

CAN Poverty COMPETE FOR Philanthropy?

How to compete for impact-driven resources when your mission focuses on complex, long-term, poorly understood societal needs

BY SUSAN RAYMOND, PH.D.

There is a dilemma emerging in the nonprofit sector. The rise of donor concerns over results has fueled considerable effort to produce performance metrics that go beyond outputs. Donors are not simply concerned about how many people are served but also about what effect those services have on solving the problem that provides the rationale for the effort in the first place. Yet, what do you do with chronic problems such as deep rural poverty? What do you do with problems whose solution is unknown (e.g., hatred) and for which, therefore, there is no promise of impact from anything? And what do you do when the timeline is generations, not years, long? How do you compete for dollars when other problems can, in fact, document impact in finite periods of time?

The Good and the Bad of Performance in Philanthropy

There is more demand than funding supply in the nonprofit sector, and donors increasingly use evidence of results or impact as a fulcrum for their funding decisions.

This is good. Those who voluntarily provide resources to nonprofits have a right to know how those resources are being deployed and whether they are useful in addressing the problems to which the donor is committed. For its part, the discipline of thinking about results helps the nonprofit sector think carefully about how problems are addressed and continuously seek better approaches to services. Increasing demands for results are an antidote to complacency.

At the same time, the trend is also troubling. There are many problems whose roots are so complex or so deeply entrenched that a demand for results, especially in the one- or two-year time frames of donors, is impossible to satisfy. The desire for results is understandable; the ability to deliver results with any clarity is questionable. If we do not know the causes of a problem, if we do not know why something is broken or how it was broken, then it is difficult to promise that we can fix it. And if what is broken is not a single thing but an entire ecosystem of problems, even knowing what is broken and why will not necessarily enable a nonprofit program to demonstrate results for \$50,000 in a year.

How does one raise money for such problems? How can complexity compete for philanthropic support in a world where decisions are driven by results? Certainly, we can demonstrate outputs—numbers of meals served, numbers of people reached—but if the expectation is solutions, how can nonprofits respond?

Take poverty as an example. We could pick many things—hatred, war, the venal actions of craven leaders who kill and starve their own people. Sadly, the list of possible illustrations is tragically long. So, let's take poverty.

The U.S. election season is a mishmash of many issues. Among those are the middle class and the state of the American Dream of a better and more prosperous future for all. Stagnant incomes and at least the perception of compromised opportunity have focused attention on these issues. And the focus can be maintained because the “solutions” can be articulated with some simplicity: tax reform, skill upgrading or better education for a new generation of jobs.

Little is being said about poverty because there is little that is simple to be recommended. The roots of poverty are deep and nourished by a wide range of political, social and personal conditions. Some we understand, some we do not. However, it is the brave nonprofit indeed that can approach results-oriented philanthropy and claim that it will end poverty.

And those conditions are often found in places and situations that philanthropy has, if not forgotten, then at the least averted its eyes. Rural poverty is the philanthropic orphan of poverty itself. An examination of foundation giving in New York and Illinois during and after the Great Recession found that grants for human and social services support from foundations in those

states mapped poorly onto the work-hit counties in each state. In Illinois, half the counties receiving increased funding from foundations had unemployment rates at the state average. In New York, of the 31 counties at or above the statewide unemployment rate, 23 actually received decreased funding or no funding at all.¹

Positioning Poverty in the Demand for Results

How can we think about positioning poverty in a world where philanthropy demands results in short periods of time for limited amounts of money?

In some ways, of course, nonprofits focused on services to the impoverished cannot compete on those terms.

There will always be the need for beds for the homeless, meals for the jobless and comfort for the destitute. There is human merit and human value in humanity in all of its forms and conditions. Services to the impoverished (or the hated, the violated or the rejected) may not be able to articulate anything more than outputs to donors. And rather than cloaking mission in metrics, perhaps the best strategy is simply to stand up and say so.

