



Philanthropy
Fund

Measuring the Results of Your Philanthropy

An Overview for Donors

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Measuring the Results of Your Philanthropy

Introduction

“When you find a unique opportunity to make a real difference, you focus on it and constantly reassess results. This is discipline.”

Peter Drucker

The origins of the word “philanthropy” can be traced back to the 5th century BC to Aeschylus, playwright of *Prometheus Bound*. Aeschylus uses the phrase “philanthropos tropos,” or “humanity loving,” to describe Prometheus because of his decision to have compassion on the early humans. Against the wishes of Zeus, king of the gods, Prometheus gives men the gifts of fire and hope, thus improving the human condition and ultimately saving mankind from destruction.¹

If the fundamental goal of our philanthropy is to improve the human condition, the question we must answer is whether we are actually achieving that goal. Without focusing on our philanthropy and constantly reassessing its results, as Peter Drucker states above, we will not know if we are making a real difference. Without measuring the results of our philanthropy, we will not know if we are doing good or—even worse—possibly doing harm through our efforts.

The purpose of this overview is to assist donors with the process of measuring the results of a grant to a nonprofit organization and/or their overall philanthropy. This publication is designed to help donors think through the following five key questions related to measuring results:

1. **Why is it important to measure the results of my philanthropy?**
2. **Why is it difficult to measure the results of nonprofit organizations?**
3. **What are different approaches to measuring results?**
4. **How can I make sure I am measuring what matters?**
5. **How can I avoid creating undue burden on nonprofit organizations when I am measuring results?**

The rest of this article discusses each of these questions and provides recommended resources to help donors learn more about measuring the results of their philanthropy.

¹ <http://www.philanthropicdirectory.org/about-us/philanthropy-explained>

1. Why is it important to measure the results of my philanthropy?

“When it comes to philanthropic giving, it’s considerably harder to measure results [than with financial investments]. Nevertheless, it is important for donors to ask themselves, ‘How will I determine whether and when my philanthropic goals are being achieved?’”

Silk & Lintott
Managing Foundations and Charitable Trusts

Before you begin thinking about how to measure the results of your philanthropy, it is essential to first understand your philanthropic goals. Without clarity on your goals, it will be fruitless to determine how best to measure your progress against those goals. The Goldman Sachs Philanthropy Fund’s publications “Getting Started with Your Philanthropy” and “Finding and Funding Effective Nonprofit Organizations” may prove useful resources to you in articulating your goals for your philanthropy, how you want to give, and determining which nonprofit organizations will benefit from your giving.

For example, not all charitable gifts are intended to “improve the human condition.” Katherina Rosqueta, Founding Director of the Center for High Impact Philanthropy suggests that many donors make some charitable gifts with other goals in mind. In those cases, measurement may not be necessary. She explains: “When your goal in making a gift to your alma mater is to express gratitude for the institution, to make sure you’re registered with central development when your child applies, and/or to enjoy the warm glow of being a benefactor, you personally experience the benefit—the intended results—of that gift. There is little need to assess further.”

If, however, Rosqueta adds, “the goal of your philanthropy is to improve the lives of others; measurement is the only way you can assess whether your gift is achieving the change you seek.” Fay Twersky, Director of the Effective Philanthropy Group at the William and Flora Hewlett Foundation, offers four reasons why measurement is important. All of these reasons are valid, and they are not mutually exclusive:

1. **Accountability** – To determine if we and those we support are doing what was promised
2. **Informing grantee practice and decision-making** – To help those we support learn and become higher performing

3. **Informing donor practice and decision-making** – To help donors test assumptions about approaches for achieving results and support course corrections
4. **Informing the field** – To generate knowledge about what does and does not work and why, and to have that knowledge inform and shape policy and practice more broadly.²

A couple of other important reasons for donors to measure results are articulated by Laura Arrillaga-Andreessen, author of *Giving 2.0: Transform Your Giving and Our World*. She points out that “finding out how your money is being used and the difference it is making to a problem or people you hope to help will increase your confidence in your giving decisions. It will also help you advocate more effectively for the causes you find compelling.”³

A final critical reason why it is important to measure results is to ensure that your philanthropy is doing no harm. A powerful example of this is described in *Leap of Reason: Managing to Outcomes in an Era of Scarcity*. One of the book’s authors, Isaac Castillo, discusses how the Latin American Youth Center (LAYC) in Washington, DC, added some lessons on domestic violence to its parenting classes. The intention was to teach that domestic violence is never acceptable. In conducting pre- and post-program tests with parents, LAYC discovered the domestic violence lessons changed the participants’ attitudes towards domestic violence in the wrong direction—respondents were more likely to see domestic violence as an appropriate expression of love. “In a very real sense, our program was causing harm to our participants, despite the best of our intentions,” states Castillo. He adds, “Fortunately, because LAYC was collecting information...we were able to make important changes to this program before starting with the next group of participants.”⁴ This example illustrates well the fundamental importance of measuring results. If not for measuring results, this nonprofit program and the donors who support it would have continued doing harm and not good to the very people they aimed to serve.

