Measuring Social Impact: Why & How
Using social impact assessment as a transformative tool
May Samali & Benjamin Coles

Think Big, Dream Big
NFPs and the Big Data Revolution
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Crowdsourcing and NFPs
An alternative to traditional venture capital
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180 Degrees Consulting is the world’s largest university-based consultancy. With branches located at several leading universities around the world, we are the leading provider of high quality consulting services for non-profit organizations, social enterprises, and socially minded corporations.
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From the Chief Executive Officer
From the Editor-in-Chief
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From the Chief Executive Officer

For those committed to a fair and just society, the bad news is that the scale of the problems facing our world has never been greater. There are 2.5 billion people without access to proper sanitation, 780 million people without access to clean water, and 72 million children without access to any form of education.

However, the good news is that our capacity to solve these problems has also never been greater. There are tens of thousands of socially conscious organizations around the world that are run by passionate people who have dedicated their lives to the causes they care about.

How do we ensure that these worthwhile organizations are having the greatest possible social impact? How can we help them operate as effectively as possible? How do we ensure that motivation translates into impact? That’s where 180 Degrees Consulting comes in.

180 Degrees is the world’s largest university-based consultancy, and the leading provider of extremely affordable, high quality consulting services for non-profits, social enterprises, and socially minded for-profit companies. We have branches based at leading universities in many countries around the world. At each of our branches, we carefully select the most talented university students based on their skills and expertise, and then work with organizations to help them better achieve their mission.

To date we have worked with over 500 organizations, ranging from large international organizations, such as Red Cross and The Big Issue, to small start-up social enterprises. For example, we have worked with Africap in Mauritius to improve microfinance programs, with A21 in Ukraine to reduce sex trafficking, and with Crossroads in Hong Kong to effectively connect second-hand goods to where they are needed around the world.

These organizations consistently tell us that they value the opportunity to receive high-quality consulting services at a fraction of the cost of traditional consulting services. They tell us that they appreciate our consultants’ fresh thinking, creative ideas, and problem solving capabilities. They tell us that the insights of 180 Degrees are immensely useful to their organization.

We believe that access to these valuable insights should not be restricted to the organizations we consult for. Information sharing and collaboration leads to better ideas, better solutions, and – ultimately – a better society.

It is for this reason that I am pleased to introduce 180 Degrees Consulting’s new journal, 180Review. I invite you to critically engage with the ideas and opinions expressed by our consultants. Have ears willing to listen, a mind willing to question, and feet willing to take action.

Let’s work together to do good in a smart way, to help great organizations become exceptional ones, and to develop more effective ways of achieving social outcomes.

Nat Ware, CEO 180 Degrees Consulting
Dear Readers,

Welcome to the inaugural issue of 180Review, the new journal of 180 Degrees Consulting. This publication aims to provide insight into the innovative thinking of 180 Degrees Consulting with regards to the non-profit sector, significant issues facing the industry, corporate strategy, market analysis and social entrepreneurship.

This particular issue of 180Review covers a wide range of diverse topics, from fundraising strategies, to big data and the measurement of social impact. Our contributors present articles, reports and interviews in which they explore and critically analyze issues facing non-profit organizations.

180Review’s authors include Consultants, International Consulting Leaders and members of the Executive Board who are involved with 180 Degrees Consulting all over the world. For those of you who are also interested in contributing to the second issue of this journal in the form of an article, interview, report or other piece, I encourage you to do so.

I would like to thank everyone who has been involved in the production of this journal, whether it be in the form of contributions or design work. Credit must also go to the International Consulting Leaders of 180 Degrees Consulting for the editing that they undertook for this issue.

Finally, I thank you, our readership, for your interest in 180Review. I hope you enjoy reading this inaugural issue and will critically engage with the ideas that are presented by our contributors.

Stephanie Constand, Editor-in-Chief
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If you would like to contribute to the next issue of 180Review, email the Editor-in-Chief at sconstand@180dc.org for more information.
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The Why and How of Measuring Social Impact

Boards and CEOs can harness the transformative power of social impact assessment by answering three simple questions. This article presents the case for financially assessing an organization’s social impact and explains a decision framework that can assist Boards and CEOs to identify the right measurement technique for their organization.

May Samali & Benjamin Coles
Financially assessing social impact can be transformative for organizations in the not-for-profit and charitable sectors. This is because social impact measurement drives impact-maximizing decisions, sparks conversations about an organization’s mission, goals and strategy, and allows people to think in new ways about the social economics of their organization.

Despite this, Boards and CEOs continue to struggle to place a dollar value on their social impact. Take-up rates of the two most common techniques used to financially assess social impact – Social Accounting Audit (SAA) and Social Return on Investment (SROI) – remain low. In a 2012 study conducted by the University of Technology, Sydney, none of the organizations surveyed used SAA or SROI to assess their impact, and only 115 organizations in the United Kingdom employed these techniques in 2008.

Such low take-up rates reflect concerns about the cost and complexity of establishing the systems required to effectively quantify social impact. Reporting costs are already high—a 2008 survey found that CEOs in the sector spend on average 12 weeks a year reporting to funding bodies—and organizations are understandably reluctant to increase the burden. But social impact assessment need not be time or resource intensive and can be achieved by undertaking simple surveys and basic market research.

The Case for Measuring Social Impact

1. Stronger alignment with social mission

Financially assessing social impact provides

Boards and CEOs with a platform to disseminate their organization’s goals, mission and strategy. This is because quantitative assessment provides volunteers with a tangible link between their activities and their organization’s success in pursuing its mission. Suddenly people have a yardstick to measure their actions; staff and volunteers better understand why they need to increase volumes, drive efficiency or target beneficiary satisfaction. Social impact assessment also sparks discussions about what success looks like; about what is important and what is not. Further, it encourages volunteers to challenge the status quo, and align their behaviors to the organization’s mission. Indeed, it sustains a cycle of self-improvement as people see the results of their efforts and identify what is and is not delivering the benefits desired.

2. Social impact maximizing decision-making

Financial social impact assessment drives social impact maximizing decision-making and resource allocation by aggregating scale, quality and cost into a single metric. This supports analyses of trade-offs between quality and scale. It helps Boards and CEOs to identify high performing, growth, and low performing programs across the organization’s portfolio. Answers to questions like “What is our most important activity?”, “Does our counseling service deliver results?”, “Should we establish a chapter in China?”, or “Is Jeaninne my best program lead?” are no longer based solely on impressions developed through anecdotal experiences, but are supported by evidence that reflects cost, impact and scale.

3. Greater flexibility in governance

Social impact assessment allows Boards and CEOs to delegate authority and accountability down their hierarchy in a way that is not possible without a unifying performance metric. Organizations without effective social impact measurement can struggle with decentralization because they either have to delegate authority without adequate accountability or delegate authority using alternative performance metrics that put sub-optimal parameters on individuals below the hierarchy.

4. Increased engagement with external stakeholders

Social impact measurement also equips organizations to communicate with government, beneficiaries, funders and other external stakeholders. Measuring social impact is a recognized way of capturing an organization’s value. Organizations that track their social impact over time are in a position to advertise improvements and justify grants.

The beginnings of social impact assessment date as far back as 1957, when Donald Campbell published Factors Relevant to the Validity of Experiments in Social Settings. Subsequently, there has been a proliferation of tools, techniques and frameworks. Recently, the SROI method has come to prominence. SROI assesses social impact by identifying outcomes and costs associated with an organization’s activities, valuing those outcomes in financial terms and aggregating the results in a discounted cash flow. Note the focus on outcomes rather than outputs: a local library’s output may be books borrowed, but its outcome might be literacy rates.

The primary obstacle to non-profit organizations adopting SROI is cost. A significant upfront time investment is required from senior executives to identify stakeholders, define specific outcomes, develop appropriate metrics and convert those metrics into monetary amounts. Developing systems to regularly update these data points is even
more resource intensive: each service offering might have between four to six stakeholders, each with three outcomes; that is, 12-18 data points per service receiver that requires regular, if not constant, updating.

The integrity of SROI assessments is also undermined by difficulties in tying activities to outcomes. Specifically, it struggles to find an objective mechanism to attribute success amongst a range of contributing factors. For instance, some activities improve the likelihood of a social outcome, but are not necessary conditions to that outcome’s fulfillment. Take the local library, it may help children learn to read, but how much credit can it take for increased literacy rates when the local school teacher also dedicates 80 percent of her class time to reading?

Other activities are necessary but not, on their own, sufficient to the fulfillment of a social outcome. For instance, while a food bank may stop 300 people dying of hunger, it alone cannot see the community through a cold winter if survival also depends on the warmth provided by woolen sweaters donated by another organization. In such circumstances, formulating a method to attribute social benefit is hardly a straightforward exercise.

Much of this cost and complexity in the SROI approach is driven by the focus on outcomes. Activities often have a plethora of impacts and a range of disparate stakeholders, all of which need to be defined and measured. Outcomes are driven by a multitude of factors, most of which vary considerably over time and whose relative importance is hard to objectively assess. Adopting measurement techniques that use the value of the good or service as a proxy for their associated social impact can avoid these issues. The logic is that, in valuing a good, the beneficiary values the net impact of the outcomes.

Such an approach avoids the difficulties in attributing responsibility. That task is effectively transferred to the beneficiary who implicitly allocates contribution across goods and services in their valuations. A beneficiary identifies the relative value of a winter’s worth of food compared to a woolen sweater in the price they pay. Relying on the value of the good or service is also more cost effective. While it is hard to value the impact on a child’s ability to read or a life, it is relatively easy to value a library membership, a vaccine or a sweater.

**Three Cost-Effective Techniques to Financially Access Social Impact**

This section focuses on three techniques that assess the social impact accompanying each unit of the goods or service provided by a non-profit organization: Market Comparison Valuation, Contingent (Marginal Willingness to Pay) Valuation, and Replacement Cost Valuation.

<table>
<thead>
<tr>
<th>Technique</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Comparison Valuation</td>
<td>The value of an organization’s good or service is inferred from the going price for that good or service in an analogous commercial market.</td>
<td>An organization provides eyeglasses to children in a developing country. The service includes the glasses and a single optical assessment by a qualified optometrist. In that country, the usual cost of a single optical assessment is $35 and the average price of those glasses is $30. In these circumstances, the value of the combined offering is $65.</td>
</tr>
<tr>
<td>Contingent Valuation</td>
<td>The beneficiary of an organization’s good or service is asked what is the maximum that they would be willing to pay for that good or service.</td>
<td>An organization provides financial management software to charities at zero cost. It surveys its customers with the question, “What is the maximum you would be willing to pay, in dollars, for the software we are providing?”</td>
</tr>
<tr>
<td>Replacement Cost Valuation</td>
<td>The value of an organization’s good or service is assessed by the cost to a third party (usually government) of stepping in to provide the good or service.</td>
<td>An organization manages a school in a developing country. The school is supported by donations from foreign corporations. The school has 250 students, with average class sizes of 25. The average yearly cost of educating a child in that country is $1,500, with class sizes of 25. The social impact is $375,000 ($1,500 x 250).</td>
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Table 1: Techniques, Definitions and Examples
The Complexity of Technique Choice

It is difficult to identify the appropriate technique for measuring social impact. Surveys can be phrased in any number of ways; comparisons between commercial or government alternatives are only as strong as the similarities between the goods and services offered; and while combining surveys with market data can increase the assessment’s integrity in some cases, in others it simply confuses the issue.

180 Degrees Consulting analysis suggests this complexity is driven by three factors:

1. A lack of comparable commercial markets or government goods and services
   If there are no comparable commercial markets or government goods and services, or if the similarities are weak, market comparisons risk ignoring quality differences between the organization’s and commercial offerings.

2. Differences between the customers in the comparable commercial market and the organization’s beneficiaries
   Market prices may not consistently reflect the value that beneficiaries place on a good or service. For example, a cosmetic operation costing $20,000 does not necessarily have four times the social impact as a hearing aid costing $5,000. For this reason, distortions can arise where there are material differences between the way customers in the corresponding commercial market and the organization’s beneficiaries value goods. This can create undesired biases in the relative importance of goods and services within an organization’s service portfolio.

3. Differences in the financial resourcing of beneficiaries
   Liquidity constraints can cause unwanted variations in survey valuations. For instance, Person A, on a dollar a day, and Person B, on a $100,000 salary, might equally rely on eyeglasses in their daily lives, but Person A would not be willing to pay the same as B, because of financial constraints.

