

Review of the Portfolio Review Process

Dan Sershen and Daphne Panayotatos, January 12th, 2015

Introduction and Definition of the Portfolio

OSF has historically engaged in remarkably little organized reflection as an institution, for reasons rooted in George Soros's skepticism regarding the value of evaluation and in his original intention to create a self-effacing, time-bound philanthropic enterprise. The decision to make OSF an ongoing concern with a capped budget means that we need to build up our culture of critical inquiry, so we can steadily improve and refine how we distribute our limited resources.

Portfolio reviews are OSF's attempt to build a broad base of reflective practice that extends beyond a single grant or the sole tool of grant making. Our ambition is straightforward: to create a process that allows us to look back in a structured way at a defined body of work, ask what we can learn from it, and apply that to our efforts going forward. Like most simple ideas, though, the devil is in the details. In this portfolio review we will examine OSF's experimental efforts in 2014 to make portfolio reviews the centerpiece of our learning and assessment approach. While we will consider broadly how close the lived experience of the process has come to our hopes for it, we will focus particularly on the support role of the Strategy Unit's Results Assessment team. (See Appendix A for a list of the types of support provided.)

Our Ambitions and Assumptions

The concept of portfolio reviews at OSF emerged from the work of the [Grant Making Design Team](#), which proposed them as the heart of a system of accountability to accompany the decentralization of grant approval authority to program directors. The design team had a particular type of accountability in mind: they saw it being achieved through a rigorous, transparent ritual of examining OSF's past grant-making efforts and improving on them.

The Results Assessment team took up the portfolio review process upon the Strategy Unit's launch in January, 2014. Building on the design team's work, one of our most basic assumptions was that we could create a process that was of value to: 1) programs, by improving their work and the strategy underpinning it; 2) OSF's leadership, by offering better visibility into and understanding of staff thinking and actions; and 3) staff in other OSF programs, who too often have a limited idea of what their colleagues are doing and why.

Several other decisions flowed from these original sources and intentions. In using the Grant Making Design Team's proposal as our starting point, we assumed that a model designed for organizational grant making could easily be converted for grants to individuals or the use of other OSF tools. Also, while it was not especially highlighted in the design team's work, we realized after the first handful of reviews that we needed to make more explicit the idea that a portfolio review is not so much a snapshot of the current state of affairs, but a look backward at past work. This is a way to ground a portfolio in concrete activities and decisions.

Most importantly, we thought we had come up with a way to help portfolio reviews function as a safe place for programs to critically examine their work, despite the ongoing transition and the uncertainties it raised. It was essential to build an atmosphere of trust around these reviews, since honest self-reflection was their *sine qua non*. At the same time, for portfolio reviews to have meaning as an accountability measure and carry weight alongside the many other demands on people's time, we also needed to promote follow-up on a review's results. Our proposed solution involved leaving the immediate consequences of reviews up to the programs themselves, while underscoring that a program's next strategy discussion with the Global Board's Committee on Strategy, Budget, and Performance would involve some consideration of how it had responded to the results of its recent portfolio reviews. In this way we sought to insulate – temporarily – portfolio reviews from decision making at an institutional level.

For our own part, in keeping with the exploratory nature of the process in 2014, the Results Assessment team decided that we should seek to bolster OSF's expanding culture of critical inquiry rather than engage in a compliance exercise. We have thus taken a low-key and adaptable approach to both support and enforcement of the guidance. We also tried to use the year to harvest OSF's collective wisdom on how to improve the process by identifying good practices and referencing them informally to staff, with a view towards eventually standardizing our approach. As for foundations, the model was optional. We kept executive directors copied on essential correspondence and encouraged any interested foundations to reach out to us for support; several did.

All of these examples point to a final, underlying supposition. We anticipated that programs would echo the same spirit of experimentation and good faith that we (and, we believe, OSF's president) brought to the process, ultimately leading to useful refinements to the model. With some caveats that appear below, we believe that assumption has already proven valid.

Our Place: Assessment in the Field of Philanthropy and at OSF

OSF has long been an outlier in its approach to evaluation and assessment. Although in other areas of our work the peculiar tension between centralizing and decentralizing forces at OSF has been palpable, our approach to assessment has left almost everything up to the individual program or director. In some ways, this has been to OSF's advantage. OSF has mostly sidestepped a trend (currently cresting) towards quantification and outcome attribution in social-change philanthropy, which we believe offers false comfort to those seeking to identify impact. Having endured the onerous logic models and theories of change, some in the field are encouraging philanthropy to capitalize on its ability to take risks and adjust course quickly by emphasizing informed risk-taking, critical reflection, and living strategy.

