

Collecting Expert Opinion about High-Impact Nonprofits: Review of Philanthropedia's Methodology

WHITEPAPER

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FOREWORD

Thank you for reading this whitepaper. It summarizes more than two and a half years of research on identifying high-impact nonprofits by collecting expert opinion. We hope you find it interesting and invite your feedback at <http://www.myphilanthropedia.org/whitepaper>, by email at feedback@myphilanthropedia.org, or on our blog at <http://blog.myphilanthropedia.org/>.

We begin this paper by explaining the problem Philanthropedia is trying to solve in the philanthropy sector and Philanthropedia's solution to this problem. We then review our research methodology in detail and outline its strengths and limitations. Next, we look at our specific research in climate change as a case study to evaluate the results and analyze the data. Finally, we explain how we intend to modify our methodology based on the results of our work to date.

We have included a number of appendices that accompany the paper. In particular, we recommend that the reader review Appendix 1, which talks more about Philanthropedia and our mission, vision, values, and theory of change. In addition, Appendix 2 provides important contextual information about how we approach innovation through a process of continuous improvement and design thinking. Finally, Appendix 3 includes brief biographies of the authors.

For those less familiar with Philanthropedia, a brief introduction:

Philanthropedia is a new social venture transforming the \$250 billion philanthropy sector by tackling one of its most fundamental questions: how to identify high-impact nonprofits. Philanthropedia's approach is to create networks of experts, which include foundation professionals, nonprofit senior staff, and researchers, in order to collect their opinion about high-impact nonprofits in different social causes. We then make this information available for free on our website, <http://www.myphilanthropedia.org>, through the concept of an Expert Fund, which highlights a cohort of strong organizations that donors can support with just a few clicks.

Philanthropedia was developed over the course of 2 years by Stanford alumni prior to its official launch in 2009. The initial concept and methodology was developed by co-founder Howard Bornstein. Philanthropedia is funded by the Philanthropy program at the Hewlett Foundation¹.

¹ Philanthropedia was originally called Nonprofit Knowledge Network.

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EXECUTIVE SUMMARY

The Philanthropedia whitepaper, “Collecting Expert Opinion about High-Impact Nonprofits: Review of Philanthropedia’s Methodology,” serves two main purposes: (1) to make the case for using experts to identify high-impact nonprofits, and (2) to share our progress towards a specific methodology to date.

Our overall conclusions are that:

- Our methodology captures expert opinion about high-impact nonprofits in different social causes.
- Using experts to identify high-impact nonprofits offers unique advantages in terms of high quality information about nonprofits at low cost to gather that information.

Because of the potential of this approach to evaluating nonprofits, we are investing in improvements to further strengthen our research.

The Case for Using Experts to Evaluate Nonprofits

Philanthropy is primarily concerned with distributing limited monetary resources to charities doing the best work in solving social problems. Therefore, we believe there are two main problems the sector faces:

1. How to identify these high-impact nonprofits
2. How to distribute resources effectively to these nonprofits

In this whitepaper, we assess existing nonprofit evaluators and ourselves on two dimensions: quality and cost.

- **Quality** relates to how closely the measures used to evaluate a nonprofit are correlated with impact per dollar invested and the nonprofit’s capacity to absorb more resources. We define **impact** as a measure of the lasting improvements produced by that nonprofit to address the core problems in a particular social cause.
- **Cost** is the combination of resources needed to perform the evaluation of a nonprofit including money, people, and time. Therefore a good solution is one where there is a quick, scalable, low cost way to evaluate many nonprofits across multiple social causes.

To date, nonprofit evaluators have been able to make progress on either the cost or quality front, however, none have been able to strike a good balance between high quality and low cost. The Philanthropedia approach fills this gap by using a low-cost method of surveying experts to identify high quality information about nonprofits:

Philanthropedia offers a high quality solution because we capture the opinions of experts who are uniquely qualified to assess nonprofits. Experts are qualified because they have access to nonpublic data about charities and have advanced mental models for evaluating impact.

Philanthropedia offers a low cost solution because it takes experts only about 40 minutes to complete both online surveys, experts are not paid for their participation, and one trained employee can conduct four social cause research projects concurrently over the course of 2-3 months.

Philanthropedia's Methodology

Philanthropedia's methodology of surveying diverse and representative groups of social cause experts to identify high-impact nonprofits runs in six steps.

1. Research and define the social cause or scope of the research
2. Identify and recruit experts
3. Run a survey asking experts to identify high-impact nonprofit
4. Analyze survey data
5. Run a second survey to determine agreement among experts about high-impact nonprofits, collect strengths and areas for improvement for each nonprofit, and ask experts to allocate funding across nonprofits
6. Compile and analyze final results and publish a list of high-impact nonprofits for the social cause

When identifying experts, we require they have a minimum of two years of experience, relevant work experience as evidenced by current or past job titles or employers, and a minimum expert self-rating on a Philanthropedia-developed scale. Our goal is to create a representative expert network along two dimensions: profession type (foundation professionals, nonprofit senior staff, researchers, and others) and geography. And, we screen for high-quality responses.

For the top 15% of nonprofits recommended by experts, we collect the number of expert votes, the percentage of agreement across the expert network that the nonprofit is among the most effective in that sector, the percentage allocation of each nonprofit as part of an Expert Fund, and the strengths and areas for improvement.

Results and Data Analysis

To date, we have researched four social causes to test and develop our methodology: education, climate change, microfinance, and Bay Area homelessness. To demonstrate our approach, we analyze the results of our climate change research. We built a diverse and representative expert network of 139 experts with an average of 12.94 years of experience. The expert breakdown was 19% foundation professional, 12% researchers, 47% nonprofit senior staff, and 22% other (policy makers, government officials, etc). Forty-one percent of our experts came from the east coast, 9% from the midwest, 4% from the south, 6% from the northwest, 30% from the west coast, and 10% international and from other

locations. Our experts recommended 15 nonprofits which represent the top 15% of the mentioned nonprofits.

In order to determine how much our final results were influenced by each expert type, we ran correlations between the combined top nonprofit list and the lists recommended by each expert type. While nonprofit senior staff had the most influence on the final list (due to their larger representation in the sample size), all three expert types (foundation professionals, nonprofit senior staff, and researchers) had a high degree of agreement about which nonprofits were most effective.