Technique Decision Framework

We at 180 Degrees Consulting have developed a decision framework to manage this complexity, enabling organizations to identify which technique best suits their circumstances.
This decision framework reflects four principles:

1. Where the market or government good or service is highly analogous and, in the case of commercial market comparisons, the organization’s beneficiaries are similar to the customers in the corresponding market, market data should be used. This reflects the inherent integrity associated with prices derived from real world decisions;

2. Where there are no comparable markets or the organization’s beneficiaries differ from customers in the corresponding market, surveys of beneficiaries should fill the void. This avoids disconnects between price and social impact, discussed above;

3. Where there are differences in beneficiaries’ financial resourcing, reasonable hypotheticals should be used to baseline the answers (what is reasonable will depend on the good or service offered); and

4. Where possible, surveys should be anchored around existing prices of readily tradable goods or services. Anchoring assessments in this way provides real world benchmarks which beneficiaries can assess a service’s impact on them, increasing the comparability of results.

Conclusion

Organizations that financially measure their social impact are able to transform the way they operate. They are in a position to drive alignment across the organization; they understand what is important and the levers they can use to lift their social impact; and they are empowered to consistently make objective strategic decisions. Nevertheless, organizations have been slow to put a dollar on their social impact. While social impact assessment has its complexities, by answering three questions - (1) Is there a comparable commercial market or government service in the geography in which the service is delivered? (2) Do current and potential beneficiaries have similar social needs? (3) Do current and potential beneficiaries have similar financial resourcing? - boards and CEOs can adopt simple and cost-effective techniques to measure their impact.

References

1 For the purposes of this article, social impact is defined as an organization’s beneficiaries’ net valuation of its goods and services. There is literature suggesting that social impact should be measured through an assessment of all flow-on impacts of an organization’s activities. That approach is problematic because it does not provide a verifiable mechanism to apportion impact across the various factors that contribute to a final outcome.


It is one thing to come up with new ideas for how to positively change the world. It is another thing for those ideas to become reality.

What separates those who are able to successfully build support for a cause, change the way things are done and start new initiatives, from those who cannot? What are the key characteristics of change-agents?

One key attribute of change-agents is that they are simultaneously positive and dissatisfied. This may seem like a paradox, but there is a high degree of truth to it.

When people seek to implement new ideas and change the status quo, they often think that their ideas are far superior to existing approaches. As such, it is common for them to be very critical of the current ways in which things are done. Whilst such criticism may be valid, it is not necessarily productive.

Excessive criticism is likely to lead to strong resistance from those with a vested interest in the status quo. Many people have dedicated their lives to causes which they are passionate about, and may take criticism personally. They probably do not wish to be told that the approach they have been following is incorrect or incomplete, or that their time and energy has been wasted. Direct criticism is likely to lead to cognitive dissonance, which often results in individuals dismissing views contrary to their own. To get buy-in from stakeholders and to bring about change, it is often necessary to remain positive.

Herein lies what can be referred to as the change-agent paradox. To be a change-agent, one must be positively dissatisfied. That is, one must be dissatisfied with the status quo, but positive about the prospect of achieving lasting positive change. This concept is captured in the following diagram (opposite):

In order to build support for a cause and effectively turn ideas into action, one must live in a state of positive dissatisfaction. One must be dissatisfied with the status quo, but optimistic about the prospect of achieving lasting positive change.
This diagram revolves around two key questions.

The first is: “is there a need for change?” The need for change is often the primary factor motivating the actions of campaigners, charity workers, and social entrepreneurs. If a person has the belief that there is a need, then they are dissatisfied with the status quo. Conversely, if a person does not believe that there is an imperative for change, they are satisfied with the status quo.

The second question is: “what is the probability that positive change can occur?” If someone perceives that change is likely, they will display a positive attitude. On the other hand, if someone believes that it will be very difficult to achieve positive change, his or her attitude will be more negative. Perceptions of the likelihood of change being successful, and the attitude that this perception imbues in individuals, is important, as it affects the motivations of others.

To affect change, it is important to garner the support of others. People will be more motivated to join a cause if they believe it is possible to succeed in achieving the change that is sought. Everyone wants to back a winning horse, or at least a horse that has some chance of winning. A higher perceived likelihood of change leads to greater support for the cause, which increases the likelihood that the change will be achieved. Hence, the original expectation is partially self-fulfilling.

When these questions are considered together, it is possible to see a potential conflict facing people who want to be change-agents. Their motivation derives from them having a dissatisfied attitude regarding the status quo, but the motivations of others derive from them having a positive attitude regarding the future. Hence, change-agents must be positively dissatisfied. Rather than focussing on criticising what others are currently doing (as may be the temptation), they should rather focus on the positives associated with the proposed alternative. Because change-agents focus on improving the status quo, they are referred to as “maximizers” in the above diagram.

There are three other classifications of people. If someone is negatively dissatisfied, it means they recognize a need for change but think the change that is needed is unlikely to be achieved. Because of this, they are likely to become disgruntled and resign themselves to failure. For this reason they are called “resigners.” If people do not think there is an urgent need for change, but nevertheless recognize that the situation could be improved, they are called “satisficers.” They are content with a sub-optimal situation and are unlikely to push for change. Finally, there are those that think the status quo is fine and do not think it is possible to improve matters. They are “accepters” in the sense that they accept things as they are.

This change-agent framework can be summarized as follows: live in a state of positive satisfaction, and your potential will be unrealized. Live in a state of negative satisfaction, and your lack of potential will be realized. Live in a state of positive dissatisfaction, and you will change the world for the better. Live in a state of negative dissatisfaction, and the world will change you for the worse.

Be positively dissatisfied. Then the IDEAS you come up with will not become scrambled and pushed ASIDE, but rather will be turned into action.

@
Government as Charity

Social benefit bonds are reforming the relationship between the public and non-profit sectors.

SAM MONK

In March 2010, the Government of the United Kingdom launched a £5 million social benefit bond scheme to fund offender rehabilitation services in a Cambridgeshire prison. Under the scheme, which is the first of its kind, inmates serving sentences of less than one year receive intensive correction services from established charity providers. To pay for the services, the government issues bonds, promising investors a repayment with interest on the condition that rates of reoffending are reduced by at least seven and a half percent. The city authorities of Manchester and London, along with the British government, have since announced further bond schemes to fund family support services and assistance to the homeless. The feasibility of schemes to fund drug rehabilitation and health services is currently being evaluated.

A social benefit bond is a financial instrument issued by governments for the purpose of funding the services provided by charities, allowing selected non-profit organizations to deliver their programs on a greater scale. Investors who purchase bonds are repaid only if the program delivers a specified improvement in a chosen social outcome. The rationale is simple: this system provides short-term cost savings to governments, a financial return on investment for philanthropists and scaled-up social impact from proven third sector organizations.

In just a few years, social benefit bonds have grown from an interesting social innovation into an emerging public policy trend, with several schemes now operating in the United Kingdom, the United States and Australia. Pilot programs addressing social problems such as recidivism and homelessness have also been canvassed in New York and Massachusetts. In 2012, the government of New South Wales announced several schemes in the areas of recidivism, child protection and juvenile justice. Academic and media coverage of the schemes has been largely supportive, highlighting their new capacity for governments to fund spending priorities. However, the advent of social benefit bonds is, perhaps, most interesting for the way it is reforming the relationship between governments and charities and revamping the role of the public and not-for-profit sectors in providing social services.

In most developed countries, the provision of assistance to disadvantaged people and groups is, in large part, the joint but separable responsibility of these two sectors. The conventional distinction is reasonably clear. Governments, to varying degrees, fund general social services such as unemployment benefits, pensions, Medicare schemes and disability insurance by raising taxes and redistributing resources to those who, by virtue of their circumstances, are less able to provide for themselves.

Charities do something similar, but in a much more targeted way. They collect donations from generous individual agents and use those donations for a specific cause, be it the provision of relief to disaster-struck regions, support to families struggling with poverty or illness, or the myriad of other initiatives that charities stand to provide in our communities. Both sectors operate as a ‘middle man’, linking resources to areas of need, but governments do so on a wider societal scale, charities on a comparatively more local scale.

Social benefit bonds break through this traditional distinction, eroding the division between charity and the welfare state. They involve governments operating in much the same way as charities: accessing philanthropy to fund quite specific social investments. But, importantly, the delivery of the services remains in the hands of traditional charity providers. The Cambridgeshire offender rehabilitation scheme is being administered by proven voluntary organizations such as the Ormiston Trust, the YMCA and St Giles Trust. The New South Wales government’s initiatives sees them working in tandem with Uniting Care and The Benevolent Society.

These schemes have the potential to revolutionize
the relationship between governments and non-profit organizations, by placing the two sectors in close partnership with one another. McKinsey and Company recognizes this potential, commenting in a recent report that ‘public-private partnerships and other multi-stakeholder arrangements have proven to be effective at addressing complex, dynamic problems that exceed the capacity of a single sector’ and that the bonds, ‘if executed well, can spur cross-sector collaboration and cooperation.’

How do these bonds foster partnerships between non-profit organizations and governments? Firstly, they put more money in the pockets of charities, vastly increasing the potential for realized social impact. Simple economics would suppose that it is easier to attract ‘investors’, who are offered a potential return, than ‘donors’, whose motivations must be purely philanthropic. Or, alternatively, the repayment is an added incentive for charitable agents to put their money towards good causes. John Roman of the University of Pennsylvania puts it this way: ‘Philanthropically oriented investors get a chance to leverage their gifts with the potential to receive a profit.’ He adds, ‘If investors do not earn a profit, they still accomplish their initial goal to make a socially beneficial investment.’ The beneficiaries of the investments are the service providers who, with access to new capital, can scale their programs and achieve a more far-reaching impact.

Secondly, the growing use of the bonds represents a concession by governments that charities are often better placed to deliver the types of preventative social services that are the focus of the pilot schemes currently in operation around the world.

Peter Shergold, the chancellor of the University of Western Sydney, believes that charities can provide targeted services both more cost-effectively than governments – because community workers generally have lower salaries than public servants – and with greater quality. Indeed, as Jeffrey B. Lieberman of the Center for American Progress notes, by creating a market for private investment, social benefit bonds direct money to the most effective charity models (or at least those that the market deems ‘worthy of financing’).

Thirdly, the bonds greatly enhance the accountability of non-profit service providers by linking them to the government and tying their performance to stated goals and objective measures. Under the Cambridgeshire prison scheme, the recidivism rates of recipients of the rehabilitation services are measured against a control group of prisoners who do not receive the services. A target reduction rate of seven and a half percent must be met before the government is obliged to return the initial investment to the bondholders. Similar targets govern the operation of the other pilot schemes being introduced in various countries. Michael Belinsky, writing for the Stanford Social Innovation Review, comments, ‘perhaps the largest lesson, and greatest success, of this young innovation has been its ability to anchor the conversation of governments, social entrepreneurs, and impact investors around measurement, metrics and outcomes.’

Despite all this, Peter Shergold warns against claiming premature success for social benefit bonds and the new working model for charities and governments. Rather, he argues that the partnership between the two sectors must be liberalized further, such that charities do not become hamstrung by bureaucratic oversight or dependent on governments for their viability. Shergold writes, ‘the transformative potential of public-community partnerships has been held back by governmental risk aversion, bureaucratic managerialism, and lack of vision.’ He calls on governments to engage non-profit organizations with whom they are contracting in the policy discussions that impact their programs, and to allow greater scope for innovative approaches to be implemented.

Governments have long supported the not-for-profit sector in a range of ways: by providing direct funding to charities, imposing regulations that improve transparency and public trust, and promoting charitable giving through measures such as tax-deductibility. Social benefit bonds go further, shifting the two sectors from supportive friends to close working partners. It is probably too early to definitively conclude whether the schemes currently in operation are a success. It may be years before the outcomes can be assessed, the cost savings to governments measured and the returns on investment quantified. But if they do prove a success and the bonds graduate from small-scale pilot schemes into widespread capital-raising ventures, they may represent not only an innovative way of funding the biddings of governments but also a new way of doing charity.

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The Financial Situation of for-profit and non-profit organizations

Non-profit organizations have different performance goals and financial restrictions than for-profit organizations. Obviously, for-profit enterprises focus on maximizing profits, whereas non-profits try to maximize their social impact and the benefits that they provide to the community. In for-profit organizations, generated profits can either be distributed to their capital investors or be invested for further growth. Non-profits lack this financial flexibility. Surpluses, grants and other resources must be spent on particular purposes, which are specifically identified by the donor or implied in the non-profit’s mission.

Nevertheless, both non-profits and for-profits still have expenses. Although some non-profits use only volunteer labor, any sufficiently large non-profit is likely to require staff of paid full-time employees, managers and directors. Additionally, operating expenses such as rent and on-going program costs need to be covered. It is for these reasons that there is also a significant financial commonality between these two organizations: just like any for-profit organization, non-profits have to continuously stay financially solvent, as running out of cash will sooner or later result in financial difficulties.

