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Effort Aims to Steer Gifts to Nonprofits That Get Results

By Nicole Wallace



Big Brothers Big Sisters of America's program participants were 46-percent less likely to use drugs. For minority boys, the figure was 70 percent.

When the Osborne Association, a New York charity that aids prisoners and their families, starts a new program, the nonprofit searches for approaches that have already been proven to work. When it creates a new service, the group carefully collects data to monitor results.

“We don’t have enough time and money to do things that don’t work,” says Elizabeth Gaynes, the organization’s executive director.

With the year-end giving season under way, a new effort aims to steer more donations to nonprofits, like the Osborne Association, that can prove they get results and have a plan to expand to help more people.

The Social Impact 100 Index features high-performing charities that focus on education, health, poverty alleviation, and youth development, bringing them together on a Web site that makes it easy for donors to learn more about the groups and to give.

“We hope to transform the way that donors make their contributions,” says Alex Rossides, president of the Social Impact Exchange, the organization leading the effort. “That they can now say, ‘Aha, there really is an easy, effective way for me to give and have confidence that I’m giving to organizations that deliver impact.’”

Data vs. Emotion

Making information about high-performing organizations more readily available has the potential to shift huge sums of money, but experts say that persuading donors to change their behavior is extremely difficult.

A study released last year by GuideStar and Hope Consulting estimated that individuals, foundations, and companies would redirect \$15-billion annually to more effective groups if they had better information. But that's a small share of the billions of dollars charities raise every year.

Hope Neighbor, chief executive of Hope Consulting, says she doubts the index will stir change in people who aren't already concerned about finding effective charities. To do that, she says, the site would have to focus more on the emotional side of giving.

"The balance between emotion and rigor in giving is incredibly important," says Ms. Neighbor. "The field in general can do much more in thinking through how we can seed people's emotion and joy around giving, while nevertheless enabling them to give to higher-performing organizations."

The index includes a combination of high-profile charities that donors are likely to know already, like Big Brothers Big Sisters of America and the National 4-H Council, along with less familiar groups, such as the Center for Employment Opportunities, which helps ex-offenders reenter the work force, and Great Hearts America, a network of 15 charter schools in Phoenix.

To be considered for the index, charities must have an outside quantitative study of their work and a written plan for how to grow. The groups must also be more than three years old and have an annual budget of \$1-million or more.

Organizations can be nominated by grant makers, donor groups, or consultants who have substantial knowledge of the groups' operations. Nonprofits cannot nominate themselves. Candidates that meet the basic criteria are then reviewed by two nonprofit experts from the Social Impact Exchange, a national network of foundations, consultants, and charities focused on helping promising organizations expand. In addition, professional evaluators review the groups' impact studies.

Organizations featured on the Social Impact 100 Index hope their inclusion will introduce them to a new universe of donors.

YouthBuild USA, a charity that helps young people earn a GED or high-school diploma while learning construction skills, relies heavily on government money and foundation grants and only recently started to focus on seeking gifts from individuals. Dorothy Stoneman, the organization's president, hopes that being part of the index will raise the organization's profile and help boost fundraising efforts: "There are a lot of people who, if they knew what we were doing, would love to support it."

A 'New Experiment'

But Ms. Stoneman believes the index's ultimate success—and how much the highlighted charities benefit—will depend on how well the Social Impact Exchange markets it to donors.

"It's a brand-new experiment," she says. "So the question is, will anybody look here for things that they want to fund."

Michael Lombardo, chief executive of Reading Partners, a nonprofit that pairs volunteer tutors with children who need extra reading help, hopes the distinction will make his organization stand out from other education groups.

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Centering Healthcare Institute developed an approach that offers expectant mothers prenatal health care as a group, which is offered at more than 200 sites. Participants' pregnancies lasted two weeks longer than those of women who received traditional prenatal care, and the babies were a pound heavier.



Ninety-six percent of the people with existing businesses who entered Renaissance Entrepreneurship Center's training program were still running their ventures a year after receiving services.

"It's a dog-eat-dog world out there," he says. "It's important for us to be able to demonstrate that external parties have evaluated our organization and found us to be a high-impact, scalable nonprofit."

The Social Impact Exchange refers to the index as the S&I 100, in a nod to Standard & Poor's stock index, the S&P 500. Organizers hope it will play a similar role, giving donors confidence in the charities listed on the social index and helping to create a capital market that encourages charitable dollars to flow to high-performing nonprofits, says Mr. Rossides, the exchange's president.

But the stock-market analogy goes only so far. The index doesn't rank or rate the charities it lists—and it isn't limited to 100 groups. Mr. Rossides says he would be "delighted" if the index expanded to become the S&I 150 or S&I 200.

Mr. Rossides says that proven results are never going to be the sole factor in donors' giving decisions, but he hopes the index will make them a more important part of the equation.

"You still want to give to the local organizations that are doing basic-needs work, you want to give to disaster relief, you want to give to your alma maters," he says. "But we hope there's a growing percentage of the dollars that donors give to things that have evidence that they really do work, so that they can change the lives of more people."

The Social Impact 100 Index: How Charities Make the Cut

- Must focus on education, health, poverty alleviation, or youth development
- Show a quantitative study of its work completed by an outside evaluator and be willing to make the study available online
- Produce a written plan for the organization's growth
- Be more than three years old
- Maintain an annual budget of at least \$1-million