² Twersky, Fay. “Journey to Impact: an open letter to emerging philanthropists.” *Alliance Magazine*. 1 September 2012.

³ Arrillaga-Andreessen, Laura. *Giving 2.0: Transform Your Giving and Our World. Chapter 4: Determining a Destination. Assess Your Aspirations and Impact*. San Francisco, CA: Jossey-Bass, 2012. p. 10.

⁴ Morino, Mario. *Leap of Reason: Managing to Outcomes in an Era of Scarcity*. Venture Philanthropy Partners, 2011, pp. 96-97.

2. Why is it difficult to measure the results of nonprofit organizations?

“Despite all the right intentions, the vast majority of nonprofits do not have the benefit of good information and tools to determine where they’re headed, chart a logical course, and course correct when they’re off. They’re navigating with little more than intuition and anecdotes. Only a fortunate few have a reliable way to know whether they’re doing meaningful, measurable good for those they serve.”

Mario Morino

*Leap of Reason: Managing to Outcomes
in an Era of Scarcity*

Why is it that “only a fortunate few” nonprofit organizations can measure their results? Most nonprofit organizations believe what they are doing makes a difference. However, as noted previously, it is considerably harder to measure the results of nonprofit organizations than the financial results of an investment.

The reasons for this state of affairs are many, including the lack of quality and quantity data on nonprofit performance; the lack of leadership and will among some nonprofits to measure their own results; the lack of capacity among many nonprofits for measurement; and the time and resources needed to measure results well. In addition, most donors do not like to pay for the cost of measurement; many donors lack the skill and knowledge to measure results; and the incentives for measurement in the nonprofit sector by both nonprofits and donors are not well aligned. Each of these is discussed briefly below.

Lack of quality and quantity data on nonprofit performance

Nonprofit organizations can track a variety of possible results of their work, including outputs, outcomes, impacts and implementation quality. We define each of these terms briefly below:⁵

- **Outputs** consist of the number and kinds of people served, activities performed, and items produced by an organization during a given period (generally a year)
- **Outcomes** are the expected, measurable changes undergone or achieved by service recipients participating in an agency’s core programming – generally comprising changes in attitudes, knowledge, skills, behavior, status, and social or personal condition
- **Impacts** are outcomes that can, using experimental research methods, be attributed (with a great deal of confidence) to the effects on participants of a program or service
- **Implementation quality** speaks to how well an organization performs its work when looked at in relation to key attributes that are known to be associated with beneficial experiences and results for recipients of its programming or services

Nonprofit organizations typically measure their outputs such as the number of children served or acres of land preserved. Nonprofit organizations can also assess the quality of their program implementation. For example, they can assess whether children in an afterschool program show up consistently, whether the children receive tutoring over a certain amount of time, whether the tutors are well-trained, and whether the tutoring happens in an accessible, quiet, safe space.

However, simply knowing the number of children served in a quality afterschool program does not help you understand if any positive change has happened for those children unless the nonprofit can measure outcomes—what happened to those children who have been tutored—and measure impacts—whether what happened to those children can be attributed to the specific intervention or, in this case, the afterschool program.

⁵ Hunter, David E. K. “Working Hard & Working Well: A Practice Guide to Performance Management for Leaders Serving Children, Adults, and Families.” Hunter Consulting, LLC. 2013. pp. 74-81. Email communication December 20, 2013.

Lack of leadership, will, and nonprofit and donor capacity to measure results

The challenges associated with measuring results increase at each of these levels from output to outcome to impact, as do the commensurate costs to the nonprofit for conducting the measurement activities. Nonprofits are usually strapped for the resources to run their organizations, and face great difficulties in finding the time, resources and expertise necessary to measure their results. Whereas many nonprofit leaders are skilled in program design and implementation, few nonprofits have measurement experts with social science and statistical research backgrounds on staff.⁶ At the same time, most donors lack the skills and knowledge to advise nonprofits on measuring results and are reluctant to pay for the expenses associated with building staff capacity or hiring expertise to measure results. In light of these challenges, it is a matter of leadership and will on the part of the nonprofit management and the donors that support the nonprofit to prioritize measuring results to inform their own practice.