Cash-flow forecasts are an essential element in the financial planning of any non-profit organization

Patrick Hoermann

Cash-Flow Forecasting in Non-Profit Organizations: Necessity, Components, Insights

An illustration as to why cash-flow forecasts are an essential element in the financial planning of any non-profit organization

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The Financial Situation of for-profit and non-profit organizations

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So how can managers of non-profits ensure to stay financially solvent?

The key method when it comes to financial planning is cash flow forecasting. Cash flow forecasts provide a solid basis for the projection of a non-profit’s future financial situation. They allow these organizations to see when money is expected to be received and when that money will be spent. A cash flow forecast enables non-profit organizations to plan reinvestments from surpluses or the need to raising additional capital due to expected deficits.

So is it not enough to look at the balance sheets?

The simple answer is no. Balance sheets only reflect the position of a company at a certain period of time. Accounting methodology allows income and expenses only to be listed when they are incurred. Regular balance sheets are static and do not include anticipations of future events. Metaphorically speaking, a balance sheet is merely a “snapshot” of a fiscal situation at a certain period of time. Cash flow reports and forecasts, however, are more like a “movie” in which income and expenses are listed with time, in order to express the financial development of an organization.

But why is cash flow forecasting particularly important for non-profits?

In contrast to for-profit organizations, non-profits usually do not have a regular inflow of money. Cash inflows for most non-profits typically fluctuate throughout the year. It is often the case that grants, donations and the income from fundraising occur throughout a year in discrete, rather than regular payments. It is due to the nature of these receipts and, in addition, the uncertainty of their cash inflow that a cash flow forecast is a critical planning tool for all non-profit organizations.

So what are the components of such a forecast? And how can it be practically done?

A cash flow forecast essentially consists of two components: Anticipated Cash Receipts and Anticipated Cash Payments. Both components can either be estimated through historic data or by calculating the most likely figure based on existing information.

In order to better illustrate cash flow forecasting methodology, let us consider a non-profit organization in the education sector. This organization provides disadvantaged children in rural areas of third-world countries with educational programs to increase their chances of a better life in the future. Let us call this organization “Better Education Charity” (BEC). BEC receives governmental grants of $20,000 in March, June and September, as well as grants from an endowment fund in the amount of $30,000 paid each year at the same time. The company scheduled four fundraising events, two of which are in the next half year. On average, the company gains $6,000 with such events. Membership income is $3,000 per month. Cash expenses such as staff salaries, operation costs and program expenses are based on BEC’s historic cost data. In order to
obtain a financial overview for the next half-year starting in January, BEC decided to project cash flows on a monthly basis.

As seen from the calculations for BEC, anticipated Total Cash Receipts for next year are $270,000 and anticipated Total Cash Payments are $247,000. This leads to a projected annual Net Cash of $23,000, which means BEC can be content, as it will generate a surplus for the whole of the next year.

By looking at the monthly Net Cash from Operations, however, high fluctuations can be seen. In fact, in January, February, April and May, cash payments of the company are higher than cash receipts, which leads to negative Net Cash in these months. Most importantly, in February, the company is not only going to have a negative Net Cash from Operations but also a Total Cash Flow deficit of -$5,250, as this loss cannot be compensated by the beginning monthly cash balance. As a result, the company does not have sufficient money to pay the expenses, that is, the company will run out of cash in February.

How can non-profits handle such cash flow deficits?

One of the most common ways to manage a cash flow shortage is to use credit from a bank. Specially designed ‘working capital loans’ can help non-profits cover operating expenses while they are waiting for a grant or contract disbursement. Generally speaking, these loans are for the short-term only and it is expected that they be repaid as soon as the next grant is received.10

Non-profit companies may also think about rearranging fundraising efforts according to individual cash flow needs. In this case, it would make sense for BEC to schedule the first fundraising event of the year one month earlier. The projected $6,000 from such an event in February would save the company from a cash-flow deficit in this month. Additionally, the company may ask grant givers for an upfront payment in advance of scheduled payments. In this case, this would make also sense in the long-term as BEC usually receives both Government Grants and Foundation Grants at the same time.

It may also be possible to try to delay payment to vendors. Perhaps bills that are due every month can be extended to 60 or 90 days. This would depend on BEC’s relations to its suppliers and partners.

If a non-profit has cash flow surpluses, how should they manage them?

In general, non-profits are by law supposed to spend any gained capital on their programs. With a continuous positive amount of cash, however, non-profits may also pay down outstanding loans or credits, if they exist, or consider bulk purchases of supplies in order to save the

<table>
<thead>
<tr>
<th>Table: Anticipated Cash Receipts</th>
<th>Total</th>
<th>January</th>
<th>February</th>
<th>March</th>
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<td>Revenue from fundraising events</td>
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<td><strong>Total</strong></td>
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<td><strong>$8,000.00</strong></td>
<td><strong>$4,000.00</strong></td>
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<th>March</th>
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<td><strong>Total</strong></td>
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<td><strong>$21,749.97</strong></td>
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<td>Net Cash from Operations</td>
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organization money in the future. Overall though, there is a thin line between having the right amount of cash in reserve to prevent cash-flow deficits and stockpiling too much capital. In addition, BEC has to critically evaluate their cash flow balances, as the company is projected to have both deficits and surpluses. It may be recommended, however, to rather keep the cash in the company in the short-term as cash tends to fluctuate. In the long-term, if BEC builds up cash, the company may consider increasing their program expenses to maximize their social impact in the sector they are operating in.

What can be learnt from this?

Cash flow forecasts are an important method in the financial management of any non-profit organization, as they help non-profit organizations to better plan for the future. Only with cash flow projections can non-profits accurately anticipate when surpluses or deficits will occur and identify strategies to deal with them.

As seen in the example of the non-profit organization “Better Education Charity”, the period frequency of such forecasts is critical. If BEC had only forecasted yearly cash flows, the company would not have realised that it was going to run out of cash in February. To prevent financial difficulties, it is therefore not only crucial to forecast cash flows, but also to do this on a monthly basis, if not even on a weekly basis.

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5. CPA Australia, Financial Management of Not-For-Profit Organizations (CPA, 2009).

Fundraising Strategy

A fundraising strategy should be a central tool in supporting the funding of an organization’s activities.

Shayne Shepherd

Hillary Clinton once said: “fail to plan, plan to fail.” Without a clear Fundraising Strategy, non-profit organizations can be doing just that. Not only can ad-hoc fundraising be stressful for the organization, but it can also confuse both volunteers and donors who want to contribute to the organization.

A fundraising strategy should be a central tool to support the funding of an organization’s activities. This article shares some best practices in how to develop and deliver an effective fundraising strategy. These practices include: establishing fundraising parameters, identifying appropriate funding sources, carrying out compliance checks, executing and monitoring, and lastly, reviewing and appreciating. When implemented, these practices can facilitate better fundraising outcomes for organizations.

Establishing Fundraising Parameters

Establishing the fundraising parameters begins with the organization’s vision and mission statement. Jay and Sargeant describe this as critical to ensuring alignment between the organization’s objectives and the fundraising strategy. In an Australian project undertaken by 180 Degrees Consulting, the team worked closely with the client to ensure this alignment was present, as it proved critical to the communication made to prospective donors on how their contribution made a positive impact to society.

Often the best-laid plans can be put to waste when they fail to acknowledge important external factors. For example, having a public appeal the same day as another charity, or shortly after, can negatively impact the funds raised. That is why reviewing the external environment is a critical step in creating fundraising parameters. There are a variety of tools that can be used to review the environment; two of the most common are PEST and SWOT analysis. PEST looks into the Political, Economic, Social and Technological trends driving change; and SWOT assesses the organizations’ Strength and Weaknesses against the Opportunities and Threats the general environment offers and poses.

However, any analysis undertaken should seek to identify and understand broad trends that impact the non-
profit sector, motivations of various suppliers of funding and volunteers, changes in beneficiary needs, the impact of other charitable organizations’ activities on the non-profit and opportunities for collaboration to meet the organization’s objectives.

The last step in establishing fundraising parameters is to look at the organization’s internal needs and how it seeks to achieve its objectives. Often, it is most difficult to objectively review the internal dynamics of our own organization. However, it is important to ensure the plan fits the organization. For example, it would be a significant challenge to deliver on a plan for 20,000 people to do a street appeal if the organization has a 150 person volunteer base.

When reviewing the non-profit’s internal needs and the ability to deliver on the objectives, one should consider the amount required to fund its activities over the period being planned, the estimated shortfall of existing sources of funding and the access to people and systems as well as the ability to expand awareness and consideration across potential donors. This is not an exhaustive list, but serves as a good base for discussion among those involved in developing the fundraising strategy.

Once the fundraising parameters have been established and applied to the non-profit’s needs for support, the fundraising goal is derived once fundraising parameters are established and applied to the non-profit’s needs for support. Appropriate funding sources can then be assessed to help deliver the goal.

### Identifying appropriate funding sources

Fundraising sources are often split by channel and donor segment. This can be a useful way to assess the benefits and drawbacks of various funding options to identify the ones that are best aligned with the non-profit’s fundraising goal.

The Funding Centre splits the channels across: Grants, Donations, Membership / Alumni, Events, Sales / Earned Income and Community-Business Partnerships (Sponsorships). A quick review of these channels for funding often leads to the same conclusion: “One source will not ensure the sustainability of our organization.” That is why finding the appropriate balance across these channels is important.

Grants have been a traditional source of support for the non-profit sector. In recent times, the development of Social Impact Bonds and greater focus on charities’ “demonstrated” social impact has made obtaining grants more difficult for small and medium charities. However, this form of financial support continues to be a major source of funding, and investing time in grant applications is worthwhile in most cases.

Donations can be approached in a variety of ways. Technological advancements have enhanced non-profits’ ability to connect with those who care about their cause. For example, social media can enable a low cost way to broaden public awareness and obtain donations from the public.

Offering memberships and staying engaged with alumni are another way to obtain funding. While traditionally associated with schools, this can be expanded to other organizations in a sustainable way. For example, a former client of 180 Degrees Consulting, an Australian organization that focuses on financial literacy, charges its participants a small fee that supports its continued activities. The value provided to the organizations’ members was far greater than the small fee that enabled its sustainability.

Holding events are another common source of funding. They tend to be the high risk / high reward funding source. As mentioned earlier in the article, having a public street appeal event on the day following another charity could damage the targeted funding goal. That is not a reason to remove this as a viable option. Events in the past, such as the 40 Hour Famine, Jump Rope for Heart and Movember have all delivered tremendous value towards their respective charities and brand recognition to a mass audience.

Buyers of goods and services are generally satisfied with what they received for their money. Because there are no expectations for how the income is spent, non-profits enjoy significant flexibility as to how the funds are used. The key is to identify organizational knowledge, capabilities or assets that can be sold, and that potential buyers value.

Community-Business Partnerships when nurtured and targeted at specific organizations where there is joint benefit to the non-profit organization and the company can turn in to long-term on going mutual commitments. It is important to be cautious of requesting money upfront (unless there is a strong personal connection) from prospective companies as they often have annual budgets for community support planned in the prior year. It is better to target developing a relationship with them to leverage their employees to provide “volunteer power” and build towards financial
assistance from there. Also think about opportunities for gifts-in-kind that can enhance the donor’s product or service’s image. For example, free flights through an airline in return for allowing the airline to use the organizations image/brand as part of its marketing.

It can be useful to review these channels as well as potential donor segments within them with a weighting given to certain attributes that are important to the non-profit organization. A project undertaken in Denmark by 180 Degrees Consulting developed a Donor Assessment Tool that was used to evaluate certain donors’ contributions and how to create joint benefit for the non-profit organization and the donors. By doing so, one develops the target prospects to prioritize in working towards fundraising goals.

**Carrying out compliance checks**

There are varying legislative requirements for fundraising across countries. It is important to be familiar and comply with the local laws. For example, it is common in many western countries to require local council approvals for public appeals involving volunteers soliciting donations in public areas (streets, train stations etc.). Any fundraising strategy should review the local laws and obtain advice where appropriate to ensure compliance.

**Executing and monitoring**

It is estimated that 65 percent of strategies fail at the execution phase. This is after 15 percent failing at concept development and another 10 percent at planning and design. This simply puts some numbers to what most people already know: “carrying out the plan is without doubt, the most difficult stage”.

There are, however, some things that can be done to improve the chances of success. Firstly, having appointed someone within the organization to be the key coordinator of the organization’s fundraising efforts ensures ownership of the plan. Additionally, having identified the internal needs and capabilities of the organization in creating the fundraising parameters will help ensure plans are appropriate for what can be achieved. Lastly, progress should be monitored through regular communication across key members of the non-profit organization. This enables adjustments to be made to plans, should unexpected issues arise, and fosters greater flexibility in how fundraising goals are achieved.

