques. It complements the other two publications noted above: *Evaluating Performance Improvement in the Non-Profit Sector: Challenges and Opportunities* and *Benchmarks of Excellence for the Voluntary Sector*.

Making Change: Fifty Years of the Laidlaw Foundation

Edited by Nathan Gilbert and Joyce Zemans, ECW Press, 2001, C\$18.95.

REVIEWED BY ANDRÉ PICARD

Author of A Call to Alms: The New Face of Charities in Canada, published by Atkinson Charitable Foundation, 1997.

First things first: to correct a common misconception, the Laidlaw Foundation has no connection to the once mighty and now bankrupt corporation whose name is emblazoned on school buses, tractor trailers and dumpsters.

The foundation has its roots in a much more modest, but ultimately more successful enterprise: R. Laidlaw Lumber Co.

R.A. (Robert) Laidlaw and his brother W.C. (Walter) Laidlaw established the foundation in 1949, with an original donation of \$50,000. The family's philanthropic tradition dated back centuries, and in Canada to the turn-of-the-century when the sons of a Scottish shepherd began to build their fortune in forestry. The foundation was created to formalize and organize some of their giving. (But they made clear from the outset that the foundation would supplement, not replace the gifts of family members.) The entrepreneurs, who hated paying taxes, also recognized that a formal structure would confer some tax benefits.

Making Change: Fifty Years of the Laidlaw Foundation, begins with a straightforward biography of the Laidlaw family, setting the stage for the establishment of the foundation. Strong ties to the Presbyterian Church help to explain why the family is so committed to giving but one anecdote is more telling about the broader philosophy that motivated them. The authors note, in passing, that R. Laidlaw Lumber Co. never laid off a single employee. For a business working in the volatile resources sector that is highly unusual, but the owners chose to scale back everybody's wages (including their own) in hard times and bring them back up when the industry picked up, to ensure that all could care for their families.

After a brief introduction to the family, the book continues in the biographical vein but shifts from individual brothers (the women, barely involved in business, are mentioned only in passing) to the evolution of the foundation itself.

The Laidlaw Foundation, with \$65 million in assets is, and always has been, a relatively small player in the charitable sector. It ranks as the 26th largest private foundation in Canada and seems microscopic next to giants like the \$21 billion (U.S.) Bill and Melinda Gates Foundation.

But, as *Making Change* deftly demonstrates, the Laidlaw Foundation has been influential beyond its means and beyond its grants. (Though, at \$38 million over the years, these grants are not insignificant.)

In fact, the story of this highly respected foundation illustrates well the evolution of philanthropy in Canada over the past 50 years. The Laidlaw family went from giving gifts to institutions with which they had personal ties (as wealthy families tended to do), to responding to applications (as more broadly-based foundations tended to do) and then to a strategy of seeking out innovative groups to fund in targeted areas.

In the process, it has evolved from a closely controlled family foundation into what is essentially a public foundation, having operated with fewer than 50 per cent family members on its board since 1971.

At the end of *Making Change* the authors, Nathan Gilbert, the current executive director of the foundation, and Joyce Zemans, a respected academic and art historian, ask if the Canada Customs and Revenue Agency should create a distinct status for foundations like Laidlaw, a designation they call “private public-interest foundations”.

It is a good question, but one that they do not answer. That is the frustration of the book: it is rich in factual detail, but short on analysis. The story of the Laidlaw Foundation is worthy of a book-length telling but the excellent combination of biography and chronology in *Making Change* needs to be fleshed out and placed in context. Instead, the authors, perhaps out of modesty, have simply quoted a few experts who, in passing, talk about the importance of the Laidlaw Foundation. The reader is left to divine how the Laidlaw’s often innovative and groundbreaking approach has influenced the sector.