Lack of benchmarks for nonprofit results

The social sector does not have a good system for benchmarking one nonprofit's results against another. For example, if one afterschool program measures its outcomes and impact, it is difficult to compare those results with another program given the current lack of quantity and quality data. While there are some efforts to develop comparative systems, the overall infrastructure is only in the early stages of development. A paper by the Bill & Melinda Gates Foundation on "Measuring and/or Estimating Social Value Creation" points out that "the infrastructure that makes financial ROI calculations possible, (e.g., the accounting profession, brokers, financial analysts, financial reporting, financial concept development), has taken a long period of time (some might argue centuries) to develop...in comparison, the social sector has really only begun to measure social outcomes in the last few decades."⁷

Lack of incentives for measuring results

Lastly, there are often misaligned incentives for nonprofits and donors alike to measure their results. More money does not necessarily flow to programs or organizations with the highest quality measurement processes and accurate measurement results. In fact, sometimes donors may perceive the higher expenses involved with measuring well as unneeded overhead resulting in money (wrongly) flowing away from such programs. Stories and pictures can convince donors to give to a lower-performing organization in the absence of any real data; and capricious donors often drop high-performing organizations in favor of the new and exciting innovations of unproven start-up organizations. Similarly, donors have few incentives for demonstrating that their philanthropic efforts have possibly resulted in little measurable benefit or, worse, have caused harm to beneficiaries.

All of these factors combine to create significant challenges in measuring the results of nonprofit organizations. They also point out specific opportunities for the wise and thoughtful donor to partner with the organizations they fund to make meaningful measurement possible. The remainder of this publication focuses on how donors can pursue measuring results in ways that can benefit both the donor and the funded nonprofit organizations.

⁶ A 2012 report by Innovation Network found that only 18% of nonprofits surveyed have a staff member dedicated to evaluation/measuring results. <http://stateofevaluation.org/>

⁷ Tuan, Melinda. "Measuring and/or Estimating Social Value Creation: Insights Into Eight Integrated Cost Approaches." The Bill & Melinda Gates Foundation. 2008. pp. 6-7.

3. What are different approaches to measuring results?

“How you count your impact will be shaped by how you give. So in the same way that you apply different giving strategies to different goals and social issues, you need to apply different forms of measurement to your gifts.”

Laura Arrillaga-Andreessen
Giving 2.0: Transform Your Giving and Our World

As discussed in the Goldman Sachs Philanthropy Fund publication “Getting Started with Your Philanthropy,” there are many possible goals donors may have for their philanthropy related to why, when, where, what, with whom and how you want to give. Similarly, there are many different approaches to measuring results and the right measurement approach should be tied to your goals for your philanthropy.

The authors of *Give Smart: Philanthropy That Gets Results* describe three different purposes for measuring results:

1. **Accountability**
2. **Continuous improvement [and learning]**
3. **Proof of impact**

They state that: “Consequently, engaging effectively with your grantees around measurement begins with being clear about the ‘why’; that is, which of these three purposes you’re trying to address.”⁸

Accountability

For example, if you are most interested in accountability—namely, what did I get for my money—you may measure the results of your philanthropy by looking backward to see what was accomplished. In these cases, you may want to measure the outputs achieved by the nonprofit organization. For example, you may assess how many children have been served by the afterschool program and perhaps gather some demographic information about the children. The *Give Smart* authors argue this approach is akin to scorekeeping because it focuses on what was accomplished rather than why something happened or how to improve upon those results in the future.

⁸ Tierney, Thomas J., and Joel L. Fleishman. *Give Smart: Philanthropy That Gets Results, Chapter Six: Am I Getting Better?* New York: Public Affairs, 2011. p. 197.

Continuous Improvement and Learning

If, on the other hand, you are most interested in measuring for continuous improvement and learning, or as Twersky describes, informing grantee and donor practice and decision-making, you may measure the results of your philanthropy by asking yourself, “Given these results, and what we now know, how can we get better?”⁹ In these cases, you may want to measure the outcomes generated by the nonprofit organization. For example, assuming the nonprofit has the capacity to measure its outcomes, you may learn how/whether the children in the afterschool program are advancing in their reading levels, improving in their schoolwork, or achieving on other standardized tests.

