



Giving Thoughts

THE CONFERENCE BOARD INITIATIVE ON CORPORATE PHILANTHROPY

Data Collection and Analysis in Philanthropy

by Gina Anderson

Philanthropists today are trying to make large-scale change, just as they did in business. Increasingly, the real focus of philanthropists is on proactively identifying and addressing the causes of problems rather than reacting to their effects. This approach seeks to include measurable outcomes, and to measure outcomes you need data. There is a surprising lack of general industry information on the philanthropic sector—data that most other sectors simply take for granted. This report looks at the value of data collection and analysis for philanthropic foundations and philanthropists, and it examines how that information could be used for more purposeful grant making.

As Paula D. Johnson noted in her report *Global Institutional Philanthropy: A Preliminary Status Report*, philanthropy is growing as a sector and gaining visibility around the world.¹ Private giving has an increasingly important role in addressing human suffering, promoting social justice and equitable economic growth, and strengthening and supporting a broad array of civil society goals and organizations. Yet, as a field of study, global philanthropy is in its infancy.

Johnson says that while many have contributed to our understanding of global giving, it is fair to say that there are no individual or institutional experts. Reliable giving data can be found in only a limited number of countries, while globally comparable data is nonexistent, and careful analysis of philanthropic giving through a global lens is hard to find.

Nonetheless, philanthropic foundations are increasingly collecting and sharing data, and such efforts are increasingly recognized as a critical component of philanthropy best practice. *Where the Money Goes: Private Wealth for Public Good*, a 2013 report from the Centre for Social Impact, is one of the first steps in the extensive process of building a database of information on philanthropic grants from independent, family, and corporate foundations in Australia (see “Collecting and Using Grant Data in Australia” on page 3).²

This *Giving Thoughts* is based on Gina Anderson, *Where the Money Goes: Private Wealth for Public Good*, Centre for Social Impact, 2013.



The most striking impression from the report is that these foundations don't use their data effectively and they don't compare it with that gathered by other organizations. Most found it an issue to access their data in a ready format, and stakeholder workshops highlighted the fact that employees don't really know how to use the data they have or how that data could be used as a benchmarking tool.

Lucy Bernholz, who writes extensively on philanthropy, technology, information, and policy, has noted that most of the information that organizations collect on their work never gets shared outside of their own staff meetings.³ This, Bernholz says, is not because it's proprietary or scandalous, but because that's the way it was done in the pre-Internet, publish-it-once era. "If we're going to scale any of our efforts to solve social problems," Bernholz says, "we've got to make much better use of the fastest scaling tool humans have ever built: open data."⁴

Given the extensive amount of detail collected by foundations, there is an excellent opportunity to make better use of data to inform not only the individual foundation's grant-making, but also to feed into the wider philanthropic and not-for-profit sector—to help make real, positive social impact for the community benefit.

Using Data to Understand Effectiveness

According to Larry McGill, vice president for research at the Foundation Center, "market intelligence" is the most important factor to improve the effectiveness of grants, including intelligence on:⁵

- potential constituencies;
- the unmet needs among those constituencies;
- mechanisms for meeting those needs; and
- the work of other organizations operating in that market.

To formulate this understanding, foundations need to start compiling data on the activities of other foundations, as well as on bilateral and multilateral organizations that are working on these problems or issues. When assessing their counterparts, foundations must ask:

- What are their theories of change?
- What types of interventions are they engaged in?
- What organizations do they work with on the ground?
- How does the work of my foundation fit into this picture?

McGill says that having access to data in each of these areas minimizes the risk of making poor giving decisions. Put another way, data give foundations their best shot at making a difference through their work. Minimizing risk, McGill says, is the only thing that foundations have any power to control.

The best use of data for philanthropy

New search technology is allowing a more creative use of comparative information. By carefully building databases in a way that can be compared with other information, foundations can provide context to decision making. Using these data for predictive purposes will assist measurement and evaluation and allow for a greater understanding of social impact.

Illuminating trends, gaps, and innovation will encourage foundations to build on each other's ideas to increase impact for the benefit of the community. For example, "place" is becoming increasingly recognized as a critical element in addressing many social problems (i.e., rather than project funding, targeting philanthropy toward locations that are particularly in need of interventions). Sophisticated data visualization tools can help create geographic maps to identify gaps between needs and funding, while heat maps can be used to identify areas of unmet need.