We are trying to do this, too. As noted above, this is a process of building up OSF's reflective muscle, which we see as a precondition for any other form of assessment. But even though we come at the portfolio review process from what we hope is a more enlightened perspective, we might still founder on some of the same rocks that have sunk others. Most pertinently: how do you meet the need for accountability at the same time that you encourage learning for improvement's sake?

Our hopes of solving that dilemma will be in jeopardy if we do not resolve what accountability means for us. We have operated on the presumption that accountability for OSF should be aimed at ensuring the *integrity* of our work by focusing on our own decisions and agency, examining them critically and transparently, and adjusting as needed based on what we have learned. Following this logic, accountability to actors outside the implementing program is secured less in the act of review than in the potential adjustment that follows. This explains both why the immediate outcomes of portfolio reviews have been left up to programs to determine, and why we began facilitating the Global Board's access to those outcomes as the first year of experimentation came to a close. For the integrity of our work, programs require both a transparent but secure space to consider adjustments to strategy as well as a moment at which those adjustments are themselves examined.

An additional, internal consideration is the role of the Strategy Unit as the home of portfolio review support within OSF. The Strategy Unit sees one of its functions as bridging the interests of OSF's senior leadership with those of its thematic and geographic programs, mediating between the two when needed. Throughout, our goal has been to serve as advocates for a workable, meaningful portfolio review process. Yet in our post-review debriefs, the frequency with which program staff asked – sometimes ironically, sometimes not – what kind of “grade” they had gotten on their review demonstrates that they may not always distinguish our role from the president's. It would be good to hear views from the assembled group on whether this ambiguity is problematic and, if so, how we might adjust the way we define or carry out our role.

Our Work

Looking back at our efforts to support the portfolio review process during the past year, there were a number of things that took us by surprise. In our first guidance memo, issued in January, we did not make explicit any expectation that portfolio reviews should focus on looking backwards at programs' past work and decisions. Before we clarified this, a few programs proposed portfolios that contained limited past activity, since they intended to use the review opportunity to explore future work in the area. Observing the early reviews also helped us realize that staff needed to focus more deliberately on an analysis of their own decisions and the sharing of real questions that analysis raised. Many of the early reviews involved a description of the present state of affairs, a focus on the field rather than our role in it, and the impulse to jump ahead to the more creative precinct of forward planning. Although there were many good reasons for this trend, including the desire by new or restructured programs to use portfolio reviews as a chance to test out a fresh strategic logic, the net result arguably detracted from the process's accountability purpose.

Upon reissuing the portfolio review guidance in April, 2014 with a clearer focus on looking backwards at OSF's own work, we may have thought that our job in this regard was done. But over time we realized that it was usually only in the course of preparing for and conducting an actual review that programs absorbed this guidance on perspective and agency, and they did so to varying degrees.

More generally, we did not anticipate how differently programs would react to the pressures of this process, alongside the many others introduced this year. Some colleagues wanted hands-on guidance

and examples down to the last planning detail. Others benefitted from more sporadic reassurance and the occasional phone call or document review. Still others saw this as a test that they needed to ace on their own, with us in the position of graders rather than study companions. It was (and still is) a bespoke process to encourage programs to see us as a resource even as we calibrate our approach to their differing needs.

A final nuance that became clear to us as the year rolled on is just how difficult adopting the model has been for some programs and offices that rely on tools other than grants to organizations. Although portfolio reviews stem from the Grant Making Design Team's work – which focused on organizational grants – the apparent simplicity of the concept struck us as something that could be easily transferred to other types of work. Because portfolio reviews are more about examining decision making than about the quality of grant making per se, some tools (like litigation and support to governments) indeed appear to be a pretty natural fit, at least based on the handful of such reviews conducted so far.

In contrast, certain individual grants portfolios have proven a real challenge. For programs giving individual awards within a defined field, such as disability rights, documentary photography, or criminal justice, it appears relatively straightforward to draw a line backwards from programmatic action to initial strategic intent. However, for those individual grant programs that lack a narrow, thematic field – such as Scholarships and the Open Society Fellowship – a predetermined strategic purpose is not always so easy to identify. This is arguably the point, since our investments in individuals do not always occur with a specific return in mind. However, unless OSF believes that all of these individual grants programs should be moving in the direction of more premeditated and even instrumental strategies, we might consider adjustments to the portfolio review questions and other guidance to account for these subtleties.