In addition, you may consider incorporating a real-time beneficiary voice into measuring the results of the nonprofit and your philanthropy. In the former case, this might involve surveying or conducting focus groups with the children involved in the afterschool program about their level of satisfaction with the tutors, instructional setting, and overall experience with the program. For the latter case, you might conduct anonymous surveys of the nonprofits you fund to ascertain their level of satisfaction with your giving practices, approachability and the level of trust in your relationship.

The *Give Smart* authors suggest this approach is analogous to doing a diagnostic or taking a placement exam. The outcomes you measure will highlight not only what the nonprofit has accomplished but also how the program might be improved to better serve its beneficiaries. Measurement for learning and improvement is most similar to what is termed “performance management” in the business sector, and “the information you gather provides a point of departure for learning, adaptation, and innovation.”¹⁰

⁹ Ibid.

¹⁰ Tierney and Fleishman. p. 198.

Proof of Impact

This last approach to measurement is for donors who want to know if the results (outputs and outcomes) can be tied to the specific efforts of the nonprofit program in question and inform the field about evidence-based practices. In these cases, you are asking for the holy grail of measurement: proof of impact. Demonstrating proof of impact typically involves a one-time assessment which looks at the outcomes of a program and attempts to attribute those outcomes specifically to that program.¹¹ For example, an impact evaluation (e.g., a randomized controlled trial or RCT¹²) would examine the outcomes of the afterschool program as they pertain to reading levels and try to demonstrate that those increased reading levels are attributable to the program and not to other factors such as at-home support, in-school teacher quality or socio-economic factors, to name a few.

This particular approach to measuring results has gained a lot of attention lately in both the philanthropic and public sector spheres. The *Give Smart* authors are careful to point out that while impact evaluations such as RCTs are appropriate and valuable for some organizations, “the number of nonprofits that would benefit from some sort of rigorous and costly impact evaluation is actually fairly small.”¹³ Carol McLaughlin, Research Director at the Center for High Impact Philanthropy describes circumstances when impact measurement might be helpful for a nonprofit: “When an intervention is new and untested, and the nonprofit is planning to scale the intervention to larger populations and has enough experience with the implementation of the approach to be ready for an impact evaluation.”¹⁴

Regardless of the particular approach you choose to take to measure the results of your philanthropy, it is essential that you make sure you are measuring what matters and that you try to avoid creating undue burden on nonprofit organizations in the process.

¹¹ For a more detailed outline of how to demonstrate impact via program evaluations please see Hunter, David E. K. “Working Hard & Working Well: A Practice Guide to Performance Management for Leaders Serving Children, Adults, and Families.” Hunter Consulting, LLC. 2013. pp. 118-119.

¹² For more detailed information about different methodologies for measuring results including evaluation approaches, social return on investment and systems thinking, please reference Rockefeller Philanthropy Advisors’ publication “Assessing Impact” at www.rockpa.org. <http://bit.ly/1tbzW7O>.

¹³ Tierney and Fleishman. p. 199.

¹⁴ Email communication December 8, 2013.

4. How can I make sure I am measuring what matters?

“The key is to design all measurement with action and decisions in mind and to ask: ‘How and when will we or others use this information?’”

Fay Twersky, Director
Effective Philanthropy Group
William and Flora Hewlett Foundation

As described in the previous section, there are three different purposes or approaches to measuring results. Across these purposes, “the most important measures are those that inform strategy...are situational...and actionable,” say the *Give Smart* authors. “This means the measures that matter are the ones that inform and improve decisions. If you cannot connect a given measure to a decision that you (or your grantee) need to make, it’s probably unnecessary.”¹⁵ We would add that it is also a waste of limited philanthropic resources. Nonprofit leaders tell countless tales of their efforts to measure results at the request of donors, only to discover the binders of results are sitting, unread, on shelves collecting dust. In order to ensure you are measuring what matters, consider the following four guidelines.