**Review and appreciation**

Review the results against the initial plan. Was the goal met? What were the key negative and positive forces holding back, and pushing forward, the activity’s success? What could be done differently in the following period to mitigate the negative forces and better leverage the positive ones?

According to Stanley Weinstein, “successful fundraising is the right person asking the right prospect for the right amount for the right project at the right time in the right way.” Often using this as a simple guide for reviewing your fundraising strategy after implementation can yield insights to improve the following year’s fundraising strategy.

It is also important to acknowledge the key people that were involved in making sure that the fundraising activity was a success. Is there scope for them to play a larger role in future activities of the organization? If so, discuss this when thanking them for their help. This should be done person to person, in order to understand the volunteer’s key drivers for involvement, as this can often shape how best to facilitate their future involvement.

Lastly, thank both those that helped carry out the fundraising initiatives and those that supported the organization through donating. The art of appreciation is often missed leaving a lower willingness of those that gave their time or money to the organization in future periods. A simple guide for showing appreciation is for the more significant involvement or donations; provide more customized appreciation. For example, the top 10 percent of donors who gave 35 percent of the funds raised may receive a call from the charity’s founder or CEO. This provides an opportunity to build or strengthen a relationship with those key donors.

Fundraising plays a critical role in supporting the sustainability of any Not For Profit. Greater utilisation of best practices can help better facilitate the sustainability to enable non-profit organizations to better deliver greater social impact.

**References**

4. Lecture given by Maurizio Floris to postgraduate students in WORK6026: Organizational Change & Development at the University of Sydney.
The proposition that corporate social responsibility should go beyond occasional philanthropic giveaways has become a key part of modern managerial thinking. Multinational corporations recognize that integrating social responsibility initiatives into their overall business strategy can represent a competitive advantage. To this end, the sustainability efforts of global players such as Unilever, Coca-Cola, Marks & Spencer and Nestlé have involved a radical transformation of their value chains. Bridging profit and responsibility has become a trendy theme for corporations. No one doubts that maximizing returns to shareholders is still the main goal on the corporate agenda. However, from a societal perspective, the corporate world’s sustainability efforts should arguably be as long-lasting and far-reaching as possible. The question is how to achieve this. This article will explore one of the many mechanisms that may provide an answer, namely collaboration between non-profits and corporations.

Responsibility of businesses: How Old is it?
- The Body Shop

Anita Roddick, founder of The Body Shop, was one of the first major business personalities to incorporate sustainable practices into the business model of her company. She has stated that:

In terms of power and influence you can forget about the church, forget politics. There is no more powerful institution in society than business. The business of business should not be about money, it should be about responsibility. It should be about public good, not private greed.

Back in the 1990s, trying to do business that way was a bold move, but it paid off.

A key example of how The Body Shop has implemented one of its core values – supporting community trade – was its cooperation with Handicrafts Organization (HO), a Catholic Bangladeshi NGO that works with rural women making handicrafts. HO, then struggling to compete internationally or supply to large-scale exporters, benefited immensely when The Body Shop became its main international trading partner and bought nearly 30 percent of its products in 1995. The Body Shop educated HO staff about the marketing and quality standards needed to work with large commercial buyers. As a result, HO developed several new product lines that could be produced on a larger scale and would meet the demands of overseas consumers. The Body Shop, in raising a reliable supplier for its value chain, enabled local supply to meet international quality standards.

What is sustainability? Theory and practice

The Body Shop was a pioneer in sustainability practices, advocating principles of defending human rights, promoting fair trade and opposing animal testing. It is interesting to note that its philosophy preceded the UN Brundtland Commission’s definition of sustainability as “forms of progress that meet the needs of the present without compromising the ability of future generations to meet their needs.” This definition has since evolved, as academics have considered different aspects of sustainable development.

The seminal theories of how businesses should meet stakeholders’ demands include concepts such as John Elkington’s triple bottom line and Stuart Hart and Mark Milstein’s Sustainable Value framework (CSR 2.0). The latest academic theory on sustainable business strategy is the “shared value framework”, developed by Michael Porter and Mark Cramer in 2011. It stipulates that companies should re-conceive products and markets (by identifying underserved communities and satisfying the demand in those communities), redefine productivity in the value chain (by putting greater emphasis on the welfare of their suppliers in developing countries) and enable local cluster development (by partnering with other businesses, as well as the government and NGOs to achieve greater social impact). I refer to the shared value framework below to demonstrate how business-NGO cooperation can result in value creation for society.
Is there a demand for shared value strategies? Evidence from the business world

The main idea of shared value theory is that societal and economic needs are so deeply interconnected that companies will be better off maximizing the ultimate value for the society, rather than just one part of it, namely their own economic value. In this context, the notion of trade-offs between financial and social goals becomes unnecessary, as a company will benefit if it does what is best from the societal standpoint. How can profits rise synergistically with societal value? Some drivers of this win-win situation include cost-cutting (for instance, Walmart’s truck route optimization, which led to unprecedented fuel savings), winning new customers (seen in Unilever’s Project Shakti in India, which enabled the retail giant to significantly increase its market share in rural regions) or enhancing product quality (for instance, Nestlé’s efforts to build sustainable relations with its suppliers, which resulted in the supply of coffee beans of premium quality).

This logic has reached the boardrooms of many major corporations and has led to a push for more elaborate and carefully thought-out sustainability strategies. Nowadays, having a corporate social responsibility department and a couple of tree-planting or community events each year is not considered to be sufficient. Aligning business strategies with a broader sustainability agenda has become a priority, particularly for public companies. This trend is evidenced in the growing number of sustainability consultancies, that are both for-profit (SustainAbility, Stake Advisors and GoodCorporation) and not-for-profit (Forum for the Future), as well as the launch of new MBA programs in Business Ethics and Sustainable Development at several business schools.

Another product of the transit to strategic social responsibility in the corporate world is the rapid development of market infrastructure for quantifying and ranking the social impact of businesses. Internet platforms such as Ecodesk and Responsible100, as well as Oxfam’s “Behind the Brands” initiative, provide tools to evaluate companies’ performance in terms of sustainability and quantify their social impact. The launch of the Dow Jones sustainability index and the BITC (Business in the Community’s Corporate Responsibility) index further reflects the increasing demand for a widely-accepted ranking system.

A new era in business-NGO relationships

A further sign of the transition to more sustainable business models is the increasing number of cooperation initiatives between businesses and non-profit organizations. According to a Financial Times special report on Sustainability in 2013, a new era in the relationship between companies and NGOs is emerging, “one in which activism and collaboration combine”.

As companies come under increased pressure to make more responsible decisions at each stage of their value chain, NGOs, with their expertise and reputation, are ideal partners for corporations pursuing change.

How non-profit organizations can enhance a firm’s potential for shared value creation

As the examples of The Body Shop and Handicrafts Organization demonstrate, firm-NGO cooperation is nothing new. Consider the following prominent examples of business-NGO cooperation from the last decade.

Rainforest Alliance & Nestlé: reducing the
environmental impact of coffee cultivation and ensuring improved standards of living for farmers in tropical regions.

Nestlé’s high quality coffee brand, Nespresso, signed the “Ecolaboration pact” with the Rainforest Alliance in 2009, committing to source 80 percent of its coffee beans from RA-certified farms in Latin America and Africa by 2013. Around 80,000 farmers were part of the sustainable farming initiative in the harvest season 2012-13, fulfilling the environmental, social and quality standards of the Rainforest Alliance and Sustainable Agriculture Network. Tensie Whelan, the President of the Rainforest Alliance, has called Nespresso’s move “a happy marriage of sustainability and quality”.

Nestlé, well known for its advanced technologies in food production, has been working with the Rainforest Alliance for over ten years to set a high standard in sustainable coffee farming and improve the livelihoods of farmers. This cooperation has enabled farmers to deliver high quality coffee beans for the Nespresso brand, and also secure benefits for local communities. A recent study by Crece, an independent Columbian educational organization, suggests that coffee farmers who participate in Nespresso’s AAA Sustainable Quality program in Columbia have higher income levels, better living conditions and increased farm productivity.

Oxfam and Unilever: assessing workers’ conditions in Vietnamese factories

The collapse of the Rana Plaza complex in Dhaka, Bangladesh on April 24th 2013 led to the death of over 1200 workers and was a wake-up call for the retail industry. As news of the collapse made global headlines, the names of retailers like Benetton, Primark and Loblaws became associated with the incident. In the move to stop the run of factory accidents, around 30 mostly European retailers such as Hennes & Mauritz and Inditex committed to signing a legally binding Accord on Fire and Building Safety in Bangladesh. However, the Rana Plaza catastrophe could have been avoided, had warning signs not been ignored. A prime example of such early action is Oxfam’s initiative to conduct independent evaluations of Unilever’s factories in Vietnam, assessing them in terms of the United Nation’s Ruggie Framework of human and labour rights. After 18 months of careful fieldwork and interviews with suppliers, Oxfam’s team reported vastly different wage levels among various suppliers and an alarmingly high number of employees working on a contractual, rather than permanent basis. Oxfam provided recommendations on the areas in which Unilever should take immediate action. Unilever subsequently committed to comply with the Ruggie Framework and improve the working conditions of its laborers.

Looking beyond the supply chain, ambitious UK retailer, Marks & Spencer, decided to influence consumer behavior when it launched its “shwopping” initiative alongside Oxfam last year. Under the scheme, Marks & Spencer’s customers were able to swap old clothes for new ones using Oxfam donation bins placed in stores. Shwopping produced an astonishing 4.3 million items of clothing, equivalent to £2.8 million in donations for Oxfam.

As these examples show, there are numerous means by which non-profits can achieve greater social impact through cooperation with the corporate sector. The era of distinction between corporations and NGOs has arguably passed, and leading business minds have shown that corporations should think beyond trade-offs between profit and social responsibility. Businesses are ready to bridge profit and responsibility. It is high time for non-profits to step in and help them to build these bridges.

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As the amount of data in the world increases exponentially every day, business models have adapted to becoming highly data driven in all aspects, from marketing to the provision of services. This article examines how non-profit organizations can also take advantage of the multitude of data available to them.

Simone Cheung
It is estimated that we create 2.5 quintillion bytes of data every day. New technologies have meant that 90 percent of the data in the world today has been created in the last two years. Every time something is posted on Facebook, Instagram or Twitter, a purchase is made with a credit card, or the GPS feature on a mobile phone is used, the Big Data revolution expands.

Big Data has already been gaining traction in the business world for some time, with companies and scientists becoming highly data driven in every aspect of their business – from market research to providing personalized services and gaining new customers. In light of this, can we use Big Data for social good? And how can the not-for-profit sector benefit from it?

Why should non-profit organizations care about Big Data?

There are two ways in which non-profit organizations can benefit from the Big Data revolution. On one end of the spectrum, they can use Big Data to develop new programs and initiatives as well as to better target donors and recipients of aid.

This notion has been tested in the area of disaster relief. For example, mobile phone position data from the largest mobile phone company in Haiti (Digicel) was used to estimate the magnitude and trends of population movements following the Haiti 2010 earthquake and subsequent cholera outbreak. This led to significant improvements in the allocation of relief supplies and the quality of needs assessments following the occurrence of natural disasters, as well as during infectious disease outbreaks.

On the other end of the spectrum, Big Data can assist non-profit organizations to answer one of the biggest questions they are interested in: how do we know that what we are doing is making a difference? With the increasing pressure on the not-for-profit sector to become more transparent and accountable, monitoring and evaluation is becoming more and more important to demonstrate that programs and initiatives are achieving their objectives. Having an evidence base to better direct funding from donors is unquestionably beneficial for the not-for-profit sector.

Proving the correlation between programs or initiatives and improved outcomes is straightforward. It can usually be done even in the absence of appropriate data or rigorous methodological expertise in data analysis. Policy-makers and donors are increasingly wanting to know more about the notion of causation. That is, they want to know whether changes in outcomes (whether they are positive or negative, or whether they are for an individual or a community or a country) can be directly attributed to a specific program or initiative implemented by non-profit organizations.

The availability of Big Data makes it much easier to establish causation, rather than mere correlation. However, it is important for non-profit organizations to be equipped with the skills to define the ‘question’ they are trying to solve, or the ‘objectives’ they are trying to achieve before launching into data analysis. Too often, organizations ‘mine’ available data to find the solution to a problem that does not yet exist. Monitoring and evaluation should begin even before a program or project has been implemented, from collecting baseline data to tracking changes before and after implementation.

More does not necessarily mean better

The Big Data revolution is inescapable, but the risk is that the scale of data creation is now growing exponentially faster than our ability to analyze it. The sheer volume of data available can be overwhelming for most non-profit organizations, especially the smaller ones. Most non-profit organizations do not have the capacity nor the funding to make large technology investments to store, process and derive valuable insights from large datasets.

