

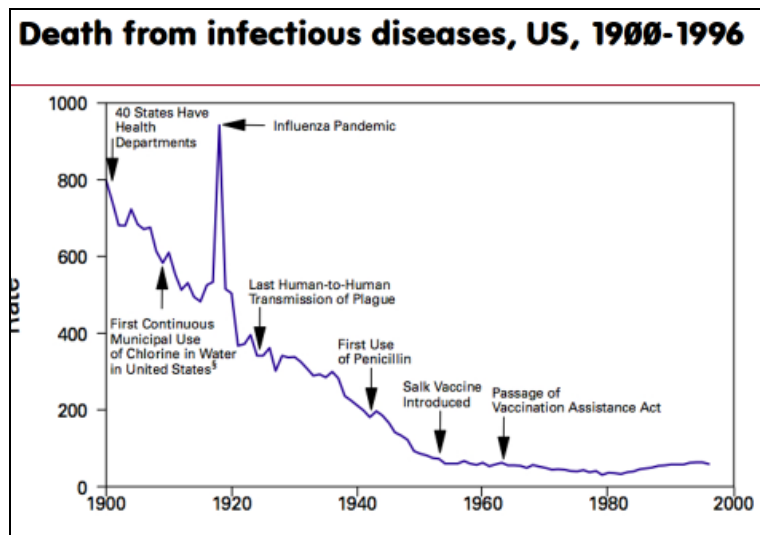
This document outlines the session given by [Caroline Fiennes](#), Director of Giving Evidence, to Philanthropy Ireland in Dublin, September 2013. It comprises notes and slides: it is designed to be self-explanatory but is not a verbatim transcript. Many of the ideas here are discussed further at www.giving-evidence.com and in the acclaimed book, [It Ain't What You Give, It's The Way That You Give It](#)

Introduction

I was asked to talk about making the most of scarce resources. So this talk is about HAVING impact, not about MEASURING it, since that's much more interesting & important. We'll talk a lot about how evidence can help to improve impact, to improve performance. This is a big topic, and I'm going to rattle through some of the main ideas. We have time at the end for questions and discussion. I've written a lot about these ideas, in the book and elsewhere.

I've been a charity CEO, and advised loads of funders & donors, and written a book, and my approach is much influenced by my background as a scientist.

Because I'm interested in improving performance, I do a lot of work looking at medicine. Look at this chart:



Amazing increase in performance. This is why I'm interested in HAVING impact more than MEASURING it: the data-points at the end of this graph could be out by 500% and the pattern would still be clear: the pattern of improved performance, which has been driven by something.

Wouldn't it be awesome if we could draw such charts for social problems which we work on, like domestic violence or education or substance abuse.

Let's now go a long way from here. In Kenya, where diarrhoea is a major problem, one of the biggest child killers, because people have to drink polluted water. This lady here is one such. It's particularly tragic because it's so cheaply avoided.

Now I know that this isn't a problem in Ireland but we'll use it as an analogy.

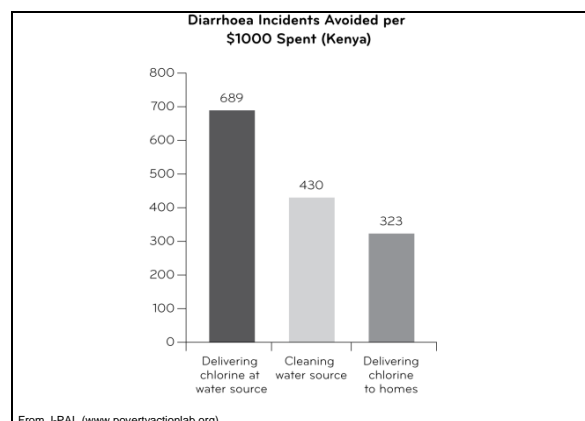


Suppose I tell you that Programme X can prevent 300 cases of diarrhoea for \$1000. Would you fund Programme X? [Several in the audience said that they would.] Yeah, Programme X sounds pretty cheap. But what if we now learn that with \$1000, Programme Y would prevent 400 cases? Suddenly Programme X doesn't look so great. Perhaps there's another alternative, Programme Z, which, with \$1000, can prevent 700 cases? Suddenly, Programme X looks quite rubbish.