Measure program results, not overhead

At a fundamental level, measuring what matters means measuring program results and not overhead expense ratios. For many years, donors have mistakenly used the percentage of a donation that goes “directly” to a program as an indication of the quality and/or effectiveness of the program. This practice makes no sense in a for-profit context—imagine deciding which airline is the best based on how little it spends on maintenance¹⁶—yet it is fairly widespread in the philanthropic sector. Thankfully, this perspective on overhead in nonprofit organizations is changing. In fact, the CEOs of the three leading sources of information about charities (BBB Wise Giving Alliance, GuideStar and Charity Navigator) wrote an open letter to the field stating that “in most cases, focusing on overhead without considering other critical dimensions of a charity’s financial and organizational performance does more damage than good.”¹⁷

Measure improvement, not just results

Findings from a survey of grantmakers conducted by Grantmakers for Effective Organizations suggest that a majority of donors “still view measuring results as an accountability exercise.”¹⁸ While it is important to make sure that your philanthropic dollars are being spent responsibly, you are missing out on the opportunity to learn how you and the nonprofits you fund can work more effectively if your measurement efforts stop there. Susan Wolf Ditzkoff, a partner and co-leader of the philanthropy practice at the Bridgespan Group, advocates for the practice of “adaptive philanthropy” and defines “adaptive philanthropists” as those who have “clear but flexible boundaries, as well as a definition of what success looks like, for whom, and over what timeframe.”¹⁹

Measure philanthropic contribution, not attribution

¹⁵ Tierney and Fleishman. pp. 199-200.

¹⁶ Bob Ottenhoff, past president of GuideStar, compared the use of overhead ratios as a proxy for nonprofit excellence to “asking which airlines spend the least on maintenance to decide where to invest.” Forwarded email communication to Melinda T. Tuan, April 11, 2016.

¹⁷ <http://bit.ly/1U1yMrz>.

¹⁸ Grantmakers for Effective Organizations. *Four Essentials for Evaluation*. 2012. p. 2.

¹⁹ Ditzkoff, Susan Wolf. “Giving that Gets Results: An Introduction.” <http://bit.ly/1PKcoRH>.

In a blog post by the Center for High Impact Philanthropy on “Impact Myths,” the authors retell the story of a group of villagers pushing a dangerously placed boulder up a hill. You join them at the last moment and your additional effort finally gets the boulder in a safer place. The question is: who gets the credit?²⁰

Caroline Fiennes, author of *It Ain't What You Give, It's the Way That You Give It*, recommends donors not even consider assessing whether improvements in the world are due to their efforts. She states: “It’s hard enough to attribute changes to charities, and it’s worse for donors because they are a stage removed from ‘the action.’ This means that in practice it’s often simply impossible to attribute a change to a particular donor, and we could squander much time obsessing over it.”²¹ Most nonprofit organizations are funded by multiple sources, and many grants are too small to allow for analyses of philanthropic contribution much less attribution. Perhaps the best advice overall on this topic is a quote attributed to Harry S. Truman: “It is amazing what you can accomplish if you do not care who gets the credit.”

Measure in the broader context, not just the program results

It is important to measure not just whether the program works, but also whether there are other approaches that might generate better results and maximize the outputs, outcomes and/or impact for your philanthropic dollar. Melissa Berman, President and CEO of Rockefeller Philanthropy Advisors states: “Without considering the broader context, donors run the risk of funding ‘successful’ programs that make no real difference in addressing the problem they are seeking to solve.”²²

Fiennes uses a case study on finding the best strategy and programs to keep rural Indian children in school to demonstrate the power of measuring in the broader context. Researchers identified the possible causes and solutions to the problem, including providing children with transportation to school, school uniforms, and rewarding parents who sent their children to school with conditional cash transfers. Each of these programs was “successful” in that more children attended school as a result of the specific intervention. However, a fourth program, deworming (treating the many children

who had intestinal worms), proved to be the most effective program for keeping children in school by a magnitude of twenty-five. While the other three programs were doing good and not harm, the opportunity cost of capital was significant. Or, as Fiennes describes it, “every time a donor puts \$1000 into the wrong programme, fully 24 children needlessly miss out.”²³

At the end of the day, measuring what matters is about asking the right questions, using information to inform action, engaging in learning, being flexible, practicing humility, and keeping the big picture in mind.

²⁰ The Center for High Impact Philanthropy, 2013, *Impact Myths: Attribution and Contribution*, impactsp2 blog, <http://bit.ly/1tjaxK0>.

²¹ Fiennes, Caroline. *It Ain't What You Give, It's the Way That You Give It*. Kindle e-book. February 21, 2012. Chapter 14.

²² Rockefeller Philanthropy Advisors. “Assessing Impact”.

²³ Fiennes, Caroline. *It Ain't What You Give, It's the Way That You Give It*. Kindle e-book. February 21, 2012. p. 157.

5. How can I avoid creating undue burden on nonprofits when I am measuring results?

“It’s very hard to tell if you’re giving well or badly. You get thanked heartily either way. Consequently donors often help less and hinder rather more than they might imagine.”

