

WISE GIVING™

GUIDE

A PUBLICATION OF THE BBB WISE GIVING ALLIANCE : SUMMER 2011

CHARTING IMPACT



*An Additional Tool
to Help Donors
Make Informed
Giving Decisions*





A Publication of the
BBB Wise Giving Alliance

The *Wise Giving Guide* is published three times a year to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to give@council.bbb.org or write to us at the address below.

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president's MESSAGE

Our article this month introduces Charting Impact, another tool for use in your charitable giving. Because of our interest in expanding the resources available to help donors, we joined two other organizations, Independent Sector and GuideStar USA, in developing this project.

As you'll see on page three, Charting Impact is a framework of five questions that all nonprofits can answer to describe their goals and achievements. Their accounts will be publicly available online.

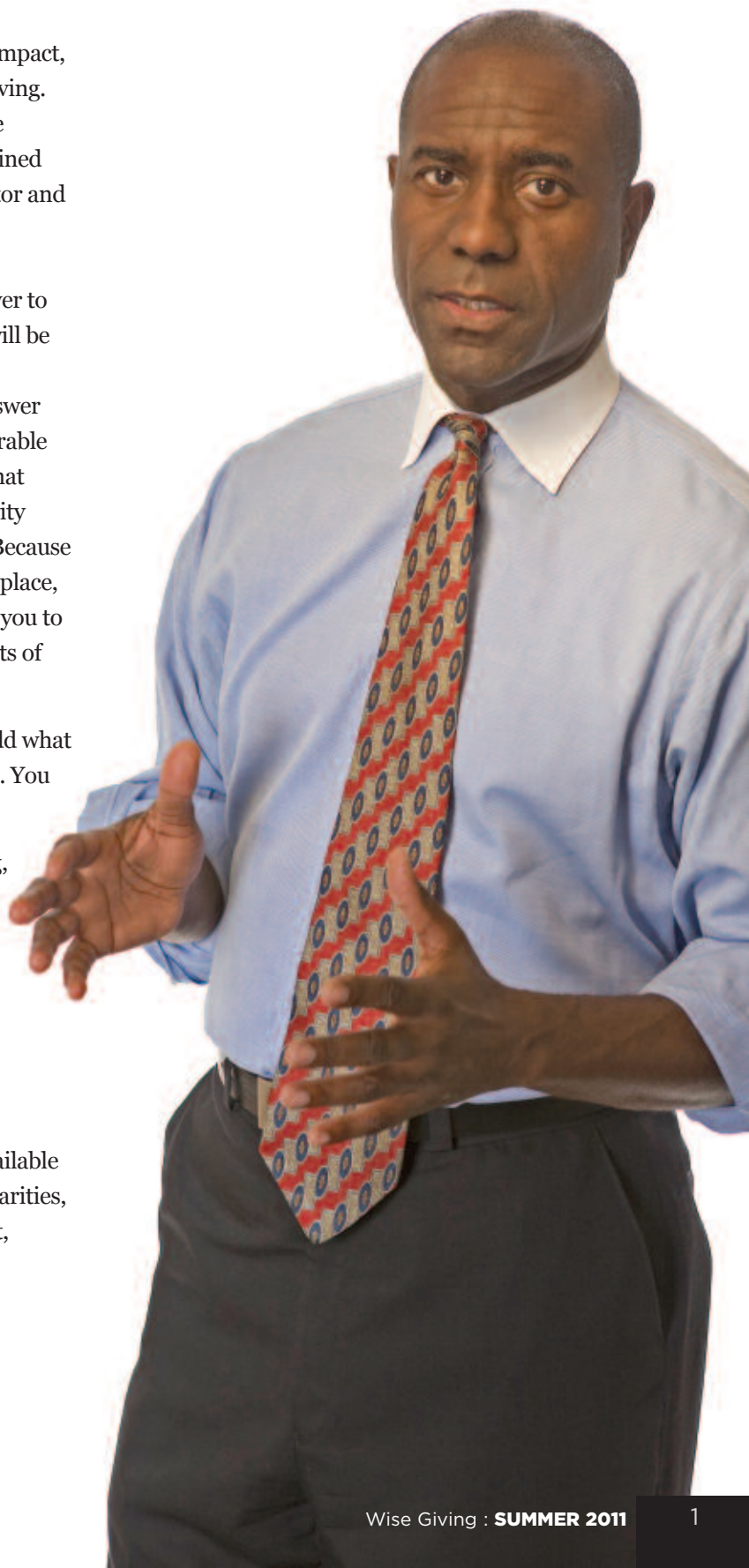
Will potential supporters use these reports? The answer will matter a lot to charities that make the often considerable effort of preparing them. Yet it's widely acknowledged that most donors, despite their oft-expressed interest in charity effectiveness, generally do little research before giving. Because it gathers concise, consistently formatted reports in one place, Charting Impact can serve those good intentions. I urge you to visit the site. Let charities know you care about the results of their work. Here's how:

- Read Charting Impact Reports that interest you and add what you glean to the other points you consider when giving. You might even tell the charity you've seen its report.
- If a report you'd like to see isn't on ChartingImpact.org, let the charity know. A word from you may be all the prompting needed.
- While your support of the BBB Wise Giving Alliance shows that you look for information before giving, tell your less diligent friends where they too can find help, including Charting Impact and the Alliance.

When donors, taking advantage of the resources available to them, direct their support to effective, accountable charities, we will all benefit. Reader-friendly, focused and relevant, Charting Impact can help us move toward that goal.



H. Art Taylor, *President*



Charting Impact

Helping Charities Tell Their Stories

Do you know what your favorite charity wants to accomplish? Has it shown you the progress it's making? Has it mentioned problems it has run into? Could its answers to five questions tell you what you want to know?

Now you have a chance to find out. A new project, Charting Impact, is encouraging charities to report publicly on their aims, achievements, and even setbacks. The project provides a framework of five questions, with suggestions for answering them, as shown here on the right. The charities' reports will be available online. Because all will follow the same format and be held to the same space limitations, charities of all types and sizes can use it to tell their story, and readers can expect conciseness and common categories of response. While the project has only recently been introduced, you can already see charity reports at www.ChartingImpact.org, and the list is growing.

Charities' impact—a growing interest

Three organizations—the BBB Wise Giving Alliance, GuideStar USA (an organization that provides online access to the IRS Form 990 and other charity information) and Independent Sector (a coalition of charities, foundations and corporate giving programs)—authored Charting Impact, with help from nearly 200 nonprofit and philanthropic leaders across the country. The job they undertook already had a long history. For years, both donors and charities have shown a growing interest in examining the effectiveness of charities and other nonprofits.

Donors were perhaps once satisfied with assurance that they were giving to “worthy causes.” Then, gradually, statistics got the spotlight: charities could presumably demonstrate their value by reporting on their finances—the percentage of expenses going for their programs, for example—and statistics on food distributed, animals sheltered, children sent to camp and the like. While many charities were uncomfortable with the implication that such figures were adequate indicators of their work's quality, donors seemed to like the shorthand.

Now again the spotlight is shifting somewhat. More charities are asking not “What did we spend?” but “What was the result of what we spent and did? How well did we do what we said we'd do?”

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In other words, there has been a push toward assessing the impact of those programs. It could mean examining not just how many homeless people an organization has housed, for example, but what impact its work has had on the number of homeless on the streets. It might call for going beyond statistics on the plays a community theater has produced and the size of its audiences, to the theater's impact on community life.

You have only to think about the current controversies over the relative effectiveness of various teaching methods (and teachers) to understand the challenge that charities face when they try to measure impact. Yet many ways of analyzing a group's effectiveness have been developed. To a large extent, however, impact reports have not been publicly accessible or even useful to readers outside the charities they covered. Something more widely comprehensible was needed.

Toward Charting Impact

In the belief that by working together, charities could develop a common format for reporting on their progress and that *this common format would also have meaning for donors*, the BBB Wise Giving Alliance convened a meeting of 25 leaders of national charities in 2009. The purpose of the meeting, the first step in a project supported by a grant from the William and Flora Hewlett Foundation, was to explore charities' views on such a project. The meeting ended with strong support for going forward. What they hoped to see developed, said participants, was a format of “elegant simplicity.”

Representatives from several national and local charities, foundations and Alliance staff began designing a model document. Not long after, with encouragement from the Hewlett Foundation, which was funding several effectiveness-related efforts, and the approval of the Alliance's panel of leaders, the Alliance merged its efforts with those of Independent Sector, then involved

CHARTING IMPACT'S FIVE QUESTIONS

The Charting Impact framework is intended to help nonprofit organizations consider and communicate their progress toward impact. As more and more nonprofits and foundations share their answers to these questions, it will be easier for organizations to collaborate and for potential supporters to direct their time and funds to those groups that are making a difference. For more information, visit www.ChartingImpact.org.