In order to determine which factors might be influencing the final ranking of nonprofits, we ran correlations with the external factors: nonprofit revenue, brand awareness (as measured by the number of Google mentions), age of organization, and size of organization (as measured by number of employees). We found that none of these external factors influenced the final nonprofit rankings in any significant way. Therefore we conclude that compiling expert opinion adds unique value when identifying high-impact nonprofits.

Areas for Improvement

The results from our climate change research and other studies are very encouraging. However, we believe there are still many areas for improvement. In particular, we intend to make changes in the way we sample experts, in the way we state the questions in our surveys, and in the way we share the results.

We intend to improve:

- **research quality** in terms of expert responses and their ability to identify high-impact nonprofits.
- **clarity** of the language used in our surveys in order to better communicate our goals to experts.
- our **transparency** by sharing more information publicly so that we can continue to build trust in the philanthropic community.

Conclusion

We are excited about the unique advantages that our methodology offers in terms of high quality and low cost, which is why we are investing in these further improvements. We hope this whitepaper clarifies Philanthropedia's approach of collecting expert opinion about high-impact nonprofits.

We do this research hoping to influence donors as they search for nonprofits to support. We believe that donors can have a bigger impact in the nonprofit sector by directing more financial resources to some of the highest-impact nonprofits.

We invite feedback and discussion about this whitepaper and our work at:

<http://www.myphilanthropedia.org/whitepaper>.

I. THE CASE FOR USING EXPERTS TO EVALUATE NONPROFITS

The Problems Facing Philanthropy

The goal of the nonprofit sector is to solve pressing social problems and provide essential services for local communities. Philanthropy supports that effort by distributing limited monetary resources to different charities. To make best use of the finite charitable dollars, philanthropists need to solve two problems: (1) identify which nonprofits have the highest impact² and then (2) create a strategy to fund them.³

In this part of the whitepaper, we first describe the characteristics of a good solution to these two core problems in philanthropy and summarize the progress that existing organizations have made. We then argue that none of the current approaches offer a good balance between cost and quality due to inherent limitations in their methodologies. Finally, we explain and discuss Philanthropedia's approach of using experts as a proxy for identifying high-impact nonprofits, which offers an attractive combination of high quality information about nonprofits at low cost.

Characteristics of a Good Solution

A good solution must help philanthropists identify which nonprofits to give to and how. Therefore, we believe a good solution will have three key characteristics: **high quality information** about high-impact nonprofits, **low-cost** to gather this information, and an **actionable strategy** for donors to facilitate giving to these high-impact nonprofits:

- **Quality** relates to how closely the measures used to evaluate a nonprofit are correlated with impact per dollar invested and the nonprofit's capacity to absorb more resources. We define **impact** as a measure of the lasting improvements produced by that nonprofit to address the core problems in a particular social cause.
- **Cost** is the combination of resources needed to perform the evaluation of a nonprofit including money, people, and time. Therefore a good solution is one where there is a quick, scalable, low

² Jacob Harold, Paul Brest Guest Post by Jacob Harold, "The Nonprofit Marketplace: Getting Social Impact Bang For Our Philanthropic Bucks." *The Huffington Post*, February 13, 2009, http://www.huffingtonpost.com/paul-brest/guest-post-jacob-harold_b_166840.html.

³ Philanthropy faces other notable problems (e.g. how to incent more people to give, or how to inspire people to give more), which we do not focus on in this whitepaper.

cost way to evaluate many nonprofits across multiple social causes.

- An **actionable strategy** means creating a philanthropic guide that helps donors give strategically and easily. This marketing-related characteristic falls outside the scope of the whitepaper, which is focused on discussing the tradeoffs between quality and cost. However, we provide a brief summary of our approach to creating an actionable strategy for donors in Box 1 below.

In the next section, we explore how well existing solutions score on the two dimensions of quality and cost.

Box 1: Creating an Actionable Strategy for Donors

One of the major challenges facing philanthropy is how to create an actionable strategy for donors. To answer this question, one must first recognize that the vast majority of giving comes from individuals: every year, 40 million individual donors contribute \$250 billion which represents more than 75% of total giving as Giving USA reports.

At the same time, we have to acknowledge that individual donors are not professional philanthropists: they often don't have the time or desire to read long reports, participate in discussions about nonprofits, or fully explore the difficulties of measuring impact. That's why organizations attempting to help donors make philanthropic decisions must design products that are easy for donors to act on and market them through appropriate channels.

To date, despite the disproportionate influence that individual donors have in philanthropy, little progress has been made toward addressing the challenge of capturing the imagination and attention of donors and educating them to give better. Perhaps the best example of helping donors take action based on evaluation information is Charity Navigator's 4-star system which provides the busy donor with easy-to-interpret advice (even though we would argue the evidence on which the recommendation is made is insufficient).

Our proposed solution is the Expert Fund, which highlights a cohort of organizations to which donors can easily give. We ask experts to allocate funds across the top-recommended nonprofits in a social cause. This means that one organization might get 12%, another organization might get 7%, and so on. Donors who come to the Philanthropedia site can donate to the entire Expert Fund with one transaction. We believe that no one nonprofit will be able to solve all of the problems in a given sector; therefore the Expert Fund offers a way for donors to support multiple nonprofits, each with its own unique solution.

This creates considerable benefits for all relevant stakeholders. First, and most importantly, donors with limited time can easily become strategic philanthropists by supporting high-impact nonprofits in a social cause with just two clicks. The Expert Fund simplifies the giving process and makes it easy for donors to take action. Second, the Fund allows experts to highlight multiple organizations rather than just one, which reflects the complexity and diversity of the sector and makes for a comprehensive recommendation. Finally, the Expert Fund changes competition for funding among nonprofits from a zero-sum game to a collaborative environment which creates opportunities to work together.

Existing Solutions

There are a number of nonprofits attempting to solve the problem of helping donors decide where to give their money. As mentioned previously, in this whitepaper we focus on evaluating these existing solutions on the two dimensions of quality and cost, and do not examine the third relevant characteristic of providing an actionable strategy for donors.

To help in our analysis, we have mapped existing solutions on the cost/quality graph below. We have also provided brief summaries of each of these organizations in Box 2 at the end of this section.