Even in its early years the foundation demonstrated support for a broad range of established and fledgling enterprises including: the Toronto Hospital for Sick Children, the National Ballet and, the McMichael Canadian Collection, as well as their alma mater, Upper Canada College. Yet, even then, there was a hint that the foundation was willing to take its giving beyond the traditional triumvirate of churches, schools and hospitals. Their pet cause was Central Neighborhood House, a “settlement house” for new immigrants and a model for today’s community-based social service agencies.

That approach would be embraced more fully by Rod and Nick Laidlaw, two brothers who guided the foundation into its second generation. (One of the remarkable things about Laidlaw is that, while many family foundations flounder and collapse when the founders die, it became infinitely stronger.) The brothers introduced the idea of using external reviews and advisors – a rarity in the early 1960s – and actively studied some of the world’s great charities, like the Rockefeller Foundation and the Cadbury Trust, with the goal of emulating their professionalism.

It helped that, around the same time, the foundation received a large infusion of assets. W.C. Laidlaw, an heirless bachelor, left it \$7 million and stocks and,

when R.A. Laidlaw died, his home went to Frontier College, the literacy group, and the surrounding property to the National Ballet.

The book features many charming anecdotes. One of them is about Nick Laidlaw, probably the only Canadian philanthropist who was ever thanked at the Academy Awards – for his financial support of a documentary about music great Artie Shaw that won the coveted Oscar.

Nick Laidlaw also challenged the foundation to move away from its conservative roots, to take full advantage of the freedom afforded family foundations to innovate and take chances. Thus, the foundation was a generous supporter of the University of Toronto’s Institute of Child Study, the Daily Bread Food Bank and the Canadian Centre for Philanthropy.

The two brothers, Rod and Nick, gave much thought to leadership succession, a problem which is often the downfall of foundations. The foundation went through a rough patch as they toyed with a family committee, revamped boards, and other forms of governance before actually making the most daring leap – transforming the family’s beloved foundation into a public trust. “The decision is almost without parallel in the history of Canadian private family philanthropy”, the authors write. “It was, nevertheless, a logical evolution and was entirely consistent with the foundation’s activities from the early 1960s onwards.”

Since that transformation into a public trust, the Laidlaw Foundation has truly blossomed and become the envy of many other charities which operate under political constraints. The foundation has invested in children’s mental health, residential programs for people with emotional and substance abuse problems, supported groups for ex-convicts and the foundation of self-help groups for ex-psychiatric patients. The foundation has maintained its support for the arts, but moved away from now well-established organizations like the National Ballet and Shaw Festival to small, daring performing arts groups. The Laidlaw Foundation has also invested heavily in the environment, entering that field long before it became popular.

In recent years, much of the credit for this innovation and risk-taking goes not only to the board, but to the executive director, Nathan Gilbert. However, as an author, he has been too modest and failed to share his vision fully enough. Doing so would move *Making Change* from the category of interesting reading into the must-read.

The World of the Gift

By Jacques T. Godbout, in collaboration with Alain Caillé
(Translated from the French by Donald Winkler)

Published by McGill-Queen's University Press, Montreal 1998, pp. 256, \$29.95.

REVIEWED BY WALTER ROSS

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a founding director of Temagami Community Foundation

“Utilitarianism, Marxism, structuralism are all sad and disillusioning. Perhaps we’ve all been conned by modernity, but that’s the way it is. Innocence has been lost forever. Might as well make the best of it and not give in to nostalgia for the past, for we must all be brave little moderns.” Is this all there is? Or is it possible in the modern world “to establish ties” as the fox says to Saint Exupéry’s Little Prince?

The authors Jacques T. Godbout, research professor at the Institut national de la recherche scientifique, Université du Québec, and Alain Caillé, professor at the Université Pius X and director of the Revue du MAUSS would like to think so. The *World of the Gift* is their attempt to emphasize the importance of the social in a world increasingly dominated by big business and big government.

I must begin with a confession. In important respects I am unable to do justice to this book, a largely academic exploration of the cultural history of the gift in archaic pre-industrial societies. While I have some degree of familiarity with Jeremy Bentham, John Stuart Mill and Karl Polanyi, I had not previously encountered the anti-utilitarianism of Marcel Mauss and I am in unfamiliar territory with the ideas of Claude Levi-Strauss, Jacques Lacan, Jean Baudrillard and René Girand.