1. What is your organization aiming to accomplish?

Clearly and concisely, state your organization's ultimate goal for intended impact. Identify the groups or communities you aim to assist, the needs your work is addressing, and your expected outcomes. Examine how your goals for the next three to five years (or an alternate timeframe specified in your answer) fit within your overall plan to contribute to lasting, meaningful change. When finished, ask yourself, "If someone unfamiliar with our work were to read this, would they have a clear definition of what long-term success means for my organization?"

2. What are your strategies for making this happen?

Describe your organization's strategies for accomplishing the long-term goals you cited in your previous answer. Specify the broad approaches you employ and why your organization believes these methods will benefit your target audience or advance your issue. Lay out near-term activities that serve as important building blocks for future success, explaining how these elements strengthen your organization's strategic approach.

3. What are your organization's capabilities for doing this?

Detail the resources, capacities, and connections that support your progress towards long-term goals. While describing your organization's core assets, identify both internal resources (including, but not limited to, staff, budget, and expertise) and external strengths (including partnerships, networks, and influence) that have contributed to, or will contribute in the future to, the accomplishment of these goals. Also include any future resources and tools that will further strengthen your work.

4. How will your organization know if you are making progress?

Explain key qualitative and quantitative indicators against which your organization assesses your progress toward your intended impact. In addition to describing what you measure, identify key milestones — what your interim targets are, and when you want to reach them — that signal progress and success. Include a description of your assessment and improvement process: the qualitative and quantitative methods you use as you monitor key indicators, and how your organization uses and will use that information to refine your efforts.

5. What have and haven't you accomplished so far?

Demonstrate recent progress toward your long-term goals by describing how your near-term objectives are propelling your organization toward your ultimate intended impact. Go beyond the outputs of your work to make clear how these outcomes are contributing to fulfilling long-term goals. In describing both outcomes achieved and those not yet realized, include what your organization has learned about what does and doesn't work, what risks and obstacles exist, and what adjustments to goals, strategies, or objectives have been made along the way.

Charting Impact is a strategic alliance among:



**BBB Wise Giving
Alliance**



INDEPENDENT SECTOR
A vital voice for us all

in a similar project. Together a joint advisory group developed and tested Charting Impact's five questions. GuideStar USA also became a partner, providing the platform on which charities can enter their reports.

Donors' impact

If you're familiar with the Alliance standards, "effectiveness reporting" is a familiar phrase. The Alliance has long recognized that charity effectiveness is something donors care about. A donor survey commissioned by the Alliance in 2001 found that 70% of respondents thought charity effectiveness very important in their giving decisions. This led to a requirement in the *BBB Standards for Charity Accountability* (Standard 7) that a charity submit to its governing body, for its approval, a written report that outlines its performance and effectiveness. Today, completing Charting Impact can help a charity meet that standard if the charity also provides the Alliance with written verification that its Charting Impact Report was shared with its governing board.

Institutional donors such as grant-making foundations have also been urging attention to effectiveness. Like donors generally, they want to know whether the money they give to charities goes to those that are "making a difference." You can be sure that when grantors say they want something, grant-seeking charities pay attention. Foundations' interest has thus added to the numbers of charities searching for ways to convey the power of their programs—and satisfy their funders.

Charting Impact doesn't replace all the assessment or evaluation tools that have been developed or are about to be. It doesn't aim to. It's an effort to make impact reporting comprehensible, consistent and usable across the board. Many charities will develop other, often intricate and extensive self-assessment tools for their own use, but completing the Charting Impact Report as well will allow them to share that information, in concise form, with a new and broader audience.

Peek preview

But enough background. Read through the questions on page 3. Then go to ChartingImpact.org. Click "Participants," in the upper right corner, to see the reports filed by charities to date—remember, this program is hardly out of the starting gate—and follow your interest or curiosity. Already, the range is wide, from the tiny, new and hopeful to the established and sophisticated.

If you skim just a few entries, you'll see right off that identical questions don't stifle individuality. You'll find

that the answers range widely in specificity, dynamism and conviction. Some are impersonal, some carry a distinctive voice. Some convey pride; some, modesty. Some make you want to find out more. (Each charity's Web address is included.)

Consider and question

You can think of Charting Impact as a new reference, a compilation of information to add to the other resources—hopefully including the BBB Wise Giving Alliance—that you use when you make decisions about giving.