The point is that

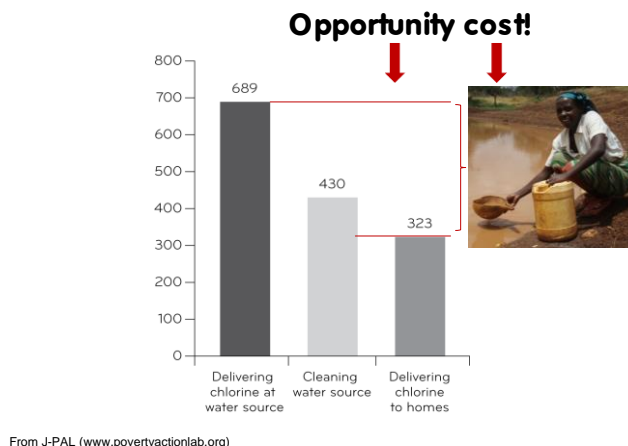
- Charities and programmes vary very considerably in how good they are
- we can only see whether Programme X is any good by comparing it with the alternatives: **understanding impact is fundamentally a comparative exercise.**

This example isn't made up: the data are real:



The aim of the game is finding the best. We're not just trying to achieve something but to achieve all that we can: preventing as many cases of diarrhoea as possible.

Economists call this ‘the opportunity cost’ – I prefer to call it the children who are ill but who could have been helped, or children out in the fields who could have been in school if only we’d made better decisions. It’s those people, and preventing those avoidable tragedies, which motivates me in my work, and hence my book about how any donor can do a great job is dedicated to those people. Because this isn’t some academic point – this is real people:



So that was about charities. But look at this about donors. This is two ways of giving \$100,000.

Grant size	Work created for the charity
Method A	70 hours (nearly two person-weeks)
Method B	12 hours (only a day and a half)

Any guesses what the difference there was?

It’s simply size... and therefore the no. grants which the charity has to raise to get a certain amount. Be consolidated. Don’t spread the love around. As Andrew Carnegie said: “put all your eggs in one basket, and then watch that basket”.

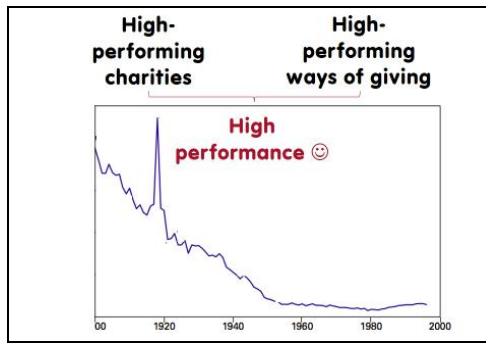
So there is massive opportunity cost amongst donors too, so it’s really important that we get all this right.

Our whole job is about avoiding opportunity costs: serving everybody who can be served.

So:

- some charities are better than others. Our job is to find the good ones.
- Some ways of giving are better than others. Our job is to find the good ones.

To get that high performance, we need to do / find both.



OK, so that was the introduction. Now the meat. How do we do that?

Well the first thing is not to get hung up on **the term impact**. It just confuses everybody, because it sounds like it's all some forensic scientific exercise, and it doesn't matter if we're right +/- 10% or 5%.

Better is the framing that a client of mine uses, of whether we're on the right track, and how we can know whether / where to improve.

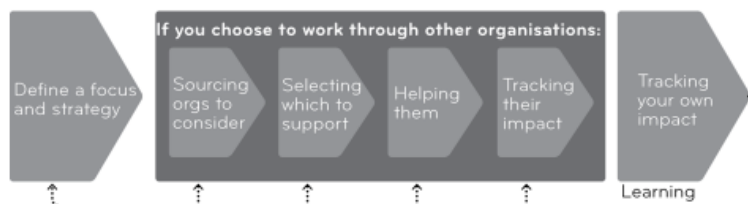
❌ **Don't ask: What's our impact?**

✅ **Do ask:**
Are we on the right track?
How / where can we improve?