Common Approaches to Data Collection

The idea of creating more common data sets relevant to philanthropic work is becoming a central concern of philanthropy industry associations around the world.

In 2011, the Foundation Center announced a six-point strategic plan that included the building of a global data platform for philanthropy as one of its main aims. The Center's goal is to generate more, better, and deeper data; to build better systems for collecting, classifying and interpreting the data; and to provide on-demand access to it.

"Philanthropy In/Sight," the Foundation Center's newest tool, is a web-based data visualization and interactive mapping tool designed for grant makers, policy makers, researchers, and academics—virtually anyone interested in the impact of philanthropy around the world today. It combines data on grant makers and their donations with familiar Google maps to tell the story of philanthropy.⁶

The Foundation Center has also partnered with a number of organizations to improve the supply of philanthropic data.

- **Worldwide Initiatives for Grantmaker Support (WINGS)**

This global association of grant-maker associations has released a Draft Global Philanthropy Data Charter that defines values for the collection and use of data. In particular, this charter addresses the accessibility of data, data quality, knowledge sharing and inclusiveness, distributed leadership and open architecture, and ownership, privacy, and use of data. It also addresses special considerations such as open data, public versus private data, and the standardization of data internationally.

- **TechSoup Global** A global community of nonprofits that advocates for the use of technology, TechSoup Global has announced a strategic alliance with the Foundation Center that will use its expertise in data management, analysis, and visualization to unlock the power of information for the social sector worldwide. The combination of TechSoup Global's data with that possessed by the Foundation Center represents one of the largest nonprofit data sets in the world. The two organizations' extensive and complementary networks of individuals and organizations will help efforts to provide the knowledge, training, and tools that will allow nonprofit organizations to operate more efficiently and increase their impact. The Foundation Center and TechSoup Global are also exploring opportunities to co-host events, conduct analysis of their combined data sets, and cross-pollinate content with the aim of sharing knowledge and insights with wider audiences in the sector.

- **William and Flora Hewlett Foundation** This long-standing, California-based foundation has developed a simple database under open-source technology and licensed under the Creative Commons. The database, which is available for free, allows organizations interested in the foundation's work to generate a snapshot of its grants at the international, national, and local levels by year and grant amount. However, the tool has limited search capability and it does not provide a sector or geographic view.

Additionally, Markets for Good, an initiative developed by the Bill & Melinda Gates Foundation, the William & Flora Hewlett Foundation, and financial firm Liquidnet, aims to improve the system for generating, sharing, and acting upon data and information in the social sector. The group's vision is of a social sector powered by information, in which interventions are more effective and innovative, capital flows efficiently to the organizations that are having the greatest impact, and there is a dynamic culture of continuous learning and development.

Collecting and Using Grant Data in Australia

The establishment of the Australian Charities and Not-for-profits Commission (ACNC), a regulatory body tasked with enhancing public trust in the sector, has highlighted the increasing importance of transparency and accountability among Australian foundations and charities. There is also a growing interest in social impact from funders (including government), which has increased the need for evidence, as well as the need for its greater visibility.

As in many other jurisdictions around the world, the lack of mandatory contributions reporting requirements in Australia makes it impossible to obtain accurate data on the philanthropic sector, let alone analyze its impact. Despite significant growth in philanthropy over the past five years, planned and structured giving, compared with individual giving and government funding, remains a comparatively small part of the nonprofit sector's revenues.⁷ Nonetheless, philanthropy has a crucial strategic role to play in society through its support of seed funding, innovation, and scale and systems change, as well as its power to exert influence on issues such as impact measurement.

Using data to aid research

Research must be based on a body of evidence, including a robust data set. Unfortunately, without data collection, accurate data on the Australian philanthropic and charitable sector is not available. To bridge this information gap and contribute to more effective philanthropy, the Centre for Social Impact, the University of New South Wales (UNSW) and the Asia-Pacific Centre for Social Investment and Philanthropy at Swinburne University of Technology conducted a joint program to map the grants of 12 leading philanthropic foundations (independent, family, and corporate) from 2009 to 2011.