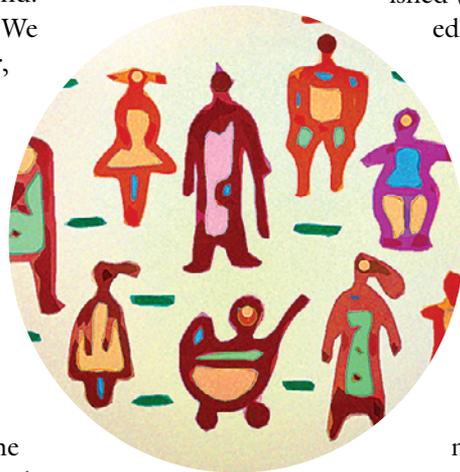
The case for support is contentious with human integrity.

Perhaps that ought to be enough. However, it actually most likely will not be enough. Some donors will respond to cries for relief. Others—many others, and certainly more and more in younger generations of wealth—will look beyond relief, albeit even if acknowledging its importance, and want more. They will want solutions.

Growth and evolution, of course, require that a nonprofit go beyond its traditional charitable response in ways that do not, in fact, deny the importance of that response. This is the art: staying true to the historic, fundamental mission while opening the door to future evolution. Performance may have to remain with “outputs” in the traditional charitable service space, given the complexity of problem roots and the limited influence of any one organization. The question is whether there is opportunity for programmatic evolution so that some part of services or some supplemental or related services can be structured to offer even a partial solution to a part of those being served.

The choice to do so entails risk. Being good at one thing, such as providing meals to the homeless, does not mean you are good at something else—training food

Continued on page 40.



Case Study: Services and Solutions in Selma, Ala.

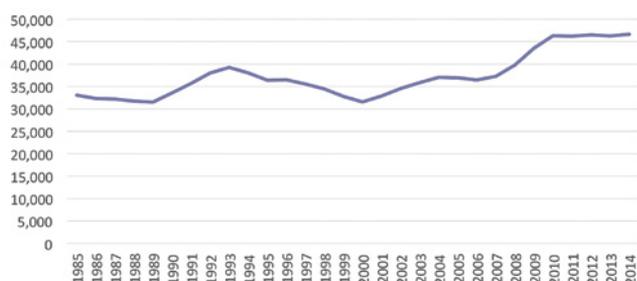
Nearly 80 years ago, the Society of St. Edmund, a Catholic religious order, founded Edmundite Missions (www.edmunditemissions.org) to serve the poor in Selma and surrounding rural areas. Since then, the Missions has provided food and emergency funding to the poorest populations in the poorest county in the poorest state in the nation. It also played a key historical role in the civil rights movement in the Deep South.

This charitable work is essential. There are no alternatives for most of the people it serves. Government services are weak or nonexistent. There are few, often no, alternative nonprofit providers. Poverty here is intergenerational, over many, many generations. A network of individual donors passionate about poverty has supported the work of the Missions.

Nevertheless, as essential as continuing the current work is, the Missions felt it was not enough. While the charity maintained the lives of the poorest of the poor, it did not provide a way out of poverty for those who might have the capacity to lift themselves up. The Missions sought to be a part of solving the deeper problems that have kept the poor of Selma impoverished for so long. The Missions sought a solutions strategy that complemented but, with a 43 percent poverty rate, would likely never replace charitable services. The need was to change the historic narrative of despair to a future narrative of hope, and to do so would mean demonstrating that alternative outcomes were possible for the poor.

After a full community needs assessment, focus groups with the poor who come to the Missions for help, deep internal asset considerations and a mobile seminar to several analogous organizations around the country, Edmundite Missions chose several very specific program extensions to be implemented over a 10-year transformation planning period. Two provide examples of the thinking.

