Making Charitable Donations That Get Results



'Great advice: inspiring, entertaining and much-needed.' – James Caan, Dragons' Den panellist

'The book which charities want donors to read.'

- BBC Children in Need

IT AIN'T WHAT YOU GIVE

THAT YOU GIVE IT

Caroline Fiennes

Praise for

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

'The Freakonomics of the charity world – but with better cartoons.'

– Martin Houghton-Brown, Chief Executive, Missing People

'Caroline Fiennes explains how to achieve the right balance of heart and mind for those who are serious about philanthropy. She emphasises with clarity the importance of evidence and economics to maximise good deeds per dollar.'

— Simon Singh, science writer

'A really lively and accessible guide, full of information which charities need donors to know. It explains how charities actually function and explains why lots of the popular stories about them are mistaken and damaging. It's amazing that nobody's written this book before.'

-BBC Children in Need, Director of Policy and Strategy, Sheila-Jane Malley

'Finding, investing and supporting good businesses is hard, but identifying, donating and supporting great charities poses the same challenges. This book has great advice for any investor in a cause – pointing out the basics for everyone, and scaling up to full-on due diligence on a charity for a more professional major donor. It's not only inspiring and entertaining, but also much-needed because it will prevent expensive mistakes and help you ensure your donation has the greatest impact for the cause that you choose to support.'

- James Caan, entrepreneur, philanthropist and former panelist on Dragons' Den

'Caroline's insight into a very complex topic provides a clear understanding not only to the complexities of giving, but also to impact. Donations are made to make a difference, they are a personal choice and often very generous, but there is not always an understanding of the impact they have. This book provides a very clear guide for any donor, from the novice to major corporate institutions. It's unique to find this information in one place, and will create pause for thought for many people.'

— Body Shop International, Values Director, Paul McGreevy

'Whether you're giving your own money, or raising money from somebody else, and whether you're giving a lot or a little, this delightful quide is essential.'

- Sir Ranulph Fiennes, explorer and the UK's top celebrity fundraiser

'Increasingly people see parallels between charity and business, so it's refreshing and valuable that Caroline brings perspectives from elsewhere, including medicine, the military, politics, physics, history, genetics and psychology. A great read: any donor should read it and heed it.'

– Isabel Kelly, International Director, Salesforce.com Foundation

'Caroline Fiennes is a great source of advice about charitable giving. She's helped Eurostar become effective very rapidly.'

- Eurostar, CEO, Richard Brown

Caroline Fiennes has been a charity Chief Executive, a volunteer, staffer, researcher and trustee. She has advised many donors about effective uses of their resources, including the Big Lottery Fund, BBC Children in Need, some of the Sainsbury Family Charitable Trusts, Nuffield Trust, professional tennis players, the Guardian, Environmental Resources Management (a leading global environmental consultancy), the Private Equity Foundation, Booz & Co., individuals, families and government departments.

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Caroline Fiennes

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Why the quirky price?

It's a nod to the (British) Charitable Uses Act of 1601, which still influences much of how charities operate, in many countries.

For the twenty four

'It is more difficult to give money away intelligently than it is to earn it in the first place.' – Andrew Carnegie, Scottish-American philanthropist

'To give away money is an easy matter and in any man's power. But to decide to whom to give it, and how large, and when, and for what purpose and how, is neither in every man's power nor an easy matter.'

– Aristotle

'In business, you look for the easy things to do. Philanthropy is...
tackling problems that have resisted great intellects
and often great money. It is a tougher game.'

- Warren Buffett

'It's a chilling thought that when we think we are doing good, we may actually be doing harm, but it is one we must always be alive to.'

— Dr Ben Goldacre

'Deeply ingrained "best practices" frequently add cost and reduce management flexibility in already difficult operating conditions. We end up hurting organizations we mean to help.'

– Clara Miller, Founder, the Nonprofit Finance Fund

'A farmer went out to sow seed. Some fell on rocky places, but the plants withered because they had no root. Other seed fell among thorns, which grew up and choked the plants, so that they did not bear grain. Still other seed fell on good soil. It came up, grew and produced a crop, multiplying thirty, sixty, or even a hundred times.'

