



DEFINING QUALITY FOR CHARITY

SEEKING CLARITY AND CONSENSUS

A brief report outlining the evaluation criteria of the most widely referenced charity evaluators and industry experts for the purpose of building a standard for best practices

© Gary Zander, GivePro Consulting Group 2013

DEFINING QUALITY FOR CHARITY

SEEKING CLARITY AND CONSENSUS IN EVALUATING NONPROFITS

By Gary Zander

08 August 2013

THE CHALLENGE

When I started GivePRO, I had the simple goal of wanting to help those involved in charitable work to improve. It's a straightforward goal but I quickly learned that it has diverse and complex implications. At the core of the complexity is defining **quality** – that point on the horizon that implies a certain recognized standard has been reached. The standard for quality I was looking for would be a short list of best practices used by the best nonprofits as measured by reliable and respected sources. The primary purpose for this list is so that anyone could look at a charitable program through the lens of some key points and see where they are doing well and where some capacity building should be addressed.

THE APPROACH

Selecting primary and secondary sources of data was performed through an online search of websites, blogs, scholarly articles and books directly referring to charity evaluation. By first researching the most referenced charity watchdog sites, the approach taken was then to look at professional associations, respected leaders and foundations focused on empowering charities as well as other organizations known to be respected in non-profit development. These sources included Charity Navigator, GiveWell, the Better Business Bureau, the Bill and Melinda Gates Foundation and the World Bank.

Indicators and measurements used or promoted by these sources were compiled into a list. Once the findings were categorized, their criteria were evaluated for similarities to determine whether a common set of best practices emerged. Industry experts were surveyed and asked to provide feedback on these indicators.

QUALITY WEBSITES

The most widely recognized sources of standards for nonprofit quality and effectiveness were reviewed with remarkable results.

Based on these findings, a set of evaluation criteria were compiled to propose a more uniform standard.

Learn more about the issues and constraints to evaluation while still having a solid foundation to use for making decisions.

GivePRO 

RESEARCH FINDINGS

The following table shows the top indicators used (4 or more out of 10 sources) with the number of sources in agreement.

Financial Health	% Total Revenue allocated to Program Expenses	6/10
	% Total Revenue allocated to Fundraising Expenses	6/10
	% Total Revenue allocated to Administrative Expenses	4/10
Measuring Effectiveness	Mission and program resources allocated are aligned with each other	6/10
	Measurements for impact, outcomes or results are tracked	5/10
	Reports are publicly available demonstrating impact	4/10
	Costs-effectiveness of program activities to impact	4/10
Operations	Participation of local partners, communities or beneficiaries in program implementation	5/10
Transparency	Publicly available organizational information	5/10
	Senior leadership or CEO salaries posted online	5/10
Governance	Audited financial statements are publicly accessible	4/10
	Board sets performance metrics and holds leaders accountable	4/10

Top criteria used by sources were categorized by focused area of evaluation. They fell broadly under the headings of financial health, accountability, measuring effectiveness, vision and values, and operations.

Of the 37 main criteria used by ten sources, the majority of indicators (20) concerned financial health or accountability. Financial health included indicators of efficiency or capacity for more growth and funding whereas accountability focused on good governance and transparency. But these indicators did not have measurements that were agreed upon by all sources. In fact the highest level of agreement was 6 of 10 and this was only on three of the 37 indicators. Even among these three there were differing levels used by evaluators for ranking. For instance, one agency may place the appropriate level for a fundraising cost limit at 35% of total revenue while another uses 20% and yet another 10%. They agree that fundraising costs should be tracked and disclosed but differ on what is acceptable.

QUALITY INDICATORS

Each of the sources used their own terminology for sets of indicators. Measuring effectiveness included such terms as cost-effectiveness, managing to outcomes, strategic planning and more. The categories provided here are intended to be broadly representative of many indicators. Other indicators that are arguably as important are not on this list since they do not have sufficient acceptance by all.

GivePRO 

REVIEW CONSIDERATIONS

With feedback from industry leaders and additional remarks from development practitioners, two points require consideration. The first is the role of values in how charitable activities are delivered and the second is respect for others, especially local partners.

Under the current list, a program could theoretically be financially healthy, measure effectiveness, be well governed, etc. but also be burning out staff, exploiting local community members or having poor relationships with partners and still be considered a “gold star” charity. In agreement with best practices of front-line practitioners, GivePRO believes quality programming is more than bottom-line indicators. As important as measuring effectiveness is to charitable work, we believe the values of respect, dignity, positive relationships and empowerment for long-term sustainability are perhaps even more essential to quality than outcomes. If a program has a smaller scope because more time and energy is expended on developing and enhancing local relationships, it may still have greater quality than a larger program solely focused on outcomes. These factors are not captured in the most widely used indicators of fund-raising or administrative percentages (for example). To compensate for this lack of attention to values, we elevated three indicators that were below the 4/10 threshold.

Operations	Partnerships are composed of positive, quality relationships	3/10
Values	Culture of learning – ideas, innovation and improvement	3/10
	Evidence that values are embraced by staff and lived out in the mission	2/10

CONCLUSIONS

For there to be quality in charitable work, there must also be respect. The work of so many agencies to change the world is admirable, often excelling beyond the norm to be considered high quality work. These activities deserve to be praised, modeled and replicated wherever possible. Our challenge at GivePro is empowering change agents to continually improve – not only because quality is important but because people we intend to serve deserve our best.

QUALITY AND RESPECT

In 2000, the World Bank commissioned the most comprehensive evaluation of its programs to date. “Voices of the Poor” found the “core message from poor people is a plea for direct assistance to them, without exploitative and corrupt “middlemen” and free of well-intended but often wasteful development programs.” Respect is really at the core of quality and effectiveness.

GivePRO 

INDICATORS OF QUALITY AND RESPECT

As compiled by Gary Zander of GivePRO Consulting Group



FEEDBACK AND DISCUSSION

We welcome your feedback to improve the results of this research. Please also let us know whether you've started using these indicators.

GivePRO uses these indicators to help charitable program leaders understand where they should focus their capacity-building investments and to assist project leaders start-up quality charities in the developing world.



Gary Zander
E: gzander@givepro.org
P: (780) 901-3513
W: givepro.org

Mail:
11-51128 RR261
Spruce Grove, AB T7Y 1B8
CANADA

THE SOURCES

The top five most referenced agencies are:

- Charity Navigator
- Better Business Bureau (USA)
- Charity Watch (formerly American Institute for Philanthropy)
- Great Non-profits
- GiveWell

The primary respected sources (based on the number of references and quotes by others) used in this research are:

- Stanford Social Innovations
- Tactical Philanthropy Blog
- Harvard Business Review
- Bill & Melinda Gates Foundation
- Children's Investment Fund Foundation

Other sources often quoted and referenced were also researched to learn what best practices and evaluation criteria are used. These included:

1. Guidestar - data source used by other US evaluation tools
2. Quoted articles from non-profits, magazines and books
 - a. Ministry Watch (non-profit)
 - b. Giving What We Can (non-profit)
 - c. Association of Fundraising Professionals (non-profit)
 - d. Chronicle of Philanthropy (magazine)
 - e. Leap of Reason (book)
 - f. Give Smart (book)
3. Social enterprise investment foundations
 - a. Jasmine Social Investments
 - b. Mulago Foundation
 - c. Peery Foundation
 - d. Skoll Foundation
4. Canadian-based non-profit research sources
 - a. Charity Intelligence Canada
 - b. Canada Helps
 - c. Smart Giving
 - d. Globalphilanthropy.ca
 - e. MoneySense