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Corporate Giving

NPC's practical guide for corporate funders

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November 2011

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Summary

This booklet provides practical guidance for corporate funders to help them make the most of their giving while also meeting their strategic and business objectives. It should be a useful tool for a range of corporate funders at different stages of development, from funders who are just starting out to those who are updating their approach.

Using this guide, you can develop a coherent funding strategy that has clear aims, a solid framework for delivery and realistic milestones. It can also help you review your corporate giving strategy to make sure you are maximising your impact.

We have identified five steps to effective giving: defining objectives, identifying focus areas, selecting effective charities, developing a package of support, and measuring impact. This guide takes you through this step by step and we encourage you to dip in and out of it depending on your specific needs and interests.

Defining objectives

Objectives are central to any funder's success, and it is particularly important for corporate funders to be able to communicate what they would like to achieve, as charitable funding is often diverting resources from the company or shareholders.

What is more, corporate funders are often trying to achieve several different things through their giving. Objectives need to be compelling to a range of stakeholders—such as their board, employees, clients and shareholders—and aligned with the values and vision of the company.

Identifying focus areas

A clear focus on particular social issues or geographical areas makes it easier for funders to build up specialist knowledge, decide which charities to fund, and take a strategic approach to achieving change.

To identify focus areas, corporate funders should first think about how to align their business and charitable objectives, by finding issues or locations that fit with their corporate identity and strategy. They should then think carefully about where their money is needed, and consider what they have to invest, perhaps donating staff time and skills alongside money.

Selecting effective charities

Taking time to choose good charities means that funding can be used to make the greatest possible difference in people's lives. We recommend that corporate funders consider the six elements of our charity analysis framework when deciding which organisations to fund:

- **Activities:** What does the charity do and why?
- **Results:** What impact does the charity have on the lives of the people it supports?
- **Leadership:** Does the charity have a clear vision and strong management and governance?
- **People and resources:** Does the charity use its resources as effectively as possible?
- **Finances:** Does the charity manage its money well?
- **Ambition:** Does the charity have realistic, achievable goals?

Developing a package of support

Corporate funders should think carefully about how financial and non-financial resources fit together and what would be the best mix for each charity and its beneficiaries. Funders are often more reactive about allocating non-financial resources such as donations in kind, and we would urge them to take a more strategic approach.

Well-structured funding helps charities to be strong and sustainable. It can give them the ability to recruit the best staff, plan ahead and innovate, and the flexibility to respond to changes. When structuring grants, funders should ask, will restrictions on the grant limit its impact? What size of grant is appropriate for the charity? And is multi-year funding feasible?

Measuring impact

By measuring their impact, corporate funders can assess the value of their funding programme to the company and understand what difference their giving is making in people's lives. They can then learn from experience to make the best use of resources and communicate the impact of their work to stakeholders.

Contents

Introduction

This is a turbulent time for the voluntary sector. More and more people are turning to charities for help, yet funding is scarce.[1] This makes it even more important than ever that charitable funding is spent as effectively as possible and that corporate funders understand the impact their donations have.

This booklet provides practical guidance for funders to help them make the most of their charitable giving while at the same time meeting their strategic and business objectives.

It should be a useful tool for a whole range of corporate funders—from corporate foundations to in-house corporate responsibility and community investment teams, and from organisations that are new to corporate giving to experienced funders that are reviewing their strategies. It is a practical manual, and different sections will be relevant to funders at different stages. We hope that it will be particularly valuable for new corporate funders or employees who are new to corporate giving.

The importance of corporate giving

The economic downturn has had a serious impact on charities and the people they support. The coalition government is cutting public services by up to 40%, and the UK's voluntary sector is likely to lose more than £900m in public funding by 2015/2016.[2]

At the same time, charities are being squeezed from the other direction too, as state services are scaled back and need is increasing. A survey in August 2010 found that 39% of charities have seen an increase in demand for their services as a result of the recession.[3]

Corporate funding has the potential to make a real difference to people's lives in this difficult time. Corporate funders have more flexibility than government over how they spend their money, and they have substantial financial and non-financial resources at their disposal. Yet the economic downturn is having a negative effect here too—giving by companies dropped from £808m to £762m

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[1] Throughout this guide we refer to charities, but we also recognise that corporate funders may support social enterprises and many of the same points apply to both in this context.

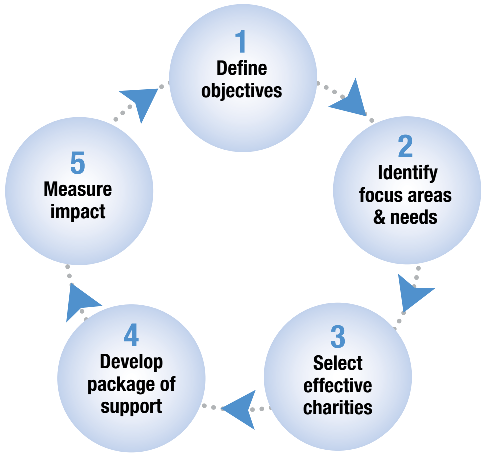
[2] Kane, D. and Allen, J. (2011) *Counting the Cuts: The impact of spending cuts on the UK voluntary and community sector*. National Council for Voluntary Organisations.

[3] Charity Finance Directors' Group, Institute of Fundraising and PricewaterhouseCoopers (2010) *Managing in a Downturn: Responding to life after the Comprehensive Spending Review*.

between 2008 and 2010.[4] So, it is crucial for companies to think about how to use their limited charitable resources in the best way possible to address the changing needs of the individuals and charities they want to help.

Five steps to effective giving

This guide is structured around NPC's five steps to effective giving:



These five steps can help corporate funders develop a coherent strategy that has:

- **clear aims**, giving companies a focus for funding and employees a sense of engagement;
- **a solid framework**, to help decision-making about which charities to support and how to support them; and
- **realistic milestones**, which can be used to measure progress and communicate results to stakeholders.

Once a funding strategy is in place, regular reviews can help a company monitor whether it is working by meeting its aims and helping charities that are making a difference. In our experience, undertaking reviews like this every three to five years is a useful exercise for any funder, and usually results in tweaks to aims or processes. However, if a company is new to charitable funding or has introduced a new strategy it is beneficial to carry out a review after one or two years.

4 Lillya, D. (2011) *The Guide to UK Company Giving 2011/12.* Directory of Social Change.

Background

NPC is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact. We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

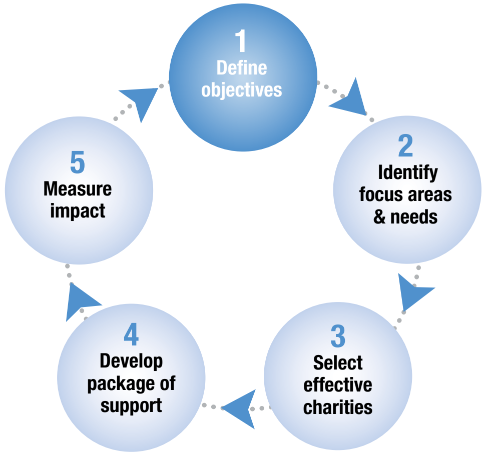
This guide is based on ten years' experience of researching charitable causes, analysing hundreds of charities and advising funders on their charitable giving. We provide bespoke research, consultancy and training for individual philanthropists, grant-making trusts and government bodies, and over the last couple of years we have also seen growing interest from corporate funders. Indeed, the latter were our second largest funder client group in 2010/2011, making up 15% of our revenue from consultancy.

In preparing this guide, we have drawn on *The little blue book* (NPC's practical guide to analysing charities) and *Granting success* (NPC's report on effective funding). We have also consulted a range of corporate funders and community investment specialists (see Acknowledgements).

Note: In this guide we focus on corporate giving, including some non-financial support that can be combined with funding. We do not discuss in any detail internal business issues, such as how corporate giving budgets are determined and how the benefits of corporate giving to the business are assessed. We also do not cover corporate responsibility more widely (for example, environmental sustainability or ethical investment).

We hope that this guide, like our charity analysis framework, will be something that we can develop and refine over time, and we would welcome feedback from readers.

1 Defining objectives



Objectives are central to a funder's success—by defining objectives you clarify the purpose of your giving.

Setting objectives can be particularly important for corporate funders, as charitable funding is often diverting resources from the company. What is more, corporate funders are usually trying to achieve several different things through their giving, bearing in mind their company's board, staff, clients, customers and shareholders. Because of this, objectives need to be compelling to different stakeholders and aligned with the company's values and vision.

If you are not clear or realistic about what you want to achieve, you may find it hard to get the backing of your stakeholders, and you may be disappointed with what your funding achieves.

Table 1 discusses objectives that are common to many corporate funders. However, it is important to note that an independent corporate foundation may find that its objectives look quite different from those of an in-house company funder. For example, finding employee engagement or business development opportunities may not be as much of a priority for a corporate foundation as it is for a funder based within a business.

Table 1: Objectives for corporate giving

Objective	Comments
Achieve a charitable impact	All funders wish to achieve a charitable impact, but some corporate funders focus more on the volume of their charitable giving than on the results it achieves. Funders should think carefully about the impact they would like to have.
Attract and retain talent	Corporate responsibility (of which corporate giving can be a key feature), is a serious concern for today's workforce, and many people bear it in mind when making decisions about where to work. For instance, in a survey by *The Guardian*, over 70% of final year undergraduates said that a company's ethical track record is a crucial factor when choosing their employer.[1]
Develop employees' skills	Volunteering with charities and providing pro bono support can help employees develop their skills by using their expertise in a new context.
Build brand and profile	Developing a reputation as a socially responsible business can enhance brand loyalty. In a US survey of people born between 1979 and 2001, 68% of respondents stated that a company's social or environmental commitment is important or extremely important when deciding which products to buy, and 66% recommend products or services if a company is socially responsible.[2]
Reflect corporate identity and culture	Corporate giving programmes can reflect the company's culture and identity through the issues they tackle or through their approach to supporting charities. This can help encourage staff and stakeholders to participate and buy in to corporate funding programmes.
Enhance client and stakeholder relationships	Corporate giving can offer opportunities to deepen relationships with existing clients—for instance, through match funding or joint work on a pro bono project.
Create business development opportunities	Corporate responsibility can support business generation, as some companies now look at an organisation's track record in corporate responsibility before working with them.

As Table 1 shows, corporate funders have a range of different objectives to consider. It is, of course, possible to achieve more than one objective through corporate giving. Sometimes this may be possible through a single grant or programme. Indeed, corporate funders are increasingly aligning business requirements and charitable needs to generate 'shared value', whereby social progress is achieved through activities that also create value for the business (see Box 1).