The key to enabling non-profit organizations to benefit from Big Data is to realize that more does not necessarily mean better; volume does not ensure veracity. What is needed is to identify ways to use currently available data more effectively.

There are five manners in which Big Data can create value in the social sector:

- Making Big Data more readily available can increase the speed and accuracy with which social interventions can be deployed.
- Big Data can enable better monitoring and evaluation of programs and policies, and allow better identification of improvements to programs and policies.
- Big Data allows more targeted and tailored interventions and initiatives to ensure maximum impact.
- Analysis of Big Data can also improve decision making, for instance, by making risk assessments faster and more accurate.
- Analysis of Big Data can enable the creation of new products, services and business models to serve disadvantaged population groups.
What are the challenges?

While Big Data may be a valuable tool for non-profit organizations in the new era, there are a number of barriers they need to overcome to take full advantage of the Big Data revolution.

One of the biggest concerns with the copious amounts of data available is confidentiality. With the tremendous amount of data being constantly collected and analyzed by statistical agencies and organizations, privacy has become a key concern. This is particularly the case for social organizations as they are more likely to deal with data on vulnerable population groups and sensitive topics such as child welfare, domestic violence, and drug and alcohol misuse. As a result, non-profit organizations often find it difficult to gain access to data despite the vast amount of information being collected.

While there are a number of statistical methods to address privacy and confidentiality concerns, such as suppression, aggregation and adding random noise, it still remains a primary consideration for non-profit organizations, particularly as more and more data become publicly available.

Perhaps a greater challenge associated with the Big Data revolution is the shortage of talent and resources available to fully utilize the data. This ranges from structural constraints such as computing power and software tools required to integrate, analyze and visualize Big Data, to specialized data scientist skills in integrating datasets in a meaningful and valuable way.

Despite organizations, such as DataKind, which match scientists and statisticians with non-profit organizations, to facilitate pro bono data work, shortages in these roles still pose major challenges for the not-for-profit sector.

Skilled statisticians and data scientists are particularly important when dealing with poor quality data, which is common in many developing countries. Poor quality data requires sophisticated methods to analyze and draw meaningful conclusions from.

The future of Big Data for non-profit organizations

In the past, data collection was often thought of as merely a means of supporting financial accountability for non-profit organizations, and served as a requirement for donor funding. However, there must be a culture shift to recognize the true importance of measuring the impact and outcomes that the not-for-profit sector is achieving. This will not only ensure limited resources are directed to those most in need, but will also allow non-profit organizations to devise more targeted programs that have greater social impact.

There is no doubt that Big Data has the potential to achieve worthy social goals and bring about lasting social change. This is particularly the case in areas such as disease surveillance, microfinance, monitoring and evaluation, and disaster relief.

The Big Data revolution is here to stay. Data could hold the key not only to attracting and targeting donors, but also to ensuring non-profit organizations operate in a more efficient manner.

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A little known, but highly symbolic use of crowdfunding can be seen through the construction of the Statue of Liberty in 1885. Donated as a symbolic gift to the United States, the statue was ready to be accepted, but for one problem. The statue needed a $250,000 granite plinth to act as a pedestal, yet traditional methods of acquiring funding for the project had failed. It seemed that the project had run out of options, until the well known publisher, Joseph Pulitzer, used one of his newspapers to organize an innovative means of raising funds. The campaign managed to rally the readership of the newspaper to amass 160,000 donors to contribute whatever they could, with many of the donations being less than one dollar. There was a strong show of support for the project, and in just five months, enough funds had been raised to cover the entire cost of the pedestal, which ensured that the Statue of Liberty could be constructed.¹

In the modern era, technology and the internet have allowed crowdfunding to become a popular means of financial support for organizations as well as individuals. Websites such as Kickstarter and Pozible provide online platforms to allow up and coming entrepreneurs the ability to connect with an audience of donors to provide funding for their new business initiatives and inventions. The premise is simple: an idea is pitched to the community stating what they hope to achieve and how much money they require. Donations are given to the project; however, if the target needed for the project is not met, the money is simply refunded to the donors.

The Global Financial Crisis in the late 2000s resulted in traditional financing institutions clamping down on high-risk lending practices, making crowdfunding a more attractive method for entrepreneurs to gain access to credit. It is estimated that the crowd funding market had raised $1.5 billion in 2011 alone, funding a diverse range of projects, from video game development to scientific research.²

It was only a matter of time before the not-for-profit industry realized that this method of financing is an effective way to fund their objectives, with traditional access to financing often being very limited.

This gave rise to a number of websites specifically set up to provide crowdfunding support for community projects, such as the international GlobalGiving site, which connects non-profit organizations with sponsors. The utilization of these services has been vast, with websites such as GiveForward being set up to help people raise money for medical bills, and sites like Intragrad, which helps college students raise money for their education, also being established. Organizations generally need to seek approval from these sites to host their project, and if successfully funded, the online platform will be entitled to a certain percentage of the donations.

One instance of this method of financing being used successfully is the example of the non-profit organization Pollinate Energy, which aims to promote the spread of renewable energy sources throughout India. Through the use of the online platform ChipIn, the organization managed to raise $10,000 over the course of a month to fund the training of local entrepreneurs in setting up their own renewable energy franchises.³ The use of crowdfunding allowed for speedy access to funds that otherwise may have taken much longer to obtain through government grants or other traditional fundraising methods.
While there are non-profit organizations that have specifically incorporated their core operations around the crowdfunding model, there are benefits available to existing non-profits who choose to implement crowdfunding strategies into their existing revenue stream.

The ability to move fundraising onto an online platform provides non-profit organizations with opportunities for cost streamlining, as traditional methods of revenue raising such as call centres or door knocking are labor intensive and therefore costly.

Instead of needing to rely on large-scale marketing campaigns, crowdfunding can be inexpensively directed at those who would be most interested in donating. In addition, as a result of using an online platform, the ability to find a sufficient pool of donors is much easier as the campaign will not be limited by geographical boundaries. Reducing administration costs also has the additional benefit of freeing up more revenue for the organization to spend on projects.

Furthermore, the utilization of crowdfunding gives the advantage of cash flow diversification. According to a survey of non-profit organizations by Deloitte, the average non-profit will receive 43 percent of its revenue from government funding. This stands in contrast to the 16 percent received through public campaign fundraising. Implementing new fundraising techniques in the not-for-profit sector will reduce the reliance on government funding and in turn will make non-profit organizations less affected by changing government grant policies.

The decentralized nature of internet based crowdfunding also gives organizations more scope in the type of projects they are able to run. Initially, an organization may be constrained to funding projects that only appeal to the mass market, due to the difficulty of finding interested donors in the particular location of the organization. However, through online crowdfunding, it becomes much easier to find parties interested in providing for niche causes, as geographical constraints are removed.

Although crowdfunding is generally viewed as a donation based system, there is significant scope for it to act as a platform that closely mirrors debt and equity based lending, in which funds are expected to be paid back with an interest rate attached. One benefit this may have for the not-for-profit sector is the ability to negotiate lower interest rates, as the investment, for each individual donor, is less risky than for a same sized loan backed by one investor.

The use of crowdfunding, however, does not exclusively limit the benefits to the recipient of the funds. Crowdfunding can also allow for increased transparency in the way that donations are used. One benefit of online fundraising tools is that they give donors an unprecedented ability to see where their money is going. Many of these sites allow organizations to interact with donors over messaging or update services, which allows people to be continually informed on the progress of the project, and also makes it possible for potential donors to be kept updated on future initiatives proposed by the organization.

The use of crowdfunding also provides the opportunity to break down information asymmetry between the donor and the recipient. It is generally a requirement that the recipient states exactly how the funding is to be used, and with continuous feedback as to the progress of the project, this method of funding increases the transparency of the operations of the organization. Ultimately it has been argued that these factors, along with the meritocratic approach to projects receiving funding, result in a more democratic approach to fundraising. Some platforms provide conditions on the funds that mirror those in the private equity lending system, such as giving voting rights on projects, and others even place emphasis on allowing lenders to provide their own feedback as to the operation of the project.

While crowdfunding is an effective and innovative service for non-profit organizations to fund projects that would normally have little hope of securing a bank loan, it is worth considering the pitfalls of this method of funding and the potential implications that it may have on businesses that use it.

Currently, the crowdfunding model places a large amount of trust in the organization to follow through with their plans. There have been several notable examples in the for-profit crowdfunding lending sector where businesses have defrauded their investors. One example was when a company named Magnus Fun almost defrauded $120,000 from investors after it was found to be offering a fake beef jerky product. These scandals have so far been confined to for-profit crowdfunding initiatives. However, as this method of funding matures, it would be reasonable to assume that government legislation will be required to respond to such threats, in order to protect donors. In the United States, the JOBS (Jumpstart Our Business Startups) Act is an example of legislation that attempts to specifically address crowdfunding and outline specific rules and guidelines to protect donors. Companies who choose this method of financing will also need to be aware that there is a risk that regulations may change. Therefore, companies who commit to this method of financing will need to follow closely how crowdfunding is being used or misused by businesses in order to better anticipate any regulatory changes.

Crowdfunding is also not the quick fix to a non-profit organization’s financial problems, despite it often being touted as a magic bullet solution. Ultimately, crowdfunding does not offer a sustainable source of cash flow. Its advantages lie in providing funding for specific projects, rather than day-to-day operational costs. Therefore, crowdfunding should largely be seen as a secondary source of income for
non-profits. If a non-profit organization is not structured in a way that allows it to maintain long-term financial health, then any contributions made through crowdfunding will ultimately have little long-term impact. This source of funding does, however, provide non-profit organizations with another tool to promote awareness of their goals and collect much-needed donations to further their cause.

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Volunteer Engagement

There are several ways that non-profit organizations can seek to improve volunteer engagement.

SHAYNE SHEPHERD

One of the biggest challenges for a non-profit organization can be keeping their volunteer base active and engaged in their activities. A strong understanding of what motivates volunteers is essential for facilitating their meaningful participation in a non-profit organization.

Engaging someone to do something for their own reasons is much more effective than trying to force them to do it for your reasons. This understanding is quintessential in ensuring long-term relationships with highly engaged volunteers. Stanley R. Parker has classified volunteer motivations into four areas: altruistic (unselfish), rewards based (expecting [derivative] future rewards), cause-serving (advancing religious, moral or political causes) and leisure (personal enjoyment & relaxation). An awareness of these motivations can assist non-profit organizations to facilitate high volunteer engagement.

What are the challenges?

Volunteer engagement starts with obtaining the right people. Achieving this requires knowing what is needed from volunteers to help carry out the organization’s tasks. From there, it is useful to segment the potential volunteer population and utilize demographics to target those individuals or groups that would offer the best fit for the organization’s needs. These groups become the organization’s target segments.

At the risk of oversimplifying potential target segments, the following general age-based observations may be useful. People in their late teens and early twenties, particularly students, have flexible time and more of it to offer to non-profits. They are also more technologically savvy than most other age groups. Where flexible time and technological know-how are important to an organization, this age group would be an appropriate segment to target.

When the volunteer position requires more experience, but is less time intensive, working age people at the younger end of the spectrum (those in their late twenties through to late thirties) can offer much to the needs of the organization through skills based volunteering.

For governance and guiding support, help can often be gained from people with substantial experience in those particular areas of volunteer need. An example would be reaching out to senior accountants or finance professionals to provide financial acumen to the organization’s Board of Directors.

Lastly, a growing group that has much to offer to non-profit organizations are retirees. With significant professional experience and greater leisure time, many retirees are increasingly keen on making a difference to society through involvement with charities and socially conscious enterprises. They continue to invest much of this leisure time to mastering new technologies as well.

A simple example to illustrate the benefits of segmenting can be seen in a recent engagement undertaken by 180 Degrees Consulting. The client was in need of skilled volunteers to help upgrade some of their facilities. The consulting team identified young tradespeople within appropriate geographic areas as a target segment to engage. With the absence of family demands, this group had more time available, which gave them the opportunity to further develop their trade skills. In this way, the client was able to use both rewards-based and altruistic motivations to obtain assistance for the renovations.

Once the appropriate target segments have been identified, different communication channels will be more
appropriate than others to connect with the particular target groups. Referring back to our age groups, if you were seeking a board member for your organization, you may consider posting this on your website and Facebook page. However, you may find it worthwhile to place an advertisement on LinkedIn that is more targeted, or in a business publication. These more targeted forms of communication are more likely to connect with the people that the organization needs, and who are also interested in furthering the organization's cause. The key to identifying the right channel is to put yourself in the shoes of your target segments and identify the media that they use every day.