Caroline Fiennes
It Ain't What You Give, It's The Way That You Give It

Unfortunately, many donors create unnecessary burdens on nonprofit organizations in their demands for measurement. Berman observes that “many nonprofits today are suffering unduly from donors’ enthusiasm for reporting and assessment. Each donor, they feel, has a different set of reporting requirements—and the burden can be overwhelming.”²⁴ The following are five ways you can avoid creating extra burdens on the nonprofit organizations you fund.

Right-size your measurement expectations

Berman describes one example of a donor who wanted a nonprofit to conduct a ten-year longitudinal study of its afterschool program participants. No one at the organization had the skills or background to engage a research firm but more importantly, this type of study would cost more than the entire nonprofit’s budget. Sadly, this type of request for bespoke measurement is not uncommon among donors. There have been other examples of nonprofits needing to measure customized results for each of over 75 different funding sources. All this translates into more time spent by nonprofits on measuring results for external audiences, instead of spending time on program delivery and measuring results to inform their own practice.

When thinking about measurement, it is important to keep the size and scope of the organization and the size of your charitable gift in mind, as well as learn what other funders are expecting of the organization in terms of measurement. If you are giving more at the \$50,000 level as opposed to the \$1,000,000 level, Twersky suggests “you would do well to ride on the coattails of others’ measurement investments”²⁵ instead of imposing any new requirements on the nonprofit.

²⁴ Rockefeller Philanthropy Advisors. “Assessing Impact”.

²⁵ Email communication, December 13, 2013.

Allow the nonprofits to drive the measurement effort

Philanthropy experts suggest the best way to make sure you as a donor are not creating undue burden is to ask the nonprofits what they are currently measuring and how they are measuring their results to inform their own effectiveness. The experts agree that measuring results is most valuable to the nonprofit and donor if the effort is driven by the nonprofit itself. They believe “the best charities will welcome questions about their success, and will have thought long and hard about the issues, and will give informed answers.”²⁶ Ideally, you should look for measures that can serve double duty—informing both the nonprofit and you as a donor.

Be flexible and adaptive in the timeframes for measuring results

We all know the world is a rapidly changing place. Nonprofit organizations and donors need to be able to adapt and change as well. Morino points out that “the goal must be to help grantees define and use current information to manage their operations toward outcomes. They need relevant, timely data and the flexibility to track, course correct, and adapt their approach when necessary to stay focused on the ultimate results they’re pursuing.”²⁷ As a donor, you need to be flexible in your expectations for measuring results and the timeframes associated with those results instead of, for example, insisting on tying metrics to specific milestones years in advance. In this way, you can help “fuel learning and improvement by and within the staff so that nonprofits can keep getting better and better at meeting the needs of those they serve.”²⁸

²⁶ Silk, Roger D. and James W. Lintott. “Chapter 7: Effective Foundations: The Business of Philanthropy.” *Managing Foundations and Charitable Trusts: Essential Knowledge, Tools, and Techniques for Donors and Advisors*. Hoboken: John Wiley & Sons, Inc. 2011.

²⁷ Ditkoff, Susan Wolf. “Funding for Outcomes.”

<http://bit.ly/1UFfXY2>.

²⁸ Ibid.

Fund the nonprofits' measurement efforts

The reality is that “for most nonprofits, measurement can feel like an added cost burden on an already overfilled plate. Yet for them and you to achieve ever better results, measurement is essential,” say the *Give Smart* authors. “As a donor, you can add significant value simply by helping them develop the capacity to do it.”²⁹ Practically speaking, this translates into providing the funding and resources necessary for nonprofits to measure their own results and/or hire the expertise necessary to assist them in their efforts. Additionally, this can mean helping the nonprofit research what and how others in their field/sector are measuring so as to avoid reinventing the wheel. As discussed earlier, for many nonprofits measurement is an underfunded area and one where a thoughtful donor can make a big difference.

Collaborate with other funders on common measurement activities

Whenever possible, you can help lift the burden of measurement from nonprofits by collaborating with other donors to create common measures and measurement systems. In one example of a missed opportunity, a nonprofit was funded by three different donors to measure the results of a particular set of programs. Each donor provided the nonprofit with funding and technical assistance to build a customized database to collect the requested data. As a result of these seemingly well-intentioned efforts, the organization was left with three different databases that did not link to each other or a central data collection system; and each system had to be individually maintained by the already stretched nonprofit staff.