[1] 2006 survey commissioned by *The Guardian*: www.guardian.co.uk/money/2006/jul/15/careers.graduates4.

[2] www.ampagency.com/pdf/Cause_AMPlified_Executive_Summary.pdf

However, in some cases, funders may find it more effective to develop several programmes that focus on different objectives, as the case study of Barclays Capital shows.

Box 1: Creating Shared Value

The idea behind 'Creating Shared Value' is that businesses can become more competitive in a way that also creates value for society by addressing its issues and challenges. A growing number of large, multi-national companies, such as Google, IBM and Nestlé, are making an effort to create shared value by rethinking the relationship between society needs and their corporate performance.

Social or environmental problems frequently create costs for firms, for instance, the cost of wasted energy or raw materials. Addressing problems like these does not necessarily raise costs, because companies can innovate using new technologies, operating methods and management approaches. As a result, they can increase their productivity and expand their markets.

Unilever is a good example of a company that has taken on the shared value approach in its work around water, sanitation and hygiene promotion, which forms part of its business strategy and Sustainable Living Plan commitments. Unilever is a member of Water and Sanitation for the Urban Poor (WSUP), a London based tri-sector partnership between the private sector, civil society and academia focused on addressing the global problem of inadequate access to water and sanitation for the urban poor.

Unilever provides financial and non-financial support to WSUP, focused in two key areas: creating innovative household sanitation approaches and promoting handwashing with soap through the use of branded campaigns in schools, through mothers' and doctors' programmes and mass scale TV advertising. In both instances, these interventions are contributing to a reduction in the incidence of diarrheal disease, one of the leading causes of death among children in developing regions. The interventions also drive business growth by developing the market for its products, for example, for soap (through increasing frequency of use) and for cleaning products (by increasing access to toilets which in turn need to be cleaned).

Further reading

Bockstette, V. and Stamp, M. (2011) *Creating Shared Value: A How-To Guide for the New Corporate (R)evolution*. FSG.

Porter, M.E. and Kramer, M.R. (December 2006) *Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility*. Harvard Business Review: http://hbr.org/product/strategy-and-society-the-link-between-competitive-/an/R0612D-PDF-ENG

Porter, M.E. and Kramer, M.R. (January 2001) *The Big Idea: Creating Shared Value. Harvard Business Review*: http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/1

Barclays Capital: Balancing objectives

Barclays Capital's Community Investment Programme has a number of different objectives, including supporting local communities, achieving measurable change and providing volunteering opportunities for employees. However, as every corporate funder knows, it can be difficult to achieve all your objectives with one programme. Barclays Capital has therefore developed three themes:

1. **Support for charities that are aligned to Barclays Capital's vision as a business:** The bank tackles disadvantage in the areas of enterprise, financial management and life skills. Its support is primarily in the form of grants, but there is also employee involvement, for example advising on business plans and providing mentoring.
2. **Support for the local communities in which Barclays Capital works:** Again, the bank focuses on enterprise, money management and life skills. It has a financial element (grants for local charities and community organisations) and a non-financial element (volunteering opportunities for employees).
3. **Support for personal philanthropy and volunteering amongst employees:** This includes matched fundraising and volunteering grants.

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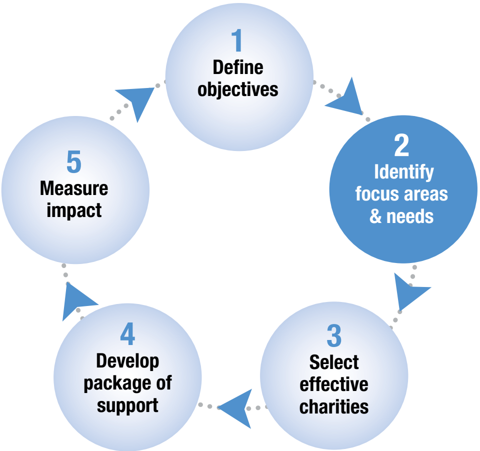
Identifying focus areas



Corporate funding programmes are usually most effective if they are focused on particular geographical areas or social or environmental issues, such as health or education.

A clear focus will make it easier for you to build up specialist knowledge, decide which charities to fund, and take a strategic approach to achieving change.

However, identifying and narrowing those focus areas can be difficult, as there are a huge range of issues that need funding. To help you make this decision, there are three things to consider:

- **Aligning business and charitable interests**: Search for an issue, need or location that fits with your corporate identity and strategy.
- **Looking at what you have to invest**: As well as cash, consider skills, passion and any other resources your company might be able to donate, and how these can be used to support charities. This will be discussed further in Section 4 (Developing a package of support).
- **Understanding needs**: Think about the scale and urgency of the social or environmental needs you are interested in, and where you will be able to make a real difference.

Once you have chosen the focus for your funding, you can work out how to structure it so that it best meets your objectives.

Aligning business and charitable interests

If your funding focus is linked to your company's identity, culture, strategy and passions, you will be able to develop a coherent and compelling story about what you are funding and why. This should help to inspire staff, clients, customers and other stakeholders about your giving programme, and it may also help to distinguish your giving from other corporate funders.

Aligning business and charitable interests is particularly important for funders based within a company; corporate foundations generally have more autonomy over how they focus their giving.

There are various ways in which corporate funders can align their giving to their business. They could align their giving to:

- the products and services that they provide (for example, a supermarket could focus on nutrition projects);
- the geographical areas in which they work (for example, they could support charities working in communities surrounding their offices);
- the skills of their employees (for example, a bank could support maths education); or
- their external stakeholders (for example, they could fund charities in partnership with clients, customers or suppliers).

Your company's giving goals will influence the issues you fund (see Table 2).

Table 2: Considering business goals when identifying a funding focus

Business goals	Description	Considerations
Finding a fit with corporate identity	Brand and corporate values are key to businesses, and corporate funders often like to support charities that have a clear fit with the sector in which they work. For instance, a number of financial services companies in the City of London work to address financial exclusion in local boroughs.	Fit with strategic and corporate culture is important, but there is a risk that neglected causes, such as mental health or domestic violence, might be overlooked. You should bear in mind that you may be able to achieve a greater impact by supporting more difficult causes or activities for which it is harder to fundraise (eg, research or advocacy), as there is often a greater need for funding. Funding less popular causes can be a good way of showing leadership and ensuring that your funding is distinct from that of your peers. Consider tackling some of the more neglected issues in an area that fits with your corporate identity. For example, a bank could consider supporting financial inclusion work in prisons, refuges or hostels for the homeless.
Reflecting geographical presence	Corporate funders should consider how their support for charities reflects their geographical presence and addresses local needs in different geographical areas.	You may wish to have an overarching vision or theme that links charitable giving across different regions, but which is broad enough to allow you to respond to local needs. Ideally, we recommend you do some research to understand the social and environmental needs in the regions you want to fund (see Box 2). In addition, it is worth exploring how the state structures and social welfare systems in different regions affect the role of charities and funders.

Distinguishing yourself from competitors	Many corporate funders are keen to distinguish themselves from their competitors in their support for charities.	Talking to other corporate funders can help you avoid duplication and identify opportunities for partnership or match funding. It is a good idea to map your competitors' funding activity, either doing the research yourself or employing an independent consultant.
Deepening relationships with clients	Corporate funders can deepen relationships with the company's clients by working together on charitable initiatives.	The most straightforward way to do this is to discuss opportunities for partnership with clients, where appropriate.
Responding to employee interests	This can help a company inspire and engage employees in its charitable programmes.	There are many ways to engage employees in your giving programme. For example, you could introduce a 'charity of the year', where employees vote for their favourite charity; you could make donations to charities that employees are involved with; you could match employees' donations; or you could provide a volunteering programme. However, corporate funders should be careful that employees' personal interests (particularly those of senior staff) do not to detract from the strategic focus of the funding programme. Having clear guidelines for what types of charities are eligible for corporate support is one way of managing this.

Understanding needs

As well as considering their business's demands, corporate funders should think about where there is a significant need and where they can have the greatest charitable impact.

Social needs are often very difficult to compare—for example, how would you compare domestic violence and cancer? The problems are very different but there is an urgent need for funding in both areas. However, some needs may seem more closely aligned with your business than others, or if you are funding in a particular location, you may find that some needs stand out as being more pressing or relevant than others in that area.

Once you have chosen a broad issue (such as mental health, homelessness or youth crime), you then need to narrow your focus even further. We recommend that you carry out research to map and prioritise needs within your chosen issue area.

When doing this, you should not consider charitable giving as too distinct from your day job. You should make the most of your company's business acumen, using market research, financial analysis, due diligence and problem-solving skills to create an effective programme.

Key areas to consider when assessing social or environmental needs are:

- **The size and nature of the need**: How many people are affected by the issue and how severely are they affected? What is the cost to the public purse and where is the need greatest?
- **How the public and private sectors are tackling the problem**: What is the government doing to address this issue, where are the limits of its responsibility, and are there funding gaps as a result of public spending cuts? What is the role of private sector organisations?
- **The role charities play in tackling the problem**: What types of charities are working in this area, what are their objectives, and what are the most effective interventions?
- **What other funders are doing**: Is there potential to collaborate with other funders, and is there a risk of duplication? Could you match fund a programme that would not otherwise be able to get off the ground?

Box 2 overleaf outlines sources that funders might find useful when exploring local needs and the case study of Nationwide illustrates how a corporate funder can use research into social needs to target its funding.

Box 2: Understanding need in a local area

If you are interested in funding in a specific area of the UK, it would be worth contacting:

- **Councils for Voluntary Service** (CVS) are local organisations that support, promote and develop voluntary and community action. The umbrella body is NAVCA (see www.navca.org.uk).
- **Community foundations** are grant-making charities across the UK that give other funders an infrastructure to support projects that will improve the local community. There are 58 community foundations in the UK, giving out around £70m in grants per year. Visit the Community Foundation Network website: www.communityfoundations.org.uk.
- **Education Business Partnerships** act as a broker between educational institutions and businesses, with the aim of improving employability among young people. There are over 120 Education Business Partnerships in the UK.
- **Specialist Corporate Social Responsibility (CSR)/volunteering organisations**, some of which have a regional focus. These include the East London Business Alliance (ELBA), Pilotlight, and Business in the Community.