Training: enabling development for joint benefit

Training may not be required for every type of volunteering activity that the organization needs. However, it can be a powerful tool in giving volunteers something of value in addition to the positive association they will receive from giving back to the community. This makes it a highly valuable rewards-based motivator, but can also be a trigger for other motivators.

Of particular interest in this respect is the study that Martha L. Barnes and Erin K. Sharpe completed on Dufferin Grove Park in Toronto, Canada, an area that has attained national and international recognition for volunteer and community engagement. Dufferin Grove Park is a 14.2 hectare urban park that engages volunteers across a wide variety of park activities. It was found that where volunteers could develop their skills, they had higher engagement with the Park’s activities. Examples were seen in the building of a cob structure and doing outdoor theatre shows. In these experiences, the volunteers were able to build their skills by taking ownership of these initiatives, which acted as a reward for their contribution. However, this was also their preferred way to spend their leisure time and pursue their hobbies, which further enhanced their engagement and commitment levels. Barnes and Sharpe observed that where a non-profit organization better understands the motives of target groups and, where possible, individual volunteers, it can foster higher engagement by effective needs satisfaction.

In 2011, 180 Degrees Consulting established a volunteer management framework for an Australian non-profit organization. The framework involved training in a more formal way than that experienced by those involved at Dufferin Grove Park, but had similar successes. The training involved developing people’s public speaking skills to enable them to contribute to the organization’s goals. In receiving this training and practicing the tools provided, the attendees received a rewards-based motivator for their involvement, but also were exposed to the raison-d’être of the organization and built a bond that created buy-in to the organization’s mission.

There are both informal and formal methods of training and development a non-profit organization can offer volunteers. Enabling them to benefit from skills development can significantly help to build their engagement and commitment to the organization.

Retain: keep those who make a difference

As most non-profit organizations can attest, not every individual who initially volunteers goes on to stay in the organization indefinitely. People move cities, have changing priorities through time and in some cases, may not derive the same value from their contribution as in the past. Finding ways to retain people who are critical and ensuring adequate succession planning for when they do leave is important.

A tool for retaining volunteers that 180 Degrees Consulting has recommended to clients in the past is to create hierarchies for volunteers. Providing volunteers with a position of authority and added responsibility can be an impactful motivator to help volunteers grow with the organization and take on more responsibility as the organization’s needs expand. Marylene Gagne and Valérie Millette have found that such expansionary involvement increased performance, satisfaction and motivation of volunteers. It must be noted, however, that this will not always be appropriate for an organization. This is particularly so where the organization requires a high degree of flexibility and a more informal culture. Indeed at Dufferin Grove Park, its informality with the volunteers was seen as part of its success in volunteer engagement.

Another important element of retention is ensuring that volunteers are able to meet their leisure objectives through their involvement. Volunteers drove some of the most successful activities undertaken at Dufferin Grove Park, such as the outdoor theatre and farmers market, because of their interest in theatre and gardening. Many individuals decide to become and remain volunteers because of the “ability to integrate their involvement with their personal lives, interests, and vocations.”

Whether recruiting, developing or looking for ways to keep volunteers involved in an organization, being mindful of the four motivating factors established by Parker can greatly enhance success. By promoting initiatives that facilitate and emphasize volunteers’ satisfaction across multiple motivation factors, non-profit organizations can ensure greater volunteer engagement and commitment.

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In August, Emma Lindgren organized the first European Regional Conference within 180 Degrees Consulting. The presidents of the European branches were invited to spend three days together to discuss the operation of the European region.

Marloes Noppen
In August, Emma Lindgren organized the first European Regional Conference within 180 Degrees Consulting. The presidents of the European branches were invited to spend three days together to discuss the operation of the European region. Emma talks about the region and the conference with Marloes Noppen.

Marloes Noppen: Could you tell us a little bit about 180 Degrees Consulting's involvement within the European region?

Emma Lindgren: 180 Degrees Consulting has a strong presence in Europe. It started in 2009 when Charlotte Staf and Henrik Storm Dyrssen – students from the Stockholm School of Economics – met with Nat Ware. Together, Charlotte and Henrik established Europe's first 180 Degrees Consulting branch in Stockholm. Two years later, in 2011, the Strasbourg and Copenhagen branches were subsequently founded. In 2012 we experienced a rise in the number of people who were interested in founding further branches within the region. Throughout the last few years, the 180 Degrees Consulting International Executive approved nine more branches in the region, seven of which are currently undertaking consulting projects.

However, besides engaging in local consulting projects, consultants in these branches have also recently worked on projects in developing countries. For example, in 2013, the Copenhagen branch sent eight students to Sierra Leone and Chile to undertake projects there.

Marloes: What features are particular to the European region?

Emma: Europe is currently the largest region in which 180 Degrees Consulting operates, with branches in ten different countries. The region has been acknowledged for its ability to engage students on a long-term basis and provide high-quality consulting services to clients. Innovative ideas, such as larger conferences and international projects, along with great marketing and communication efforts, are other examples of strengths that we often observe in the region.

Most noteworthy is perhaps the branches' supportive approach towards each other. This was clearly underlined during our last Head of Branches meeting held mid-August. Here, the branch heads commented particularly on the open attitude among branches towards offering assistance to other branches in the region. In the past, for instance, the Copenhagen branch has assisted the Stockholm branch in training for the Consulting Director position, something that clearly fell outside their usual duties, but which they were nevertheless willing to undertake.

Marloes: Can you tell us about your vision for the European region?

Emma: Our goal is to make it possible for the branches to increase their overall social impact by providing clients with the best possible consulting services and giving our student consultants the best possible work experience.

To achieve this aim, the European team of 180 Degrees Consulting’s International Executive, which I am currently leading, is working on ensuring the long-term sustainability and strength of existing branches, as well as helping new branches to establish. Our goal is to establish five to six new branches in 2014.

Marloes: Could you elaborate further on this vision?

Emma: Over the past two years, my team members expressed the need to have greater contact with the existing branches in the region. Previously, the absence of sufficient collaboration between branches led to difficulties in:

• Creating a common and truly international organizational culture
• Tracking the progress phase of branches, rendering it more complex to be of assistance to neighbouring branches
• Sharing resources, for example, marketing material, expert knowledge and best practices.

However, we believe that greater collaboration and contact between branches will enable us to reach our overall goal of more effective service delivery. Over time, we are convinced that this will further improve our performance.

Marloes: How do you manage the envisaged growth in the European region?

Emma: Together with my engaged and experienced team, we work closely with the European branches to provide support where needed.
This includes being part of the set-up process, offering assistance in legal incorporation and establishing a professional presence to more effectively create partnerships with other individuals and organizations.

In terms of how the individual members of my team work towards achieving sustainable growth, the two Directors of Branch Development assist in the establishment and management of branches; the European Consulting Director trains new Consulting Directors and assists with consulting-related matters; the Director of Branch Financial Management is charged with controlling business operations, and the European Director of Communication works in the area of marketing. I lead this hard-working team with great pleasure.

Marloes: Your experience stems from launching the Copenhagen branch and also working in branch development. Do you feel there is a model of establishing and operating branches that is most effective?

Emma: I think it is very important to have the right drive and to create a ‘can-do’ atmosphere among branch executive members. This is most often achieved through leading by example. Small gestures can help greatly in this regard - simple acts such as responding to emails in a timely manner and following up on previous conversations can go a long way to establishing this environment.

Additionally, it is vital to maintain a professional approach in all aspects of branch operation. This extends to the way that the branch presents itself to clients and the manner in which team members communicate with each other. Sometimes, working for 180 Degrees Consulting is the first time that students collaborate on a project for an established organization. These students may still need to learn what is appropriate and what is not in the consulting industry. However, working on 180 Degrees Consulting projects represents a great learning experience that benefits our team members well into the future by instilling these important practices.

Thirdly, in terms of sustainability, establishing long-lasting partnerships with universities and consulting firms is essential. Frequently, board members are part of the branch executive for a limited time and it is tempting not to think too far ahead about what contributions a branch can make. However, while board members might change, 180
Degrees Consulting is here to stay. It is therefore important to think beyond our own horizons to ensure the longevity and sustainability of the organization.

Marloes: In practice, what have proven to be the biggest hurdles?

Emma: Students these days engage in many extra-curricular activities. This results in time constraints that, at times, can hamper commitment. The retention rate is another issue that has been mentioned by a few branches. Students are at universities for a limited period of time, and so turnover can be an issue in terms of sustainability. However, with the forwards-looking planning that I mentioned earlier, the work of these students can be continued by others into the future.

Marloes: What advice do you have for others seeking to set up a branch?

Emma: Be prepared to work hard, particularly during the establishment phase, and make sure to enjoy the process as well. Dedicated and supportive team members are also essential in building a successful branch. No one can make this happen alone.

Marloes: Can you tell us a little more about the process of managing branches?

Emma: Something to be cautious about is the risk of promoting people to a level where they no longer perform at maximum quality. Some students make for great consultants, but that does not necessarily make them good team leaders. Great team leaders will not necessarily perform well on the board. So it is important to be selective not only during the initial hiring stages, but also throughout the promotion process. Maintaining this selectivity on all levels ensures that a branch possesses the right people in the right positions. Quality assurance is the highest priority at the branch level.

Marloes: Could you tell us about the European Conference?

Emma: The conference brought together the Heads of nine European branches as well as a large part of the International Executive’s European team. It was held over three days in Stockholm and was aimed at:

1. Strengthening the relationships between 180 Degrees Consulting’s branches in Europe and discussing and learning from the experiences of each branch,
2. Improving our ability to manage branches (in particular branch executive members and student consultants) as well as clients,
3. Finding ways to further facilitate collaboration between regional branches in the future.

Marloes: When you look back at the conference, what was the most striking insight you gained from attending?

Emma: The thing that struck me the most was that many of the branches share similar experiences in terms of managing branch executive teams and consultants. It was also great to see how supportive the branch Heads are to one another. They developed solutions to each other’s problems and created a very transparent and honest environment that benefited everyone.

At the conference, Nat Ware, Chief Executive Officer of 180 Degrees Consulting, announced that the Copenhagen branch was the recipient of the Best Branch Award. Even this branch, with its outstanding performance, would have been able to benefit from the collaborative atmosphere at the conference and pick up on areas where they could improve in the future.

In this manner, the supportive network of branches that was created through the European Conference was instrumental in furthering the potential of branches to go beyond best practice.

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Reports

Free Charities from the Idea of Charity

At the TEDxCelje talk in Slovenia, Chief Executive Officer Nat Ware delivered a talk, in which he explains that giving charities more space can enable them to generate greater social impact.

Nat Ware

To begin with, I want to do something very straightforward. I want you all to think of a charity.

Would you think less of that charity if I told you that in the process of helping people they were also making money, they were making a profit for themselves?

Would you think less of that charity if I told you that only 50 cents of every dollar you donate was going to actual programs?

You would probably think less of them.

We have expectations of what a charity should be and how a charity should behave. We usually think of a charity as an organization that raises money by collecting donations, and then spends that money on worthwhile causes.

We expect them to transfer the funds as directly as possible, with as little as possible spent on things like administration. And we expect charities to be not-for-profit. We certainly expect charities to provide their services free of charge. We don’t want them making money off the poor.

Non-profit, low admin costs: those things are all part of our idea of charity.

Now for the past five years I’ve been involved in an organization called 180 Degrees Consulting. 180 Degrees provides affordable consulting services to charities around the world. It’s an organization that is trying to work with charities to make them even more effective than they already are.

Through 180 Degrees, I’ve had the privilege of meeting hundreds of people working for all sorts of charities. And I’ve found that many of these people feel pigeonholed, boxed in, constrained by expectations of what a charity should be. They feel constrained by the traditional notion of charity.

1. One of the main ways they feel constrained is by the expectation that they should have low administration costs.

Many charity comparison websites, such as Charity Navigator and Intelligent Philanthropy, still use administration expenses as a key measure of the effectiveness of charities. But the goal should not be to minimize administration costs.

It’s much better to have 50 cents in the dollar go to a charity that has all the checks and balances, that measures its social impact, and that ensures the 50 cents is used in the best possible way, than to have 95 cents in the dollar go to a charity with an ineffective approach, and without all the necessary checks and balances.

You do not choose to invest in Apple or Google based on the amount they spend on admin, which is probably a good thing given that, based on common ways of assessing charities, Apple has 65 percent overhead and Google has 74 percent overhead. They’d fail every charity rating!

We recognize when we’re making normal for-profit investments that administration expense isn’t really correlated with financial return, and it’s about time we realized that admin costs for charities isn’t really correlated with social impact. Sometimes it takes Google-sized expenditure to have Google-sized returns.

2. Another expectation that we have of charities is that they be ‘not for profit’.

And when an organization is mostly focused on doing good, but also makes some money, we frown upon it. We see it as uncharitable. But is this really rational?

