

**MEMORANDUM**

**To:** Program, Foundation and Department Directors; Foundation and Advisory Board Chairs; Senior Management Committee

**From:** Daniel Sershen 

**Copies:** Chris Stone, Johanna Chao Kreilick, Sandra Dunsmore

**Date:** January 22, 2014

**Subject:** Guidance for 2014 Portfolio Reviews

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Portfolio reviews are at the center of OSF's current efforts to improve the performance of our own strategies and assess our results. This memo offers guidance to programs and foundations<sup>1</sup> as you begin conducting portfolio reviews in 2014, drawing from early examples and building on the [accountability proposal](#) from the Grant Making Design Team (GMDT) and the December 6<sup>th</sup> [call](#) with Chris Stone.

**Definitions and Intentions**

A portfolio is defined as a body of work (grants, advocacy, and other activities) that relates directly to a particular thematic priority, geographic context, or strategic method. In many cases portfolios will correspond to the fields, concepts, and shared frameworks outlined in program strategies; however, staff will have discretion to define the scope of a portfolio as they see fit, consulting advisory boards and senior managers when appropriate.

Portfolio reviews are being developed as a tool for OSF staff, advisors, and senior managers to improve our work as a result of well-informed deliberation. They provide an opportunity to explore what we are already funding and what we are not, and to invite insight and analysis directly from colleagues, immediate supervisors, advisory boards, and OSF's president. Participants in a portfolio review will collectively seek a way forward for the portfolio by looking at our ambitions for the work, the context and any significant changes to it, the influence of relevant institutions and actors, and the role of our full range of tools (individual grants, litigation, communications, etc.). We hope portfolio reviews become an effective yet flexible ritual that bolsters our decision making, makes our work and thinking more visible to each other, and in turn helps us invest our limited resources to greatest effect.

**Link to the Strategy-Budget Cycle**

Portfolio reviews are meant to bring accountability and learning together to improve program effectiveness. As such, the portfolio review process is linked to the strategy and budget cycle; indeed the outcomes of recently conducted portfolio reviews will be revisited in strategy review discussions going forward. However, a portfolio review is *not* a test. It is, rather, a constructive exercise to unpack and examine the elements of our approach to making change in the world, and to adjust strategies mid-

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<sup>1</sup> While these guidelines do not formally apply to national and regional foundations, we hope that foundations will embrace the spirit of the portfolio review process even if their specific practices may differ.

stream. Staff will have the time and opportunity to make adjustments to the program's written strategy based on the outcomes of each review.

Similarly, portfolio reviews are *not* meant to judge individual elements of our work, such as the value of a single grant or budget allocation; nor are they proxies for staff performance appraisals. The focus of portfolio reviews is squarely on the aggregate results of our programming and its steady improvement.

### **Our Role – and Yours**

The Strategy Unit is a new service unit working throughout the OSF network. Our mission is to strengthen performance across the Foundations by delivering a set of support services, tools and rituals that assist the network in all strategy- and budget-related functions. The Results Assessment team within the Strategy Unit, headed by me as Associate Director with support from Program Coordinator Daphne Panayotatos, will manage and refine the portfolio review process as the year goes on. This will mean offering help to programs as they embark on portfolio reviews, observing as many of them as possible, sharing examples of useful practice, and finding appropriate ways to connect the outcomes of those reviews with the strategy and budget cycle.

Portfolio reviews are new to OSF. We believe an approach to results assessment that is centered more on meaningful reflection than on metrics, and more on our own performance than on our grantees' work, will result in greater impact and a real contribution to the field of philanthropy. However, there is no prescribed way to get there, and our success will depend on learning and improvising as we go. Thus, while we offer some minimal guidance based on the Grant Making Design Team's resource material, you are the main agent in shaping your own portfolio review process. We welcome your thoughts, comments and experiments, and stand ready to support you.

### **Portfolio Review Processes for 2014**

Portfolio reviews will happen at three levels within OSF. First, they will replace the grant docket reviews that Chris Stone conducted with each director during 2013, and will become the main instrument by which the president offers input to OSF's programs on a regular basis. The president's office has assembled a [schedule](#) that provides each program and regional director two such opportunities in 2014. We ask that you try to avoid any adjustments given the demands of Chris's calendar; please direct questions in this regard to Daphne. Programs themselves will be responsible for all of the planning and logistics around their reviews with Chris (room reservation, tech support, preparing and circulating materials, etc.), although we are happy to advise and to serve as a liaison with the president's office when necessary.