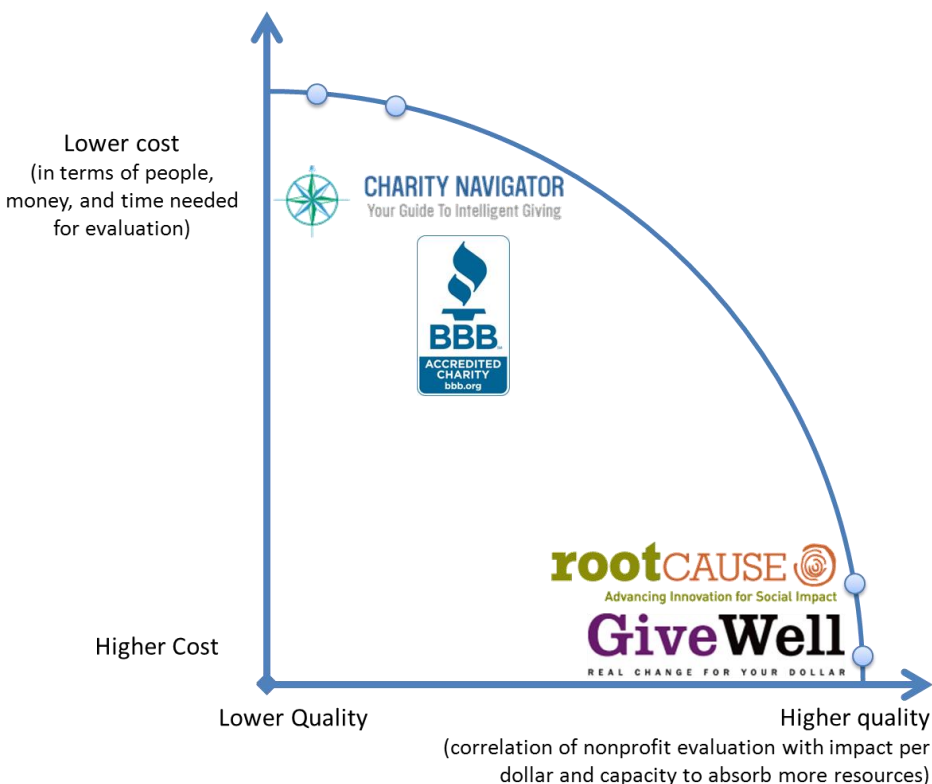


Figure 1: Map of existing solutions.

At one end of the spectrum are organizations which have evaluations highly correlated with impact. For example, GiveWell measures the absolute impact of individual nonprofits and to date has recommended 9 organizations.⁴ While absolute impact is certainly measurable, a solution based on this approach has a number of disadvantages. First, measuring impact is prohibitively expensive for many nonprofits and as a result, GiveWell often recommends organizations that offer primarily technical solutions (e.g. in health), which likely have the cheapest measurements of impact (e.g. number of vaccines administered), yet constitute a very small portion of the nonprofit universe. A second and related disadvantage of

⁴ See <http://www.givewell.net/charities> for more information.

evaluating the impact of individual organizations is that it doesn't allow one to compare between nonprofits and construct a giving strategy for a particular social cause. This limitation is due to the nature of the nonprofit world which is characterized by unique nonprofits. Even slight differences in the mission of an organization or problem tackled can change the relevance of a given evaluation. This makes it difficult to apply the same evaluation to multiple nonprofits. As such, any individual charity requires its own evaluation in order to properly assess its effectiveness which is prohibitively expensive and not scalable.⁵

A more broadly applicable approach is the methodology used by Root Cause, which focuses on deep research into a narrow social cause through a combination of interviewing experts and evaluating organizations (a more holistic assessment). The end result is a number of reports, which "provide actionable information for the social impact investor."⁶ However, this kind of in-depth research using multiple measures of evaluation is still very time-intensive and costly for Root Cause (taking usually 4-6 months for research and report writing for a single sub-social cause), and is therefore limited to a smaller number of charitable organizations.⁷

At the other end of the spectrum are organizations that use proxies to evaluate nonprofits, a model which is highly scalable and inexpensive. Unfortunately, there is currently no organization in this part of the spectrum that employs measures that are well correlated with impact. Charity Navigator, for example, evaluates nonprofits primarily according to financial metrics such as overhead ratios and fundraising efficiencies—which many have criticized as being too narrow a measure to assess nonprofit effectiveness.⁸ Relying on financial data from only one year "tells you about the [nonprofit's] use of resources, not about the program effectiveness."⁹ To its credit, Charity Navigator recently announced its plans to add additional dimensions of evaluation to their rating system which we believe is a step in the right direction.

Another example is the BBB Wise Giving Alliance which evaluates a nonprofit's "financial efficiency and stability, governance and oversight, performance measurement, and the quality and accuracy of the organization's fundraising and informational materials."¹⁰ Unfortunately, all of these criteria focus on

⁵ Mark R. Kramer, "Measuring Innovation: Evaluation in the Field of Social Entrepreneurship," Foundation Strategy Group, April 2005, 22.

⁶ See http://www.rootcause.org/social_impact_research for more information.

⁷ Stephanie Lowell, Brian Trelstad, & Bill Meehan, "The Ratings Game: Evaluating the three groups that rate the charities," Stanford Social Innovation Review, Summer 2005, 41.

⁸ Paul Brest Post, "Informing Donors about Nonprofit Performance," *The Huffington Post*, February 25, 2009, http://www.huffingtonpost.com/paul-brest/informing-donors-about-no_b_170046.html.

⁹ Stephanie Lowell, Brian Trelstad, & Bill Meehan, "The Ratings Game: Evaluating the three groups that rate the charities," Stanford Social Innovation Review, Summer 2005, 42.

¹⁰ Stephanie Lowell, Brian Trelstad, & Bill Meehan, "The Ratings Game: Evaluating the three groups that rate the charities," Stanford Social Innovation Review, Summer 2005, 41.

minimum requirements for organizational effectiveness and governance and as a result provide a rather unsophisticated evaluation of nonprofits which does not take into account impact.

In summary, we believe that existing solutions have their strengths but ultimately fall short of identifying high-impact nonprofits at a low cost. The key to addressing this gap is creating a solution which strikes the middle ground between cost and quality.

