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MONEY FOR GOOD II

DRIVING DOLLARS TO THE HIGHEST-PERFORMING NONPROFITS

GuideStar Webinar

December 14, 2011

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1. Why We Are Here

2. The Findings from Money for Good II

3. Implications and Recommendations

Every day, almost every American is affected by a nonprofit in some way

Whether it's a health facility that treats a loved one

Or a community-based service

Or a school our child attends

Whether global or local, it is critically important that our philanthropy targets the most effective nonprofits

Why we embarked on Money for Good II

- In their first round of research, Hope Consulting found that donors ***say*** that how well a nonprofit performs is important, but ***few actively try*** to fund the highest performing nonprofits
  - 9 out of 10 donors say nonprofit performance is important
  - But <5% research to find the "most effective" nonprofit

- Money for Good II dives further into those findings

- Our ultimate goal is to ***create more informed donors***, who will donate more money to the highest-performing nonprofits

Poll Question 1

Who are you?

A. A nonprofit professional
B. An interested donor
C. A nonprofit information portal
D. Just curious

We hope you learn 5 things from today's session:

1. **How donors, advisors, and foundation grant-makers behave and research nonprofits today**
2. **What these groups want in terms of research**
3. **What high-performing nonprofits can do to improve their fundraising and operations**
4. **How donors can take a few easy steps to make better charitable gifts**
5. **How various organizations can better address user needs and create a more efficient philanthropic market**

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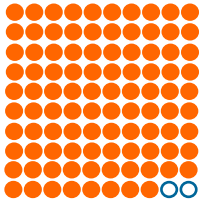
What do different groups want?

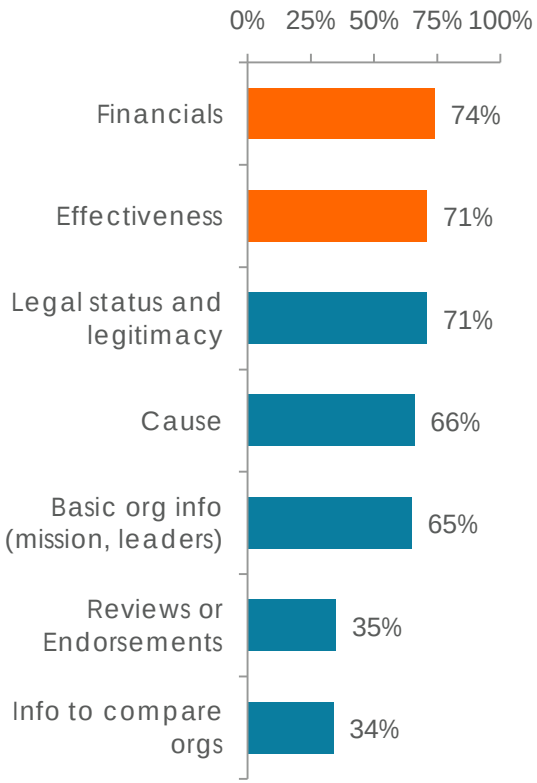
Individuals	Advisors	Foundations
▪ **Give to a reputable nonprofit that will make good use of their donation $**	▪ **Find acceptable and appropriate charity that fit their clients' needs**	▪ **Maximize impact by funding most effective organizations**
▪ <5% said "Have more impact than others" most important	▪ <5% said "Have more impact than others" most important	▪ >25% said "Have more impact than others" most important

How often do they research?

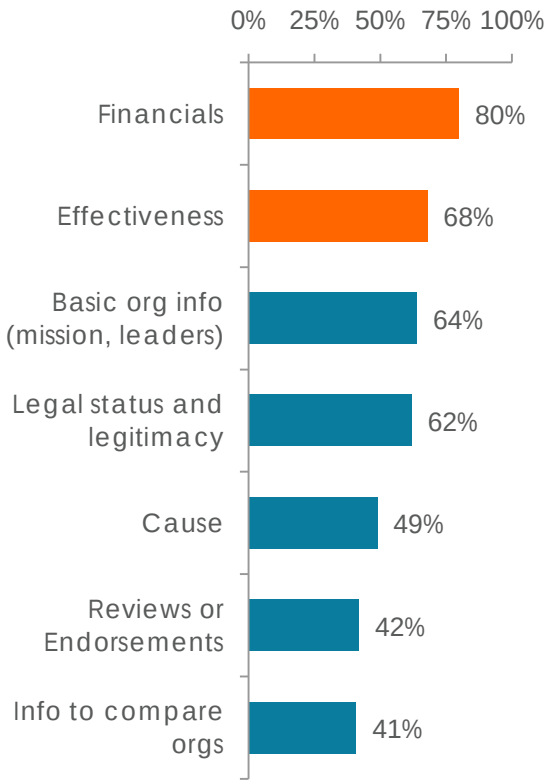
	ACTION	RESEARCH	COMPARE
	*Went to **any** source of information before donating*	*Self described as doing 'research' before donating*	*Researched to compare nonprofits*
Individuals			
Advisors			
Foundations			