It will be evident even at this stage of this review that this is not a book about “gifts” in the sense that many readers of *The Philanthropist* encounter on a day-to-day basis. It is not about Canadian tax policy for charities or about recent developments at the Canada Customs and Revenue Agency. And to the best of my knowledge this book has not been prescribed required reading for members of the Voluntary Sector Initiative.

The World of the Gift (a translation of *l’esprit du don*), even though it has not been easy to read, has been stimulating.

The first segment of the book discusses the gift in its many aspects in modern liberal society. The authors identify three spheres for purposes of their analysis: the sphere of the marketplace; the sphere of the state; and the domestic or private sphere of interpersonal relations, friendship and family. As gifts are defined very broadly to include all acts of giving, transmitting, caring and compassion, they are primarily located in this third sphere. Nevertheless,

gift-giving practices appear in many guises in the other domains as well and the motivational aspects of gift giving in all spheres are considered in relation to a cycle of giving, receiving and reciprocating. In the world of the marketplace, motivations for gift-giving – similarly defined but also including a discussion of corporate gift giving practices – become very complex, particularly when the institutions of the marketplace become larger and more remote. In the world of the state the authors consider what happens when the state “supplants the gift” in the private sphere thereby reducing, in their view, the capacity for compassion. Finally, the motivations for, and implications of, gifts between strangers in modern society are considered.

The second section of the book delves into the world of the “archaic” gift, and the various interpretations of the archaic gift. The practice of the potlatch, and the kula (the symbolic gifting practices of the Tobriand Islanders on northwest New Guinea) are discussed. As the authors move in the direction of the modern gift these pre-industrial practices are viewed through a modern lens.

The final segment of the book brings us to the modern day considering the paradox of freedom and obligation, the idea of disinterestedness and the many examples of obligations to, and gifts to, strangers (the Needs of Strangers in Michael Ignatieff’s words). Can gifts in a modern sense provide a third system of exchange, a counterbalance to the dominant systems of the state and the market? That is the question the authors would like to answer, optimistically, in the affirmative.

The above very brief and inadequate summary does not do justice to the book, nor does it give any hint that the book, in addition to its academic basis, is a delightful rant. It is a contribution to the growing socio-economic literature that seeks to demonstrate the limitations of *homo economicus*.

A few quotations will illustrate. The authors remind us that both states and markets are social inventions. No invisible hand here. “Modern society tends to invest entirely in the horizontal circulation that involves the entire planet through the free exchange of everything by all while taking no interest in vertical transmission, to the point of destroying the planet and reproduction by behaving as though it constituted the last generation”. We need to “abandon the paradigm of growth” and the marketplace must become a “good servant rather than a bad master”. Economists need to become, “as Keynes wished, as modest as dentists”.

The authors extend their critique to the modern welfare state which becomes “that great enterprise of cutting us loose from our obligations”. They write: “the modern individual, pseudo-emancipated from the duty of reciprocity, staggering under the weight of what she or he receives without making any return, becomes a great invalid, whose hypersensitivity makes it impossible to tolerate human relationships”.

Market and the state “incursions into the very heart of social relations” are described as ruptures. The first rupture is that of the market, where everything becomes an impersonal commodity. Connections between production and consumption become more and more remote. The second rupture is that of the state, which “marketizes” the services that cannot be assured by the market. The bureaucrat and social worker become the functionaries that occupy the “sphere left vacant by the fracturing of the community tie between the governing and the governed”.

So, in the words of a famous revolutionary for whom the authors would not have much sympathy, “What is to be done”?