Box 2: Brief Description of Nonprofit Evaluators

GiveWell is an independent, nonprofit charity evaluator. GiveWell performs in-depth research on charities to help people accomplish as much good as possible with their donations. GiveWell primarily evaluates nonprofits by focusing on how well their programs actually work – i.e., their effects on the people they serve. <http://www.givewell.net/>

Root Cause is a research and consulting firm dedicated to mobilizing the nonprofit, public, and business sectors to work together in a new social impact market. This new kind of market matches resources to innovative and proven approaches for solving social problems while enabling collaboration that helps to spread the best solutions. Root Cause provides leaders from all three sectors with the information and skills they need to participate in this market and make progress on social issues as efficiently and effectively as possible. <http://rootcause.org/>

Charity Navigator is an evaluator of nonprofits. Its rating system examines two broad areas of a nonprofit's financial health -- how responsibly it functions day-to-day, as well as how well positioned it is to sustain its programs over time. Each charity is then awarded an overall rating, ranging from zero to four stars. <http://www.charitynavigator.org/>

The BBB Wise Giving Alliance produces evaluative reports on national charities based on various standards for accountability. National charities that meet the standards can apply to participate in the Alliance's National Charity Seal program. The Alliance does not rank charities but rather seeks to assist donors in making informed judgments about charities soliciting their support. <http://www.bbb.org/us/>

The Philanthropedia Solution: Use Experts to Identify High-Impact Nonprofits

The Philanthropedia methodology relies on surveying social cause experts to identify high-impact nonprofits. Because of this approach, we have been able to create a solution that combines the desirable characteristics of low cost and high quality.

Our solution is low cost because we rely on existing knowledge that experts have accumulated over the course of their careers rather than conduct in-depth research about a social cause. Furthermore, we use online surveys that are easy to take (a ~40 minute time commitment per expert) and inexpensive to

administer (experts are not paid for their participation). And, we can conduct four social cause research projects concurrently over the course of 2-3 months. We intend to refresh the research every 1-2 years and we anticipate the re-run process will take even fewer resources to perform.

Our solution is high quality because through our surveys, we are able to collect information about high-impact nonprofits from a variety of different experts, including foundation professionals, nonprofit senior staff, researchers, and others. These professionals are uniquely qualified to assess nonprofits because they have access to a lot of nonpublic data, as well as have advanced mental models for evaluating impact. Additionally, we collect responses from experts about why each top nonprofit is so strong and in what way they could improve. We also only recommend nonprofits where there is high agreement among experts that the nonprofits are indeed among the highest-impact nonprofits in their sector.

In the remainder of this section, we elaborate on why our model is low cost and high quality as well as the advantages and limitations of our approach. We provide more specific details on our methodology in Part II of this whitepaper and analysis of the data in Part III.



Figure 2: Placing Philanthropedia on the cost/quality chart.

Who are nonprofit experts? They are foundation professionals, nonprofit senior staff, academics/researchers, policy makers, and others who have been working in a particular sector for a significant period of time and have developed a holistic perspective about what the core problems are,

what constitutes impact and how to measure it, and which nonprofit organizations have had the most impact.¹¹ (See Step 2 “Identify and recruit experts” in part II, Methodology, for more information about how we select experts.)

Why are experts better proxies for nonprofit evaluation? Experts are like doctors or admission officers at selective universities. When a doctor meets with a patient to diagnose a problem, she takes into consideration not only the patient’s height, weight, and blood pressure, but also the patient’s past history, description of ailments, and even perhaps body language. Having worked with the patient in the past, the doctor can make a diagnosis based on a variety of factors.

In the example of the admission officer at the selective university, the applicant is not admitted based on SAT score or GPA alone, but on a variety of factors including personal statement, letters of recommendation, opportunities at the high school, and family context. In both of these examples, the doctor and admission officer follow well-thought-out guidelines, but do not rely on a formula or an equation to produce a diagnosis or an admission decision. Instead, the patient and applicant are given a *holistic* review.

We believe that in the nonprofit sector, funders, nonprofit senior staff, academics/researchers, and policy makers are best suited to evaluate nonprofits for two reasons: experts have access to more information and to nonpublic data, and experts have advanced mental models that help them interpret those data.

Access to More Information and Nonpublic, Unique Data

Experts have access to nonpublic and unique data about nonprofits, just as doctors and admission officers do in their respective fields. Too often, this wealth of expert knowledge remains private, though it could potentially be valuable to nonprofits, donors, and policy makers, as Paul Brest and Hal Harvey argue in *Money Well Spent* (specifically referring to the knowledge foundation professionals gather). The first challenge is capturing this knowledge and then the challenge becomes disseminating it in a meaningful, useful way. The “value of knowledge can be multiplied many times over if there are good systems in place for disseminating it.”¹²

Advanced Mental Models

Because of their expertise in the field, these experts have developed advanced mental models to consider the many factors that go into measuring nonprofit effectiveness. While the methodology that we devised is not an exact replica of the Delphi Method created by the RAND Corporation in the 1950-1960s, it is based on a similar assumption: that expert judgment is a good proxy for evaluation when an

¹¹ Herbert Simon & Kevin Gilmarin, “A simulation of memory for chess positions,” *Cognitive Psychology* 5 (1973): 29-46.

¹² Paul Brest and Hal Harvey, “Money Well Spent: A Strategic Plan for Smart Philanthropy,” (New York: Bloomberg Press, 2008), 90.

equation alone cannot predict an outcome.¹³ “[T]he input assumptions, the range of applicability of the model, and the interpretation of the output are all subject to intuitive intervention by an individual who can bring the appropriate expertise to bear on the application of the model.”¹⁴

The Value of a Diverse Expert Network

Each professional brings a different, yet valuable perspective to judge nonprofit performance. “Foundations in the United States have spent significant time and money on their performance measurement systems, and are probably as close a parallel in the nonprofit sector to the kind of for-profit financial analysts that work for investment banks.”¹⁵ Nonprofit senior staff, on the other hand, having spent years in the “trenches” know the intricacies of balancing competing interests, allocating resources, and working with multiple constituencies. Therefore, these professionals bring a valuable and unique perspective when evaluating nonprofit success. Academics/researchers and policy analysts provide yet another important view rooted in research, longitudinal measurement, and scholarly interdisciplinary study. We don’t believe that one of these perspectives is necessarily more correct or accurate than another—all add value and represent well-informed views of the nonprofit world.¹⁶ While admittedly this is still an imperfect measure of impact or effectiveness, we believe that by bringing together the perspectives of these diverse groups of professionals, we *can* meaningfully capture the aggregated beliefs of a group of well-informed people and understand which organizations they currently think are high-impact. And, experts are only a starting point:

Once we collect the information from experts, we then supplement the top-nonprofit profiles we create with data from Charity Navigator (for financial metrics), GreatNonprofits (for beneficiary voice), and eventually GuideStar (for tax 990 forms and other self-reported nonprofit information). Box 3 to the right gives an overview of these information providers. We believe it’s important to bring together and make public multiple measures of nonprofit performance. That is why we support the Hewlett Foundation’s approach to the Nonprofit Information Marketplace summarized in Appendix 8.