— Gospel of Mark 4:3-8

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A long time ago, I taught in India, in a village in Tamil Nadu. It had just one road on which were the shop, the temple, the land-owner's big house, and the tree where the erratic buses stopped. All the other tracks were dirt, leading to people's houses and the wells and out into the fields. The school in which I taught, the only one in the village, had about 40 children on the register aged between about three and about eleven (they were often unclear about their ages). Each morning, some 20 or 30 pupils would arrive: it was pretty rare to have a full house. I wondered why they came so sporadically.

There were many children in the village who didn't come to school at all. Some clearly wanted to come: they would stand at the school windows and watch, or even drop in on lessons, more frequently if the lesson was outside under a tree than if we were in the classroom, I noticed. Sometimes I'd see the children out in the fields during school time – maybe working, maybe just playing – or going to the well, or doing errands, or just sitting. I wondered why they didn't come.

Other people have wondered this too. Unlike me, they've done something about it: gone to the trouble of identifying why children skip school in these villages, and researching what happens if those reasons are addressed. Poor transport to and from school is one factor. Another problem is the cost of a school uniform – even in dusty Tamil Nadu it's just too weird for a child to be the only one in the classroom wearing something different. A third is that parents take children out of school, perhaps to deal with the harvest or care for younger siblings. All of these factors were visible from my classroom window. But a fourth factor I hadn't seen. In villages like mine, many children have intestinal worms – amazingly, one in four people globally has some form of worms – which cause anything from malaise and lethargy to severe pain, and which prevent children from doing anything much, including coming to school. Charities run programmes to solve each of these four problems. They all do some good.

But what a variation in how much good they do! One type of programme addresses the issue of parents keeping children out of school, by giving them a payment when the children show up at school. These 'conditional cash transfer' programmes cost about \$1,000 to keep a child in school for a whole year (including all the management costs). Another programme distributes school uniforms. There, \$1,000 achieves rather more – and not just a little bit more. It achieves ten times as much: for the same amount of money, school uniforms can get ten children into school for an additional year. One child or ten: it's no contest. And even that isn't half the story. Dealing with the worms isn't 'just' ten times as good. Deworming (as it's charmingly called) can keep a child in school for a year for just \$40. It's 25 times better. (In fact, even that understates it: some deworming programmes add a year of education for just \$4. You read that correctly. They achieve 250 times as much.

For the sake of argument, let's be conservative and call it 'just' 25.)

To put that another way, if you put \$1,000 into a conditional cash transfer programme, you'll do some good. But *you could have done 25 times that much good* – there's a whole gaggle of children out in the fields who could have been in school. That is, every time a donor puts \$1,000 into the wrong programme, fully 24 children needlessly miss out.

Though deworming is an extreme example, this pattern repeats right across the charity world: some charities are better than others. It sounds almost heretical to say it because we tend to think that all charities are good. But we also think that teaching is a good thing, and so is providing medical care, and yet we're familiar with the notion that some teachers are better than others and some doctors are better than others. The seeds which scattered on stony ground produce nothing, would feed a family if planted in fertile soil.

Our donations to charity could be getting more children into school, eradicating diseases faster, better empowering communities, adding more to our cultural life and so on. 'Don't settle for average' cries the slogan of GiveWell, an organisation of independent charity analysts. Wouldn't you rather that your donations achieved a lot rather than just a little?

This book is about how to do that. Hence it is dedicated to those 24 children who missed out on school because donors made the wrong call, and who are totemic of anyone or anything that has missed out because of poor decisions by donors.

The problem is that, as a donor, you don't automatically know whether a charity is good or not. Perhaps a charity runs a refugee camp badly or doesn't properly protect women escaping from violent partners. As a donor, you're unlikely to realise that because you're not *in* the refugee camp or the domestic violence refuge. We can't rely on what the charity shows us because bad charities use the same pictures of smiling children and cute animals as good charities do. It's not hard to understand why. So to find out which charities are good, we need to go looking.

And to look hard. Even if the charity is totally transparent and tells us everything – indeed, even if we go to the refugee camp or the domestic violence refuge ourselves – what we will learn about is what the charity *does* achieve: the women it does help, children it does get back into school. That still doesn't tell us about what our support *could* achieve: the charity down the road which would have brought 24 more children from the fields into school with the same donation. As a result, donors often choose charities which aren't actually the best. Aristotle was right: deciding to whom to give and for what purpose is not an easy matter.