Advocacy portfolios have also been different. This is not really because of their nature; in some ways advocacy is actually very conducive to portfolio reviews because one's intentions are usually quite clear and success is relatively easy to verify, if not attribute. Rather, given how OSF divides labor between its advocacy offices and other programs, important pieces of joint work run the risk of being reviewed in piecemeal fashion or not at all. There is also a lack of clarity on whether OSF's advocacy offices should even be doing their own portfolio reviews. Our team should have pursued this more earnestly with the president and the advocacy office directors upon first identifying the issue.

Advances

Although the year did not go exactly as planned, we see good signs that some of the issues with the process may resolve themselves as people get acclimated to it. First of all, the model has been adopted enthusiastically by a number of programs, not just at the presidential level, but often at the board and staff level too (although there is much more to be done on this front – see below). Many programs are experimenting with integrating reviews into retreats, board meetings, and other gatherings, and adapting the model to their needs. Staff feedback has almost universally recognized the process's value, even if it remains unclear for some programs whether that value can be made to exceed the effort they put in.

Also, the change in tone and perceived usefulness by all between the first handful of presidential reviews of the year and the last has been quite dramatic. In most cases the change between a program's first review and second was also quite significant. Broadly speaking, both programs and other participants reported getting more out of the process as the year wore on.

We were also happy with the Results Assessment team's ability to adjust course along the way. This was made possible not only by our routine engagement with programs, but by our involvement in the Grant Making Design Team pilot, which allowed for a deeper look into some programs' efforts to implement the process. In addition to reissuing the guidance in April to reflect the first quarter's experience, we constantly tinkered with our own approach, such as by instituting a rapid debrief right after a review, which appears to be helping programs launch into the follow-up phase. Portfolio reviews have also required staff and board members to take on a different set of roles than they are used to. Using our perspective as observers, we have been able to engage many of these stakeholders, including the president himself, in refining how they carry out those roles.

Where We Have Fallen Short

One of our most prominent shortcomings this year is that, despite our best efforts, we have not found ways to sufficiently reduce the workload that preparation for reviews places on program staff. This is partly because initial expectations were sometimes too high. The original design-team document, responding to the president's desire that reviews not be a major piece of extra work, included an aspiration that staff-generated pieces of the portfolio review document be brief and "not entail additional research or be overly time-consuming." With the possible exception of a few programs that have tried "ultra-light" reviews at the staff level, most staff who have prepared for a review will find that notion unrealistic, however well-intentioned. The combination of the significance of these meetings (particularly those with the president) plus OSF's collective lack of readiness to plan, make, tag, and review grants in preset portfolios means that the preparation remains high-intensity and the documents completely custom-built. At times, our own advice to programs in this regard – to seek the path of least resistance and find ways to reduce the burden – probably came across as some combination of naïve, dismissive, and unhelpful.

We have also not fully achieved our goal of bringing value to both the presenting program and the reviewers, whereby the information shared out to participants by portfolio leads is matched by useful input and commentary on the portfolio from those assembled. During presidential reviews, programs often felt that their concerns and interests were of relatively low priority.

One major reason for this is that we have mixed together the forward- and backward-looking elements of the process by trying to build them into both the document and the meeting itself. That has created a sense of disorientation for programs, who spend weeks (often) looking back at their work and internalizing any insights, and then come to the review seeking guidance on a way forward. Reviewers, however, have not walked that path with them and are often interested in discussing retrospective findings that programs may see as old news. This disconnect can lead participants to hold differing expectations about the focus and direction of the meeting.

Moreover, given the time constraints on the process, sometimes reviews never really get to the forward-looking piece of the conversation. This leaves programs on their own to figure out the impact the review will have on their strategy. The Results Assessment team chose not to mandate a specific approach to strategy adjustments, out of respect for the quite different internal strategy processes programs have developed. The downside of this decision is that we have not maintained a clear view on how exactly such changes should happen and be recorded. As a result, programs have taken a variety of approaches, from using the discussion-summary document to the keeping of informal notes. At the president's request, we also assembled a chart for December's Global Board meeting with brief outcome statements from each presidential review (see Appendix B). As the Global Board's committee gears up to consider 2015 strategies, we might use the opportunity to think through what sort of method is best to convey strategic changes as a result of portfolio reviews.

Another task for 2015 is the further development of staff- and board-level reviews. As we all responded to the depth and necessarily structured nature of the president's involvement, in many people's minds the portfolio review process became synonymous with the *presidential* review process. At their least helpful, and despite the good intentions of every person involved, presidential portfolio reviews can have a pageant-like aspect that is not conducive to frankness or useful dialogue with programs. To continue to build the process's credibility, we need to keep working to bring down anxiety levels around presidential reviews while building up our support for more routine reviews with boards and staff, which we think have the potential for a greater return on investment for programs. This was our stated intention when we reissued the guidance in April; we organized a network teleconference on the subject and began discussing it in an ad-hoc fashion with directors. But overall the number of non-presidential reviews has been lower than we hoped.

