

Measuring your mission like your money

Doug Balfour (www.genevaglobal.com)

Measurement and metrics are an integral part of business. No company would get far without sales goals, progress reports, projections and spreadsheets. The old business maxim still rings true: if you can't measure it, you can't manage it. Yet that guiding principle largely seems to be ignored when it comes to philanthropy.

Geneva Global, was founded by two billionaire investment managers who were looking for professional philanthropic advice that met the investment banking standards they were accustomed to receiving. When they didn't find the level of transparency and measurement they were seeking – not to mention the investment mindset in which they wanted to approach their philanthropic work – they established Geneva Global in 1999. In 2008, I acquired Geneva Global from them, but our thinking and approach has stayed true to our origins: transparent measuring is crucial to effective philanthropy. We talk about demonstrating impact but this often has different meanings to different audiences.

Measuring for impact can be challenging

It's not that there's a complete absence of numbers and statistics, but for the most part, what you have is counting, not measuring. An organisation will, perhaps, report how many children were enrolled on the first day of school or tally the number of people who were fed in a given year, but there's no assessment of what was actually really achieved as a result. For instance, the children could all have dropped out of school, never returning after the first day. The figures describe intent, rather than defining impact. They are about activity, not results.

Another reason we see a lack of strong measurements is the fear of failure. Raising money is highly competitive, so organisations vying with each other for donor funds usually want to be seen as responsibly handling the money they are given.

This nervousness about being scrutinised too closely is all the more unfortunate when you consider that a certain amount of failure is an accepted fact in the business world. If you aren't having to re-evaluate, recalibrate and reassess, you are probably not being innovative enough to bring anything new to the market. Progress involves the occasional steps backwards. Businessmen and women understand that. As long as your overall momentum is forwards, missteps are OK.

Ironically, my experience has been that donors are more confident when they find themselves dealing with organisations that are more open in their reporting. Trust seems to go up when they are told, 'actually, this project didn't quite turn out the way we had hoped, and here are the reasons why'.

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Having systems in place that require some assessment of what happened can be beneficial in identifying situations and circumstances that may not be possible to avoid in the future but that can be planned or prepared for to some degree. In this way, a failure can actually help increase the likelihood of more future successes so that even the initial money isn't wasted ultimately. As Thomas Edison famously said, "I haven't failed. I've just found ten thousand ways that won't work."



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Cause and effect certainly isn't always easy to quantify. But attempting to understand the data is important if organisations are to develop and improve so that they can do more tomorrow because of what they have learned today.

Thinking like an investor

For Geneva Global, our investment approach starts by helping donors identify the level of risk they are comfortable with and the kind of return they would like to see. Determining how, and where, those two criteria intersect requires a careful evaluation of the different options available. And once a choice has been made, like investment managers, we will go back to see if that area is performing as expected, and if not, consider whether that money needs to be redeployed elsewhere.

Another point is not to dismiss the emotional element involved in philanthropy, but to balance it. Passion is a prerequisite for wanting to bring about change, but applying a more business-like approach to philanthropic efforts – and therefore improving the results – can satisfy both the heart and the head.

To assist clients in making informed giving decisions, Geneva Global has developed a series of detailed evaluations for organisations and programmes. With the help of economists, analysts and statisticians, we have created stringent guidelines for vetting projects. Since 2001, we have used them to evaluate over 1,800 projects in more than 100 countries.

How to measure effectively

Because we believe it's important to set out specific goals and targets ahead of time, we're able to grade programmes at the end. Those that significantly exceed expectations are rated as 'overachieved'. Any that are within 20% of projections get classified as 'achieved'. Those that meet less than 80% of the benchmarks that were set are considered to have 'underachieved', while those that meet less than half the goals have 'failed'.

Another important part of our reporting is a cost-per-life-impact calculation. This attempts to work out how many lives have been impacted by the particular project and for how much per person. The figure can be weighed against costs for similar programmes run by other groups to see how it measures up.

Finally, we have developed a sophisticated, proprietary social-impact index that looks at how much wider societal impact a community development project may have beyond the immediate beneficiaries.

Among the issues we consider in trying to evaluate the social-impact index are the degree to which a project impacts individual well-being and empowerment and in what ways social and cultural values that may contribute to existing conditions have been challenged or changed.

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We also ask, how well is this initiative supported by leaders of influence in the local community – the power brokers? How easily and well could this programme be replicated?

These are not easy questions. Some are more qualitative than quantitative, and there's the natural tendency for organisations in the field to self-evaluate on a curve when asked for feedback.

That has to be factored into the equation. We are now looking into ways of surveying actual beneficiaries, asking them directly how they feel about the services given to them to get a more independent evaluation. Even this isn't foolproof, of course. In some cultures, people are prone to telling you what they think you want to hear.

While measuring for impact can be challenging, having those kinds of cost and result details enables donors to make informed decisions about where, and how, they want their money to make a difference. It helps us judge just how much good has been done – and whether we may even be doing great.

Doug Balfour As owner and CEO of Geneva Global, Doug provides expert guidance to foundations, corporations, individuals, and other organisations throughout the world who seek to apply a business mindset and results-oriented approach to their social impact efforts. With more than 25 years of experience in philanthropy, international development, leadership and organisational development, Doug brings a wealth of knowledge to his work with Geneva Global's clients. Currently, Doug sits on the boards of Capital for Good U.S.A., Capital for Good UK and the END Fund, and earlier this year he released a book, entitled *Doing Good Great*.