The authors do believe in the importance of markets, but markets as servants not masters. Given the vigor of a few of the previous quotes it is not surprising that they felt it necessary to explicitly assert their acceptance of markets, to “reaffirm our faith in the market as a liberating mechanism”. There is, however, no such explicit reaffirmation of their faith in the state as an instrument for the satisfaction of collective goals. One suspects that they would have a preference for a smaller state with fewer incursions into the private sphere although, to be clear, this preference is not in any way motivated by the lower tax ideologies so common these days. They seek rather to emphasize the importance of the non-market, non-state realm, the realm of the gift. “Any exchange of goods or services with no guarantee of recompense in order to create, nourish or recreate social bonds between people is a gift. We intend to show how the gift, as a form of circulation of goods that promotes social bonding, represents a key element in any society”. In short we can “establish ties” in the words of Saint-Exupéry’s fox, but we need to work hard at them while simultaneously resisting the dominating tendencies of the state and the market. It becomes a question of balance; in today’s world the state and the market overwhelm the personal.

For me, this book is a contribution, a different and significant one, to the growing body of socio-economic literature. Modern contributors are many. Robert Putnam’s work on social capital strikes a responsive chord for many in today’s busy world. There is a growing literature on social cohesion, social exclusion and social inclusion which emphasizes belonging, mutuality and voice as necessary complements to our predominantly rights-based ways of thinking. John Ralston Saul takes on the corporate world in *Voltaire’s Bastards* and *The Unconscious Civilization*, Jane Jacobs, in *Systems of Survival and the Nature of Economies*, explores the moral foundations of commerce and politics, with particular emphasis on the “guardian” class and its challenges. Robert Ayers tackles the growth assumptions that underpin most current economic thinking in his book *Turning Point: the End of the Growth Paradigm*. Many these days, including the authors of the recently released final report of the Canadian Democracy and Corporate Accountability Commission, are advocating greater corporate social responsibility, whatever that is defined to mean.

There is wisdom in the work of Dutch political economist Robert Goudzwaard whose book *Beyond Poverty and Affluence* encourages much greater attention to “caring” activities to complement our obsession with “production”. Indeed, it could be argued that the first modern socioeconomic thinker is Adam Smith, moral philosopher, who would have been appalled by the economic irresponsibility of an Enron and its impact on its employees and pensioners.

Godbout and Caillé remind us of the importance the world of the gift, of “caring” activities to use Goudzwaard’s word, in all societies. The capitalist welfare state we have come to know and accept, if not love, dominated by its utilitarian assumptions, is overwhelming the world of the gift, the private, the personal and the caring. In the view of the authors, when looked at from an anthropological perspective, this is not sustained.

This is a challenging book for an accountant. The authors’ discussion of the “horizontal” and the “vertical”, previously mentioned, did remind your reviewer of an encounter with a tax client. This accountant was preparing the personal tax return for a gentleman of the clergy who had a modest salary but considerable financial resources. After tentative suggestions that some estate planning would be most desirable, this accountant was profusely thanked for his attention to the horizontal. The thanks were accompanied, of course, by a reciprocal offer to look after my obvious vertical needs.

This review needs to be concluded but a last thought invites explanation: Would it make any sense to think of accountants and lawyers (I hope my legal friends will not be offended) as grease monkeys of the horizontal, the world of the state and the market? What would happen if we applied our skills to the world of the vertical, the world of gifts, as well?

Creating Caring and Capable Boards

By Katherine Tyler Scott

Published by Jossey-Bass, 2000, pp. 224. US \$30.

REVIEWED BY DENNY YOUNG

Director of Development, National Ballet of Canada, Toronto

One hears it so often it has become a tiresome cliché. It’s the regular rant by staff complaining about boards of directors. Board/staff relations are at, or near, the top of every list created by asking the question: What topic would you like to see covered at this conference? Board members, in turn, express frustration with their ill-defined roles by using terms like “out of the loop”, “left in the dark”, and “rubber stamp.”