The objective of this project and *Where the Money Goes: Private Wealth for Public Good*, the report based on the research, was both to demonstrate the value of data collection and analysis to assist philanthropic foundations and philanthropists in more purposeful grant-making and to demonstrate how private wealth is serving the public. During the project, 4,119 philanthropic grants totaling AUD\$207.3 million (approximately US\$186.7 million) were analyzed by issue, sector, and funding area.

A lack of collaboration

It is worth noting that, within the data set examined, there are only a small number of co-funded projects and there appears to be little evidence of collaboration. In the few cases where foundation collaboration has occurred, the partnership seems to be based mainly on a combination of personal relationships between staff across foundations and the attitudes and personal outlooks of trustees.

The impression is that each foundation chooses its own focus and deliberately develops its own independent funding program. This may in part be a result of the variety, restrictions, and/or flexibility of foundation trust deeds.⁸ In general, strong partnerships are built with individual recipient organizations rather than with other foundations.

As the first collation of such public data of its type in Australia, *Where the Money Goes* is being used by foundation trustees to benchmark their efforts and gain a better understanding of the impact that their donations are having. The report is prompting discussions on the size of grants, the mission of foundations, and the strategies behind grants and in-kind support.

How data can improve grant-making

For initial comparative research, *Where the Money Goes* used the Socio-Economic Indexes for Areas (SEIFA) scores developed by the Australian Bureau of Statistics (ABS). The ABS has developed four indexes to allow ranking of regions and provide a methodology for determining the level of social and economic well-being in each region:

- The Index of Relative Socio-Economic Disadvantage
- The Index of Relative Socio-Economic Advantage and Disadvantage
- The Index of Education and Occupation
- The Index of Economic Resources

Each of the four indexes summarizes different aspects of the socio-economic conditions of people living in an area, and each is based on a different set of social and economic information from the 2006 Census. The indexes provide more general measures of socio-economic status than is given by measuring, for example, income or unemployment alone.

The analysis correlated total grant value and the number of grants given to recipient organizations in the fields of human services, education, and housing with the SEIFA “disadvantage” index. The results did not show a strong correlation between foundation grants and SEIFA areas of high disadvantage, suggesting that grants were not necessarily being directed to organizations in areas of high disadvantage.

Fairly or unfairly, the question then is why so little money between 2009 and 2011 went directly to these areas of high need identified in 2006.

Some considerations include:

- Is it because places are gentrifying and no longer need the support?
- Is it because most of the support for these areas goes via the head office of the major charities which are mostly located in and around the centre of the capital city?
- Is it because these areas lack the social capital, links and networks to approach philanthropic foundations for support?
- Is it the role of philanthropic foundations to support these communities?

Such an analysis shows the potential of data to help grant makers make smarter decisions so that their support reaches constituents who are most in need.

Conclusion

There is a well-known truism in the philanthropy sector: “If you’ve met one foundation, you’ve met one foundation.” This highlights the variety and uniqueness of individual foundations. As a result, there is a huge challenge to help these organizations become better at sharing data and information among themselves. But the benefits of them doing so—to themselves and to the sector at large—could be enormous.

Jacob Harold, president and CEO of GuideStar USA, offers two basic principles for how members of the philanthropy community should perceive data:⁹

- 1 Information is meant to inform, not decide. If we (individuals, foundations, companies) ever let data offer only one explanation or one interpretation, we become robotic in our practice. Data are meant to complement intuition and stories, not to replace them.
- 2 Embrace many sources of data. The nonprofit sector is simply too complex for any single measure of performance, and it needs a variety of measures—from randomized controlled trials to beneficiary reviews to financial analysis—to tell the full story of social change.

Meanwhile, Foundation Center President Bradford Smith suggests the following:

- 1 Stop trying to be unique.
- 2 Stop thinking about data and communications as two separate things.
- 3 Start aligning your data with the outside world.
- 4 Start developing custom grants management systems.
- 5 Start going beyond the minimum reporting requirements of tax laws.
- 6 Start thinking about data as open.

Learning from data collection efforts

The process of researching and writing the Australian report *Where the Money Goes* showed that the task of data collection from scratch in the philanthropic sector is enormous. The future of a useful, long-term database in Australia depends on the field being able to collect information from existing sources of data and other databases in a cost-effective manner and make it available in a user-friendly format.