Organisations like these will be able to help you answer questions such as:

- What are the biggest problems in the area?
- Are problems focused in particular neighbourhoods or with particular groups of people?
- How have problems changed over time? Have recent developments, such as the economic downturn or the summer 2011 riots, affected them?
- What interventions are most effective in addressing these problems and are they being implemented in this area (eg, by charities)?
- What role do local charities play in addressing these problems?
- What are the gaps in funding?

Other useful sources of information include:

- The local authority website: its policy priorities should give a good indication of local need.
- The Office for National Statistics—Neighbourhood Statistics: www.neighbourhood.statistics.gov.uk
- The English Indices of Deprivation 2010: http://www.communities.gov.uk/publications/corporate/statistics/indices2010
- Local Futures: www.localfutures.com
- Local Giving website: www.localgiving.com

For a more detailed discussion of local giving see: Coutts in association with New Philanthropy Capital and the Community Foundation Network (October 2011) *Inspiring local philanthropy: Making a difference in local communities*.

Nationwide: Using research to inform corporate giving

NPC recently worked with Nationwide, the leading building society, which used research into social needs to inform its corporate responsibility strategy. Nationwide had identified housing, financial exclusion and employability as potential focus areas and asked NPC to conduct background research into each, to help it decide which issues to prioritise.

The first phase of the research involved producing an overview of each of the three focus areas. NPC's research identified the key problems in each area, exploring how these affect people's lives and how they are changing as a result of the economic downturn. It also investigated the role that government and charities play in addressing these problems, so that Nationwide could see where there are gaps in funding and where they might have the most impact.

After discussing the phase one findings with Nationwide, NPC was asked to research the financial needs of the UK population in greater depth. This involved segmenting the population by life-stage and assessing the needs of each segment, before looking at how well they were met by existing financial information.

Through this process, NPC and Nationwide were able to identify groups which needed more attention, and highlight particular areas of need for each group. Nationwide is now using NPC's research to target its corporate responsibility strategy to focus on those most in need of financial information.

Finding the time

Finding the time to carry out a detailed needs analysis is far from easy, but is worth the investment. We have seen corporate funders do this in a variety of ways. Some analyse needs themselves as part of their strategy development or review process. Others may designate each member of their charity committee a particular issue to research and report back on, which can be a good way of deepening their knowledge. Alternatively, funders might outsource the research to other analysts within their business or commission specialist consultants such as NPC to research it on their behalf.

We have also published 70 research reports on charity sector issues, which funders may find useful. These are free to download from our website: www.philanthropycapital.org.

Tackling difficult issues

Corporate funders can sometimes make the greatest charitable impact by tackling difficult and neglected issues. Recent research that we undertook with Barclays Wealth highlighted that there is a compelling case for private funders to tackle difficult problems such as chaotic families, children with conduct problems, and employment difficulties for those with mental health problems. Private funders have more flexibility than government in what and how they fund. This means that they can support projects that test out innovative approaches to target the roots of long-term problems, creating significant economic benefits as well as improving lives.[1]

Although some funders may initially shy away from these types of issues because they are concerned they will be more difficult to 'sell' to their stakeholders, the example of Zurich Community Trust shows that this need not be the case. Indeed, raising awareness of overlooked issues can be a very powerful way of encouraging employee engagement.

[1] Barclays Wealth and New Philanthropy Capital (2011) *Early interventions: An economic approach to charitable giving:* www.philanthropycapital.org/publications/improving_the_sector/improving_philanthropy/barclays_wealth.aspx

Zurich Community Trust: Using research to identify a focus for funding

The Zurich Community Trust UK Limited (ZCT) is a registered charity that is funded equally by the international insurance group Zurich's UK business and individual donations. It supports a wide range of local, national and overseas charities, many of which are chosen by Zurich's employees.

ZCT has a number of 'Transformation Programmes', which aim to support challenging social issues where there is generally a lack of funding and where they believe they can have a significant impact over a number of years. In order to select focus areas for these programmes, ZCT undertakes lengthy research that involves consultation with charities, other funders and employees. For instance, in 2005 it spent nine months researching potential new themes for Transformation Programmes. An external consultant was selected to identify a range of themes and potential charities that could support the programme. These themes were then presented to staff and ZCT's board members so that they could make their choice.

One of the issues selected was parental misuse of alcohol and drugs and, in particular, its negative effects on children. ZCT's research suggested that breaking the cycle of parental drug and alcohol misuse could make a big impact on the number of young people at risk. It also seemed that there was the potential to replicate the programme in other areas, leverage funds from other sources, and provide opportunities for employees to become involved. The end result was that ZCT and Addaction, one of the UK's leading drugs and alcohol charities, agreed to work in partnership on a new programme called 'Breaking the Cycle'. The programme is now in its fifth year and the success of the pilot sites is being replicated across the UK.

Breaking the cycle of alcohol and drug abuse, like the themes of ZCT's other Transformation Programmes, is not a popular issue to take on. However, Pam Webb, Head of Zurich Community Trust, explained that this programme has proved to be a powerful vehicle for raising awareness of the issue. The programme has gained real momentum and inspired staff to get involved in a number of ways, including fundraising through a sponsored cycle ride and providing mentoring support for the Breaking the Cycle manager.

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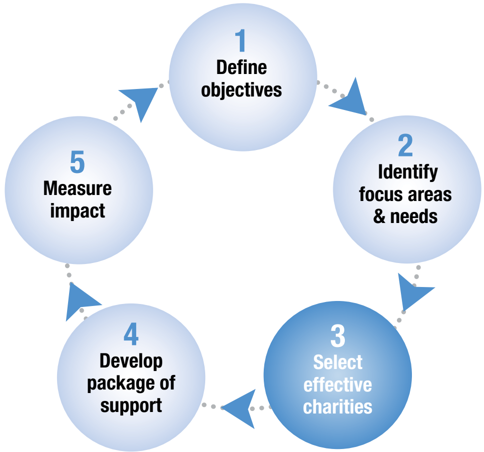
Selecting effective charities



Choosing a charity to fund can be a daunting prospect. There are more than 170,000 charities in the UK alone, tackling hundreds of different problems in many different ways.

Once you have identified an area you wish to focus on, it is often tempting to rely on criteria such as brand or admin costs when choosing a charity. But if you want to make the biggest impact with your money, it is important to try and judge charities by their effectiveness.

A framework for analysing charities

NPC's framework for analysing charities can help you find effective charities to fund. It is based on six parts: activities, results, leadership, people and resources, finances, and ambition (see Table 3).

We are mindful that funders rarely have the time or resources to carry out an in-depth charity analysis, so the framework presented here aims to be practical and appropriate for corporate funders' needs.

Investing time in charity analysis minimises the risk of making poor funding decisions, which may result in reputational implications as well as wasting money. But even more importantly, taking time to choose good charities means that you use your money to make the greatest possible difference to people's lives. We encourage you to pull out the questions that are most useful to you.

Table 3: Six aspects of effective charities

Area for analysis	Description	Questions for corporate funders to ask
1. Activities	A charity's way of achieving its objectives.	What does the charity do and why?
2. Results	The changes the charity makes to people's lives and its attitude to learning from experience.	What impact does the charity have on the lives of the people it supports or the issue it tackles?
3. Leadership	How the organisation is managed and governed, its purpose and strategy.	Does the charity have a clear vision and strong management and governance?
4. People and resources	The charity's staff, other resources and external support.	Does the charity use its people and resources as effectively as possible to deliver its mission?
5. Finances	The money the organisation has, and how it uses it.	Does the charity have the money it needs to sustain its activities and does it manage its money well?
6. Ambition	The organisation's goals and strategy, and the impact these are likely to have.	Does the charity look to achieve long-term change by setting realistic, achievable goals?

With each of these aspects of effectiveness, it is important to vary expectations according to the size and maturity of the organisation. For example, a well-established charity with substantial financial resources should have better processes for measuring results than a smaller, newer charity.

For more in-depth discussion of the six aspects of charity effectiveness, see *The little blue book: NPC's guide to analysing charities, for charities and funders*.

1. Activities

When choosing a charity to give money to, funders need to assess whether the charity has a sensible range of activities that focus on the most important needs (see Table 4). This is easier for funders that have done an analysis of needs and have specialist knowledge of the issue the charity is tackling.

Many corporate funders support particular projects or activities within a charity, rather than supporting the whole organisation. But even when this is the case, it is still important to have a broader understanding of a charity's activities, for several reasons:

- Few projects or activities are completely independent or isolated. If they are, find out what value there is in them being run by that particular charity, rather than another organisation.
- Understanding the range of activities a charity runs helps funders understand whether their support for a particular project will have a wider impact on the organisation.
- If other activities within the organisation get into trouble, there could be a knock-on effect on the project that you are funding, both in operational and reputational terms.

Table 4: Analysing activities

Assessment criteria	Summary	Key questions
Focus on greatest needs	An effective organisation focuses its work where it can make the greatest difference.	How does the charity identify areas of need? How does it target its services to respond to those needs? Is there clear demand for the charity's services?
Range of activities	An effective charity will have a good explanation for the range of activities it runs.	Does the charity have a clear logical justification for what it does? Can it explain the rationale behind its activities? Are there any gaps in the charity's work that might prevent it from achieving its aims? Does it coordinate with other organisations or signpost beneficiaries elsewhere to fill gaps in provision?
Links between activities	Effective charities make the most of the links between their activities. For example, a counselling service might provide statistics or case studies that can be used in campaigning activities to influence mental health policy.	What are the links between the charity's activities? Are there links that it is not making the most of? Do the charity's activities gain extra value from being part of the organisation—ie, is the charity more than the sum of its parts?
Ability to adapt and innovate	Social problems are never static, so good charities are flexible and respond to change. But they also resist the urge to create new projects for their own sake.	How does the charity monitor and respond to changing needs? Is it willing to adapt or close activities that are out of date?

2. Results

Corporate funders should assess the results of a charity before supporting it otherwise they have no indication of whether their support will have a positive impact. They should also look at the attitude the charity has to learning from its experience and consider whether there are external events that could affect the organisation's ability to achieve its objectives (see Table 5).

Corporate funders are accountable to the companies they are associated with, and to the employees and stakeholders of those companies. They therefore need to be able to communicate the results of their charitable giving to these stakeholders, which means that their grantees must be committed to measuring their results.

You may wish to focus specifically on the results of the particular projects you fund, but you should also try to get a broader sense of the way the charity uses its results to improve services.