On a related note, our efforts to socialize the process with board members, while successful when we (and programs) made the time, fell short of the need. Although board members offer some of the greatest potential value to the process, if we do not sufficiently orient them they can pull the conversation away from a retrospective focus on OSF's work and towards the current state of play in the field. We should also have offered greater instruction to moderators, since they carry the burden of keeping the review on track.

What We Have Learned

As suggested by the above, one of the biggest things we learned in launching this process was how much context and trust matter. Although staff have generally shown great courage and flexibility in testing the model, the way the network received portfolio reviews was inextricable from the broader transition with all of its anxieties. Certain programs and individuals that may have felt vulnerable were less comfortable practicing the kind of self-critical reflection that is the lifeblood of portfolio reviews. This created a vicious cycle at times whereby programs engaged with the process self-defensively, leading reviewers to probe for gaps in that defense. In contrast, programs that reached a certain level of candor at the start set the stage for a review that was conversational rather than inquisitorial, and ultimately more constructive.

Until recently, we believed that this negative dynamic was the single greatest stumbling block to the process's success. However, a precondition for taking responsibility for decisions is acknowledging that one has made a decision at all. In OSF's institutional culture, the laudable impulse to lift up the hard work of the people we support has combined with a natural deference to the priorities and inclinations of OSF's leadership to create an odd sense of passivity on the part of some staff. For several programs, portfolio reviews have been an occasion to rediscover the substantial power and agency of the funder. While good for OSF in the long run, that awareness is still a step removed from critical reflection.

On the president's side, the fact that this is the main process by which he engages – live – with programs' day-to-day work creates a power dynamic that can conflict with his desire for a real conversation. Although he has taken pains to be supportive and avoid creating an impression that these reviews could lead directly to dire consequences, this year's experience is evidence that he cannot leave his title at the door.

There are several other ways that our intentions have not borne fruit. The strain caused by the many new institutional processes and culture changes this year thwarted our desire to experiment with different kinds of portfolios (see Appendix C). Given the president's instruction that all elements of a program's work be reviewed within two years, strategic reviews – that is, those focused on a slice of a program's strategy – have dominated. Unless we actively promote and generate value from other, more cross-cutting types of reviews, this is likely to remain the case. That would be a pity, because the new thematic clarity we are achieving with the Categories of Work reboot could be the grounds for some very helpful comparisons among programs' differing approaches to certain subthemes (for example, delivery of inclusive government services or anti-corruption).

We were also surprised by evidence of the reverse phenomenon: staff occasionally suggested the portfolio review method be used for purposes quite far afield from the examination of a discrete piece of OSF's own work. This was a challenge for us, as we did not want to discourage staff from reflection but did want to preserve the integrity of portfolio reviews. We learned from this that there is a need and, more importantly, an appetite for more reflection and assessment tools at OSF. But we have not yet figured out how to address that gap in a way that would offer net value to programs.

A related point is that simply posting the results of reviews is not enough to ensure that other programs read and absorb the information that is of relevance to them. To avoid leaving programs swimming in a sea of portfolio review detail, we have begun indexing the reviews by theme, geography, tool, and grant-making approach for quick reference.

We had also hoped to develop a more standard format for portfolio review documents, graphics, and appendices. But so far the great variety in portfolio size and nature has proven an obstacle to this ambition. Among other things, we look forward to discussing with the group how desirable and achievable a consistent format is.

The question of how much to standardize versus tailor our approach applies more broadly to our program outreach efforts. During 2014 we often operated in broadcast mode; when we complemented our memos and network calls with individual coaching, it was almost always in response to a specific

request from a program director or staff portfolio lead. This led to some inconsistency in our outreach, and it may be that some programs did not realize they could draw on us as a resource. This is particularly true for some of the larger programs, which necessarily developed their own internal processes for portfolio reviews. Late in 2014 we began trying out some more proactive outreach to programs, but it remains unclear how much value they saw in this contact.

As noted at the beginning of this document, the strength of the portfolio review approach is its conceptual simplicity. If it has a weakness, though, it is that this simplicity hides a multitude of purposes. These reviews are simultaneously about accountability, learning, the provision of information to observers, and even the informal assessment of the skills of staff and programs. With a solid foundation now built for the process, in 2015 we will need to help staff grapple with and resolve the tensions that arise among these purposes. We hope this will lead programs to a mixture of review type and intent that serves both their needs and the needs of the organization as a whole.