Despite different motivations and research behaviors, each group wants similar information

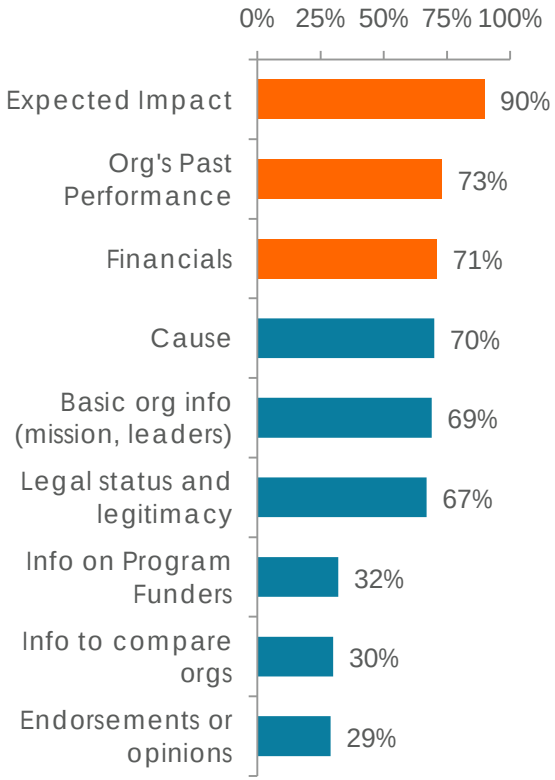
Individual Donors



Advisors



Foundations



… packaged in "Consumer Reports style" ratings, or available on information portals (like GuideStar)…

