



# Philanthropists looking closer at recipients' bottom lines

Joe Garofoli

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Gitanjali Rawat (right) coaches Tipawan Kerareenuntawaut, an immigrant from Thailand, on her job-searching strategy at S.F.'s Upwardly Global. Photo: Paul Chinn, The Chronicle | [Buy this photo](#)



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Today's philanthropists want to do more than just sign checks. Before they unload their cash, these digital natives want hard evidence that the programs they fund are the best way to solve a problem.

"The new generation doesn't want to feel like their money is going into a black hole," said Daniel Lurie, the founder of Tipping Point, a

San Francisco nonprofit that demands rigorous metrics from the 45 Bay Area antipoverty organizations it funds. Many who donate to Tipping Point are from the tech sector.

"There are 15,000 nonprofits out there - it can be overwhelming for people," said Lurie, whose organization conducts nearly 100 hours of research on a group before backing it. "You have to prove to people that you are worthy."

But philanthropic analysts and donors say it's hard for some in the nonprofit world to provide the same sort of bottom-line metrics as the private sector. Others wonder if it is possible to measure something less tangible, such as the success of an arts education charity.

Generating useful analytics "can be very challenging for a lot of organizations," Lurie said.

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More than 75 percent of 800-plus nonprofits analyzed over a nine-year period "do not have impact data that one could deem reliable," wrote [Kim Jonker](#), a foundation and nonprofit organization consultant, and [William Meehan](#), a board member of the [Stanford Center on Philanthropy and Civil Society](#), in the Stanford Social Innovation Review.

One major challenge is that it is expensive to provide that data. Sometimes far more than a nonprofit can spare.

Upwardly Global, a San Francisco firm that provides job training and placement for skilled immigrants, receives funding from Tipping Point. But getting its technology up to spec to provide those analytics cost roughly \$200,000, said [Anne Kirwan](#), the organization's Bay Area managing director. That's a lot for an organization with a \$1.1 million annual budget.

"We were lucky to get help" from benefactors like the management consultancy firm Accenture and Tipping Point, Kirwan said.

She realized that it is a necessity "when you have all of these new philanthropists from the tech sector and biotech sector. They want to know about their return on investment - and we're very happy to have to supply them with the information."

### Income increase

For example, last year, Bay Area residents that Upwardly Global placed in new jobs saw their cumulative income increase \$5.7 million from the previous year, Kirwan said.

The long-term payoff of providing statistics like that: Donors tell Kirwan such information makes Upwardly Global more attractive to fund.

Other organizations aren't as fortunate. At one time, Tipping Point funded 54 organizations. Many have been dropped because they failed to provide enough evidence of their effectiveness, Lurie said.

### Trend leaders

The Bay Area's tech sector philanthropists and some of leading its research institutions, including UC Berkeley's [Center for Effective Global Action](#), are the vanguard of a national trend toward providing better metrics. The center connects a national network of academics with experts overseas to evaluate the effectiveness of, say, a new type of flood-tolerant rice in India.

Funders say one of the things that set the center apart is that it uses randomized control trials - considered to be the gold standard for evaluating a program's success. In a symposium this week in Berkeley to update funders and other academics on their progress, researchers broke down in painstaking detail the effectiveness of that flood-tolerant rice.

Funders lapped up all the wonky morsels.

### Changing perspective

"Before, the question (to nonprofits) was, 'Did you spend the money like you said you would?' Now it is more like, 'So is this the best way to do this project?'" said [Richard Caldwell](#), a program officer with the Bill and Melinda Gates Foundation, who attended the Berkeley symposium. The Gates Foundation funds some studies led by the center.

Those types of studies can be valuable, Caldwell said, "because finding out what doesn't work is as important as finding out what does."

That sort of "fail fast" mentality is an example of how the new tech philanthropists are influencing the nonprofit world. "They're coming from a world where that's the ethos," Caldwell said.

But there is a cost in such rigor - and failure. Depending on how extensive the research is, those highly scientific trials can cost upward of \$300,000.

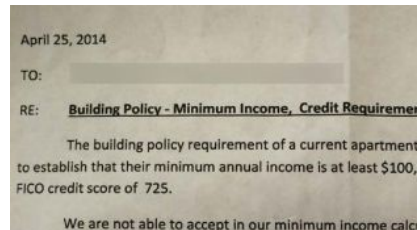
Ultimately, though, the price tag is worth it, said [Edward Miguel](#), a professor of

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environmental and resource economics and faculty director of the center.

"In the old days, a lot of NGOs (nongovernmental organizations) would just say that, 'We really should be funding this because it's a worthy cause,' " Miguel said. "But now the trend is that people want to know why it is a worthy cause."

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