Figure 1. Number of people at or below the poverty line on the rise ('000)



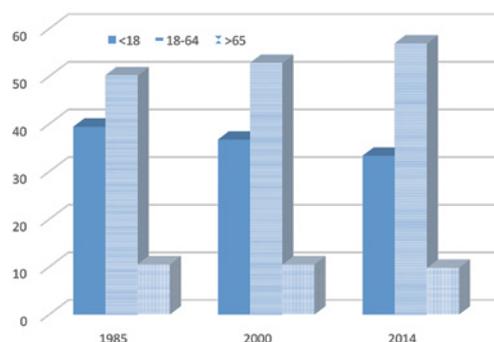
Source: U.S. Bureau of the Census, 2015

Job preparation was a critical need, but the Missions is not and never has been a job training organization. However, its key assets—including a relatively large physical “campus,” administrative roles in both programs and fundraising and an extensive kitchen that prepares 1,300 meals daily—have created an apprenticeship program, *Bridges at the Missions*. *Bridges* allows those out of work, but with some experience, to spend six to 12 months as a paid employee attached to a manager in administration, building and grounds or food service. Four days are spent on the job and one day in mentorship for such skills as interviewing and résumé preparation. This allows those who have lost a job to hone skills and seek a job from a job. The return from an investment in a single individual over the subsequent five years was calculated to be nearly 400 percent. When a donor saw the plan, he provided the seed funding immediately.

Complementing *Bridges*, the Missions is now also engaged in business planning for a social enterprise in the food space. While the Missions has long been an employer in Selma, a social enterprise based on food will change its own narrative to becoming an enterprise solution for the community. It will build on nearly 80 years of experience in food preparation and service, the physical infrastructure present at the Missions and the brand of Selma. It will provide jobs in Selma, possibly link supply sourcing to rural areas with 90 percent unemployment and where the Missions also operates charitable services to the poor and, as a bonus, provide an additional revenue stream to continue to fund charitable services.

Implementation of such programs is based on careful community assessment, an understanding of the perceptions of the poor, detailed business planning and a slow and steady implementation roll out.

Figure 2. Age distribution of those in poverty changes: % impoverished by age



Source: U.S. Bureau of the Census, 2015

Continued from page 38.

service workers, for example—however much the subject matter is food. Endangering meals for the homeless to run after donor funding that demands employment solutions for long-term self-reliance can compromise the integrity of the organization itself. Very, very careful consideration is needed, and that consideration must combine the expertise of program officers and the donor market knowledge of development officers.

The addition of a metrics-driven program effort to a charitable mission is not a matter of bolting on a new activity for the sake of donor demands. The evolution needs to be organic and authentic. It needs to be rooted in the traditional mission and clearly grow from that mission. It must be consonant with traditional efforts and designed to be reasonable and manageable. To the discussion of such a strategy, development officers must bring a knowledge of the funding market; program officers must bring a knowledge of needs, solutions and constituencies; leadership must bring clear-eyed, hard-headed judgment about what is within the resources of staff and systems support; and board members must bring intense questions that will test the due diligence.

In short, competing for impact-driven resources on any issue of complex, long-term, poorly understood societal need requires careful thought and rigorous planning. Only that care will provide development directors with the credibility they will need to place opportunity in front of funders in compelling ways.

Experience teaches that there are eight critical elements of such program building.

Planning and Building the Program

1. Secure the Base. The first step is to “secure the base” of traditional supporters by demonstrating that you can grow apace with need. Showing traditional funders that you are meeting needs will cement their support, but, equally important, showing new funders that you can manage growth will be an important verification that you have the capacity to extend from services to solutions.

2. Be Authentic. Worry about authenticity first. To be under consideration at all, all ideas must pass an authenticity test. What may be “cool” is secondary (or even quaternary) to what is consistent.

There are three dimensions to this test:

1. Is this true to mission? Does this reflect the reason our organization exists? Is this who we are?
2. Does this flow logically from what we do? Is it a bolt-on, or is it an organic extension of what we are already doing?

3. When we talk, will we be able to clearly communicate how this program or strategy or performance metric emerges from who we are?

It matters not what donors want or what donors will fund unless the answers to these three questions are resoundingly “yes.”

3. Make No Assumptions. Do not assume you know either what is needed or what is wanted, no matter how many years you have been doing what you do. Impact-driven poverty initiatives (or other programs) deeply rooted in complex social conditions should not delaminate from the needs and wishes of the poor themselves. A full community needs assessment is required, and that includes listening to what those in poverty tell you about what solutions look like to them. Do not assume you know.