¹³ Olaf Helmer, “Analysis of the Future: The Delphi Method,” The Rand Corporation, March 1967, 4.

¹⁴ Olaf Helmer, “Analysis of the Future: The Delphi Method,” The Rand Corporation, March 1967, 4.

¹⁵ Stephanie Lowell, Brian Trelstad, & Bill Meehan, “The Ratings Game: Evaluating the three groups that rate the charities,” Stanford Social Innovation Review, Summer 2005, 4.

¹⁶ There is strong research evidence in support of the hypothesis that various stakeholders evaluate nonprofit effectiveness differently, which is a core reason that we try to include a diverse set of experts. Most notably, David Renz and Robert Herman have been studying and writing about this topic in multiple articles, e.g. “Doing Things Right: Effectiveness in Local Nonprofit Organizations, A Panel Study,” Public Administration Review, Volume 64, Number 6, November 2004, pp. 694-704(11).

Box 3: Brief Description of Nonprofit Information Providers

GreatNonprofits is an online tool that allows individuals to find, review, and talk about nonprofits. It is similar to services that allow people to review restaurants, doctors, etc. Anyone is allowed to write a review about a nonprofit and reviews are shared publicly to help people find great nonprofits. <http://greatnonprofits.org/>

GuideStar gathers and publicizes information about nonprofit organizations online. They share the tax form 990s that are submitted annually by all nonprofit organizations. Nonprofits can also update information in their public profile on GuideStar including topics like mission, programs, leaders, goals, accomplishments, and needs for free. <http://www.guidestar.org/>

Discussion

Like any other approach, the Philanthropedia solution has both strengths and weaknesses. Therefore, it is important to investigate the unique advantages and disadvantages of using experts as a proxy for measuring impact in considering whether to keep investing in and developing the methodology. In this section, we provide a brief analysis and a preliminary conclusion.

Advantages:

Good Information at Low Cost

The appeal of the Philanthropedia methodology stems from its balance of low cost and high quality. Our solution is very cost effective because multiple research projects can be executed simultaneously and inexpensively (four social causes can be run concurrently in about 2-3 months) and require minimal involvement on behalf of experts (~40 minutes in total). And, using experts as a proxy allows us to capture high quality information about high-impact nonprofits.

Scalable Methodology across Social Causes

In addition to these important advantages, our methodology can be applied across multiple social causes and can produce results that can be compared by contrasting degrees of expert agreement. (See part III, Results and Data Analysis, for a table with the results of our climate change research.) This is a unique advantage in the nonprofit world which is characterized by highly diverse solutions and great disagreement on a common framework or sets of indicators.

Engages Change Agents in the Nonprofit Sector

Another advantage of this methodology is that by using experts as a proxy, we are able to engage exactly the audiences who are best positioned to accelerate the pace of social change: the nonprofit senior staff who are “on the ground,” as well as the foundation professionals who provide vital capital to jumpstart these organizations. By leveraging these experts’ existing knowledge, we are able to create a

common body of knowledge which can serve as a foundation upon which to build sustainable and effective social solutions.

Collect Critical Feedback about Nonprofits

One of the most important features of this common body of knowledge is the expert reviews that we collect during our online survey process which contain strengths and weaknesses for each of the expert recommended organizations. (See Appendix 7 for an example of the reviews collected.) This is another unique advantage in a field where critical feedback goes against the norm and is often taboo to share. Importantly, this very type of information is a missing piece that prevents the nonprofit community from improving organizational effectiveness. Therefore, Philanthropedia is committed to providing a safe, anonymous environment where experts can provide candid feedback about nonprofit organizations which will help increase transparency in the field.

Limitations:

Limitations to Depth of Research

It is equally important to understand the limitations of our methodology. First, using a proxy to identify nonprofit impact fundamentally limits the type of results we can produce. This type of research will never be as deep, for example, as the reports produced by Root Cause or other organizations that dedicate a significant amount of time and resources to studying social causes in depth. Therefore, our hope is that our expert reviews will prompt donors to look more deeply at the organizations recommended by experts.

Identify *Some* High-Impact Nonprofits

Second, we do not provide a “silver bullet” solution that identifies all high-impact nonprofits in a given social cause. Instead, our methodology allows us to capture information about *some* of the highest-impact organizations in a given space. We see ourselves as part of the larger philanthropic ecosystem which contains the entire universe of foundations, nonprofits, and donors, rather than being the only piece of information to consider when making a donation.

Limits to Number of Nonprofits Highlighted

A third limitation of our methodology is that we start our research with experts rather than nonprofits. As a result, we cannot accommodate requests from organizations to be reviewed or highlighted – we only summarize what we learn from our experts. In this way, we run the risk of not engaging with the larger nonprofit ecosystem. We plan to lessen this concern by producing a lot of research and facilitating discussions that can be beneficial to all nonprofits, not just the ones we highlight.

Limits to Identifying Start-ups

Fourth and finally, as proponents of the potential of innovation to solve important problems, we recognize that our core methodology is not well suited to identify start-ups that have unproven but high-potential novel solutions. This is because we are measuring expert knowledge about *high-impact* nonprofits which as a measurement is backward looking rather than forward looking. Therefore, by

definition we will likely fail to find innovative, unproven models. We have addressed this concern by including different types of questions in our survey and developing an alternative methodology for uncovering social innovation within a sector. This part of our methodology is still in its early stages and is not discussed in this whitepaper.

Conclusion

In conclusion, we believe that the advantages offered by the Philanthropedia approach outweigh the disadvantages. In particular, using experts as a proxy is a low-cost method to identify nonprofits with high impact and compile recommendations in an actionable way to help guide donors.

At the same time, we recognize that evaluating nonprofits is complex and we are likely only barely scratching the surface in terms of identifying the strengths and limitations of our methodology. We look forward to studying this topic more in the future and engaging third party reviewers who can provide better and more objective perspectives.

II. PHILANTHROPIA'S METHODOLOGY

The purpose of this section is to describe our methodology's six main steps, explain our approach and goals for each step, and list the relevant challenges and limitations that we have identified.