Let me give you two examples:

At the TEDxCelje talk in Slovenia, Chief Executive Officer Nat Ware delivered a talk, in which he explains that giving charities more space can enable them to generate greater social impact.

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And when an organization is mostly focused on doing good, but also makes some money, we frown upon it. We see it as uncharitable. But is this really rational?

Let me give you two examples:
Say you walk into a normal restaurant and there's a sign that says "we donate 20 percent of our profits to the poor." How do you feel about the restaurant?

Now say you go to a microfinance organization that provides loans to poor people in developing countries so they can start businesses to bring themselves out of poverty. And there's a sign that says "we keep 20 percent of the money we make for ourselves." How do you feel about the organization?

Some of you might like what the restaurant is doing, but dislike what the microfinance organization is doing.

But let's think about this.

The restaurant is keeping 80 percent of profit and 20 percent goes to good causes, and the microfinance organization is keeping 20 percent of profit and 80 percent goes to good causes.

If anything, it should be the other way around!

For some reason, we like organizations that are mostly profit focused with a bit of social focus, but dislike organizations that are mostly socially focused with a bit of profit focus.

I suspect the reason for this is that we assume there's a tradeoff between social and financial returns. We assume that for there to be winners there must be losers. We think the microfinance organization is somehow exploiting the poor, that it should instead operate on a completely non-profit basis.

But this ignores the fact that often these organizations wouldn't exist as they currently do if they weren't allowed to make money. Often you need to make money to attract investment to achieve the scale and the impact that you want.

And scale is important:

There are 780 million people without access to clean water.

There are 2.5 billion people without access to proper sanitation.

There are 2.6 billion people without access to insurance protection.

Do you really think we can rely on altruism to provide clean water, proper sanitation, and insurance protection to that many people?

The scale of the problems facing our world demands solutions that altruism can't supply. And just because an organization is making a profit doesn't mean it can't also do a lot of good. Insisting that they always be non-profit constrains them.

3. Another way that we treat charities differently from businesses is that we often assess the worth charities based of anecdotal evidence.

I'm sure most of you have read stories about lives being transformed by different charities.

The problem is that even bad programs can be made to sound impressive. It's very possible for a charity to have 99 percent of failure cases, 1 percent of success cases, but some amazing anecdotes. A story is a sample size of one. There is no knowing whether it's the norm or the exception. So anecdotes are a terrible measure of how good an organization is.

Why is this important? How is this a constraint on charities?

Because we want the best ideas to win out. We want the best approaches to attract the most money and the best talent. For this to happen, we need to be more objective. We need to do our best to collect and analyze data, to measure and compare the impact of different charities. By relying heavily on anecdotal evidence, we risk misdirecting funds and talent.

Indeed, economic research shows that for every $1 people donate to one cause they reduce their support for other causes by about 50 cents. There's a substitution effect. So by raising money for programs that only do some good we're reducing the money for the best programs.

This means that just because an organization does some good, this doesn't mean it should exist. It may sound counterintuitive, but doing good isn't good enough.

4. Another constraint on charities is the fear of failure. We expect them to exist in perpetuity.


Failure means you were innovative, you tried something new. It means you’re more experienced, more likely to
succeed the next time. Venture capitalists recognize that one really successful company will more than offset a dozen failures.

Unfortunately, the same thinking doesn’t apply to charities. We expect charities to always succeed, to always generate a social return. And so many charities feel that they need to play it safe, that they cannot innovate, that they cannot take risks. But every charity succeeding at playing it safe will not generate the rate of improvement that we need. The only way we’ll get there is through riskier innovations that are transformative.

If anything, there should be far more failures in the charity sector than the business sector.

Here’s why: when you’re making a purely financial investment, it makes sense to tradeoff risk and return because you care about the financial return that accrues to you and only you.

But when making a donation, you care about the wellbeing of other people. And given that there are many donors and many charities, the risk is already diversified. It doesn’t matter if one person’s donation fails to make an impact.

What matters is the overall impact. And to maximize the overall impact, each person and charity should try things that won’t always succeed but if they do will have a really big impact.

We actually constrain charities by not allowing them to fail, by expecting them to live forever. Besides, if foundations or charities do their jobs really well, they should really put themselves out of business!

5. Lastly, I want to talk about the common perception that charity is an emotionally charged endeavour for overly sensitive ‘do-gooders’, rather than an intellectual endeavour.

Many university students I speak to tell me that they feel like they have to choose between doing good and being intellectually challenged. But this is a false dichotomy.

When there are so many possible approaches to solving each problem, it is a real challenge to work out the best existing approach or to develop a new improved approach.

Running a charity is also often harder than running a business. It’s often harder to motivate volunteers than employees whose bonus depends on performance. It’s harder to measure social returns than financial returns. It’s harder when you’re expected to have the cheapest resources and not the best resources.

As a tangential point, people also often assume that they can do more good by working for a large company or foundation than for a small charity.

And I can see why people may think this way.

Say you have the choice between working for The Coca-Cola Foundation and starting a small charity. The Coca-Cola Foundation has a much larger budget, reaches far more people, and has a much larger social impact. Last year alone they gave out over $70 million for various initiatives.

If we divide the impact of the organization by the number of people, it’s probably also the case that per person social impact of the Coca-Cola Foundation is greater than the per person social impact of the small charity.

But it does not follow that you would necessarily have a greater social impact working for the Coca-Cola Foundation than starting the charity. The crucial question is “What would happen if you weren’t there?”

If you don’t work for Coca-Cola, someone else would, who would probably be just as smart as you and do just as much good as you. They may even be better than you. And if someone else would do a better job than you... if someone else would create more social impact than you... then the impact of you being there may in fact be negative.

On the other hand, if you start a charity or social enterprise, the absolute social impact may be quite small, but your incremental impact would at least be positive.

We need to move away from the idea that bigger is better, that working for a larger organization means you can have a bigger social impact. We need to ask ourselves “what would otherwise happen?” We should choose careers for which we are uniquely qualified, where we can make a unique contribution.

In conclusion...

There is a plethora of ways to help people. There are many different ways to achieve the same outcome. Say we want to increase literacy and improve educational outcomes.

We could distribute free books – the approach of Better World Books

We could build more schools – which is what the 40K Foundation does

We could give out laptops – what One Laptop Per Child attempted to do
We could pay for more teachers so as to reduce class sizes.

We could provide teacher training.

We could establish a program to mentor disadvantaged children through school.

We could develop phone apps to enable children in Africa to teach themselves.

We could develop an online platform for free high quality education.

– Khan Academy

We could attract the best university students to become teachers.

– Teach for America

We could build a website where anyone can contribute their knowledge.

– Wikipedia

We could build libraries, reward students for improving, or simply explain to parents the importance of sending their children to school.

There are so many different ways to achieve the same outcome.

But, when we calculate how much each of these programs cost, and how many more children became literate as a result, we realize that some ways are more effective than others. Different approaches have dramatically different results. Some approaches are 10 times, 100 times, even 1000 times more effective than others.

We cannot afford for the best ideas to be pushed aside. It’s more important for a charity to have the right ideas - the right approach, than to have lots of money to spend on worthwhile causes. Doubling the amount of money a charity receives would improve the effectiveness of that charity by 2 times. But finding the right approach can improve the effectiveness of that charity by 10 times, 100 times or 1000 times.

In the game of social impact, method trumps money.

In order to have the greatest impact, in order to do the most good, in order to be truly charitable, we must be willing to change our conception of charity.

Just because a charity spends a lot on admin, doesn’t mean it is wasting money. Just because a charity is making money, doesn’t mean it’s exploiting the poor. Just because a charity has the best story, doesn’t mean it’s the best charity. Just because a charity tries something that fails, doesn’t mean the charity is a failure. And just because we get emotional about causes, doesn’t mean charitable work is an emotional endeavour.

There are so many different ways to help people, and our traditional notion of charity is just one of those ways.

Charities have been put in a box for far too long. Let’s set them free! ☺

This article is a transcript of Nat Ware’s presentation, Free Charities from the Idea of Charity, presented at TEDxCelje 2013 in Celje, Slovenia.

Q&A with Andrew Crawford

The former Chief Executive Officer of StreetWork shares his insights into the challenges and rewards of not-for-profit management

SAM MONK

AndréW Crawford is the recently retired Chief Executive Officer of StreetWork, a Sydney based charity that provides a range of mentoring services and skills workshops to young people caught in the destructive cycle of crime, violence, homelessness and substance abuse. The Sydney University branch of 180 Degrees Consulting has provided consulting services to StreetWork on three occasions over the past two years, advising the organization in areas such as volunteer management, resource optimization and social impact measurement.

Andrew is a graduate of the University of Sydney Business School and holds an MBA from Deakin University. He took on his role at StreetWork in 2011 with a wealth of
corporate experience behind him, including prior roles as an accountant and economist at Westpac, Suncorp and AMP. Andrew was also a member of the Representative Council of CPA (Certified Practicing Accountants) Australia for four years, where he founded a Corporate Social Responsibility task force and a Risk Discussion Group.

Here he discusses how his corporate experience informed his approach to charity management and some of the contemporary challenges facing the not-for-profit sector.

**What was your motivation for entering the not-for-profit sector on a full-time basis when you took on the role of CEO at StreetWork?**

I have been involved with non-profit organizations since my undergraduate days and have had numerous roles advising schools, sports clubs and charities that employ people with disabilities. However, only in the last few years did I take the big step of becoming a full-time employee of a charity.

Why did I take this step? As a starting point, we are extremely fortunate to have the luxury of being born into a country like Australia. We have won a lottery of latitude. But I also have a firm belief that as a professional, sitting in the half a percent of the world’s population that has a university education, I am in a privileged position. I think the charity sector can benefit from the wider application of economic and business principles and I saw a role that I could play.

However, there were also some contextual factors that pushed me towards full-time involvement when I started at StreetWork in 2011. The global financial crisis had a catastrophic impact on many Australian charities. Most small charities depend on donations, predominantly from semi-retired and retired supporters whose pensions, annuities and superannuation returns were greatly reduced. The sector was experiencing a pretty tough spiral of contraction. It was also about the time that the ACNC (Australian Charities and Not-for-profits Commission) discussed the implementation of a reform agenda aimed at strengthening public confidence in the charity sector and reworking the regulatory environment for non-profit organizations. I believed that, given these changes to the charity landscape, my skills and background could be particularly relevant and useful.

Finally, working in non-profit organizations can be quite challenging and I was up for a challenge. In hindsight, working at StreetWork was, in many ways, more challenging than the roles I’ve had in corporate Australia.

Why do you believe that to be the case? In your opinion, what are the main challenges involved in running a charity?

Firstly, charities are resource constrained. You have to manage the whole operational model of a charity with fewer tools at your disposal than you have at a company. Charities do not have access to debt markets and must be disciplined with costs and budgets. Without lines of overdraft, they need to be very wise in how they spend their money.

Secondly, charities are constrained by reputation. People donate with the view that their money will be wisely invested in the cause, so charities need to be keenly aware of how they are perceived by relevant stakeholders. They must be responsive, have good internal controls, comply properly with regulations, be honest and transparent in their fundraising activities and act with integrity at all times.

Thirdly, charities are constantly struggling to both build and tap into Australia’s volunteer culture. A lot of people want to “give back” but are unsure of how to go about doing so. Matching appropriate volunteer opportunities to the army of people with relevant skills and a desire to contribute is an ongoing challenge for charities, though the advent of social media is helping to overcome this barrier.

Charities need to be mindful of changes to the landscape in which they operate.

**Charities need to be mindful of changes to the landscape in which they operate**

Charities need to be mindful of changes to the landscape in which they operate. The global financial crisis significantly reduced the capacity for giving in the private community. In this climate, a lot of charities are sadly limping along, facing decisions to reduce their workforce, trim their resources or move out of their premises. Innovation is crucial. In particular, charities need new strategies to broaden their funding base. Too many organizations are reliant on certain fundraising events or too few donors, which makes them vulnerable. From developing new business lines, products, events to improving marketing strategies, charities must innovate. An example of an innovative fundraising approach is the Movember concept. I think this is quite an original idea, and it is now a major export that is franchised around the world.

In your time at StreetWork, how did you go about pursuing the organization’s mission of helping young people ‘at risk’? What were the key elements of your approach?

StreetWork is one of many organizations that collaborate to abate the problems of youth homelessness, suicide and crime in Sydney. I recognized that we are not going to solve any of these wicked community problems by growing StreetWork for the sake of growing. We were
one player in a team that includes charities like Headspace, the Oasis network at the Salvation Army, St Vincent de Paul Youth Reach, the Royal North Shore Hospital Mental Health Crisis Team, as well as numerous schools and chaplains.