So we should be alarmed by stories such as this. In 2008, the Big Give ran a programme as part of which it asked secondary pupils school in Oxford to choose charities to which to donate some money. Several students voted for small charities,

and some for local ones. The Big Give praised these as 'mature and adult decisions'. Really? Sure, those are the *same* criteria as adults sometimes use but they may not be *good* criteria because those adults may well not realise that other criteria would favour much better charities. After all, it's not obvious that charities of a particular size or location would necessarily be the best – and, as we'll see, there are much better criteria. Perhaps those adults routinely choose charities which miss loads of opportunities and the young people would be ill-advised to follow them. In fact, it's often unwise to just copy other donors.

So how do we choose to whom to give and for what purpose? Happily we've learnt a bit since Aristotle's time and I'm going to share the insights with you. The first step is to get proactive. The single biggest factor in most people's choice of charity is being asked – a charity approaches them in the street, calls them up, or puts a flyer through the door. This is bizarre if you think about it: nobody invests in companies which put flyers through their door. Correspondingly, there's no guarantee that the best charities in the world are the ones which find you, so to be effective you'll need to go looking for them.

Another early step is to get beyond the problem and onto the solution. Overwhelmingly, charities' leaflets and letters describe how awful something is: these Indian children uneducated, this woman abused by her partner, that rainforest being destroyed. But before we reach for our chequebooks, we need to establish whether the charity has a decent solution. And not just any solution, but whether it has the best solution. Perhaps a neighbouring charity would achieve much more. About half of our quest to achieve a lot rather than a little will be about finding great charities which have powerful solutions to important problems.

The other half of our journey addresses the rest of Aristotle's comment – about deciding 'how large, and when, and how' to give. This is just as influential as the choice of charity. We'll see how to grow the value of your donations: a way to increase their value by half, and another way which increases them by more than half – combining those tricks will make your £100 worth as valuable as if you'd given over £250. There are other ways of making it worth seven times as much, or even eleven times as much as you give. We'll also see ways in which donors can help charities hugely: how you can make them more effective, more responsive and better able to improve and share their insights with others. But we'll also see how it's possible to get it wrong. This too sits badly with the received wisdom that giving is invariably good, but just as Ben Goldacre says about medicine, 'when we think we are doing good, we may actually be doing harm'. I'll show you how to waste your entire donation, and how – if you really try – you can waste not only all of yours but parts of somebody else's too.

But you know what? It's very hard to tell whether 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. In various roles I've had in charities, I myself have been on the receiving end of some of this hindering: common unhelpful 'best practices' include obsessing about charities' administrative costs or foundations asking for applications and bespoke reports. We'll see better practices too—and how they helped one donor move from an 80 per cent failure rate to an 80 per cent success rate. Again, don't just copy.

But what if you haven't got anything to give? Actually, all of us have a lot to give. I'll show you several remarkable tricks for conjuring money for charity out of thin air, which are not only surprisingly easy but perfectly legal and encouraged. And you can give time: we'll see how one person turned just some of their time into billions of dollars for charity, and children who use similar tactics. You can use your teapot, the meeting room at work, your followers on Twitter, your ability to write stories, the cakes you bake, even the very body you inhabit once the sad day comes that you no longer need it... There's a way to give almost anything effectively. (Almost. Not millions of Pop-Tarts®, as we'll see.)

What this book doesn't do

This book won't recommend individual charities, for the simple reason that it wouldn't help. There are nearly 200,000 charities registered in the UK alone, so even if I gave you my view on 2,000 of them – which would be fatally tedious for me to write and you to read – you would still have the choice of, well, nearly 200,000 charities in the UK and countless thousands elsewhere. Furthermore, charities change over time: between my writing this and your reading it, perhaps the entire board and management of any given charity could quit and their replacements adopt a totally new strategy, rendering my analysis obsolete. By analogy, you wouldn't expect a guide to commercial investment to recommend investing in, say, Vodafone or copper, but rather to give the general principles. Similarly, this book will teach you how to analyse charities for yourself – at any time, in any place, and for any cause.