As a brief background, we have been developing our methodology over the past 2.5 years in order to find the most effective way to use experts to identify nonprofits with high impact. Initially, the main challenge was to check the basic assumptions of the model: is there enough agreement among experts?, would experts participate in the research?, what would the data look like? Our pilot study in education at the national level demonstrated the potential of the approach. We surveyed 39 national education experts and discovered that experts consistently recommended eight nonprofits. This gave us the confidence to continue developing our methodology.

In this whitepaper, we present and discuss the most recent version of our methodology used for research in the summer of 2009 (for our study of climate change, microfinance, and Bay Area homelessness). In this iteration, we asked experts to identify nonprofits based on their *effectiveness* (which includes impact as well as other organizational strengths). In our next version, we specifically ask experts to specifically highlight the *impact* each recommended nonprofit has had. We discuss this point in more detail under "Step 3" as well as in part IV, Areas for Improvement.

Box 4: Methodology Definitions

Survey I: Our first of two online surveys sent to experts via email. The main purpose of this survey was for experts to recommend the most effective nonprofits in their sector.

Survey II: Our second of two online surveys sent to experts via email. The main purpose of this survey was to find out the extent to which experts agreed with their colleagues' recommendations and to gather additional information about the top nonprofits.

Our most recent methodology, used for homelessness, climate change, and microfinance, included the following six steps:

Step 1: Research and define social causes

Step 2: Identify and recruit experts

Step 3: Run Survey I to identify expert-recommended criteria for effectiveness and nonprofits

Step 4: Analyze Survey I data quality, validity, and reliability

Step 5: Run Survey II to gather more information about expert-recommended nonprofits

Step 6: Compile and analyze Survey II data and make available to the public

Step 1: Research and Define Social Causes

Approach:

In order to begin our research, we first identify which social cause to study. We take into consideration a number of different factors before we begin our research. To start, we try to identify causes that have high donor demand. For example, we look at how many donors are giving to a particular cause and what the total donation amounts are. To find this information, we review Network for Good reports about where donors most frequently donate, review Giving USA reports, and talk to community foundation staff to learn about their donors' giving habits. Additionally, we consider how many nonprofits there are in a given sector and how many experts might fall within that space. To find this information, we review the GuideStar database and research the composition of professional networks. We also consult with the National Taxonomy of Exempt Entities (NTEE). In order for our methodology to work, there needs to be a critical mass of both experts (~300-500 per cause) and nonprofits. Ideally, we also want to research causes that are currently supported by foundations. This is useful because foundations will often already have processes and best practices in place for evaluating nonprofit impact and effectiveness.

We also take geography into consideration. We found that our research can be successful at the local, national, and international level; however, moving forward, we have decided to focus first on local and national causes and temporarily postpone our international studies (because of resource limitations). In addition, we do not plan to research any religious causes or specific education alma-maters (which currently receive the most money in individual annual giving).

Limitations & Challenges:

One major challenge we face is how to meaningfully define the scope of a social cause. For example, climate change could be divided into categories such as energy efficiency, transportation, forestry, etc. In the beginning, we decided to leave these categories broad and as we expand to cover more social causes, we intend to become more specific within sectors depending on donor demand and interest.

An additional limitation to consider is that we must have enough experts in a sub-section of a social cause to complete the research meaningfully. Of course, we recognize that if a field is too small and does not have many experts and nonprofits, the value add of identifying high-impact nonprofits is less, by definition.

Step 2: Identify and Recruit Experts

Approach:

Once we have decided which area to pursue, we then identify experts in that sector. We look at a number of factors to determine expertise. We look at years of experience working in the sector, job title and occupation, professional affiliations and/or academic background, and we ask experts to self-rate their expertise on a scale from 1-5, where 5 is "most" expert. Our minimum criteria are having 2

years of relevant experience and a 3 on the Philanthropedia-developed expert self-rating scale, which we have included in Appendix 5 for your reference. On average, our climate change experts had 12.94 years of experience.

When thinking about experts, we specifically identify and invite foundation professionals, academics/researchers, nonprofit senior staff, and policy makers to participate in our research. We're interested in having a representative expert network along two dimensions: profession type and geography. (For the results from our research to-date, see the part III, Results and Analysis, for the expert break-down.)

We target experts in a social cause through a combination of cold calls and warm referrals (on the basis of professional and personal connections). Our tactics include personalized e-mails and 1-on-1 phone calls.

Limitations & Challenges:

One difficulty we face is how to increase the response rate from the experts we invite to participate. Overall, we had about a 12-21% response rate depending on the social cause. For our research on climate change and Bay Area homelessness, we offered experts the incentive of being entered into a raffle to win one of two \$20 or \$40 gift cards from Amazon.com. We don't believe this significantly increased the response rate. We don't offer any other incentives to experts at this time. We expect response rates to increase as our approach becomes more established.

Another major challenge is ensuring representativeness of our sample compared to the total population of experts. Therefore, we plan to carefully study the make-up of our expert networks and attempt to recruit experts in a way that covers representatively all relevant geographies and professional backgrounds.

Step 3: Run Survey I to Identify Expert-Recommended Criteria for Effectiveness & Nonprofits

Approach:

After choosing the social cause and identifying the experts, we run two surveys (by emailing experts with a link to an online survey). The first survey includes questions about nonprofit effectiveness which we ask in an open-ended format. Although this makes the analysis more difficult, it is a necessary part of our methodology because there is no consensus or public data on how to measure social effectiveness or impact across all social causes. The question that we have asked to date is:

Q1: In order of importance, what would you say are the top three criteria for evaluating the performance of nonprofits?

While this method makes data analysis more challenging, it allows us to capture the exact language used and identify nuances within the opinions of experts. By asking this question, we also hope to prime the experts to think more carefully about which organizations they identify as most effective.

Next, we ask the experts to make recommendations about strong nonprofits based on the very criteria which they identified previously. The exact question that we have asked to date is (again in a free-response format; this example is from climate change):

Q2: If a friend asked about the top-performing national nonprofits in climate change, which nonprofits would you identify? (If you feel qualified to do so, you may identify 1-5 nonprofits.)

For each nonprofit listed, we ask the expert to explain what makes that nonprofit outstanding. We hope that this additional question will encourage the experts to carefully consider and justify their response.