If the donors in question had instead talked with each other about their mutual interest in measuring the results of the same organization and program, perhaps a single, integrated measurement system could have been developed and certainly a lot of burden on the nonprofit would have been avoided. The authors of “Beyond Compliance: Measuring to Learn, Improve, and Create Positive Change” state that “in cases where capacity is a concern, consider using metrics the nonprofit already collects to measure the effects of your donation, and look to match your requests with those of other funders, when possible.”³⁰

In summary, the following three simple steps may help you help the nonprofits you fund measure results without creating undue burdens on their organizations:

1. Ask the nonprofit what results they currently measure and how they measure them
2. Ask the nonprofit what other results they would like to measure to inform their own practice; how they might go about measuring; and what resources they might need
3. If the nonprofit needs assistance in measuring results, coordinate the provision of funding for measurement capacity and expertise with other donors to avoid duplication of efforts

Ultimately, the best way to guard against creating undue burden on nonprofit organizations is to follow Twersky's advice to emerging philanthropists and constantly ask yourself: “How and when will we or others use this information?”³¹

²⁹ Tierney and Fleishman. pp. 202 – 203.

³⁰ The Center for High Impact Philanthropy and Wharton Social Impact Initiative. *Beyond Compliance: Measuring to Learn, Improve, and Create Positive Change*. September 30, 2013.

³¹ Twersky, Fay. “Journey to Impact: an open letter to emerging philanthropists.” *Alliance Magazine*. 1 September 2012.

Conclusion

“Faced with the difficulty of measuring charitable achievements, too many donors simply give up. But giving up is not the responsible course.”

Silk & Lintott
Managing Foundations and Charitable Trusts

Despite the challenges associated with measuring the results of your philanthropy, it is important that you make the effort to understand whether your giving is indeed creating the change you seek. Without measuring results, nonprofits and donors alike will be operating without a compass to guide their thoughtful decision-making and resource allocation, and ensure good and not harm is resulting from their efforts.

As you and the nonprofits you fund measure your results, you have an opportunity to build a trusting relationship. Morino urges donors “to focus on helping leaders build high-performing organizations with a sharp focus on outcomes in an adaptive way, rather than with a linear and narrow mindset, and ...financially incentivize and emotionally and intellectually encourage their grantees to do so as well.”³² Donors have a unique opportunity to come alongside nonprofit organizations, to ask good questions, help build the nonprofits’ capacity to answer their measurement questions, inform and improve their practice, and ultimately make a real difference for humanity.

This publication has been designed to help you think about measuring the results of your philanthropy. A list of resources for each of the five questions is included at the end of this publication to help you explore each of these issues more deeply. For more information on this topic or additional assistance with philanthropic topics, contact your Goldman Sachs Private Wealth Advisor.

³² Ditkoff, Susan Wolf. “Funding for Outcomes.” <http://bit.ly/1UFfXY2>.

Recommended Resources

1. Why is it important to measure the results of my philanthropy?

- Arrillaga-Andreessen, Laura. *Giving 2.0: Transform Your Giving and Our World*. Chapter 4: Determining a Destination. Assess Your Aspirations and Impact. San Francisco, CA: Jossey-Bass, 2012.
- Morino, Mario. *Leap of Reason: Managing to Outcomes in an Era of Scarcity*. Venture Philanthropy Partners, 2011. www.leapofreason.org.
- Silk, Roger D. and James W. Lintott. "Chapter 7: Effective Foundations: The Business of Philanthropy." *Managing Foundations and Charitable Trusts: Essential Knowledge, Tools, and Techniques for Donors and Advisors*. Hoboken: John Wiley & Sons, Inc. 2011.
- Tierney, Thomas J., and Joel L. Fleishman. *Give Smart: Philanthropy That Gets Results*. Chapter Six: Am I Getting Better? New York: *Public Affairs*, 2011. www.GiveSmart.org
- Tuan Melinda. "Getting Started with Your Philanthropy: An Overview for Donors." Goldman Sachs Philanthropy Fund. <http://bit.ly/1UheLeP>.

2. Why is it difficult to measure the results of nonprofit organizations?

- Fiennes, Caroline. "Most Charities Shouldn't Evaluate Their Work: Part One." Stanford Social Innovation Review Blog. *Stanford Social Innovation Review*. 29 May 2013. Web. <http://bit.ly/219q3IS>,
- Stannard-Stockton, Sean. "Getting Results: Outputs, Outcomes & Impact." *Tactical Philanthropy*. June 29, 2010. <http://bit.ly/22SOcP8>.
- Ditkoff, Susan Wolf. "Funding for Outcomes." <http://bit.ly/1UFfXY2>.
- Tuan, Melinda. "Measuring and/or Estimating Social Value Creation: Insights Into Eight Integrated Cost Approaches." The Bill & Melinda Gates Foundation. 2008. <http://bit.ly/1tbB8rF>.