Are we having impact; never mind whether we can measure it precisely.

This is a schema of the process within any donor. Funders have options at each stage of this process, and evidence can help them choose the best ones each time. I could talk all day by going through the options at each stage and how to choose, but I'm today going to pull out a few factors. [There's more detail in the book & elsewhere.]

Funders: Optimise across your whole process:

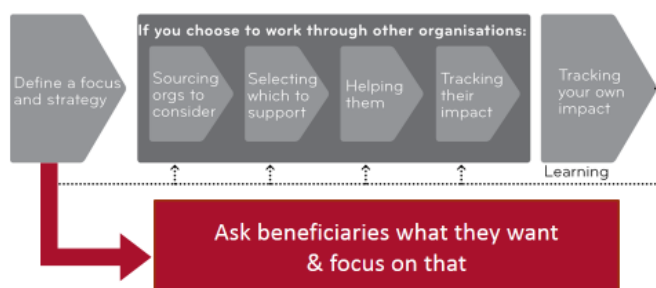


Notice that selecting grantees – which tends to dominate thinking – is just one part. As is tracking the performance of grantees. There are plenty of other processes in foundations & donors which are just as important, and which hugely affect whether you're achieving anything.

I'll show you how you can find great grantees and yet have zero impact – or possibly a negative impact – by getting the rest of the process all wrong.

Don't just obsess about finding great grantees: look at your own house as well.

A first port of call is your choice of focus area. Crucial in that choice is ensuring that you're focused on the issues which beneficiaries care about – not charities, but beneficiaries.



This sounds amazingly obvious, and possibly even insultingly obvious, but it's also surprisingly rare. How many of your orgs which have focus areas asked beneficiaries when making that choice?

It's obviously important to focus on problems which people think they've got: for self-determination, and rights, and just effectiveness and buy-in.

You can tell that this is a problem from these data:

- 90% of health spending goes on just 10% of the disease burden. A total mismatch
- Countries don't get what they want, at all:

Mismatch between need and funding:



There are many other strategic considerations, e.g., whether to fund other orgs or whether to operate yourselves – but we don't have time for those now in our whistle-stop tour!

If you **do** decide that your 'mode' is funding other organisations, there are some considerations in how you source them – that's obviously crucial since you can only choose between orgs you've found. We don't have time for those either but can come back to that in questions if you want.

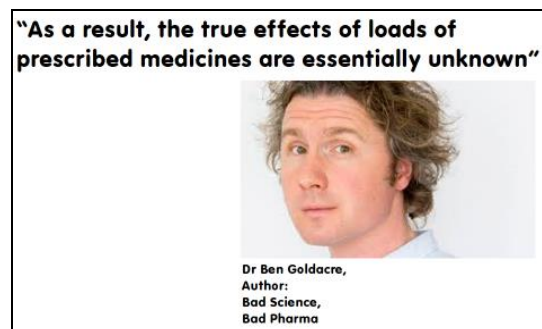
But we are going to look now at the issue of, once you've sourced, how you decide who to fund.



Normally at this point, funders look at the charities' own performance data. And that can be fine, but I want to give a couple of warnings.