Additionally, in Survey I, we collect information about the expert's name, title, employer, years of experience, field within the sector, and expert self-rating so that we can verify a minimum amount of expertise when analyzing the results. We disqualify experts if they have fewer than 2 years of experience, lower than a 3 on the expert self-rating, and if they don't recommend any nonprofits but simply complete the background information part of the survey.

After completing Survey I, we calculate the number of times each organization is mentioned. While we ask that experts refrain from nominating the organization for which they work, we still double-check to see if an employee "voted" for their own organization, and if so, we remove that "vote." We also screen and remove any obviously low quality responses and/or unqualified survey takers.

Limitations & Challenges:

One concern is that if experts vote for their own organization, this might skew the results if many employees from the same nonprofit participate in the survey. We remove any self-votes but still limit the number of participants from any one organization to five to ensure that our results are not too heavily biased by any one group of experts.

Another concern is that an expert might ask their colleagues to mention their organization and vice versa, which circumvents the no-self-voting restriction. At this stage, we don't believe this is a problem, though we intend to look out for any signs of this kind of manipulation by running both quantitative and qualitative analyses to check for recommender independence. Additionally one might worry about an expert "gaming the system" by filling out the survey from multiple email accounts or by stealing expert identities in an effort to promote their own organization. Theoretically, this is possible, though we believe it's highly unlikely that professionals with tens of years of experience would go to the effort of manipulating the system at that level. Nevertheless, we do quality assurance checks for all of the data and are on the look-out for suspicious responses, which we have not seen to date. We expect that the importance of this kind of due diligence will increase in the future as the public profile of our expert rankings increases.

Finally, there are limitations to the way we frame questions. For example, our social causes are purposefully broad at this point which might confuse an expert if they aren't sure which types of nonprofits within the sector to evaluate. Hopefully, without influencing experts too much, we will try to better frame the questions we ask so experts can think broadly across the sector. We also hope that by asking the questions better, we will be able to solicit higher quality responses.

One particularly interesting challenge is the issue of impact versus effectiveness. We define impact as producing lasting improvements that address the core problems of a particular social cause. Therefore, we believe that impact is only one (though the most important) characteristic of effective organizations, which could have other strengths such as great leadership, efficiency, marketing, and so on. In this methodology iteration, we asked experts to identify their criteria for nonprofit *effectiveness*, and then use these criteria to recommend specific organizations discussing their strengths and weaknesses. Our hypothesis was that this would allow us to capture both impact and other important characteristics of strong nonprofits. However, our results indicate that there is a tradeoff in terms of the quality of responses and recommendations which has made us reconsider our decision. We discuss specific changes in part IV, Areas for Improvement.

Step 4: Analyze Survey I Data Quality, Validity, and Reliability

Approach:

Once we have the results from Survey I, we conduct a series of additional checks to confirm the quality of the data, as well as the validity and reliability of our results. First, we remove any responses which are invalid, incomplete, or low quality (e.g. do not answer the question asked).

Second, we research each mentioned organization in GuideStar and through Google to verify the nonprofit's 501(c)(3) status. Then, we share the list of all nonprofits with one expert in each network to perform a quality check. We ask: Are there any red flags in this list? Are there any organizations listed twice under separate names and therefore improperly identified?

Third, we run a statistical analysis to identify the correlation between our ordered top nonprofit list and the various internal expert distinctions, including: (1) expert self-ratings, (2) expert occupations, and (3) whether the expert was a "cold-call" or a "warm" referral. We want to understand: is the order of the most mentioned nonprofits explained by any of these factors more than another? Stated another way, are any of these factors more likely to explain the order of the final list than another factor?

One might also worry that the final list of nonprofits can be explained by the amount of revenue or brand awareness of an organization. Therefore, we run a statistical analysis to identify the correlation between the top 15% recommended nonprofits and their: (1) annual revenue (2007—the most recent data) and other financial metrics, (2) brand index (as measured by number of Google mentions), (3) age

of the organization, and (4) number of employees (in 2007—the most recent data). Again, we are trying to find out if any of these external factors explain the final order of the top nonprofit list.

Finally, to learn more about the top nonprofits mentioned and to verify with the experts that these are indeed some of the strongest nonprofits, we run a second survey in which we take a closer look at the top 15% of nonprofits mentioned in Survey I. In addition to looking at the top 15% of nonprofits mentioned, we use two other criteria to determine the cut-off point. For a nonprofit to be included in the second survey, it must be mentioned by at least 5% of all experts or have a minimum of 3 votes. (See part III, Results and Data Analysis, for the number of votes for each of the top climate change nonprofits.)

Additionally in this step, we analyze the criteria experts use to evaluate nonprofit effectiveness. We want to determine which top three criteria the experts are using when choosing these nonprofits. We also sort this information by profession to understand what nonprofit senior staff think are the most important criteria compared to, for example, foundation professionals and academics/researchers.

Limitations & Challenges:

A major criticism of this approach is that these “votes” could result in a list of the most well-known or established nonprofits. Therefore, it is our job to phrase the survey questions in a way that steers experts in the direction of identifying the most *effective* nonprofits. In order to test the validity of our survey responses, we performed additional analyses (summarized in part III, Results and Data Analysis) which demonstrate that expert recommendations are not highly correlated with external factors such as brand awareness, revenue, age of organization, etc.

An additional challenge we face is figuring out which statistical formula to use to run our analysis. Our data is not normally distributed: there are a very few organizations mentioned a lot and quite a few organizations mentioned only once or twice, resulting in a very long tail. We would have liked to run our analyses on the entire list of mentioned nonprofits, but because of this long tail, the probability that these mentions is random (and not expert recommended) is very high. Thus, we cannot run any meaningful analysis on nonprofits without a critical mass of recommendations.

Step 5: Run Survey II to Gather More Information about Expert-Recommended Nonprofits

Approach:

We invite the participants of Survey I to complete Survey II (online). The goal of Survey II is to confirm that the group of experts really does believe these are among the most effective nonprofits in their sector and to learn more about the strengths and areas for improvement for each nonprofit. Additionally, because we aim to help donors make smarter donation decisions, we want to learn how

experts would allocate funding across these top organizations. Therefore, we ask the following questions:

[As a reminder, these questions are from the last iteration of our survey. We have since updated these questions.]

Q1: In no particular order, here is the list of climate change nonprofits that consistently came up in the responses of the first survey. How effective are these nonprofits focusing on climate change on the national level compared to ALL climate change nonprofits in this space?