Table 5: Analysing results

Assessment criteria	Summary	Key questions
Results culture	The best charities show a good understanding of the impact they achieve and are committed to learning from the data they collect, be it good or bad.	Does the charity have a systematic approach to measuring its results? Does it use data about results to improve its services? Is it open to learning from mistakes as well as reporting successes?
Evidence of positive results	Funders should look for data about both outputs (such as the number of people supported) and outcomes (such as the changes those people have experienced).	Can the charity provide evidence of positive results? Can it demonstrate improvement in results over time? Can the charity provide a mixture of qualitative data and quantitative data about its outputs and outcomes?

Quality of evidence	Funders should consider whether the evidence of a charity's results is high quality and reliable, bearing in mind that the level of evidence will depend on the charity's maturity and size, and on the type of work it is doing.	What methods does the charity use to measure its results? Can it explain why these methods are appropriate and robust?
Sharing results	Sharing information about results can increase the impact that a charity has and can help other organisations learn and improve.	Does the charity share its results to build understanding about what works? Is it strategic in its approach to sharing information?

3. Leadership

Effective charities have strong management and governance, with a clear purpose and strategy for achieving their goals. You can get a sense of leadership from the governance structure and the quality of strategy documents, such as annual reports. However, getting to grips with the leadership of a charity usually requires meetings with the chief executive, senior managers and trustees (see Table 6).

The amount of time you spend assessing leadership will depend on the type and size of grant. For instance:

- If you plan to give a charity a small grant restricted to a particular project, you could focus your analysis on the management of the project, and only do a quick check to see whether the management and governance of the organisation overall seems sensible.
- If you plan to give a charity a large, unrestricted grant, or run a flagship volunteering programme with it, you should take more time getting to know the management and trustees.

In the current economic climate we recommend that you pay particular attention to leadership, as the strength of the management and trustee board may determine the charity's ability to overcome challenges.

Table 6: Analysing leadership

Assessment criteria	Summary	Key questions
Management team	A good chief executive and management team should provide a clear and consistent message about the direction of the organisation.	Can the charity's chief executive explain the organisation's strategy for the future? Is he or she up to speed with the charity's day-to-day activities and open about challenges? Is the chief executive supported by a strong management team? If the organisation is reliant on a key individual, is there a succession plan in place?
Governance	Charity trustees are responsible for steering the organisation, supporting the management team, overseeing the financial and practical aspects of running the organisation, and appointing the chief executive.[1]	Is the board a good size, and do trustees meet regularly? Does the board include an appropriate range of skills and experience? What is the relationship between the chair and the chief executive, and between the board and the management team?
Vision and strategy	Good charities have clearly defined aims and a convincing plan for how they will be achieved.	Does the charity have a business plan and documented strategy that includes measureable milestones and a clear understanding of risks? Is business planning a regular process that takes place at both an organisational and service level? Is data about impact and the views of employees, volunteers and service users fed into the business planning process? Is the strategic plan realistic, particularly in the current economic climate?

[1] Vernon, B. and Stringer, E. (2009) *Board matters: A review of charity trusteeship in the UK*. New Philanthropy Capital.

Priorities	Charities have limited resources and have to make important choices about what to spend money on. Good charities review their policies regularly and take the external environment into account.	Can the charity explain why it invests more resources in some activities than others? Does it think carefully about the external environment when setting and reviewing its priorities?

4. People and resources

When choosing a charity to give money to, funders should look at the quality of the charity's people and resources, including its staff, volunteers, property, and external support, and look at how it uses them (see Table 7).

This area is particularly interesting for corporate funders because it can give them an indication of how they might be able to provide employee engagement opportunities and donations in kind. This sort of support is not without risks, so funders should ask:

- Do the organisation's staff and volunteers have relevant qualifications and checks (for instance, in child protection)? Steer clear of any organisation that does not have appropriate safeguards in place, as it could negatively affect beneficiaries.
- Does the charity provide suitable training and supervision to volunteers? Without this support it is difficult for both volunteers and the charity to get the most out of volunteering.
- Does the charity take appropriate measures to ensure the safety of its staff and volunteers (for example, when working with people who are potentially violent)?

Table 7: Analysing people and resources

Assessment criteria	Summary	Key questions
Staff	Staff are the greatest asset that charities have. High quality, committed, motivated and well-trained staff are central to success.	Are staff appropriately qualified and are they given opportunities for training and development? Do staff seem motivated and committed? Are the knowledge and skills of staff used effectively? Are they involved in decision-making?
Volunteers and pro bono support	Volunteers are a valuable part of many charities' work. However, they can be constrained in terms of time, skills and reliability. They can also be expensive to recruit, train and manage.	Is the charity clear about what it requires of volunteers (for example, does it ask for a minimum time commitment)? Is it clear about the value of volunteering to the organisation? Does it commit adequate resources to recruitment, training and supervision of volunteers?
Other resources (such as IT, property and brand)	Charities usually have a range of non-financial assets, such as buildings, intellectual property, brand and IT equipment.	Does the charity use property (both physical and intellectual) appropriately to contribute to its mission and goals? Are IT systems adequate to do the job required? How well does the charity use resources in kind, such as the use of facilities or event space?
External leverage	Leverage refers to the ability of charities to use their resources to bring in more support from external sources. This might mean collaborating with other charities, attracting pro bono support from businesses or convincing a local authority to work alongside them.	Does the charity have good relationships with stakeholders and make the most of its networks? Does it take a proactive approach to spotting opportunities? Does it have a good track record of bringing in external support and resources and does it use them effectively?

5. Finances

Funders should look carefully at what money the organisation has and how it uses this money (see Table 8). The annual accounts that are published on the Charity Commission's website may be out of date as the financial situation of many charities is changing rapidly at the moment, so funders could also look at management accounts and budgets, and speak to the charity's finance director (or equivalent).

The degree to which corporate funders wish to analyse an organisation's finances depends on considerations such as the size of the grant they plan to provide and the size and complexity of the charity. Funders should pay close attention to financial stability, especially given the economic downturn and the impact of public spending cuts on charities. Even if a funder only plans to fund one project that seems financially stable, broader financial problems could represent a serious threat.

Table 8: Analysing finances

Assessment criteria	Summary	Key questions
Financial security	Financial security refers to the predictability of a charity's income and expenditure, the strength of its balance sheet, and its outlook.	How reliable is the charity's income and does it have a strategy for addressing risks to major income streams? Is it heavily reliant on a small number of income sources? If so, does it plan to diversify its income? Does the charity have a clear reserves policy and an appropriate level of reserves?[1] It is usually sensible to have between 3 and 12 months' worth of expenditure in reserves, but there may be a good reason for having more or less so it is important to look at individual circumstances. Is the organisation's short-term cash flow secure?

1 There are many different ways of calculating reserves. At NPC, we look at the ratio of net current assets plus investments to the costs of running the organisation. This can be expressed as the number of months' worth of expenditure kept in reserve. Calculating reserves in this way gives a sense of how the organisation might manage in the event of an unexpected drop in income. For further details see NPC's forthcoming financial analysis paper, which will be available to download from our website by December 2011.

Quality of financial management	An effective charity should understand and control its income and expenditure, balancing day-to-day needs with long-term objectives. The quality of financial management is likely to vary depending on the size of the organisation. For larger grants, it may be worth reviewing the management accounts.	Are the charity's published accounts well presented, transparent, accurate and unqualified by auditors? Does it have good internal financial information, produced in a timely manner? Do the charity's projections for future income look realistic?
Efficiency	Good charities control costs and ensure that waste is kept to a minimum. Efficiency is not about spending as little as possible on administration, fundraising or salaries—organisations have to invest in these functions to be effective, as Box 3 explains.	Does the charity have a good understanding of its costs and how these are likely to fluctuate? Does it have good processes to manage its expenditure and control costs? Can management justify expenditure, explain how it controls costs and point to efforts to improve efficiency?

6. Ambition

Good charities look to achieve long-term change by setting realistic, achievable goals, and they should be able to articulate clearly which ambitions are realistic and appropriate for them. Ambition is often best assessed through conversations with a charity's board and management, though good websites and strategy documents should also help (see Table 9).

Some corporate funders may be tempted to fund new projects as a way of being innovative and distinguishing themselves from competitors. But bear in mind that charities can be ambitious and effective without expanding their services or creating new projects—instead, they might be ambitious to improve their results or influence and inform others. In this difficult economic environment, corporate funders should look carefully at any plans for expansion to check that they are financially viable, and be wary of charities that appear over-ambitious.

Box 3: Administrative costs

When working out what a charity might achieve with your donation, we believe that admin costs are not helpful because they are not a predictor of impact or effectiveness. To work effectively, charities need to have decent administration. No investor would invest in a company that has an antiquated and inefficient IT system, and the same should be true for charities.

Admin costs are therefore crucial to what a charity achieves, and spending more on back office staff can even lead to improved results. For example, by employing more secretaries, the Disability Law Service (a charity that employs solicitors to give advice to disabled people) was able to relieve the burden of administration on the solicitors and serve more clients at a lower cost.

As well as being potentially misleading, administrative expenditure is not straightforward to interpret. Charities present admin costs in a variety of ways. For example, one charity might report the salary of an office manager as an admin cost, while another might report it as a cost within its charitable activities.

It is therefore dangerous to use reported admin costs to judge a charity and its effectiveness. Funders should ask themselves whether the charity is spending wisely on fundraising and administration, and whether the ratio of spending to income is reasonable. Comparing the cost ratios of similar organisations may be helpful, but bear in mind that simple financial indicators of efficiency should always be considered within the broader context of the charity's results.

Table 9: Analysing ambition

Assessment criteria	Summary	Key questions
Potential to grow or replicate	The ability to grow or replicate a service increases a charity's potential impact. It might expand its own service or encourage other organisations to take up its approach.	Can the charity present a well-argued business case for growth? Can it explain the risks associated with growth plans? Does the charity have a track record of managing growth?
Potential to improve results	Good charities seek opportunities to improve their results.	Does the charity have a track record of systematically measuring its impact and using its experience to develop its activities? Can it give examples of how it has learned from mistakes?
Potential to solve problems more widely	Ambitious charities seek to exert influence beyond their day-to-day services and to share information that will help other organisations improve the way they work.	Does the charity share its results with others working on similar issues? Does it seem to be primarily collaborative or competitive?
Willingness to change	Trustees and managers need to look beyond the concerns of their organisation to its wider charitable purpose and put the interests of beneficiaries first.	Do the management and board put the needs of beneficiaries above the needs of the organisation? Is the charity at risk of being too ambitious and losing sight of the people it exists to help? Is it ambitious enough? Does it risk underachieving or being left behind by social or technological change?