3. What are different approaches to measuring results?

- Carson, Emmett. "On Captain Kirk, Mr. Spock, and Measuring Impact: Don't Let Evaluation Distort Your Mission." <http://bit.ly/1Oe2E1z>.
- GrantCraft. "Making Measures Work for You: Outcomes and Evaluation." <http://bit.ly/1tbCq63>.
- Hunter, David E. K. "Working Hard & Working Well: A Practice Guide to Performance Management for Leaders Serving Children, Adults, and Families." Hunter Consulting, LLC. 2013.
- Rockefeller Philanthropy Advisors. "Assessing Impact." www.rockpa.org. <http://bit.ly/1tbzW7O>.
- The Bridgespan Group. "Measuring Results: Connie Duckworth tracks the number of jobs and lives saved." www.bridgespan.org. <http://bit.ly/1XGseQt>.
- The Center for High Impact Philanthropy, 2013, "Impact Myths: The Dangers of Rose Colored Glasses." [impactsp2](http://www.impactsp2.org) blog, viewed 31 October 2013, <http://bit.ly/1ZzPm0d>.
- Tuan, Melinda. "Four Early Lessons Learned in the Quest to Improve Feedback Loops in Philanthropy." May 31, 2016. <http://www.bethkanter.org/feedback-loops/>.
- Twersky, Fay. "Journey to Impact: an open letter to emerging philanthropists." *Alliance Magazine*. 1 September 2012.

4. How can I make sure I am measuring what matters?

- Ditkoff, Susan Wolf. "Giving that Gets Results: An Introduction." <http://bit.ly/1swJgTu>.

- Grantmakers for Effective Organizations. “Evaluation in Philanthropy: Perspectives from the Field. 2009.”
- Grantmakers for Effective Organizations. “Four Essentials for Evaluation.” 2012. <http://bit.ly/1tbCa73>.
- Taylor, Art; Harold, Jacob; and Ken Berger. “The OVERHEAD Myth Letter.” June 17, 2013. <http://bit.ly/1U1yMrz>.
- The Center for High Impact Philanthropy – www.impact.upenn.edu – The Center for High Impact Philanthropy is the global authority on practicing high impact philanthropy and analyzing opportunities for social impact. Based at the University of Pennsylvania’s School of Social Policy & Practice, its multi-disciplinary team provides public information, education, and advisory services to funders around the world seeking greater social impact.
- The Center for High Impact Philanthropy and Wharton Social Impact Initiative. *Beyond Compliance: Measuring to Learn, Improve, and Create Positive Change*. September, 2013. <http://bit.ly/1PKffdp>.
- The Center for High Impact Philanthropy, 2013, “Impact Myths: Attribution and Contribution.” *impactsp2* blog, viewed 31 October 2013. <http://bit.ly/25NDH1r>.
- Tuan Melinda. “Finding and Funding Effective Nonprofit Organizations: An Overview for Donors.” Goldman Sachs Philanthropy Fund. <http://bit.ly/1WFNiFP>.
- Twersky, Fay; Buchanan, Phil; Valerie Threlfall. “Listening to Those Who Matter Most, the Beneficiaries.” *Stanford Social Innovation Review*. Spring 2013. <http://bit.ly/1tjecr6>.

5. How can I avoid creating undue burden for nonprofits when I am measuring results?

- Brock, Andrea; Buteau, Ellie; and An-Li Herring. “Room for Improvement: Foundations’ Support of Nonprofit Performance Assessment.” *The Center for Effective Philanthropy*. 2012.
- Fiennes, Caroline. *It Ain’t What You Give, It’s the Way That You Give It*. Chapter 14: Tracking Your Own Impact. Kindle e-book. February 21, 2012.
- Lawry, Stephen. “When Too Much Rigor Leads to Rigor Mortis: Valuing Experience, Judgment and Intuition in Nonprofit Management.” *Nonprofit Quarterly* (2011).
- The Bridgespan Group. “How Do I Measure Performance – Both Mine and My Grantees’ in a Practical Way?” www.bridgespan.org. <http://bit.ly/25N8L4U>.