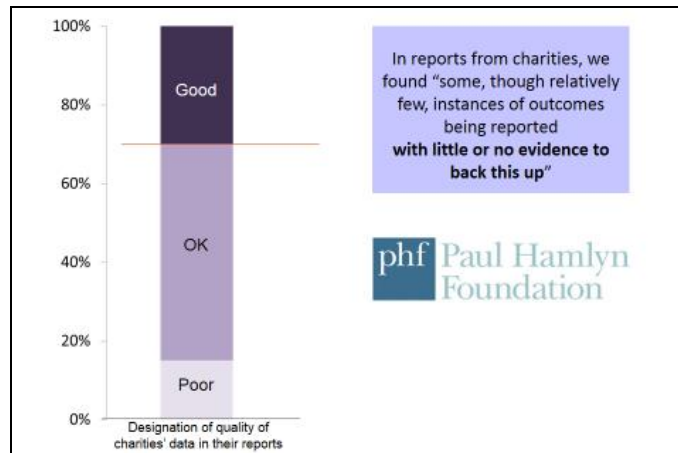
One is that performance data, or impact data, is normally produced by the charity itself, and they know that it'll be used in these go/no-go decisions. What problems might there be with that???

I've been a charity CEO, and so I've experience how this 'impact assessment' is co-mingled with marketing. When our results were good, we shared them; when they weren't, we didn't. I'd never then heard of publication bias – of which this is an example – though I have now. It's a major problem in medicine, studied. Ben Goldacre thinks this:



To my knowledge, it's not been studied in charities / philanthropy, though I have a strong suspicion that if it were, most charities would magically be in the top quartile...

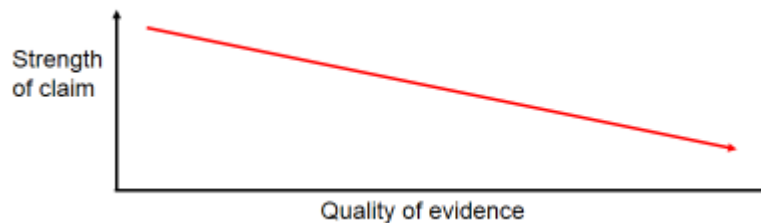
Plus the data which charities do share is often rubbish quality. In the sole study of this I've ever seen, Paul Hamlyn Foundation looked at the quality of data in the reports they got from grantees, and found that it was horrible: only about a third was at all reliable. I particularly love the quote here: it's a polite way of saying that data is just made up:



This isn't because charities are evil. They're responding perfectly rationally to a badly-designed set of incentives. If donors/funders use charities' data to determine whether to give charities the money on which they depend, and there's no sanction for withholding or fabricating data, then of course, they will. One could argue that it'd be immoral not to do so.

Of course, part of the reason that charities' data may be poor is that understanding the effect of a programme is really social science research, which is hard. And hence knowing how to do it – what sample size you need, a good sampling strategy, the experimental or statistical analysis design – isn't present in every charity.

By analogy, The UK's National Audit Office did a major study of every single evaluation of government funded programmes. I couldn't find the data again (it may not be public) but they did say that they found that the strongest claims were made about programmes where the studies were methodologically weakest:



So be very careful if you're relying just on what the charity tells you.

The data we saw earlier of the water thing in Kenya... those data are not produced by charities: they're produced by academics who study this stuff – and hence they're comparative & reliable, which makes them MUCH more useful.

And be aware that funders set up the system and incentives which encourage this.

We'll come back to this. Much better is to rely on independent data: otherwise you get misled into funding charities which do the best at marketing, rather than those which are best at serving beneficiaries.

Next stop is helping the organisations we're supporting. The most obvious thing which comes to mind is money. And sometimes money alone can help. But often it takes more than that, so I encourage you to think creatively about what might be needed.

Here are a couple of stories.

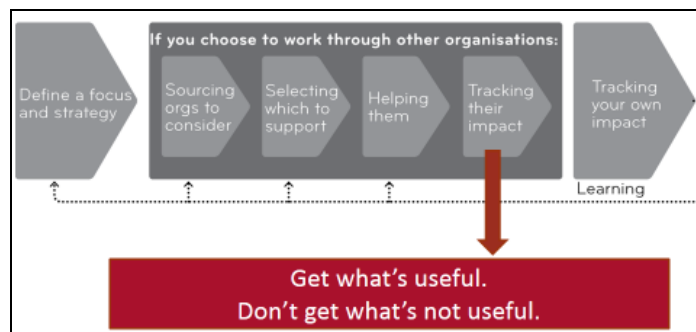
The Northern Rock Foundation was finding that many of its grantees struggled with financial management. So it put together a course on that. Which it could arrange more cheaply than just giving grantees cash to teach themselves this stuff.