Getting the information you need

When choosing a charity to support, most corporate funders will already have application and selection processes in place, which may involve a combination of written documentation, visits to projects and interviews with management or trustees. In our experience, however comprehensive the application form, there will still be some questions that can be best assessed through conversations.

Information can be gathered from several different sources:

- **Look at publicly available information**, such as the annual report and accounts filed with the Charity Commission, and any other information that the charity might publish on its website, including a vision statement, strategy documents, business plans and evaluation reports.
- **Meet key people in the charity's offices**, including the chief executive, management team and chair of trustees.
- **Request information that is not publicly available**, such as management accounts, detailed strategy and evaluation documents, staff surveys and a risk register.
- **Visit a project and speak to front-line staff, volunteers and beneficiaries** of the charity's services.
- **Talk to other individuals and organisations that have worked with the charity**, including funders, commissioners and other charities.

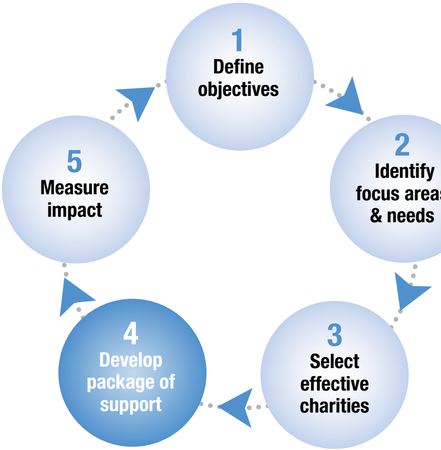
Analysing a charity before making or renewing a grant takes time, particularly when you consider the range of sources you may wish to consult. In our experience, thorough analysis of a charity can take anything from 5 to 20 days, depending on the experience of the analyst and the complexity of the charity. That said, you can cover some key points in a day by focusing on the elements of the charity analysis framework that are most important to you as a funder.[1]

Think carefully about how the time you have available will affect the number of charity relationships you can realistically manage. Bear in mind that information about charities quickly becomes out of date, so it is important to have regular contact with grantees and to encourage them to notify you of any significant developments that may affect your support.

[1] For further information, readers may like to refer to a couple of articles on 'How I'd analyse a charity in two hours' by Iona Joy, NPC's head of charity analysis. The articles can be found on NPC's blog: http://newphilanthropycapital.wordpress.com

4

Developing a package of support



Corporate funders should structure their support for charities so that they meet their own strategic objectives while helping charities maximise their impact. We recommend that funders think about this both on a programme level—in terms of the mix of financial and non-financial support they can offer—and on an individual level—in terms of the package of support that is most appropriate for each charity.

Ideally, funders will have built up a clear picture of the resources at their disposal while developing their corporate giving strategy. This enables them to take a strategic approach to planning the mix of support they can offer charities. Corporate funders often have a specific budget for financial resources, but may be more reactive and ad hoc about the way they allocate donations in kind. However, by being precise about the range of non-financial resources they are able to offer, funders can put together more strategic packages of support.

When thinking about how to package support for a charity, it is important to consider how financial and non-financial resources fit together, rather than allocating them separately. It is also worth bearing in mind that non-financial support will not be appropriate for every charity, so funders should not make it a requirement that all the charities they support are able to accept volunteers or donations in kind. For example, some charities may not to be able to provide regular employee volunteering opportunities, and they should not be put in a position where they feel they will lose out on funding as a result.

The corporate-charity relationship

It is important for both charities and funders to agree from the start how the relationship will work. In particular:

- **Be clear about expectations on both sides**. Before a grant agreement or any other documentation is processed, the funder and charity should be clear about what they expect from the relationship and how they think it will work.
- **Put your agreement in writing**. Draw up a contract, grant agreement or memorandum of understanding so that the terms of the relationship are clearly defined. There should also be accompanying documents, such as a payment schedule and a reporting form.
- **Agree milestones for the charity**. The funder should set clear milestones or objectives for its support, talking to the charity about what is appropriate and achievable. It is good to have a mixture of organisational and project objectives, as well as qualitative and quantitative objectives. It is also important to agree up front how the charity will measure progress against these milestones and what data it will include in reports to the funder.
- **Set milestones for the funder too**. In some cases, it may also be appropriate to agree funder milestones—for instance, it could agree to provide a certain number of volunteer hours each month.
- **Make clear what will happen if milestones are not met**. In the contract, grant agreement or memorandum of understanding, explain what will happen if the charity does not meet a milestone. This may be as simple as reserving the right to review and even discontinue funding if milestones are not met.
- **Define the terms of engagement**. It may be helpful for the grant documentation or equivalent to cover the terms of engagement. For instance, who the relationship managers are on both sides, how formal any communication should be, when it is appropriate to notify each other of developments that might affect the relationship, and when it is appropriate for the charity to contact the funder to discuss additional support.

- **Emphasise that honesty is valued**. There is often a difficult power dynamic between funders and charities—a charity may feel like it should not draw attention to problems in case the funder decides to withdraw its support. But funders tend to have greater trust in a charity that is open about challenges. Indeed, they may even be able to help the charity overcome those challenges. Funders should therefore stress from the beginning of a grant that they are looking for an honest and open relationship.

More broadly, funders and charities should try to ensure that their objectives are aligned, as far as possible. It can be tempting for a charity to put together proposals that it thinks will be attractive to a funder, but which are not aligned with its strategy and experience. Funders and charities should be honest about these issues and careful to avoid situations where a charity's work becomes skewed in pursuit of corporate support.

Financial support

Most funders provide financial support for charities in the form of grants, so we focus here on providing effective grant funding. However, non-grant financing is another increasingly popular option, as we explain in Box 4.

Box 4: Social investment

Social investment has attracted a huge amount of attention in the UK in recent years. A growing number of investors are putting their money into social investment funds, and there is growing demand from charities and social enterprises for investments.

Social investment is *'the use of money to achieve both a social and financial return'*.* This usually means providing capital to organisations with a social purpose.

Where appropriate, social investment can help charities renovate buildings, generate new revenue streams and win public sector contracts. However, with investment comes risk. To take on an investment, a charity has to project what surplus it can generate. If this turns out to be inaccurate, the charity may not be able to keep up with repayments.

There are several good guides about social investment—see the Appendix for more information.

* CAF Venturesome (2008) *Financing civil society*.

Grants

When thinking about how they structure grants (for example, the size and duration of funding), funders need to consider not only what is feasible for them, but also about what will enable charities to support their beneficiaries as effectively as possible.[1]

Why grant structure matters

Well-structured funding helps charities to be strong and sustainable. It can give them:

- the ability to recruit and retain the best staff;
- opportunities to plan ahead, take risks and innovate;
- resources to track results; and
- the flexibility to respond to social, political or legal changes.

Funding that is not appropriate for a charity's needs or does not match its capacity can limit its ability to develop as an organisation. At worst, it can create uncertainty, making recruitment and retention of staff difficult. This in turn affects the quality of service offered to beneficiaries.

Three key questions to consider

Corporate funders face particular constraints when structuring their funding. For example, if they rely on a proportion of the business's profits for their charitable giving, there may be uncertainty over how much funding they can allocate from year to year. Wherever possible, corporate funders should consider three key questions when structuring their funding:

1. Will restrictions on the grant limit its impact?
2. What size of grant is appropriate for the charity?
3. Is multi-year funding feasible?

Will restrictions on the grant limit its impact?

At NPC, we believe that, where possible, funders should provide unrestricted funding (see Table 10). Restricting a grant to specific projects, services or purposes can limit its effectiveness. An example of this would be funding a disabled children's charity to take a group of disabled children to a theme park for a day of respite, without covering the costs of transport, staffing, planning or insurance.

[1] For further information, see Brick, P. et al (2009) *Granting success: Lessons from funders and charities*. New Philanthropy Capital.

Restricted funding can mean that charities:

- find it difficult to pay for infrastructure and organisational development, such as new IT systems that will make their work more efficient;
- find it difficult to innovate and experiment;
- cannot respond to unexpected events; and
- spend resources on managing restrictions that might otherwise be spent pursuing results.

However, we recognise that corporate funders have reasons for placing restrictions on grants. Table 10 outlines some of these reasons, and suggests ways of addressing them.

Table 10: Recommendations on how to provide more unrestricted funding

Reason for giving restricted funding	NPC's suggestions
The funder does not know the charity well enough.	• If you are going to give a significant grant, we recommend investing in a more detailed analysis of the organisation. • Alternatively, in the short term, give a smaller, restricted grant to develop the relationship with the charity, build up trust and monitor results over time. Move to unrestricted funding if you are pleased with progress. If you are confident in a charity, you should be able to trust that it will know how best to use your funding.
The funder believes that monitoring grants is easier when they are restricted.	• Unrestricted grants are less likely to be used to pay for a single project or function, so monitoring their impact is more complicated than with restricted grants. However, it is certainly not impossible—the charity should still be able to explain how it spent the money and how it contributed to its ability to improve support for its beneficiaries. • The impact of unrestricted grants can be tracked by setting clear milestones, covering both the organisation and the impact of its work on beneficiaries. • If the charity has promising results but lacks a robust approach to measurement, you might consider supporting it to improve its measurement systems (see Box 5 overleaf).

The funder wants to avoid the charity becoming dependent on its support.	• You can avoid dependency by setting a clear timeframe for the grant and outlining an exit strategy (see Box 6 overleaf). This way, the charity will make plans to find alternative sources of funding. • Unrestricted funding can actually reduce dependency—for example, it may enable a charity to invest in its fundraising team and cultivate new funding streams.
The funder wants to mitigate risk to its reputation.	• The main way to avoid reputational risk is to analyse a charity and get to know it. Bear in mind that although restricted funding can help you retain control over what your funding is spent on, broader problems within the charity may still affect your reputation.
The funder wishes to distinguish its impact from that of others.	• Ask yourself whether it is really necessary to distinguish your impact from that of other funders, as collaboration between funders can be very productive. • If it is necessary, try to use the lightest restriction that achieves your objective. Be flexible and approachable, and make it clear to the charity in which circumstances restrictions might be altered. • Consider providing a grant that combines an element of unrestricted funding and an element of restricted funding, so that you can support the core development of the charity while also focusing on a specific project.
The funder wants to support charities working in a specific area.	• If there are national or international charities that have projects in the area you are interested in, it may be appropriate to restrict the grant to this area. However, do not impose restrictions on how the grant is spent within that area unless there is a good reason.
The charity needs funding for discrete projects.	• Restricted grants can be appropriate for discrete projects such as a one-off piece of research, a pilot project or a capital investment.
The charity requests funding for an existing project or programme.	• Check that the budget for the project or programme has built in the full costs, including all the overheads, and that the grant will cover these costs adequately.