Detailed Rating

56%

A detailed rating of nonprofits in a field, with supporting information

Website Information Portal

51%

Website that provides infomation on the nonprofit, but does not "rate" it

Report on Nonprofit

45%

A simple overview of the organization in its own words

Seal of Approval

26%

Acknowledgement that it is a recognized charity in good standing

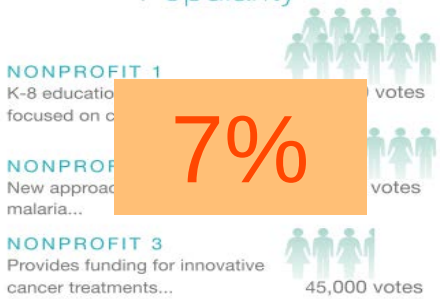
Simple Grade

This

23%

A simple rating of the nonprofit that highlights top and bottom performers

Popularity

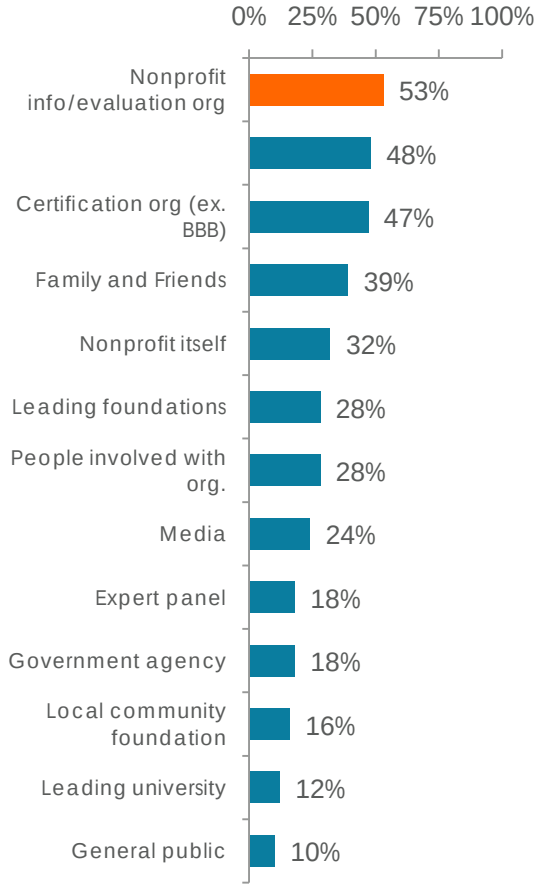


7%

The popularity of the organization based on "votes" or "likes"

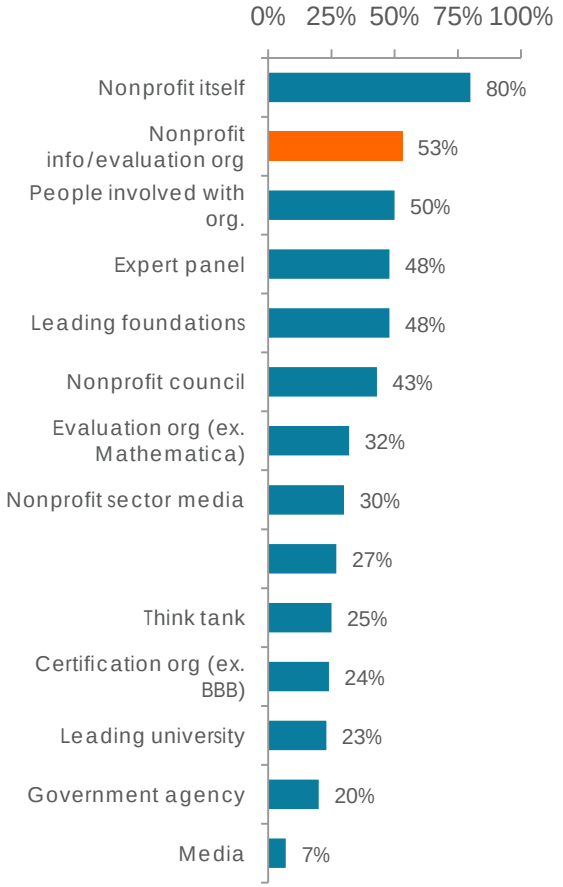
… and sourced from organizations that specialize in providing information on, or evaluating, nonprofits