Nor does the book suggest how much you should give. Plenty of others have done so, from God – Jews and Christians are asked to give ten per cent of their income, and Muslims 2.5 per cent of their assets – to the Australian ethicist Peter Singer, who proposes a formula which is basically 5 per cent of income plus a bit extra if you're wealthy. No prizes for guessing what the 50% League suggests. Alternatively, you could decide how much you need to live on and give away the rest. Toby Ord, an academic at Oxford University, has decided that he only needs about £10,000 a year to live on. Since he currently earns around £45,000 and expects to work for another 30 years, he could end up giving over £1m.

Is any of those the right answer? I don't know – it seems to me that the amount you *give* is up to you. But the amount you *achieve* depends on whether you find great charities and give in ways which really help. Let's imagine that Lady Bountiful gives £200 to charity, whereas you give only £100. Let's further imagine that Lady Bountiful is ignorant about the curious world of charities so gives to bad charities and in ways that waste money, whereas you are well-informed and give to great charities and in helpful ways. It's perfectly possible that your £100 will achieve more than her £200 – much more. What can we say then? Her giving might be more generous, but yours is more useful.

So this book won't tell you how much to give because I honestly think that in the absence of insight about how best to help, it genuinely doesn't matter. In terms of making a difference, it ain't what you give: it's the way that you give it.

How this book works

This book is organised rather like a driving course.

First, we'll cover the basics which any donor absolutely must know if they're to be safe on the road. Not the pedestrian things (sorry) like what charity boards do and how the tax breaks work, but the crucial issues such as why charities exist at all, why you might support one, and how charities go about making the world better. We'll look at the fundamental characteristic which makes charities' behaviour – and donors' roles – very counterintuitive.

Next, we'll learn how to drive: Section 2 covers what you need to do. First, how to find a great charity – taking the short route if you're in a rush or the long route if you have more time; whether you should give credence to the many popular myths (such as charity beginning at home or small charities being more efficient); and what to do in common situations such as being asked to sponsor your friends. Second, we'll look at the best ways to give – in short, how to help and not hinder. We'll look at giving money, and an array of ways to help beyond money. We'll see how to deploy money you'd not even thought about. This section is for you if you're giving a few tens or hundreds of pounds – up to about £100,000, roughly speaking.

Then we'll learn how to drive big trucks. If you're giving a lot – perhaps you're a foundation, or a wealthy family or a company – the effects of the way that you give are amplified, and some other issues come into play. In Section 3 we dive into those issues, seeing an intriguing range of options beyond giving to charity, and how to devise a process which helps and doesn't hinder. Read carefully: we'll see how 'big' donors waste perhaps £250m of charities' money each year. (Oddly, it's just as easy to waste £10,000 or £10m as it is a humble tenner.) Corporate giving – maligned, vaunted, useless and brilliant – is a little different again, and we'll see how to do that effectively.

Finally, we'll come back to some advanced theory and dynamics: essential if you're giving a lot and interesting even if not. We'll take a close look at charities' results – why are they so hard to understand and compare, and what can you most usefully look for? – see why size and growth are almost totally irrelevant, why most of the folklore around charity mergers is wrong, and unravel why in your dealings with charities you keep bumping into government.

At the end, I'll give you a toolkit which will help in any situation you encounter with your giving. You see, though the advice in the various sections of the book may seem diverse, eclectic and possibly even contradictory, it is in fact all underpinned by a few unifying principles. Once you get the hang of those – and we'll do a few dry runs so that you do – you'll always be able to find the best way to give.

On our way, we'll see the most potent uses of charitable money in history, donors honest enough to admit disastrous mistakes, and hear from myriad charities at home and abroad, analysts, researchers and quirky voices including Private Eye, the Duke of Wellington, the Onion, and an over-representation of Nobel laureates. Most of the guidance will work in any country, though the examples happen to be primarily from the UK. Many are anonymised or disguised: some on request, others because the detail is out of date, some to avoid embarrassment: it's the learning that interests us, rather than finger-pointing. Where calculations are cited but not detailed in the book, the maths can be found at www.giving-evidence.com

But in case you're really in a rush, here is the ten-minute version:

The ten-minute guide to supporting charities

What to know

The three most important things to know about charities:

Charities vary markedly in how good they are Nobody ever talks about the bad ones, but they do exist. So find a good one! Admin costs are no indicator of whether a charity is any good
Neither is whether the charity's well-known. You have to look deeper than that – or use analysis by somebody else.