Box 5: Helping charities measure up

When you are deciding what type of grant to give to a charity, consider the less obvious, indirect costs that may be associated with its support. For example, if a charity has promising results and good feedback from its beneficiaries, but does not have a rigorous measurement system in place, you could provide funding to help it buy a new electronic monitoring system or obtain expert advice from an evaluation consultant. This could be part of a larger unrestricted grant.

It can be difficult to make the case for funding measurement systems and evaluations, particularly because many charity committees prefer that funds go to 'direct causes', rather than measurement and evaluation. However, we believe that investing in impact measurement is very important for three reasons:

- It can help a charity learn from its mistakes and improve its support for beneficiaries.
- It can give funders a clearer impact of what their support is achieving, which will enable them to communicate their own impact in a more precise and compelling way to stakeholders.
- It can help a charity attract support from other funders.

Making unrestricted grants requires you to have a good understanding of a charity overall, rather than just a specific project. As this requires a greater investment of time and resources, it needs to be planned carefully when strategies are set and resources are allocated. It may only be feasible to provide unrestricted grants to your key charity partners, rather than to all your grantees.

Execution Charitable Trust: Achieving a sustainable impact

The Execution Charitable Trust (ECT) celebrated its ten year anniversary in 2011. It was set up by the city brokerage firm Execution,* and is funded through an annual 'charity trading day'.

With the help of research from NPC, ECT decided to support local community organisations across the UK, after identifying them as a particularly under-funded area of need. Community organisations are small, multi-purpose organisations that provide various services to meet local needs, including crèches, after-school clubs, and activities for isolated older people.

To maximise the trust's impact, the trustees decided to provide multi-year, unrestricted funding and to build long-term relationships with grantees. ECT's grantees have greatly appreciated this flexible funding, and have stressed that it has been particularly valuable in the past couple of years as they have had to cope with rapidly changing circumstances. ECT has also provided additional capacity-building support for grantees by bringing them together for workshops on issues such as using impact measurement tools and achieving sustainability. Through this capacity-building support and flexible financial support, many grantees have gone from strength to strength.

As one grantee said: *'For us, the flexibility of this funding has allowed us to target areas of work where obtaining funding would have been very difficult. This has resulted in some very successful services. As we go further into the funding problems caused by the current economic situation, this flexibility will help us support and manage change, plan further development and support new opportunities. This flexibility is crucial and is very important us.'*

**Execution Noble was incorporated into Espírito Santo Investment Bank in November 2010.*

What size of grant is appropriate for the charity?

Some corporate funders find themselves choosing between giving large grants to a small number of charities or giving small grants to a large number of charities.

To understand what size of grant is appropriate, consider both the charity's needs and the type of funding you can offer. For instance, a small grant may be more useful if it is unrestricted, as it can be used at the charity's discretion to cover costs that they might otherwise struggle to pay. Small grants can also be useful for small projects or items, and as seed capital for start-up projects or pilots. Sometimes a small grant can also punch above its weight. For instance, a well-respected funder may be able to leverage funding from other sources by offering seed funding for a new project but making its support contingent on other funders coming to the table. However, small grants that only partially cover the costs of a service or post can cause problems.

We recommend that funders think about the implications of a grant being too small or too large:

- **What if a grant is too small?**
  - An under-funded post or project leaves a charity having to spend resources finding the shortfall, which can delay the start of activities or place a strain on the charity's finances.
  - The charity might not be able to recruit the best staff for the activity being funded.

If you are only partially covering the costs of a post or project, check that the charity has a plan for recovering the remaining costs and, if appropriate, look into match-funding options.

- **What if a grant is too large?**
  - The charity may expand too rapidly and exceed the capacity of staff and management.
  - The charity may expand services that cannot be sustained once the grant has ended, meaning that there is no lasting value from the investment.
  - The charity may struggle to put all the money to good use and potentially waste resources.

Is multi-year funding feasible?

It is generally accepted that it is good practice for funders to commit to funding a charity for at least three years, unless the grants are for one-off items (such as a new minibus); specific tasks (such as a research project); as a response to a crisis or disaster (such as an earthquake); or to pilot an innovative new project. However, many corporate funders still provide one-year grants to charities they support which, in some cases, are renewed each year for many years.

It can be difficult for corporate funders to predict how much funding they will have available in years to come, particularly if they rely on an annual percentage of the company's profits. In these cases, multi-year funding can be provided by setting aside the full amount of a three-year grant in the first year. However, ring-fencing money like this does reduce the total amount available in the year the money is set aside, and it produces delayed results, so be prepared to give a clear rationale for your decision to stakeholders.

Wherever possible, we believe corporate funders should consider providing a multi-year grant because:

- **It enables charities to plan ahead**. It gives them the security and breathing space to focus on improving services for their beneficiaries rather than fundraising. This is particularly valuable if a funder is supporting a staff post. Employees who do not have job security are more likely to leave, and continuity of staff is very important where charities are supporting vulnerable people, because it means they can build up trust.

- **It can still be reviewed on a regular basis.** Providing a multi-year grant does not mean that a funder is locked into funding a charity that does not deliver results. Agreeing milestones is a valuable discipline and means that funders have the option of ending funding if there are serious problems with progress.
- **It sets clear expectations and avoids dependency.** If a funder keeps renewing funding on an annual basis, the charity faces uncertainty and may have to spend more time on fundraising. There may also be an expectation that the funding will continue. It is easier for the charity to plan ahead if it has a set timeframe to work with.

Box 6: Exiting a relationship

It is easy to get hooked into funding a charity and ending that relationship can be difficult, particularly if you did not agree the duration of funding with the charity at the outset.

Stopping a small donation is unlikely to make a direct impact on a charity's activities. If it is appropriate, you might want to let the charity know the reason.

However, if the charity relies on the donation to fund a particular project or parts of the organisation, more caution is needed. Withdrawing this funding might lead the charity to scale back or shut down some of its activities. In a situation like this, plan your exit in advance to minimise the effect it has on the charity. Try to give at least a few months' notice so that the charity has the opportunity to look for other funding or to look at scaling back its work. You may want to help the charity find replacement funding, for example, by putting it in touch with other funders who might be interested.

The right time to think about an exit strategy is before you begin funding. Think about how long you would like to commit to supporting a charity in order to achieve your objectives, and how the charity will continue its work after your funding has gone. For example, if you fund a charity to develop its fundraising income, it is likely to take up to three years to hire staff, develop relationships and build a solid stream of donations. Withdrawing support too early could mean that the initiative might fail.

Being clear with the charity about your intentions from the start will help you build a good relationship with the charity, avoid unexpected surprises, and help both you and the charity make the difference you want.

Non-financial support

Corporate funders can provide three main types of non-financial support: employee volunteering; work experience or employment for the beneficiaries of the charities they support; and donations in kind, for instance of a company's products, services or facilities.

We recommend that funders draw up a list of non-financial resources in the same way as they would develop a budget for funding, to give a clear idea of what is feasible to offer.[1]

This section will be primarily of interest to corporate funders who are based within a company and manage employee volunteering or donations in kind, such as corporate responsibility or community investment teams, rather than corporate foundations.

Volunteering

There are many ways that employees can get involved in supporting charities. Volunteering opportunities will partly depend on the objectives and motivations of the company—for example, is it interested in developing employee skills or providing team-building opportunities? But corporate funders should also ask the charity what volunteering opportunities will be most useful to them. Volunteering can be very expensive for a charity to manage and can divert resources from core work. It is therefore important that charities feel able to reject offers of volunteering if they would not be helpful, and they should not feel worried about losing out on funding if they cannot provide volunteering opportunities.

[1] This section draws on recommendations from Beaumont, C. (2011) *From fundraising to resource-raising: How an organisation can use donated resources as part of an income-generation strategy.*

Volunteering opportunities include:

- **Skills-based volunteering** gives employees the opportunity to use the core skills they have from their day jobs, and is arguably the most valuable way they can donate their time. This could mean lawyers helping charities with legal issues or those working in marketing helping to develop marketing strategies. However, it could also be broader operational support, for example, the IT department could help with website problems or the HR team could advise on employment issues. The organisation Pilotlight can help companies develop skills-based volunteering opportunities (see case study).
- **Mentoring** is a popular form of employee engagement. For instance, companies might arrange for employees to work on a one-to-one basis with young people in local schools or youth clubs on a regular basis. This is not a type of volunteering that should be entered into lightly—mentors need to be carefully matched with young people and need to commit to regular meetings. Mentoring that is not handled properly can do more harm than good.[1]
- **Team-based volunteering** can offer team-bonding opportunities by giving groups of employees the chance to work together on a brief and tangible project, such as painting a youth club or clearing an area of waste ground. While these projects can sometimes be useful for charities, funders should be careful not to put charities in a position where they feel they have to create activities that they do not really need to satisfy a funder's requirements.
- **Employee fundraising** gives employees the chance to complete an activity (such as a sponsored marathon) to raise money for charity.
- **Board-level volunteering** (including volunteering as a charity trustee or school governor) is becoming increasingly popular, and companies can help their employees find such opportunities.[2]

Once you have decided what type of employee volunteering schemes you would like to run, we recommend you consider providing further support to ensure that both volunteers and charities get the most out of the experience. For example, you might provide training for volunteers on specific skills or roles, such as how to be an effective trustee or mentor.

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1 Sandford, S., Copps, J. and Yeowart, C. (2007) *Lean on me: Mentoring for young people at risk*. New Philanthropy Capital.

2 Helpful organisations include Reach, Getting on Board and School Governors' One-Stop Shop. NPC also runs introductory workshops for companies aimed at informing employees about what being a trustee involves and how to find a suitable role with an effective charity.

Pilotlight: Matching skills and needs

Finding suitable volunteering opportunities that use employees' skills can be a challenge for companies. One organisation that can help is Pilotlight, which matches teams of senior business people ('Pilotlighters') with local charities and social enterprises that are tackling social disadvantage in the UK. The teams, facilitated by a Pilotlight project manager, use their professional skills to help charities address strategic issues such as business planning, developing services and improving sustainability.

For example, Pilotlight matched a group of senior executives from several companies with SCS Kinder, a social enterprise based on the Wirral that provides day and residential services for children over the age of five. The Pilotlighters helped SCS Kinder to develop a rigorous business plan that would enable them to progress from being the leaders of a small social services business to the leaders of a real social enterprise.

