

Return beyond measure

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“If you can’t measure it, you can’t manage it.”

This quote has been attributed to Peter Drucker and famously adopted by McKinsey.

Philanthropy thrives on vision – on bringing the defiantly impossible problem under control, or turning the most fanciful notion of perfection into a reality. But how can we measure our progress towards such ideals? What is the purpose of being able to report on the impact that you are having?

Of the greatest interest to the major donor is the vision. Once a big vision is defined, the impact measurement needs to refer back to this. Big gifts follow big ideas. Ideals attract idealists.

Measurement of impact is incredibly important. It is so important that a major donor would be put off without it being in place. The best impact reporting exists when what is measured is directly related to vision. Too often, impact is considered in terms of the technical and tangible.

It is interesting to look at the differences between commercial investment and giving. In the case of commercial investment, the metrics are of course developed to the extent that it is easy to compare like with like. It is perhaps easier to make an investment. Should I invest in stock X or stock Y? But the form of both investment and return is the same: I put in money and I am returned more of it.

In philanthropy, however, I put in money and I get out pleasure, joy, satisfaction and a sense of wellbeing. I also want to contribute to and see the way that my gift advances the cause and makes a difference to beneficiaries. The relative lack of a hard and fast framework is perhaps behind the mantra that we often

hear from philanthropists that ‘it is hard to give money away effectively’.

Philanthropy is about intimate relationships and deep motivation. The very word philanthropy translates from Greek, meaning ‘for the love of people’. The real return on investment (ROI) for any major donor lies in the sort of pure pleasure that defies measurement.

Impact is important. No major donor would give serious consideration to an organisation if it were not able to measure and describe the effect of its work. Charities are becoming more sophisticated in the way that this is done and how it is reported.

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The description offered by Charles Handy, ten years ago now, of ‘a new breed of philanthropists’, still rings true today:

“Individuals, still in the prime of life, who have been successful in their chosen careers, made money, sometimes a lot of it... They talk of making a difference, of giving something back, but they aren’t satisfied by writing cheques to worthy causes. These people want to be in the driving seat because that’s where they belong... The chance to do this... makes the whole business of making money worthwhile.”

They are used to having the ear of leadership and to being able to influence the agenda. There is no shortage of people who fit Handy’s bill.

Today there are 12 million people worldwide who are classified as ‘high net worth individuals’. Their collective wealth is estimated at US\$55.8 trillion. There are more millionaires in London than in any other city in the world. 10% of the UK population has average assets



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of more than £967,000, including their home. The wealthiest 1%, or 600,000 have average assets of £2.8m.

But levels of individual giving have not increased as affluence has risen. Not everyone gives. 50% of all giving to charity is done by fewer than 20% of people.¹

While levels of wealth have increased dramatically over the last three decades, as John Nickson has argued, levels of giving have remained static. Even a small percentage increase in giving could make a dramatic difference.

The role performed by charities and social enterprises has been increasing as the role of the state has been in retreat. As the tide of state support goes out, so it reveals more opportunities for new forms of funding including for the would-be philanthropist. Many of these opportunities are in favourite areas for very wealthy donors such as healthcare, education and poverty relief.

But how much of this is down to the failure of organisations to engage with the needs and expectations of the would-be major donor? Organisations of all sizes may be unready to meet the expectations of major donors and to receive big gifts.

Philanthropists are self-motivated in their giving and they bring a level of sophistication that many organisations can find daunting. They have, in all likelihood, had a lengthy relationship with a cause long before they do anything about it. The organisation is then viewed as a channel.

When the Philanthropy Company starts looking at an organisation, we typically look at four areas:

- **Vision** – does the organisation have a compelling vision?
- **Leadership** – is there a credible and charismatic individual whose strength inspires confidence?
- **Process** – is there a programme of engagement, database and method of engagement?
- **Systems** – the database, people, bank account and gift aid registration.

Each of these areas needs to be robust. But the first two are of infinitely greater importance to major donors than the last two. The vision is more important than the process.



I'd suggest that whatever other factors are measured, an organisation needs to locate the vision at the centre of any impact measurement. There are three parts to the cycle: future, present and past.

- **Future** – this is when everyone is looking forwards and defining the most inspirational vision. The question to ask is how will we know when the vision is a reality. What will be measured?
- **Present** – how much progress have we made towards making the vision a reality? How do we capture the present (progress towards the vision)?
- **Past** – was the vision realised? How should we look back on success? What lessons may be drawn? What can and should we do next?

Consider an iconic example of a fundraising campaign – the Full Stop Campaign run by the NSPCC. The language is defiant and the end goal is often absolute. Nothing less will be tolerated than the total realisation of the vision. The name of the activity says it all as the focus is very much on the outcome or impact; the word campaign is used in the title, thus indicating a call to action.

There is a sense of resounding confidence. Each has had a well-developed and compelling case for support.

Each has attracted major funding and provided the rallying call to a large number of donors of every shape and size. It is much easier for organisations to define what they measure and report.

What should be measured and to what purpose? I'd suggest that, at least for major giving, everything needs to be related back to the vision. If such a resolute vision is defined, then it becomes easier to measure. In the case of Full Stop it was possible to measure the number of cases and the numbers of individuals afflicted and cases brought.

The impact report needs to set out and measure the level of progress towards making the vision a reality (that is where, after all, the pot of gold is located).

More than talking about impact, philanthropists often speak about the sense of peace and pleasure that they derive from giving. Dame Stephanie Shirley, one of our best-known and most celebrated philanthropists, has described her giving as *'the greatest achievement in life'*.

Even if all the rational impact measures are in place, the emotional return involved in major giving is beyond measure. The heart rules the mind. Wealth begets wealth, but philanthropy offers abundantly more.

Alistair Lomax was founding CEO of the UNIAID Foundation - 'the students' charity'. Recent clients include the University of Buckingham (£30m Campaign for Medicine), Educate a Child International (global £1 bn 'No Child out of school' campaign), the Scout Association, Save the Children International, NHS England, the Children's University, VSO, Experiment in International Living, UCL, Refugee Resource, Oxfam, Hertford College, University of Oxford, the William Morris Gallery and Modern Art Oxford. He holds a BA from Newcastle University, a Professional Performer's Diploma from the Royal Northern College of Music (Oboe) and an MBA from the University of Surrey.

Alistair is Director of the Foundations in Philanthropy course that is currently being run at Somerset House in London. He has worked with the Philanthropy Company for five years.

His work as a trainer and facilitator has been rewarded by a National Training Award, an E-Learning Award, a World of E-Learning Award and a Third Sector Award. He is a Trustee of Samaritans, in Oxford where he lives with his partner and children.

¹ Keen, R. (2015), *Charities and the voluntary sector: statistics*, Office for National Statistics. Ref SN05428.