The phase of StreetWork’s mission that I oversaw, and that is still ongoing, is about building alliances and partnerships rather than organic growth. By creating alliances and building trust with other larger organizations, StreetWork can benefit from the pooling of resources.

How do you think your corporate experience shaped your approach to charity management?

The greatest benefit of my corporate background was the connections I had made. At StreetWork I was able to draw upon professional human resources from the corporate sector, be they in law, project management, public relations, marketing, you name it. By drawing upon the advice of those experts we were able to formulate new approaches in areas where the charity had previously been rather inefficient. I think we got a productivity boost from some of the principles that we borrowed from the corporate sector.

What do you think are the main similarities and differences in managing businesses as opposed to managing charities?

As is the case in business, making decisions about resource allocation is crucial. When faced with a limited number of volunteers and scarce funding, making a decision one way might mean feeding another 100 clients but spending less time counseling a couple of teenagers who are on high alert for suicide. These are really tough decisions and the stakes are high.

However, managing a charity requires patience and flexibility. When you expect things in the corporate world, if you jump up and down they usually get delivered pretty quickly. At StreetWork, I needed to learn that leading volunteers required more time and influencing skills than paid employees. I needed to readjust the time frames on some of the goals I set.

During your tenure at StreetWork, 180 Degrees Consulting carried out three consulting projects with the charity. What do you think were the benefits of this relationship?

The value of external consulting is that it brings a fresh perspective to bear on one’s approach. 180 Degrees Consulting has produced several innovative recommendations for StreetWork, opening up new ways of working with technology, better matching volunteers to our workload and broadening our funding base.

But in addition to the outcome, I think the process itself can be fruitful. Often before the report is finalized, just by going through the consulting process with the teams, you internalize the message, recognize the need to do some things differently and create an appetite for positive change. It was a humbling experience for the youth workers, the board and myself to be asked the ‘why’ questions. It gave us pause to reflect and consider our approaches.

Our engagement with 180 Degrees Consulting has been a great opportunity to work with some of the best young minds in our universities. I have been very impressed by the quality of consultants from 180 Degrees Consulting and would recommend the experience to any other Chief Executive Officer of the third sector.

The consulting team that worked with the Cerebral Palsy Alliance was recently awarded the University of Sydney 180 Degrees Consulting Social Innovation Award

**Tyler Drayton**

The University of Sydney 180 Degrees Consulting Social Innovation Award is presented biannually to the highest performing consulting team throughout the semester. The winning team is selected from a shortlist of candidates by the branch’s executive, based upon quality of research, analysis and recommendations as well as the overall likelihood of their work affecting a positive social impact for the organization. The most recent winning team consisted of several consultants for the Cerebral Palsy Alliance: Tyler Drayton, Edward Arthy, Fiona Cross, Lucia Robson, Jaroslaw Pustul and Matheus Yeo.
Cerebral Palsy Alliance

The Cerebral Palsy Alliance (CPA) is a non-profit organization that provides a variety of services for children, teenagers and adults with cerebral palsy, as well as their families and carers. As part of its core product offering, CPA provides a planned residential respite service - a network of overnight care centres for individuals with cerebral palsy. These centres form an integral part of the organization’s efforts to provide an all-inclusive disability service offering to its clients.

In early 2013, the Australian federal government passed legislation that will eventually lead to changes in the way welfare benefits are funded by the government. Whereas under the former model disability service providers were issued with government grants to provide services to the community, as a result of the incoming DisabilityCare Australia scheme these grants would henceforth be provided directly to service users. While the exact quantum and specific allocation of this funding remained uncertain, it was nevertheless clear that as a result of the proposed funding changes providers of disability services would be required to compete in an open market for client patronage. In February 2013, CPA sought the advice of 180 Degrees Consulting to assist the organization in revaluating their current respite service model in order to remain competitive, retain existing patrons and attract new clients.

Analysis

To facilitate the examination of CPA’s respite centre service, the team segmented their analysis into three key areas:

1. staff behavior and organizational culture;
2. client expectations; and
3. financial compliance, sustainability and analysis.

In order to formulate a change management strategy for CPA, the group analyzed academic literature centred upon the concept of ‘person centred care’ - a service methodology that emphasizes the importance of individualized, conscientious care for persons with disabilities. The group researched the experiences of countries such as the United Kingdom that have previously adopted similar legislation, examining the successes of organizations in those countries that had navigated comparable funding model changes and drawing parallels with the CPA respite service.

The team then examined CPA’s existing model by conducting a survey to elicit the perspectives of CPA carers, which allowed the team to examine what changes would be required to be made to the current service model as well as the degree of receptiveness of current employees to the proposed changes. Finally, the group examined the financial records of the respite service branch of the organization in order to discern the relative efficiency of the current service model, as well as any regulatory hurdles that CPA faced as a result of the legislative changes.

In examining the organization, the team identified some structural and financial elements of the organization that could be improved to better prepare CPA for the anticipated impacts of the new funding model. For example, some of the financial data pertaining to the respite service demonstrated current occupancy rates that fell below the potential capacity of that respite centre. Figures 1 and 2 (below) demonstrate this inefficiency.

As a result of this specific dataset, the team identified that by improving weekly occupancy at this centre, there was a high likelihood that CPA could improve future profits. In order to remedy this, the team recommended that CPA improve its current client monitoring system, which would allow CPA to better predict future capacity inadequacies.

Recommendations

Ultimately, the team formulated a set of recommendations that, if adopted, would allow the organization to better adapt to the changing market conditions. These recommendations were:

1. improving the awareness and execution of ‘person centred care’ through the creation of implementation teams;

Figure 1: Distribution of occupancy rates

Figure 2: Number Beds Attended
2. establishing key performance indicators in order to measure and review progress made towards respite centre goals; and

3. the creation of a structured system to measure and monitor the financial performance of the respite centre by leveraging various identified metrics.

These recommendations were supported by a series of ancillary sub-recommendations that provided specific, achievable objectives that would lead to the implementation of the aforementioned proposals. The team corroborated these recommendations by providing data trends in the survey responses and financial records of the organization.

The recommendations will be considered more closely by the CPA, pending the release of their 2013-16 Strategic Plan in early August. It is anticipated that a number of the recommendations will be embraced to a degree in the development of the Respite Operational plan.

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Non-Profit Organizations and Strategic Alliances

Personal experiences and insights gleaned in the course of a specific 180 Degrees Consulting project involving Aid Asia

Zubin Bilimoria

In a financial era characterized by greater economic uncertainty, increasing economic integration and more intense competition between businesses, firms have increasingly been forced to implement cost-leadership strategies so as to reduce financial costs and maintain profit margins. Similarly, government has had to implement substantial spending cuts to speed up the road to putting the budget 'back in black'. No longer can society rely on business and the government to deliver the necessary foreign aid and support to the most needy and disadvantaged. Despite the tough economic climate there still exist organizations that devote their time, money and expertise to restore balance, enhance human rights and attempt to bridge the gaps within society.

Non-profit organizations play a crucial role in our globalized world; providing a range of essential services to the least fortunate from providing shelter to the homeless, to conducting innovative trials aimed at improving the health and education interventions. However, these organizations face challenges and complexities in regard to their capacity to provide much needed services, and some programs that are implemented may not always have long-term prospects. This article seeks to provide innovative recommendations and strategies that can ensure non-profit organizations improve their long-term viability, and thus increase their capacity to continue their necessary role within society.

Background to Aid Asia

Aid Asia Initiative seeks to the needs of the least fortunate in Asia, with a specific aim of providing opportunities for rural and remote communities to break the cycle of poverty. Over the past decade, the increased economic success of Asia has meant that the Asian region has seen significant economic growth. Whilst it is evident that such economic growth has improved overall standards of living, there still exists inequity, with wealth typically being concentrated in urban areas rather than distributed evenly throughout the economy. This means that economic development in Asia, which refers to a measure of the welfare in a nation that includes indicators of health, education and environmental quality, has not completely
flowed through to rural and remote communities.

Given the fragmentation of growth within Asia, Aid Asia Initiative seeks to provide hope and benefits for all, and is founded on two initial key promises. According to their mission statement, these two promises involve ‘providing underprivileged children in rural regions with access to education’ as well as ‘ensuring families and rural communities survive during severe hardship’. This report addresses the first of such pledges, where Aid Asia has started to develop an innovative online learning portal in order to connect Australian volunteers and communities with rural Asian communities; taking advantage of emerging technology and the benefits of globalization. In regards to the first key promise, Aid Asia has already engaged classrooms in two schools to pilot the program of bringing local Australian students together with children in Vietnam.

While working with Aid Asia, our team, led by Jenny Huang, were assigned responsibility to develop online educational courses designed to teach English to Vietnamese children. The courses that were developed focused on the alphabet, phonics, spelling and phrases. Through a combination of prescriptive learning, which introduces new concepts for the first time, and reinforcement lessons which reinforces the aforementioned content in engaging ways, the courses were innovative and had the ability to be continually replenished. My experiences have led me to reflect on how such worthwhile activities can be expanded and more broadly supported.

**Limits of Non-Profit Organizations**

Despite access to technology, an experienced leadership team, passionate volunteers, and successful fundraising events such as the Aid Asia Trivia Night hosted by the Macquarie Group Foundation, there were and still are barriers faced by Aid Asia Initiative in achieving their important and long-term goals. Non-Profit Organizations, and the limitations they face, means innovative ideas are needed that go beyond fundraising events.

Aid Asia Initiative recognized this, and is one of the few organizations that have collaboration and partnership as part of their objectives, and sought our perspective on how to achieve this. Our team recommended strategic partnerships with organizations that share common values and goals and can ultimately benefit both parties. While the norm is to view support for non-profit organizations as a social responsibility, what is often overlooked is the potential reciprocal benefit gained in terms of social and cultural capital and competency.

**Potential avenues and methods to implement strategic alliances**

Through methodical research and a strategic focus it was found that Aid Asia needed a syllabus guide for courses to ensure sustainable development and success. It was evident that the courses required regular updating and monitoring. Therefore, the team focused on researching potential avenues for strategic alliances. In particular, it was found that high schools have a strong emphasis on service learning, and have both the capability and willingness to help and contribute to such initiatives.

Since 2009 Newington College has developed a particularly successful service learning program where students in their mentor groups and Houses partner with and help various charities. Groundbreaking when first introduced, the program has increased in importance and is an intrinsic element of the school’s co-curricular activities. As stated on its website, “the Service Learning Program plays an important role in the development of our leaders here in the College, establishing a very clear link between service and leadership. It is hoped that our Newington graduates will take the experiences learned from the program with them into their future lives, where they can influence the thinking of their family, friends and colleagues to be more aware of the responsibility we all have, to look after those less fortunate than ourselves.”

The following is an extract from the report to Aid Asia:

> **True success for non-profit organizations is contingent on capacity to assist communities over the longer term**

> Two possibilities could be implemented with Newington or any similar High School. Firstly, Newington students could help develop courses and think of new and innovative lesson plans. This would be particularly useful if the capabilities of Moodle were to increase in line with technological changes and developments. Secondly, emails could be exchanged between both students in Newington and those in Vietnam. This helps develop the Vietnamese children’s communication skills and prepares them for what a job in the tourism industry could entail.

It must be noted that the courses designed had a specific aim of equipping the children with functional English communication skills. As Vietnam continues to open up its economy, command of the English language becomes increasingly important for improved job opportunities.
Mutual Benefits

Foreign aid and support is needed most in times of global volatility and decreased economic growth. However, it is in times such as these that businesses and governments are most hesitant to provide much needed funding. It is imperative that non-profit organizations such as Aid Asia exist, and that they continue to operate in the long-term. One avenue that has been suggested to ensure support for non-profit organizations is high schools and similar organizations that have service learning and volunteer programs in place.

Not only are there significant tangible benefits for non-profit organizations, such as increased funding, access to new and innovative ideas and increased awareness, but there are also noteworthy intangible benefits for students in high-schools and volunteers. These include cultural competence, personal maturity, empathy and a feeling of self-worth. The reciprocity of benefits gained through strategic alliances should enable non-profit organizations to investigate similar partnerships. The thinking is that the synergy created, by combining the efforts of Aid Asia and a partner such as Newington College, will be greater than the sum of the individual parts and result in long term, sustainable projects that enrich people’s lives.

Conclusion

Innovation and strategic planning are not simply necessary when planning philanthropic initiatives, they are absolutely crucial to ensuring that an organization and the good it does is able to exist, expand and develop in the future.

Ultimately, the success of Aid Asia Initiative is dependent on more than just developing an inventive and pioneering online educational platform. True success for non-profit organizations is contingent on capacity to assist communities over the longer-term in order to provide certainty as well as the ability to ensure that worthwhile activities are evaluated and built upon.

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