Omidyar Network aims to grow enterprises – for-profit and NFP – and it knows that people & HR are integral to that. So it has on-staff a head-hunter who helps the grantees (investees) to find and integrate the right people. That way of using its money is probably much more efficient (higher impact) than funding investees to buy-in that resource themselves.

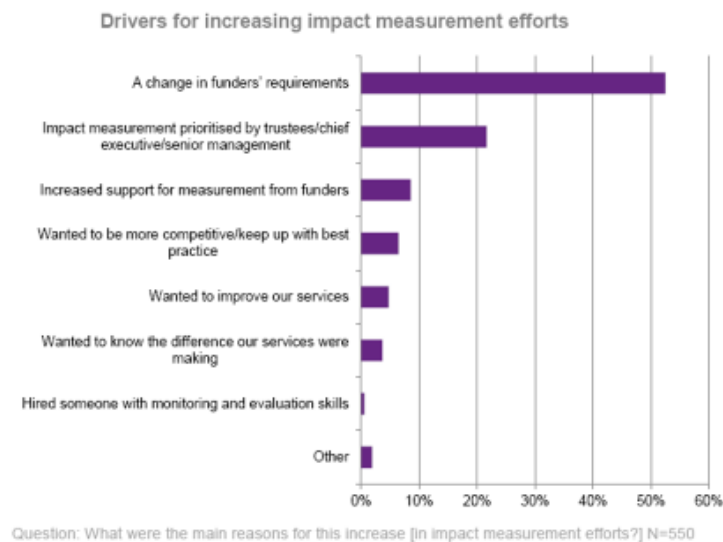
It sounds obvious, but many funders don't do that. Their strategy is 'just add money'. I'm generally sceptical about the 'just add money' strategy, because most charities and social/ environmental problems take much more than that. When I ran a charity, there were a whole bunch of things which would have been helpful which money alone can't buy, or can't buy efficiently.

So be creative: and talk to your grantees and listen to what their situations are. That is very useful evidence in thinking about how to configure your resources to best help.

Moving to tracking grantees, the trick here is to ask for data which is useful, and not for data which isn't.



This is from a major survey of UK charities, about why they measure their impact. What do you notice about this?



Making an Impact: Impact Measurement Across Charities and Social Enterprises in the UK. NPC, October 2012
 Giving Evidence, www.giving-evidence.com [www.twitter.com/carolinefiennes](https://twitter.com/carolinefiennes)

Hardly anybody's doing it to improve! It's to explain to somebody else. It's compliance. It's nothing to do with performance. I play tennis, and in tennis when you practice your serve, you don't monitor the number which go in the box *in order to tell somebody else!* You do it to know what to change to improve. The medical example we saw: that wasn't driven by wanting to tell somebody else, it was driven by wanting to improve performance. The Kenyan water thing: we find the best options by getting data that we really need and acting on it, not by reporting to somebody else.

It's the same in Ireland:

"There is a deep-rooted **fear of finding out (or 'being found out')** that one has not had the impact that was intended.

Organisations are incredibly reluctant to admit that programmes have not gone to plan. Some simply do not tell funders the truth; others are very opaque when reporting back to funders; yet others cherry-pick clients to ensure low success rates are minimised.

Lessons of 'failure' are rarely shared.

When funders become aware that the desired results have not been achieved for whatever reason, they are seemingly equally reluctant to take constructive action, for fear of damaging the organisations' (and possibly their own) reputations."