One of the executives was Jean-Baptiste Renard from BP. *'We advised [SCS Kinder] on how to manage a project and the risks associated. We acted as their coaches as they changed roles,'* says Jean-Baptiste. *'For me it has been good in terms of leadership building. It has been great to get coaching opportunities. You learn how to work effectively and quickly as a team.'*

Jaci, one of the founders of SCS Kinder, says: *'We started out wanting to test out the business plan with business people, but came out with so much more than that. We went from employing a staff of five in a rented building to buying a property to run as a residential centre and employing a team of 24. Our Pilotlighters helped us acquire and purchase the new building and gave us the confidence to project manage the building. They talked us through the risks associated with employing more people and helped us with the HR side of things. Our turnover went from £200,000 a year to over £1m, and we now have assets worth £1.5m. And all of this because of the Pilotlight process.'*

For further information about Pilotlight, see: www.pilotlight.org.uk

Voluntary placements within a business

Corporate funders should also consider whether their business might offer useful work experience placements or employment for people who might otherwise lack these types of opportunities. For example, the charity Futureversity runs summer courses for local students that offer an introduction to law and banking with law firms and banks in the City of London. Sometimes this may lead to internships or other employment opportunities further down the line. Similarly, mental health charities may partner with companies to provide work experience placements for people who need support getting back into employment after a period of mental or physical illness.

Donations in kind

There are many other ways in which companies can provide non-financial support to charities. We will not go into each of these in detail, but donations in kind can include:

- office resources and facilities, for example providing office space for events or donating old office furniture; or
- products or services that the company provides, which may range from giving clothing to homeless shelters, or food for famine relief projects, to providing free advertising space or free transport.

As with employee volunteering, it is important that the charity identifies the support it would find valuable, with the company coming up with ideas of how it might help. This way, the gifts provided will be useful and sustainable for the organisation. However, there are several pitfalls to be aware of when providing donations in kind, as Table 11 explains.

Table 11: Considerations when giving donations in kind[1]

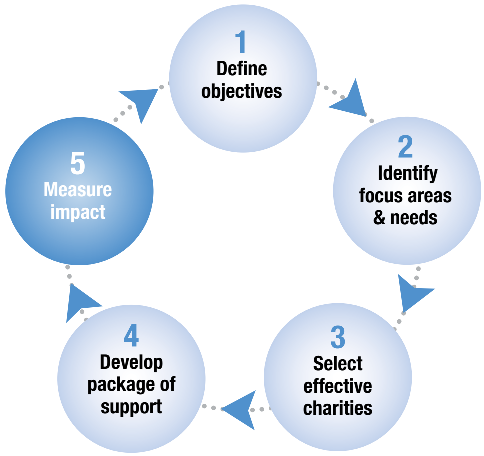
Pitfall	Considerations
Donation contains hidden costs	The true costs of administering and managing non-financial gifts are sometimes only recognised by the charity once the resource is in place. Costs might include depreciation, transport, storage and maintenance, and they often go unacknowledged, unbudgeted for and unasked for. When offering donations in kind, funders should ensure that they talk to the charity about how these costs will be covered before the charity accepts the donation. Any reporting that the funder requires on donations in kind should be made clear at the start.
Donation does not fit charity's needs	In a recent survey of charities looking at donations in kind, only 16% of respondents said their needs had been met perfectly, and 51% said that their needs had been met 'adequately'. Funders should make clear that if the charity does not want the gift, it will not harm the relationship if they do not accept it.
Donation is poor quality	Gifts should only be offered to charities if they are in a safe and usable condition, or they could prove costly for the charity to fix.

As well as donating goods and space, companies can also support charities by playing a convening role. For example:

- **Hosting and sponsoring events:** You could organise events or workshops for grantees (as discussed in the case study of the Execution Charitable Trust). This would provide good opportunities for learning and discussion, and give charities a chance to network.
- **Facilitating partnerships:** You could play a valuable role by brokering partnerships between charities and other organisations working on similar issues, encouraging them to share information and helping them to avoid duplication.

1 Table 11 summarises recommendations from Beaumont, C. (2011) *From fundraising to resource-raising: How an organisation can use donated resources as part of an income-generation strategy*. Research for this report included conducting a survey of 76 charities.

Measuring impact 5



Why funders should measure impact

Both charities and funders should measure the impact of their work because it helps them to:

- assess the value of corporate giving to the company;
- understand whether they are addressing the needs of the people they are trying to help;
- develop their activities based on evidence of effectiveness, including learning from mistakes;
- make the best use of resources by investing in activities that are making a big impact;
- make sure they are doing no harm;
- track progress and make sure they are meeting their objectives;
- communicate the impact of their work to stakeholders; and
- share knowledge with other funders and charities about lessons learned.

Corporate funders should think about why they want to measure their impact and who their audience is, as this will inform the type of data they collect. There may be a particular reason that stands out, or there may be a combination of reasons from the list above.

Communicating impact is likely to be a particular priority for corporate funders. They need to justify and be transparent about how they are using company resources, and they usually have multiple stakeholders to report back to, including the board, management, shareholders, staff and customers.

What funders should measure

There are a range of objectives against which corporate funders may wish to measure their impact. These may include more business-focused objectives, such as developing employee skills, retaining talent and raising brand awareness, and more charitable objectives, such as improving educational attainment or employability in the local community. The case study of Aviva below illustrates how a corporate funder is measuring the impact of both business and charitable objectives.

Aviva: Capturing impact

A key focus for Aviva's work in developing communities is Street to School (S2S). Aviva's S2S programmes around the world recognise that every child living and working on the street has the right to fulfil their potential and Aviva is committed to championing the needs of street children in their communities.

Over the next five years Aviva's businesses will roll out S2S programmes in their local communities (already in 21 markets) with the aim of helping 500,000 street children by 2015. They have pledged to invest at least 50% of their global charitable donations budget to develop these activities. To date, they have invested over £2.4m cash out of a total investment of £5.5m.

Aviva has developed a measurement framework that assesses both the inputs into the S2S programmes and the outputs and outcomes they achieve. Inputs it measures include the value of cash donations, gifts in kind and volunteering time given by Aviva to S2S charities. The measurement framework for measuring outputs is exemplary. The outputs and outcomes that Aviva measures include:

- benefits to the business, such as customer impact, brand perception and employee engagement;
- leverage, ie, the additional benefits to S2S charities resulting from Aviva's activity, such as financial contributions from employees, customers and partners;

- advocacy and raising awareness of issues, including the number of MPs that are exposed to S2S activities; and
- impact, for instance the outcomes and impacts for children around five common child needs/programme themes: Awareness & Prevention; Outreach; Health and Well-being; Safe Places; and Education.

Aviva measures the direct impact of its funding, but also the wider impact, for example in cases where children have benefited because of Aviva's interventions. This is important because Aviva aims to achieve a multiplier effect—for example, it hopes that the impact of successful school programmes will be multiplied by creating teacher training resources.

Getting six-monthly global reporting on all of the above enables Aviva to carefully govern its programmes, be agile in its resource allocation, spot opportunities to maximise impact and keep its stakeholders engaged and involved.

If you are clear about what you want to achieve from your giving, it will be easier to work out what you should be measuring. For example, if you want to develop employees' skills through volunteering, you could assess this by surveying employees and the charities they volunteered with (see Box 7). If you want to develop new business, you might track how many new clients considered your corporate giving as one of the criteria for deciding whether to work with you.

This guide focuses on how companies can measure their charitable impact. We recognise that measuring the business benefits can also be challenging for corporate funders, but other organisations like London Benchmarking Group provide guidance on this issue.

Box 7: Assessing the volunteer experience

Good employee volunteering opportunities should benefit both the employer and the charity. To understand the value of the experience, employers could ask volunteers to fill in a survey and ask the charity about the value of the volunteering. This might include asking:

- How many hours of volunteering did employees provide?
- What impact (positive or negative) did the volunteers have on the charity and its beneficiaries?
- If the charity had not been offered volunteers, what would the alternative have been? For example, would it have had to recruit paid temporary staff, and how much would that have cost the organisation?
- Was the volunteering critical to the success of the project?
- Were any lessons learned about managing volunteers?

Funders should be flexible about how charities report back—sometimes they will be able to get more useful information from a meeting or phone call than a reporting form.

When it comes to charitable impact, there is a tendency among some corporate funders to focus more on the quantity than the quality of their giving—for example, focusing on the total amount of funding or volunteer hours given, or the number of people reached through the charities they fund. While inputs and outputs are important to give a sense of scale, we believe they should always be accompanied by data about the outcomes—the changes achieved in the lives of the people the charities support.

How funders can measure their charitable impact

When it comes to their charitable objectives, corporate funders could think about what they measure on two levels:

- the impact of their support on individual charities and their beneficiaries; and
- the overall impact of their funding programme.

Measuring the impact on charities and their beneficiaries

The most straightforward way for corporate funders to measure their impact is to look at:

- the impact of a grant on a charity (for example, in terms of building its capacity or systems); and
- the impact of a grant on the beneficiaries a charity is working with.

While the first of these may seem less interesting, it can have a significant effect on a charity's ability to help people in a sustained way.

Measuring impact is obviously easier for the funder if the charity has a rigorous approach to measuring the results of its work. If it does not have such an approach, you may like to consider helping to develop one, or make improving measurement a condition of the grant.

Milestones

Funders should agree milestones with charities at the start of a grant. Milestones should be realistic, measurable and aligned with both the funder's expectations and what the charity believes is achievable. They should always include goals relating to the charity's results, and ideally ask for both qualitative and quantitative data. They should cover both outputs (such as the number of people supported) and outcomes (the changes achieved in beneficiaries' lives).

Milestones should also include organisational goals, such as building up the level of financial reserves or strengthening the management team. This gives the funder an idea of whether it is having a wider impact on the charity. By measuring progress against these goals on a regular basis, the funder should be able to assess the impact of its support.

Tracking progress against milestones does have its challenges:

- **Flexibility:** The more precise the milestones, the clearer the charity and funder can be about their impact. But be wary of taking an inflexible approach to milestones. A charity's circumstances may change so it is important that they can update or adjust milestones if appropriate.
- **Attribution:** Both charities and funders need to be careful about what impact they attribute to a particular grant. If a grant only covers the costs of part of a service or project, make clear that the grant contributed to the outcomes, but is not solely responsible.
- **Unrestricted funding:** Corporate funders are often concerned that they will not be able to measure the impact of an unrestricted grant. While it is certainly not straightforward, we believe that by agreeing milestones with a charity at the outset of the relationship, it is possible to assess impact quite precisely.