Equally, do not assume anything about how donors with traditional motivations for traditional charitable programs will react. Understand what your existing donors think, perceive and believe about your organization and its mission. Communications about new approaches need to draw people closer to you, not leave them feeling that you have abandoned them and their passion for your mission.

4. Formulate a Clear Goal. Based on the evidence of a community needs assessment, establishing clear, explicit and preferably quantitative goals for what you will change, how much and for whom is essential. Eradicating poverty is a calling, not a goal. Poverty-focused organizations can compete for performance-based philanthropy by formulating goals that are positive and viable.

Of course, the possible downside is that you will be held accountable for the goal. Consequently, it is important that you are clear with yourself so that you can be clear with funders. What are you trying to accomplish by engaging in program extension? What solutions are you bringing to which problem and why? What will success look like, quantitatively? Be extremely explicit, and be sure the goal is measurable. You cannot document anything, much less performance, unless you are brutally honest about what you are trying to do.

Furthermore, the goal had better not be “get more money.” The goal is not to please donors. The goal is not to get more money. These are the carts, not the horses. The goal is to extend what you do, to do what you do better and more effectively and to do so in a measurable way.

5. Use Your Assets. Build on existing assets. Inventory your assets—infrastructure, experience, human resources, expertise and management. What are they, truly? How strong are they, truly? The worst mistake you can make is to believe your own public relations. Now is the time for self-reflection. Build out from what is truly strong. If you are a soup kitchen, do not try to become a computer job-training provider. If you are a homeless shelter, do not try to become a brownie-making social enterprise. The greatest and most easily managed alignment will come from innovations that are built on strengths, not ones that are built on speculation.

6. Slow Down. Learn from others, and go slowly. After a decade of emphasis on innovation and impact, the nonprofit sector is rife with examples of what works and what does not. Yes, you are unique. Yes, you are special. Yes, no one does what you do exactly as you do it. Or so you say. Nevertheless, there is much to learn from your peers in the nonprofit market. Do your due diligence carefully and deeply. And create a business plan that is carefully sequenced to your capacity, your knowledge and your resources. Grow that capacity slowly as you learn what works for you within your own authenticity. Development officers and program officers *must be in deep and constant communication* to ensure that what is being promised to donors is aligned with what is gradually possible in programs. Do not promise or seek speed for speed's sake. Development and programs must march in lock step through the funding and learning process.

7. Make Your Goal an Opportunity. There is a treasure trove of opportunity to be had from thinking and organizing against measureable goals.

Being goal- and therefore performance-driven unchains you from the past. It allows you to constantly look for new opportunities to change and evolve because your line of sight is now on tomorrow's achievement, not yesterday's convention. Being goal-driven allows a poverty-based organization to look for new partners and new and different places, to create new approaches and, perhaps equally important, to shed old ones. Those opportunities may be external, such as partners or supporters, but they also may be internal. Goals that demand performance accountability allow you to encourage new methods of program management and new approaches to service design and provision. The demands for internal evolution are now not arbitrary. They are the products of the need to perform against goals.

Goals are liberating because they seek and demand new opportunities.

8. Understand and Accept That You Will Change. Being performance-driven can create fear, and, therefore, it must be managed with wisdom.

When you become performance-driven, your organization will change. And you will change. Donor expectations will be explicit. Program management will need to be more rigorous. Metrics of accountability will be obvious to everyone, including your managers and your board members. If everyone knows what the goal is, then everyone will know how you are doing. In some ways, this means that the internal culture of a nonprofit will become more demanding. However, becoming performance-driven also will open the door to a greater sense of achievement because it places the emphasis on results, not process.

This does not mean that you need to abandon a culture of passionate dedication to mission. It is passion for the mission that makes performance possible. However, it does mean that passion will not be enough—for you or for anyone else with any degree of accountability.

And that is a good thing. Performance will give passion for poverty a voice in the philanthropic market. 

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Reference and Further Reading

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