- *Demonstrating Impact: Current Practice Amongst Social Purpose Organisations in the Republic of Ireland. The Wheel, 2011*

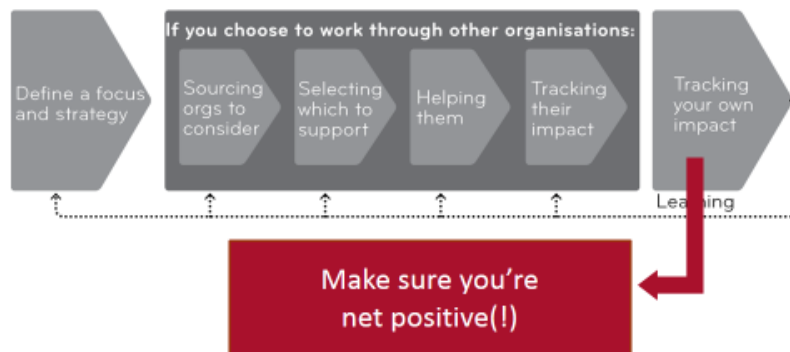
Again this is an important part of the incentive system which funders set up.

So we need to help charities figure out what questions they're trying to answer – and know what questions we as funders are trying to answer –and get the data.

Often I see donors / foundations confused about impact, who ask loads of questions, sort of *because they can*. They inflict data-management and data-collection charities, and it doesn't help. They don't use it for anything useful. This is from one of the founders of evidence-based medicine:

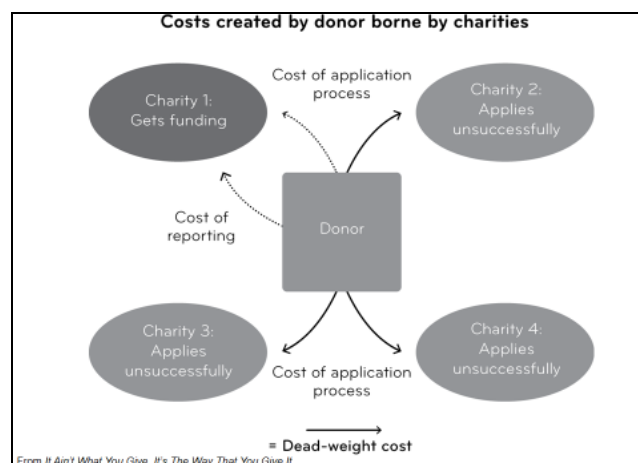
**"I'm from an older generation.
We were taught: ask what you would do if
(a) the test is positive or (b) the test is negative.
If (a) and (b) are the same, don't do the test"
- Archie Cochrane**

The final piece is understanding your own effect. This is in fact enormously complicated but there's one element which is so simple.



Let me tell you a story. I once got a grant from a family foundation which took ages of faffing about. They eventually agreed to a grant of £5k. We were a £1m turnover organisation, but anyway. Then we were a grantee. So had to do various dances in front of the board and trustees and family and so on. I'm a physicist so added up the time all this had taken and worked out the cost. It was about £4.5k. Eventually they asked us to report on what we'd done with the grant. I felt like saying: *What grant? You spent it all yourselves!* So the net value of that grant was max.10%. Maybe nil. Some grants are known to be net nil. Some are net negative: I recently came across a charity which had incurred £100k cost in getting a grant for £50k, because the funder made them hire consultants etc. to help with the bid. The net grant was *minus 100%*.

It seems to me that at the very least, funders should ensure that they are actually adding value. This diagram shows it: the costs which a donor produces through their application and reporting processes.



Clearly it's useful to understand what those costs are, and where they're coming from.

Giving Evidence is just starting to do this analysis with a group of donors. We'd be very happy to have some of you involved, and/or to have an Irish group of donors. If you're interested in being involved, let me know. The reason that this is so important is that it's not about quality of evidence or sample sizes or 'impact': it's just about understanding if you're adding more than you're taking... really very basic – and yet, to our knowledge, it's new.

As I said, these are all forms of evidence which can help drive decisions at each stage of the funders' process. They're not all 'impact data' in the sense that it's normally used – or example understanding what your beneficiaries need, or what charities think of you – but are all instances of how good use of evidence can help us to have more impact, and improve performance to the benefit of our beneficiaries.

