

Aligning mission with money

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Having been involved in fundraising for a wide range of charities over the past 25 years or so, one thing that remains constant is the growing need to demonstrate impact – especially as trust and confidence in the voluntary sector is reportedly at an all-time low.

The reason charities should measure their impact was summed up perfectly in an analogy I heard recently: “Playing tennis with a friend at the weekend, who mostly wins, I wondered why we bother keeping score. And then I realised it’s because it makes every point matter.”

We talk about demonstrating impact but this often has different meanings to different audiences.

If we take purely philanthropic donations to a charity as an example, what the philanthropist really wants is answers to some simple questions: Is my money really making a difference? In what ways? How do I know this is the best approach? How do I know if this is the most cost-effective or efficient way of making this difference?



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While these are all very simple questions, they are not always easy for a charity to answer. It can take a substantial amount of resources to understand the baseline, i.e. where we are now, as this can entail a huge amount of social research.

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Likewise with answering the question: Where do we want to be? Again, a lot of social research may be required to understand what exactly is needed and by whom, who, if anyone is already providing this service and if not, should it really be our top priority?

And the final question is always going to be about sustainability, or the multiplier effect. Can a short-term fix create a long-term solution? Or are we in it for the long haul?

We didn't expect our donations following the devastating earthquake in Nepal to lead to long-term solutions to existing problems. We simply wanted to stop the immediate suffering by providing medicine, shelter, sanitation and food.

Similarly, we can't expect to solve homelessness by building a new shelter. The people who find themselves in dire situations need longer-term support to re-build their lives.

By granting a 'wish' for a child with a life-threatening condition we know we are only helping one child but the impact on that child, and their family, is massive. But no-one would even consider the question of sustainability.

I had my own dilemma recently. I am by no means a major donor but there are a number of issues I care about enough to support or offer my experience and knowledge. A trekking guide in Nepal whom I now call a friend contacted me following the earthquake in Nepal to say how frustrated he was with his government and the response of international aid agencies. In his words, "They are either doing nothing or competing with each other to do the same thing in the same area." He was obviously concerned for people in the remote areas. He asked me for money. He was going to get a group of trekking guides, who all knew the areas well and knew where the help was most needed, to take immediate support to the villagers who so desperately needed it.

And there the dilemma lies. I have seen first-hand how difficult it is for aid agencies to have a co-ordinated approach. But how did I know my friend would provide the best opportunity to help and spend my money most wisely? Should I give directly to him or via an international aid agency?

But I did know, from previous experience, that I would get full and regular updates, with photographs, film and quotes from local people, with exact details of how my money was spent, from my friend. I would not, nor would I expect to get this, from an international aid agency. An interesting dilemma. In the end, I gave to my friend.

As the old adage goes, people give to people. If he had asked me to support Save the Children, for example, would I have done that? I trust him.

It is true that most charities want to do themselves out of a job. We want the ultimate cure for cancer and other conditions and diseases. We want fabulous social and health care (although it could be argued that we don't want to pay extra tax in order to achieve this), we want a stop to child abuse. The reality is that, for many, we are in it for the long haul. We should be honest with our donors about this and ask them to make it their priority too. We are not going to change the world overnight but we are going to make a difference.

Some charities need to get smarter about how they demonstrate return on investment (ROI) and social return on investment (SROI). For most businesses, measuring what they do is an integral part of operations. My experience at a number of charities is that impact measurement is so alien to its employees that implementation of even the most basic measurements is seen as red tape that is getting in the way of their work. I've heard charity employees saying things like, "Why should I have to justify my existence?" when faced with gathering evidence or service impact data.

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There are some inefficient charities out there – not because they are doing anything wrong per se, they simply suffer from weak leadership. This can lead to fundraisers over-promising – not because they

are trying to pull the wool over the donors' eyes, but because they believe passionately in their cause. Only to find that, due to a whole multitude of different elements, traced back to the weak leadership, that the projects or programmes they have secured funding for, have not been as effective as they hoped. This can, in turn, lead to poor communication with donors – a recipe for disaster!

Please don't think I am critical of the voluntary sector – many charities do a fantastic job with ROI being fully integrated at all levels, with a clear vision of what they want to achieve, how they are going to achieve it and how they will know when they've got there.

Charities may also feel resistant to change. Especially those who have been around for many years and have been pulled in different directions over the decades. And they may be wary of inviting experts in to scrutinise their work, even though they may have donors or senior volunteers who may be in a position to help on a pro-bono basis.

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I certainly don't believe charities should be spending huge resources on this. It shouldn't be about large investments – it's more a change in attitudes and behaviours and a focussed approach to why they are providing a particular service or undertaking a particular project.

And when it comes to service delivery charities needs to consider who is best placed to get the best results. But that takes me on to charities working in partnership, which is a whole different debate.

My personal view as a fundraiser is we should provide the very best opportunity for the donor to feel good about their donation. Yes, we need to demonstrate impact, and link this to real facts and figures, but it is equally important to connect the donor with the cause so they can see firsthand the difference they are making.

Not all charities are able to easily engage their donors in their work – it may be overseas, they may not have a physical presence – but they must demonstrate impact.

The tools which are used vary widely. Measuring the impact of a clinical research study into lung disease will require a very different approach to measuring the effectiveness of a community group supporting people with lung disease.

The former may be relying on hard evidence to show the impact of a new drug or therapy on patients with a lung condition over a period of time. The latter may need a different approach, perhaps based on the number of hospital admissions, how confident people feel about understanding and managing their own condition, or changes in lifestyle, monitored over a period of time and compared to a baseline study.

It is not all about hard facts and figures. While we all have things that we care passionately about and want to change, people don't make the decision to give away their hard-earned cash based purely on logical thinking, there must be an emotional element to the decision. Charities should work closely with their donors, to understand their motivations for giving and to agree on expectations.

Charities and social enterprises need to base their strategy and service delivery on logical thinking and not just on an emotional level. And they should attempt to work in partnership, to share resources and intelligence. Any duplication of resources is time, money and effort wasted.

No-one would suggest that measuring ROI when it comes to charities and social enterprises is easy – it is not. But just because something is difficult, doesn't mean it shouldn't be done.

I will end with sharing a quote from a speech from a well-known philanthropist who recently described the work of an educational charity he is supporting: "It works, is efficient and scalable." Surely that is the way most charities would like to be described.

Anne Hayward has over 25 years of fundraising within the voluntary sector and has extensive experience at a senior level working with some big household names as well as some smaller charities. Her main area of expertise is major gift fundraising, leading on major fundraising appeals – having secured many six-figure and multi-million pound donations. As Director of Anne Hayward Ltd, she has worked with a diverse range of charities providing consultancy and interim management. She prides herself on being confident and competent working at a strategic level coupled with hands-on fundraising.