Individual Donors

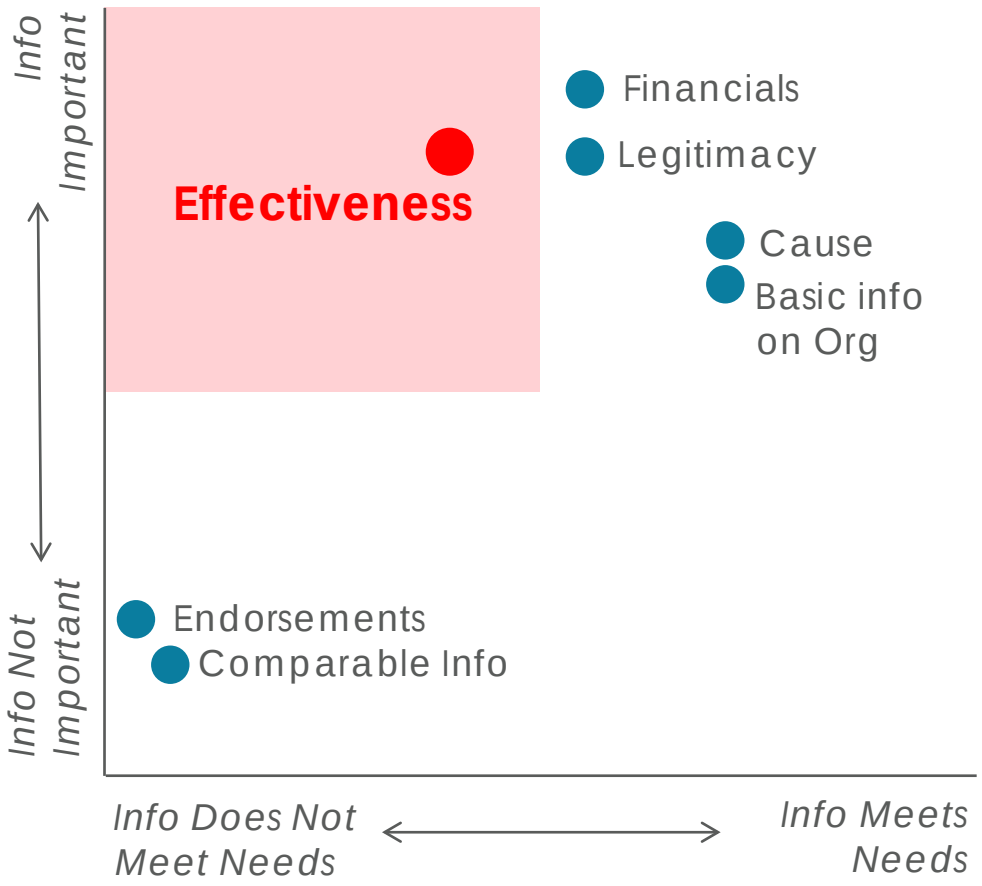


Advisors

Foundations



Effectiveness/ impact data that is the key unmet need



Diving deeper, we see important nuances regarding each group's specific preferences

- Each group has **strong preference for "Consumer Reports style" format**
  - Stated, Focus Groups, Forced ranking
  - Those that research, What can move those that don't
  - Transparency, Trust, Personal
- While the groups share broad information preferences, the **specific types of information and data that they are looking for differs**
  - Individuals and advisors: not wasting money
  - Foundations look at specific impact and effectiveness data
- **Foundations want 2x info as** advisors or individuals

Changing behaviors will be difficult

1.	Maximizing impact not why people give	**16%**
2.	Donors happy with the giving experience	**1**
3.	Donors not dissatisfied with research	**3%**
4.	Donors familiar with organizations	**70%**
5.	Donors are very loyal	**86%**

Ultimately ~$15B can be moved to HPNPs each year

	Indiv. Donors	Advisors	Foundations
Total Donations, 2010	$212B	$11B	$46B
% Possible to Move to HPNPs	~5%	17-22%	~7-10%
Total Potential $$ to HPNPs	**~$10B**	**~$2.4B**	**$3.7B**

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Poll Question 2

Have you heard of Charting Impact?

A. Yes
B. No

What nonprofits can do

1. **Update your profile.** Keep your profile on GuideStar up-to-date and complete through our GuideStar Exchange program
   - Info up-to-date at GuideStar
   - Powers other influential portals, e.g., *Network for Good*
   - Basis for the internal research tools many philanthropic advisors and community foundations use

2. **Chart your impact.** Nonprofits can answer five simple but powerful questions to compile a concise, standardized report about their plans and progress: www.chartingimpact.org
   - Then reference report in your year-end mailing, home page, etc

What nonprofits can do

3. **Focus on outcomes.** Shift the conversation from overhead to impact by focusing on how you're achieving your mission

4. **Tell your story!** Seek reviews from experts as well as those who have interacted with your nonprofit, then push these positive reviews / evaluations out where donors will see it
   - GuideStar TakeAction Resource Center
   - Philanthropedia (expert reviews)
   - Great Nonprofits (user reviews)
   - And more…

Poll Question 3

Do you currently push positive reviews and evaluations to donors and prospects?

A. Yes
B. No
C. I don't know

What nonprofits can do

5. **Connect.** Even for donors taking a more critically informed approach, giving remains for the most part an emotional experience. See original Money for Good for donor segments

6. **Follow-up.** Donors want to ensure that nonprofits are using their donations appropriately. Following up with them on how you have used the funds will help you continue to engage with donors and provide them useful information

What individual donors can do

Reflect

- Define what you want to accomplish
- Write down your values and priorities
- Be pro-active in your giving, not re-active to requests

Research

- Find answers to key questions about the nonprofit
- See how others rate / evaluate the organization

Rebalance

- How did the nonprofits use the money? Did they have impact?
- How will this impact your donations next year?
- To which nonprofits will you no longer give?

Thank you!

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Q&A

To learn more, please visit

www.guidestar.org/moneyforgood