

Charity Intelligence: Smart giving



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When it comes to giving you could say Canadians are a pretty generous bunch. Considered the second most generous charitable donors in the world on a per capita basis, in 2008 alone they were responsible for donating \$8.7 billion to a variety of charitable causes. Add to that the many hours they gave of their time as volunteers and the results are pretty impressive. But considering the heightened competition for donor dollars and volunteer hours and the seemingly endless fundraisers and marketing campaigns, knowing where to put one's hard-earned cash is a growing challenge.

Whereas donors in the past were content to give simply with their hearts, today's media savvy and cash-strapped folk are looking for more assurances. How effective is their charity of choice in meeting the social needs of the community, they ask. Is it more or less successful in its mission than another charity in the same realm? Donors today expect a level of transparency as yet unforeseen. That's where Charity Intelligence (Ci) comes in.

More information please

Established in 2006, this nonprofit organization researches and analyzes Canada's charities, enabling funders to make informed and effective giving decisions that reward charities for their results. Though the motivation was there for a while, the final impetus for Ci's inception was an inquisitive funder, curious about the impact of his prospective donation. Like many others before him, he wanted, nay needed, more information.

"Coming from an investment world, you know what bang you're getting from your buck and there's lots of research and evidence-based information available to make your investment decision," explains Bri Trypuc, Client Advisor/Charity Analyst. "But when making your giving decisions you just hope for the best." She calls it the "spray and pray" approach, giving to whoever asks without really knowing what your donation has achieved and just praying it makes a difference.

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The outcome can prove doubly unfortunate. Not only are some lesser effective charities receiving lesser-deserving cash, but exceptional ones, doing impressive work and producing excellent results in addressing social needs, end up struggling due to lack of support. As Ci's

website explains, "This is because the funding of charities is rarely based on results; far more commonly it depends on a charity possessing the resources for marketing campaigns or benefitting from affluent connections."

As a longtime volunteer and donor in the sector, Trypuc understood the frustration. "I was amazed at the disorganization and baffled at how little information existed for making any kind of giving decision whether voluntarily or financially." And that seems to sum up a general trend among Ci clients, most of whom are individual donors and private foundations, though the occasional corporation also knock on their door. "But we're really out there to help those who don't have the resources to find out more about charities themselves," adds Trypuc. "We're just trying to help donors become more informed."

In transparency we trust

Being informed may help tackle an issue that's been nipping at the heels of the charitable sector, eroding the level of confidence so integral to their endurance: transparency. A 2008 Muttart Foundation survey, *Talking About Charities*, found that among respondents with little or no trust in charities, the most commonly cited reason was not being able to follow where their money was going. It's a familiar theme, one that won't go away so easily.

In fact, when Ci began to contact charities for research purposes, they faced some challenging moments too, as reflected in early response rates. At one point the organization contacted 435 charities and only 103 were willing to supply their audited financial statement - the starting point for further analysis. Granted Ci was new to the sector and numbers have improved somewhat since, but any obstacle to transparency is lamentable. After all, if you're taking people's money, one would assume you'd be willing to share how that money is spent.

What they offer

Toward an informed, transparent sector, Ci offers three services: providing donors with tools they can use and apply themselves in analyzing charities; preparing commissioned research reports to aid funders in their decision making; and recommending charities proven to meet the highest standards in effectiveness. Undoubtedly a document worth taking a good look at before finalizing your donations for the year, the Ci's annual list of recommended charities represent top investment opportunities based on annual research.

Some charities find their way on the list thanks to individual client requests, others get there as part of a yearly analysis. Each year Ci undertakes major research of one sub-sector, largely determined by where donations currently flow. Last year it was education. This year: homelessness. Sub-titled, *A Funder's Primer in Understanding the Tragedy on Canada's Streets*, the hope is the document will help dispel myths and determine underlying facts related to such important questions as: the actual number of homeless; the adverse effects of homelessness; the economic and individual costs to Canadians; and whether there's a solution. "We believe there is," offers Trypuc "Through charitable giving and allocating funding to charities that make a difference and that have results."

Through their work, Charity Intelligence has also amassed quite an impressive databank of charities with the highest standards of accountability, transparency, and results. However, just because a charity didn't find its way onto that coveted list doesn't mean they're not worthy of inclusion. It's possible Ci hasn't yet heard of them or that they provide services in a sub-sector not yet covered by Ci's work.

The approach

Ci's methodology takes its cues from the Gates Foundation and the emergent social investment model, or what is referred to as the effectiveness risk. "We want to see more lives change as a result of giving," says Trypuc. By directing donors to charities with great results, so goes the philosophy, social change is possible. To do that, you want to make sure the organization you support has outcomes that effectively address the issue at hand. Take, for example, charities dedicated to combating high dropout rates. "If you're just judging their performance based on the smiles on their [the students'] faces, I'm not quite sure that's a measure of an outcome," explains Trypuc. "You want to get these kids to finish school." Don't assume programs are effective because they're titled as charitable, she cautions.

The Ci approach involves a complex four-step process of research and assessment. Determining the effectiveness of a charity is not simply a matter of analyzing its administrative fees; it goes way beyond that. "You have to look at the organization as a whole," says Trypuc. Part of their comprehensive work involves benchmarking. By comparing a charity with others providing similar services and/or who work with similar clients, one can discern which one is delivering the best results for the lowest costs.

Say two charities have a mission of treating drug and alcohol addiction. The outcomes may be the same for both but how they measure those outcomes may vary. And that variance can speak volumes. Calgary-based Fresh Start Recovery, for instance, measures it after a year of being clean and sober continually, with a success result of 35%. Meanwhile, the industry standard is 5-10%. From a simple effectiveness risk standpoint, offers Trypuc, there's a greater likelihood your money will help more people at Fresh Start, boasting a 35% success rate than at a charity with a lower one.

The takeaways

Their ongoing research has proven enlightening on a number of levels. For one thing, not every charity needs funding. "That's a really big hurdle to overcome," says Trypuc, explaining how some charities fundraise because they can, not necessarily because they need to. So that, while some charities have oodles of cash in their bank account, enough to last them for years to come, others don't even have enough to cover their operating costs for three months. Ci is focused on those who need it most, she adds, charities who, "will likely spend your dollar within the next year or year and a half doing good work."

That focus has proven successful, helping Ci do good work for a growing client base. But they're always looking for feedback and suggestions on how else they can assist Canada's donors. After

all, giving is a serious endeavour. "We're hoping to transform generosity into significance," says Trypuc. "We want to see more lives change as a result of what Ci is doing."