As Figure 1 shows, agreeing milestones is often an iterative process. Milestones may sometimes be agreed in a single meeting, but they will often take more discussion. Do not underestimate the time involved in getting milestones agreed.

Figure 1: Developing a reporting framework

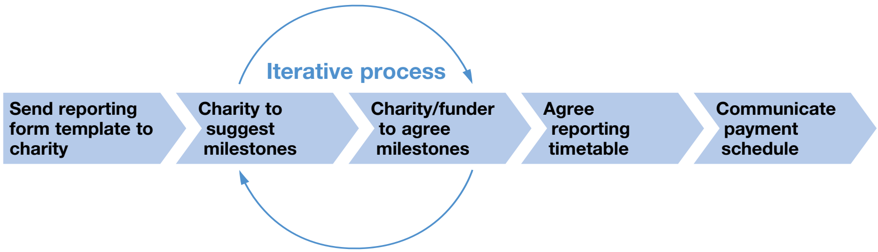


Table 12 gives examples of milestones and how they can be evidenced.

Table 12: Examples of milestones

Milestone	Type	What will be delivered	How to demonstrate
Milestones measuring the impact of a grant on beneficiaries			
Support around 100 people each day by April 2014. This breaks down as: 65 people by April 2012. 80 people by April 2013. 100 people by April 2014.	Output	Regular support for local people on the programme.	Count the number of people engaged with the programme.
Improve the confidence of at least 80% of service users by 2014.	Outcome	Measurable improvement in confidence of over 80% of service users.	Analyse quarterly questionnaires against the baseline survey.
Complete a baseline survey of beneficiary needs by the end of year one of the grant.	Baseline	Detailed reports and plans that will inform the work and its measurement going forward.	Share the reports and plans once developed.
Milestones measuring the impact of a grant on the charity			
Set organisational budget for the coming year by August 2011.	Financial	The budget will be developed by the director in partnership with the finance manager.	The budget will be presented to the board for approval in July/August 2011, and shared with the funder.
Strengthen trustee board.	Governance	Recruit new trustees with expertise in law, accountancy and fundraising, and local education connections.	By October 2011, have a treasurer in place and update on recruitment of an independent chair.

When discussing milestones, find out whether the charity has other funders that are interested in similar issues. If the reporting requirements are comparable, you could think about agreeing common milestones and reporting requirements, as this will save the charity time.[1]

Defining a reporting and payment schedule

Once milestones have been agreed, funders should develop a reporting timetable. For bigger grants, we recommend funders ask charities to submit a full report against milestones each year, with updates (perhaps by phone or email) every six months. For six monthly updates you could ask grantees:

- Is the work on track to meet the annual milestones?
- What were your major developments and achievements over the last six months?
- Have there been any significant changes or challenges to the project or context in which you work? If so, how are you managing them?

State on the payment schedule or grant agreement that the grant is dependant on the grantee meeting the agreed milestones, and that the funder reserves the right to review its commitment and grant size each year, subject to progress against milestones. If milestones are not met, there may be a perfectly good reason, so make sure you investigate this before withholding funding.

It works well to leave a gap of several weeks between receiving the report and the payment of the next instalment of a grant, so that funders have time to review the report and go back to the charity with questions.

1 NPC has brokered these types of shared reporting initiatives in the past. See Heady, L. and Keen, S. (2008) *Turning the tables in England: Putting English charities in control of reporting*. New Philanthropy Capital. Heady, L. and Rowley, S. (2008) *Turning the tables: Putting Scottish charities in control of reporting*. New Philanthropy Capital.

Measuring the overall impact of a funding programme

Many funders would like to be able to assess the overall impact of their support for charities, rather than just measuring impact on a charity-by-charity basis. However, this is not easy. Although it may seem straightforward to aggregate data about outputs (such as number of people supported), these types of figures need to be treated with care. For example, a charity that does campaigning and awareness-raising work may reach many more thousands of people than a charity that provides debt advice, but the level of interaction is likely to be much lighter touch and to have a smaller impact on their lives. Data about outcomes can be even more difficult to aggregate, as charities may be measuring very different things, so there is a risk of comparing apples and pears.

In our experience, only certain funders are in a position to make meaningful statements about outcomes across their funding programme. These are specialist funders with objectives that can be measured by specific metrics, such as increasing educational attainment or reducing re-offending.

Coordinating measurement across a field or around specific interventions in this way can offer great benefits. It allows charities and funders to compare the impact of different approaches, enabling them to allocate resources to create maximum impact. It also helps charities learn which approaches to measurement are available and appropriate, and prevents them working in isolation to develop their own frameworks.

However, this kind of coordinated measurement requires expert knowledge and a significant investment of time and resources on the part of both funders and charities. Funders should also be wary of imposing additional monitoring requirements on charities. If a charity is asked to report against a new metric, funders should consider providing financial or capacity-building support.

It is important to highlight that taking this type of approach requires funders to think about measurement early on, when they plan the funding programme and develop its goals and objectives. It is difficult, if not impossible, to assess overall impact retrospectively in a meaningful way, without the right framework and metrics having been put in place at the beginning of the process. This highlights the importance of taking a strategic approach to corporate funding and defining precise objectives and focus areas from the outset.

Funding reviews

Even if it is not feasible to compare outcomes across a programme, NPC would still recommend that funders review the overall impact of their programme. This might involve holding focus groups or surveying grantees and employees to assess the programmes' impact and gather feedback on their experience. It might also lead to the production of a review report, as in the case of J.P. Morgan, which can be a useful tool for communicating the impact of corporate giving to the board, staff and other stakeholders, and demonstrating why it is so worthwhile.

J.P. Morgan: Reviewing impact across regions

In 2010, J.P. Morgan's philanthropy team in the Europe, Middle East and Africa region (EMEA) undertook a review of its 2008 and 2009 grants portfolio. J.P. Morgan commissioned NPC to review all 35 grants that were funded and completed in this time, looking at their impact on the communities involved. We also conducted in-depth interviews to develop detailed case studies of six of the grantees.

Through NPC's review, J.P. Morgan was able to quantify the reach of its programme, which supported 34,000 people in six regions of Europe and Africa. It also gained a more detailed insight into its relationships with grantees and what they valued about its funding. And the review helped J.P. Morgan to assess its longer term impact as well, finding that after its grants came to an end, 78% of the projects it supported have been sustained, with the help of other grant-makers, statutory support or internal funding.

Using analysis from the review, NPC also made recommendations to the J.P. Morgan philanthropy team about their funding processes to inform their future grant-making.

Appendix: Useful resources

During the course of our research, we have come across a number of valuable resources for corporate funders. We thought it would be helpful to share these resources here, though readers should bear in mind that the list is by no means comprehensive.

Helpful websites

- Assocation of Charitable Foundations: **http://www.acf.org.uk**
- Business in the Community: **http://www.bitc.org.uk**
- Companygiving.co.uk: **http://www.companygiving.org.uk/Default.aspx**
- Corporate Citizenship: **http://www.corporate-citizenship.com**
- Doughty Centre for Corporate Responsibility: **http://www.som.cranfield.ac.uk/som/p14340/Research/Research-Centres/Doughty-Centre-Home**
- FSG: **http://www.fsg.org**
- Grantcraft: **http://www.grantcraft.org**
- Heart of the City: **http://www.theheartofthecity.com**
- London Benchmarking Group: **http://www.lbg-online.net**

Useful reports

- Accenture Business at its Best (2011) *Driving Sustainable Value Creation: Five imperatives for corporate CEOs*.
- The Association of Charitable Foundations and Ellis, F. (2010) *Good practice for corporate foundations*.
- Barclays Wealth and New Philanthropy Capital (2011) *Early interventions: An economic approach to charitable giving*.
- Beaumont, C. (2011) *From fundraising to resource-raising: How an organisation can use donated resources as part of an income-generation strategy*. Research produced as part of the Clore Social Leadership Programme.
- Charity Commission (2010) *A guide to corporate foundations*.

- Coutts in association with New Philanthropy Capital and the Community Foundation Network (2011) *Inspiring local philanthropy: Making a difference in local communities*.
- Deloitte (2011) *More than just giving: Analysis of corporate responsibility across UK firms*.
- HM Treasury, Cabinet Office, and HM Revenue & Customs (2009) *A guide to giving for businesses*.
- Lillya, D. (February 2011) *The Guide to UK Company Giving 2011/12.* Directory of Social Change.
- Philanthropy UK (2008) *A guide to giving*.
- The SMART Company for Charities Aid Foundation and the Cabinet Office (2010) *Revealing the foundations—a guide to corporate foundations in England & Wales*.

New Philanthropy Capital research

NPC has published 70 research reports on charity sector issues, which funders may find useful and which are free to download from our website: www.philanthropycapital.org

These include:

- Brick, P., Kail, A., Jarvinen, J. and Fiennes, T. (January 2009) *Granting success: Lessons from funders and charities*.
- Copps, J. and Vernon, B. (February 2010) *The little blue book: NPC's guide to analysing charities, for charities and funders*.
- Joy, I. (October 2010) *NPC perspectives: Preparing for cuts, how funders should support charities in a world of government cuts and changing funding structures*.
- Kail, A., Keen, S. and Lumley, T. (March 2011) *Community organisations: A guide to effectiveness*.

Overviews and guides to social investment

- ACEVO (2010) *Understanding Social Investment*.
- CAF Venturesome (2008) *Financing civil society*.
- CAF Venturesome (2010) *Financing the Big Society—why social investment matters*.
- CDFA (2010) *Inside Out 2010: The State of Community Development Finance*.
- Esmée Fairbairn Foundation (2005) *Foundations and social investment*.
- HM Government (2011) *Growing the Social Investment Market: A vision and strategy*.
- New Philanthropy Capital report for NESTA (2011) *Understanding the demand for and supply of social finance*.
- NPC (forthcoming) *A charity guide to social investment*.
- Social Finance (2010) *Towards a new social economy*.
- The Young Foundation report for NESTA (2011) *Growing Social Ventures*.

Reports on shared value

- Bockstette, V. and Stamp, M. (2011) *Creating Shared Value: A How-To Guide for the New Corporate (R)evolution*. FSG.
- Porter, M.E. and Kramer, M.R. (December 2006) *Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility*. Harvard Business Review.
- Porter, M.E. and Kramer, M.R. (January 2001) *The Big Idea: Creating Shared Value. Harvard Business Review*.

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About NPC

New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For charities, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For funders, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

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