Two other levels of portfolio review, with OSF advisory boards and internally among program staff, will help us cover as much of a program's work as possible. To the extent that guidance differs across these three levels, we have indicated it below.

Our intention is for all of a program's work to be reviewed at least once, at one of the three levels, during a two-year period. OSF's largest programs and foundations may need to explore alternative models, such as identifying a representative sample of work for review or handing over responsibility for some internal portfolio reviews to senior staff below the director level.

What appears below is the *minimum required approach* for portfolio reviews in 2014. Beyond that, programs are encouraged to improvise and seek a model that works for them, including by drawing on the suggestions in the Grant Making Design Team’s accountability proposal.

### *Preparation*

The first step in any portfolio review is identifying the body of work in question. Since we are still getting used to thinking about our work in “portfolio” terms, it could take some extra effort to identify suitable packages of grants and other activities to review. Programs may want to devote some time early this year to consulting with staff and advisors on the best definition and distribution of portfolios, considering which would benefit most from discussion with OSF’s president or the program’s board. The topic selection—which will be closely followed by the identification of specific grants and other expenditures that constitute the portfolio—will affect which participants are invited and who might serve as a discussant in the review meeting (see next section). You may want to consider asking OSF colleagues from other programs to join if they could provide a useful, alternative perspective.

To allow enough time for preparation, Chris would like to engage with program directors on the selection of topics well in advance of the main meeting. He has established the following timeline:

- 8 weeks prior to the scheduled portfolio review date: Program director meets with Chris to discuss the portfolio review topic. Directors should send a proposed topic and one-paragraph rationale to Chris via email no later than the Friday before the topic-setting meeting. Following this meeting, programs should send a revised proposal ASAP.
- 6 weeks prior to review date: Chris confirms the topic via email.
- 4 weeks prior to review date: Program sends a list of the individual elements of the portfolio, organized by tool (organizational grants, individual grants, direct advocacy, litigation, demonstration projects, financial investments, public communications)
- 1 week prior to review date: Program sends final document(s) for the portfolio review to Chris Stone and all meeting participants.

Please be sure to copy Daphne and me on all correspondence.

Program directors and chairs may want to establish a similar topic selection process at the advisory level, but the details are up to them. We anticipate that most portfolio reviews with boards will occur during their regular gatherings; that is, they will be agenda items, not meetings unto themselves. We suggest that at least two portfolios be reviewed at each board meeting, but this can be adjusted to harmonize with existing board practice. Staff-level reviews can be set up at programs’ discretion.

Once the topic, level, and participants for the review are established, the preparation of the portfolio review document can begin. The document should respond to the following questions<sup>2</sup>:

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<sup>2</sup> These questions apply best to portfolios that are enshrined in your approved strategy. Other portfolios may not be associated with a particular field, concept, or shared framework. Examples might include high-risk grants, applications of a particular tool like litigation, or work associated with a specific country or region. For these more fluid portfolios, the questions must be tailored to the interests of the program(s) conducting the review.

Ambitions: What are you trying to achieve in the portfolio? Begin by referencing the relevant piece of your strategy and any changes that have emerged since approval.

Our Place in the Field: This should be covered at three levels.

1. Macro: What is the state of the field and the broad trends relevant to our aims?
2. Micro: Who are the significant players—both institutions and individuals—in the field? Include both those we support and those we do not.
3. Our work: What are we and our grantees and collaborators doing? Why are they worth backing? What is the logic underpinning our approach and the mix of tools that we selected? What contextual changes or advances/setbacks to our work have occurred?

Going Forward: What are a few, essential questions about the direction of the portfolio on which the program would like to get the group's advice? What adjustments might be required?