Donors don't know whether they're helping or hindering It's normally impossible for them to see their own effect. So don't copy other donors, and do ask the charities.

What to do

Find a great charity

Give only to charities which are effective and which share your ambition for improving the world. A good indicator is whether it measures its effectiveness, publishes full details of its research process and talks about the results.

The quickest way to find good charities is to 'borrow' analysis already done by somebody reliable. Some of the big grant-making foundations have great processes for finding effective charities, and publish lists of charities they support. BBC Children in Need, or Comic Relief, or the BBC Radio 4 appeal are examples. There are some great independent analysts like GiveWell who also publish lists. Obviously, those lists aren't exhaustive but they're pretty reliable.

If you want to do the analysis yourself, check first that the charity:

- is a registered charity. For UK-registered charities, that means that it will be on the register of the charity regulator: the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator or the Charity Commission for Northern Ireland; and
- reports publicly on how much its work achieves and how it is improving its work.
 It should have detail about that on its website or available if you ask.

Even if a charity has approached you – say by post or via a fundraiser in the street – check these two things. In Section 2 are six crucial questions which indicate how good a charity is and a process you can do in about an hour to assess a charity's effectiveness in more detail.

Meanwhile, don't look at how much it spends on administration: it's a total red

herring – like judging a teacher by how much chalk he uses – and can ruin charities. 'Admin' isn't waste (it often includes time spent learning, which is obviously a good move), it's got nothing to do with effectiveness (we'll see how some charities could waste 95 per cent of their income and still outperform their peers) and anyway, there's no sensible common definition, so it's simply unclear.

Help it

A few pointers here:

- Don't ring-fence your money to particular activities, e.g., don't say that it can
 only support a day-centre in Hull, or tree-planting near Shanghai or whatever.
 The charity's management spends all day every day thinking about its work so
 trust it: your gift will improve the world a lot more this way.
- If the charity does a good job, give again next year. And tell the charity that, because it'll help with planning. There's a myth that donors shouldn't give repeatedly to the same charity, that they should 'spread the love around'. Not true! If it's doing a good job, it needs to continue, so keep supporting it.
- Get together with other donors. It's more fun for you and will make your giving more effective, whether you're giving £10 or £10m.
- Give to just a few charities. Your £50 will achieve much more if you don't chop
 it up, as will your £50m. In fact, if you chop up your £50 into 50 donations of a
 pound each, the whole lot may get consumed in bank fees.
- Offer non-financial things too. Be creative here. The charity might need office space, or mentoring, or used postage stamps or somebody to cut the hedge.
- Be nice! Return the charity's calls and answer its messages. It's amazing how few donors do this.
- Don't create work for the charity in finding you in the first place, or writing bespoke reports for you.
- If you're a major donor, share what you're learning the good and the bad. Stories of what isn't working may be your biggest asset, because other donors (and charities) need to know the traps to avoid.

Don't hinder it

To be honest, if you just give money, offer other things (such as your time or useful items) and then leave the charity to get on with its work, you won't hinder it. The key rule is: don't act like medieval royalty! Don't make charities waste a load of the resources which you and others have given on dealing with you. This sounds like blindingly obvious advice but large donors often don't follow it. If you are giving a lot, minimise the effort (i.e., cost) for the charity of getting your money/ support. So:

- Best of all is to avoid making a charity apply to you at all: just look at what
 it does and its published research into its effectiveness. Then make a decision,
 quickly, and tell it.
- If you must make charities apply, minimise the work for them. Use a standard

 and short application form. There's one in the appendices which almost certainly covers what you need.
- While it's nice for you to meet a charity's staff and beneficiaries, remember that this will take up time. Go easy.

Minimise the effort (i.e., cost) for the charity of telling you what your money/support has achieved. For sure, it should report on its overall effectiveness but don't make it write a report just for you.

The principles of good giving

If in doubt, be guided by the goal of improving the world as much as possible. That means:

- using everything you've got, being creative about resources you can offer besides or instead of money
- making good decisions by choosing charities based on relevant data and advice from suitable people
- helping them and not hindering
- maximising what's available by minimising waste
 Sounds obvious doesn't it? But if we all as donors stuck to this in all our dealings with charities, we could make world rather better.