It's not that there is a lack of material about, or experts in, recruiting, training, managing, and empowering boards. In fact, a curious researcher will rapidly be buried, and find it difficult to know where to begin. A great many theories exist, ranging from careful tinkering to radical re-engineering. Anyone who has been involved in not-for-profit management for longer than six months has been exposed to at least one. And, chances are, the attempt at executing the theory proved so onerous and disruptive that all those involved simply gave up and retreated to old, familiar, if dysfunctional, habits. (Complete with the requisite laying of blame about who was responsible for the failure.)

So, it is refreshing that into this atmosphere comes another book that, in relatively short order and in logical sequence, delivers some common sense on the topic. Katherine Tyler Scott's, *Creating Caring & Capable Boards – Reclaiming the Passion for Active Trusteeship* does not provide a miracle cure; in fact, it presents a recipe for hard work. But, it does offer the reader a clear outline for one process that could result in a committed, enthusiastic and successful board of directors.

Scott's biography in the book says she is "the executive director of Trustee Leadership Development, a national leadership education program whose purpose is to improve the capacity of organizations to serve more responsibly and to lead more effectively". Her experience as a charity executive, consultant, speaker and author shows in the ample number of examples in the book. She is clearly someone who has encountered her fair share of difficult board/staff relationships and has had a measure of success when applying her action plan called "Depth Education". There is however, a need for some caution. The book flap says, "this step-by-step process can help new and experienced trustees to refine their understanding of the organizational mission while improving their ability to lead cohesively". Impressive stuff, and there is evidence that Scott's approach can have a dramatic impact, but even she is very clear that the process cannot succeed without involvement by consultants. In fact, in one chapter she warns the reader against the temptation to proceed through Depth Education without the assistance of a third party. It is therefore important to recognize that this text, as helpful and detailed it is, cannot replace the need for an organization to engage an independent third party when necessary and, if one's wish were to follow the Depth Education approach, one would have to be certain that consultant is trained in, and able to guide, that specific process.

The book skilfully blends the ideal with the practical. Her vision of board members relinquishing individual goals for the common good moves on to a detailed discussion about the various reasons why directors are attracted to, and engaged in, organizational leadership. Then she helps the reader to understand the specific-to-each approach required to encourage growth. While challenging leaders to reclaim their essential roles as passionate advocates, she acknowledges that every group is a curious, and at times perplexing, collection

of individuals with different skills, motivations and abilities. That she even tackles the concept of leadership, or lack thereof, in not-for-profit settings is exciting. So often we are tempted to jump to training without questioning the capabilities of those being taught. Scott challenges leaders to resist the lure of the quick fix and to take the time to explore and consider the philanthropic traditions that have been the foundation of their personal beliefs and organizational missions. She is clearly no stranger to the “enough talk, let’s get moving” complaint, but uses case studies to demonstrate the success of a thoughtful, measured approach to change.

This is a very “human” book and Scott is quite comfortable using the language of emotion. It can be argued that one cannot teach passion – you’ve either got it, or you don’t – but Scott’s use of the emotional is not a substitute for solid research and practical effort. Her process of Depth Education is designed to help organizations rediscover and act upon their own beliefs and history and then create their dreams. It may not have been her intent, but it’s an interesting strategy to counter the growing cynicism about board leadership with emotional language whose very use communicates, “something different happening here”.

The book is a clever balance of big picture and small detail, giving the visionaries something to ponder while not ignoring the practical types who like checklists and time lines. For the latter group, there are seven resource sections at the book’s end with surveys and charts designed to get the Depth Education process up and running. (A reminder though that the first step is still likely to be to seek external counsel.) The book also contains a superb set of questions to ask when interviewing prospective board members. For those more interested in the philosophical, there is discussion about concepts of leadership, trusteeship, and philanthropy. I must confess that the book’s view of passionate leadership was compelling enough to drive a decidedly bored-with-detail type through the details. It may be more difficult for the emphatically practical type to embrace the theory but it’s worth the commitment. Scott has spent much thought and energy building and testing a balanced approach. It would be pity to skip the part one finds difficult and jump to the easy, because the essence of Depth Education is that a holistic approach leads to improvement and lasting change.