Some alternative and more detailed questions can be found in the GMDT proposal. We encourage programs to experiment with the presentation of the information within a total maximum limit of 10 pages, exclusive of annexes. Annexes are not required, but can offer useful space for programs to illustrate and expand on key points raised in the main text. These might include a list of the portfolio's individual elements (if not in the main document), visualizations or charts with spending data, curated material from Foundation Connect, and relevant program-generated memos, media, or other outputs.

### *Conducting the Review*

The review itself should last 90-120 minutes, beginning with a five- to ten-minute introduction by the lead staff person responsible for the portfolio. She or he should cover the reason the portfolio was chosen, the most relevant or essential points from the prep materials, and any other important information not included in the background documents. The introduction should conclude with a few, burning questions about the work that the staffer hopes can be answered in the course of the meeting. A previously designated discussant will then respond at similar length, basing his or her remarks on the portfolio review document. The bulk of the time will be open format, moderated by another member of the board or staff, depending on the type of review. Chris Stone will serve as the discussant for portfolio reviews at the presidential level and also lead the subsequent conversation. All reviews should end with a 10-20 minute session in which the lead staffer summarizes key insights gained, suggests likely changes to the program's strategy, and previews plans for the portfolio in the coming months.

This description focuses a fair amount of attention on the lead staffer for a portfolio, typically a program officer. However, it is rare for a single person to be the only one who has a role in conducting the actual work of the portfolio; the responsibility for portfolio reviews is likewise almost always shared. Roles played during the discussion section of the meeting should follow staff assignments for tracking the "macro," "micro," and "our work" categories listed above. Thus a program director might be called upon to comment on the broad trends shaping the field, while a program officer or coordinator may take a query about a particularly prominent organization we are not funding. The breakdown of roles will differ, but it is important that programs achieve clarity on them well in advance of any review.

Attached is a set of suggested discussion questions. Most or all of them will have been addressed in the portfolio review document, but we highlight them to help structure and focus the actual conversation.

## *Follow-up*

Our strategies are meant to be living documents that change with us during implementation. A significant piece of follow-up to any portfolio review will therefore be to edit the approved strategy to reflect the emergent consensus at the meeting. If agreement proves elusive or time too short, program staff will need to pursue the loose ends after the fact. Regardless, in most cases a portfolio review will eventually result in some changes—however limited—to strategy.

Additionally, in order to capture lessons from portfolio reviews, ensure information sharing across the network, and facilitate internal decision making based on a review's outcomes, programs should prepare a brief public summary of portfolio reviews conducted at the presidential and advisory board levels. The summary should be two to three pages long and will be posted alongside the relevant portfolio review document for access by all members of the OSF network, unless special circumstances require otherwise. The summary should focus on key questions and comments that were raised in the meeting and any information about next steps and follow-up. For board reviews, the staff summary should either be endorsed by the board or complemented by an addendum that recaps the board's perspective. Major strategic shifts that emerge later should likewise be described in a brief supplement.

More detailed suggestions are available in the GMDT's proposal. As with other elements of the portfolio review process, we encourage you to find an approach that makes sense for your program. Please send follow-up material to Daphne for posting on the Strategy Unit's Results Assessment section on KARL.

Finally, it will also be important to capture reflections on the portfolio review process itself in order to inform its development and refinement. We recommend that these be addressed in a separate debrief session after the review, so as to preserve the actual meeting time for discussion of content. Dan or Daphne will be happy to join such postmortems and/or receive your reflections in writing.

## **How We Can Help Each Other**

The Strategy Unit's Results Assessment team is available as a resource to programs and foundations as you think through and try out portfolio reviews at all levels. We welcome your comments, questions, and suggestions so we can enhance the process and do a better job of supporting you. Relatedly, we are conducting a stocktaking of existing accountability and learning practices that might have a place in our emerging results assessment toolkit. We will make contact with directors soon to invite you to engage in these discussions.

The Strategy Unit's KARL community is in development and will serve as a single repository for all information and resources related to the full strategy and budget cycle, including portfolio reviews.

Please reach out at any time to Dan at [daniel.sershen@opensocietyfoundations.org](mailto:daniel.sershen@opensocietyfoundations.org) or Daphne at [daphne.panayotatos@opensocietyfoundations.org](mailto:daphne.panayotatos@opensocietyfoundations.org). We look forward to working with you and learning from the incredible work you are doing.