It's a tool that some may find unfamiliar or hard to handle on the first try. It can take time to assess an assessment knowledgeably! But be assured that you won't need to plow through treatises: reports are concise and many can be read in minutes.

Here are points that you may want to keep in mind as you read:

- For some charities, answering those five CI questions may be difficult. Established groups can probably do the job more easily because they're accustomed to pulling together this kind of information. Charities that meet Alliance Standard 7 are likely to have material that gives them a good start. But for all, completing Charting Impact requires staff time that is often in short supply. Let charities know you consider it time well spent.
- Age and experience aside, some organizations will find reporting on impact easier than others just because of what they do. For charities that focus on human services, measuring outcomes may come most naturally, partly because there's a big body of know-how to draw on. But what about an organization that works for long-term goals, like improving eating habits? What about those working to prevent something, like child abuse? You may find it interesting to see how such organizations handle the Charting Impact questions.
- Don't be put off by words like *stakeholders*, *benchmarks*, *indicators* and *core assets*, vocabulary that may be new to you in this context. One goal of Charting Impact is to stimulate sharing of reports among charities, where these words are the lingo.
- Read critically. Consider how the organization states its mission. You can certainly hope that a charity that asks for your money has clearer goals than just "helping" war veterans or "promoting" healthy living and has laid out realistic ways to accomplish its goal. Decide whether the answers fit the questions.

A Charting Impact Report can give a vivid picture of how a charity sees itself and what it deals with day-to-day.

- Keep in mind that these accounts are self-reported, and that charities, like most of us, want to show our best face in public. That doesn't disqualify what's said; it does emphasize donors' need to look for third-party views, too.

Value for charities: sharing

As you view an individual Charting Impact Report, you'll see three bulleted lines near the beginning indicating whether the report has been "CEO reviewed," "Board Chair reviewed" and "Stakeholder reviewed."

Through these notations, Charting Impact encourages each charity to have its reports vetted by its leaders and others important in its work, thus increasing readers' confidence in the report's content.

In addition, by asking whether the filing charity has been reviewed by its "stakeholders"—donors, volunteers, clientele, and even other charities—Charting Impact also reiterates one of its guiding ideas: for a charity to "go public" with what it might otherwise consider purely internal information about its plans, progress and even its problems, is good for both it and the charitable community. By reading one another's Charting Impact Reports, charities with similar missions may better understand their similarities and differences and see how they might work together to address related problems.

Value for charities: thinking and planning

But the developers of Charting Impact had in mind an even more valuable outcome. "Using Charting Impact as a way to focus strategic thinking, organizations are more intentional about planning for impact. They align near-term activities with long-term goals and strategies and assess progress toward those goals, all of which adds to their ability to deliver on their missions and demonstrate effective stewardship of their resources."

For it can't be assumed that that all of America's million-plus charities consistently operate in the rational, orderly fashion that the Charting Impact questions lay out. Charities can drift. Responding to the pressure of each day's demands can distract organizations from their stated goal. They may let themselves be drawn into projects that can attract funding but that are only tangential to their missions.

Or they can just spin wheels, keeping to stated goals but failing to consider possibly better ways of reaching them.

Charting Impact is out to do something pretty radical. The ultimate goal of its own impact, it says, is "to change the dynamics of the nonprofit information and funding marketplace so resources—funding, volunteer time, and more—flow to effective organizations." That's a clear acknowledgment that while some charities have resounding impact, others barely make a dent in the problems they purport to take on. But this project, through the questions it asks charities to answer, offers guidance rather than criticism.

All yours, donors

Charting Impact offers no judgments on "good," "better" or "best" responses. In fact, once you read a few of the reports, you'll see what a challenge such judgments would be. That doesn't mean that you won't be able to arrive at your own conclusions about what is realistic, informative reporting and what isn't.

A Charting Impact Report can give a vivid picture of how a charity sees itself and what it deals with day-to-day. It can convey a sense of real people thinking hard about the directions their organization is taking, the resources they possess or lack, how far they've come and how far they need to go to have impact on the problem that has drawn you to them. We think you'll find helpful the perspective on effectiveness that Charting Impact now offers.

Effectiveness is only one of the many important issues that careful givers consider, as they have long told us and our standards acknowledge. Board oversight, truthful appeals for funds, reasonable expenses, accurate financial reporting, donor privacy and effectiveness—all addressed in the Alliance's *Standards*

for Charity Accountability and in its reports—will continue to give donors the broad-based view that's essential for sound giving decisions. ■