Such information could be used in the following ways:

- Philanthropists and philanthropic foundations could use the data to get a picture of where other grants are flowing and then use that information to better inform their own giving. Data could promote collaboration among funders, which would help foundations avoid duplication in their grant making and identify underserved communities/geographic regions and the hard to reach.
- Researchers could use data to better understand the role and impact of the philanthropic sector in creating social impact. For example, if philanthropy’s role is to support risk taking and innovation, then research should seek to understand how effectively the sector fulfills this role.

Unleashing existing data

The types of data outlined above might already exist—they just need to be tapped. For example, Lucy Bernholz questions whether open pools of on-line grant applications to foundations (and other funding sources) could serve the dual purpose of submitting funding proposals to the foundation (their stated purpose) and creating a data source on an issue (their big data purpose).¹⁰

Bernholz has long advocated for the potential of publicly disclosing all foundation grant proposals as a means of seeing what applicants think is important and as a source of ideas, trends, and useful data. She believes the aggregate pool of on-line applications to foundations (and other funding sources) would provide some big data on current thinking, existing programs, and practices in place for making communities better.

It is anticipated that this type of information will not only be useful to academic researchers but also to philanthropists, social investors, governments at all levels, and nonprofits as they grapple with how to make lasting, beneficial social impact.

In 2013, World Wide Web founder Sir Tim Berners-Lee commented that governments seemed hesitant to open their data vaults because they want to know exactly what people will create from what looks like mundane data. “But that’s precisely the point,” he said. “We don’t know. That’s where innovation happens.”

It may well prove similar for philanthropy.

About the Author

Gina Anderson is the Philanthropy Fellow at the Centre for Social Impact, University of New South Wales, Australia. She is Chair, Women's Community Shelters; Director of The George Institute for Global Health and The George Institute Foundation; Advisory Board Member of the Australian Charities and Non-profits Commission (ACNC); and a Director of GDI Property Group and GDI Funds Management.

From 2005–2010, Gina was Chief Executive of Philanthropy Australia, the national peak body for philanthropy and a not-for-profit membership association. Members are trusts and foundations, organizations, families and individuals who want to make a difference through their own philanthropy and to encourage others to become philanthropists.

Endnotes

- 1 Paula D. Johnson, *Global Institutional Philanthropy: A Preliminary Status Report*, Worldwide Initiatives for Grantmaker Support, 2010.
- 2 Gina Anderson, *Where the Money Goes: Private Wealth for Public Good*, Centre for Social Impact, 2013.
- 3 Lucy Bernholz, "Changing Our Data Defaults," in *Philanthropy 2173: The Future of Good*, accessed on February 21, 2014 (philanthropy.blogspot.com/2013/03/changing-our-defaults.html).
- 4 Bernholz, "Changing Our Data Defaults."
- 5 Larry McGill, "Data for Good," *Alliance Magazine*, September 2012.
- 6 For more information on Philanthropy In/Sight, visit its website (<http://philanthropyinsight.org/login.aspx?req=%2fDefault.aspx>).
- 7 Contribution of the Not-for-Profit Sector, Australian Government Productivity Commission, 2010.
- 8 Vanessa Meachen's Philanthropy Australia publication *A Grant Seeker's Guide to Trusts & Foundations* states that first and foremost foundations must be guided by the directions of the original benefactor(s) as expressed through the will or trust deed by which the foundation was created. It may seem at first glance that some foundations' purposes are out of date or have little relevance to current community needs, but, under charity law, a foundation must fulfill the purposes for which it was established, unless it is unable to do so.
- 9 Jacob Harold, "Philanthropy and Emotion in the Age of Big Data," Arabella Advisors, accessed on February 21, 2014 (www.arabellaadvisors.com/2012/12/11/philanthropy-and-emotion-in-the-age-of-big-data/).
- 10 Lucy Bernholz, "Big Philanthropic Data with a Purpose," *Philanthropy 2173: The Future of Good*, accessed on February 21, 2014 (philanthropy.blogspot.com/2013_03_01_archive.html).



About Giving Thoughts

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