Possible Responses: Top 1% in effectiveness, Top 5% in effectiveness, Top 10% in effectiveness, Top 25% in effectiveness, Average in effectiveness (middle 50%), Bottom 25% in effectiveness, I am not able to comment.

Q2: If you had 100 points of monetary resources to allocate to these climate change nonprofits, how would you advise an individual donor to allocate the points?

Possible Responses: Total must add up to 100. In addition to the top nonprofits, one can also allocate money to "other organization(s)/not allocated."

Q3: Please answer for at least 3 of the nonprofits with which you are most familiar.

Why is this nonprofit top performing in its sector; What does this nonprofit need to do to become even higher performing? Please write one sentence for both.

Limitations & Challenges:

One question we ask ourselves is: could we collect more information from experts if we asked for more than just the strengths and areas for improvement for three organizations? We intend to make some changes to this methodology from our research on climate change and Bay Area homelessness.

Another challenge is around the question of percentile of effectiveness. We believe in the value of rating top nonprofits according to effectiveness. However, the way we posed this question to date has limitations, which is why we plan to change its phrasing in the next iteration of our methodology. We discuss these topics further in part IV, Areas for Improvement.

Step 6: Compile and Analyze Survey II Data and Make Available to the Public

Approach:

Finally, we compile the data from Survey II and make it available to the public through our website. From Q1 of Survey II, we confirm that these are indeed some of the most effective nonprofits. From Q2 of the survey, we construct an Expert Fund. Given the expert recommended allocations, a certain

percentage of 100 is assigned to each organization. This allocation break-down becomes the expert recommended donation strategy. From Q3, we analyze the quotes and organize them according to common themes. Then, we write a summary of the takeaways for the main strengths and areas for improvement for each organization. We publicly share the exact quotes from the experts and the summary of the quotes.

Limitations & Challenges:

The only major limitation we found in this step was in making sure we had enough substantive reviews of the top nonprofits to add value for donors reviewing the nonprofits. So far, we have had enough reviews, but we'd still like to increase the quality of the responses from our experts to include a more complete analysis of each nonprofit.

Conclusion

With this iteration of our methodology, we set out to build on our early pilot in education which was successful but still very limited. In this section, we outlined the most recent version of our methodology in order to publicly share the details of our work and to expose the limitations of our approach. We showed that we have a specific set of guidelines we follow when deciding which social causes to research and we have a specific set of criteria we consider when we select and invite experts to participate. We have carefully thought about what we want to ask experts and what we hope to accomplish by doing so. Most importantly, we recognize the limitations of our methodology and where these problems are surmountable, we have specific ideas about how to fix or guard against them. Because of what we have learned, we are optimistic about the potential of our next survey iteration.

III. RESULTS AND DATA ANALYSIS

Overview

In order to test our methodology hypotheses, we performed research on several social causes and analyzed the results. This section presents and discusses our findings by focusing on our research in climate change. The results and insights from Bay Area homelessness are quite similar. Analysis of our pilot in education has not been performed to the same level of depth, due to the small sample size of the dataset. Analysis of microfinance is still pending at the time of this writing; however, preliminary results indicate similar insights to the ones we draw from climate change.

Here is a summary of our results to date:

Social Cause	# of Experts Invited	# of Experts Participating	Avg Yrs of Experience	% Foundation Professionals	% Researchers	% Nonprofit Senior Staff	% Other	# of Nonprofits Recommended
Education (pilot)	N/A	39	10.1	63%	8%	18%	11%	8
Bay Area Homelessness	392	83	14.38	7%	7%	73%	13%	13
Climate Change	773	139	12.94	19%	12%	47%	22%	15
Microfinance	1049	131	10	9%	9%	52%	30%	12

Table 1. Overview of Research Results to Date.

Note: Experts in the “Other” category include policy makers, government officials, journalists, and consultants.

Climate Change Results Analysis

Sampling: Building a Good Expert Network

Focusing on climate change, we must first consider how successful we have been in building a “good” expert network. As mentioned earlier, a good expert network can be defined as one that is representative (both in terms of geography as well as occupation), has a high number of experts, and has a high quality of expertise (in terms of years of experience as well as type of experience). Our climate change research scores fairly well on each of these dimensions. We built a network of 139 experts who have an average of almost 13 years of experience, have a wide variety of occupations (see Table 1 above), and work all across the country, as this map illustrates:



Region	East Coast	Midwest	South	Northwest	West Coast	International
States included	CT, DC, MA, MD, ME, NH, NY, VT	IA, IL, MN, MI, OH	KY, TN, TX, VA	ID, OR, WA, MT	CA, AZ, CO	Australia, Canada, Netherlands, Switzerland, UK
Number of experts	57	13	5	8	41	9

Map 1. Summary of Geographic Information about Experts Network.

Note: Six experts did not have one work location and are excluded from the table and map above.

While these results can undoubtedly be further improved, we feel that we have passed the first challenge and demonstrated that it is possible to build a diverse and high quality expert network.

Turning our attention to the actual data produced by our experts, we want to be able to study at least three things: its quality, validity, and reliability.

Data Quality

Focusing on quality first, we need to examine the various pieces of data that we collect from our experts: the number of votes for each nonprofit, information about the Expert Fund allocations, and information about the quartile of nonprofit effectiveness (all of which are quantitative), as well as, the strengths and areas for improvement for each top-mentioned nonprofit (which are qualitative).

The 15 top-mentioned national nonprofit organizations for climate change (out of 169 total mentioned organizations) and key quantitative data that we collect for them are listed below in Table 2, while the full list of nonprofits can be found in Appendix 6.

Name of Organization	# Votes	Expert Fund %	Survey 2 Agreement	# Votes Survey 2
Natural Resources Defense Council, Inc.	48	14%	85%	26
Environmental Defense Action Fund	35	6%	64%	19
World Resources Institute	32	9%	83%	17
Union of Concerned Scientists, Inc.	27	11%	81%	15
Sierra Club	19	6%	64%	14
National Wildlife Federation	15	4%	48%	7
Pew Center on Global Climate Change	13	8%	87%	12
Alliance for Climate Protection	11	4%	57%	2
World Wildlife Fund, Inc.	10	5%	53%	6
League of Conservation Voters Inc.	9	7%	52%	4
ICLEI Local Governments for Sustainability USA	8	8%	54%	6
Nature Conservancy, Inc.	8	5%	47%	4
Energy Action Coalition	7	5%	66%	3
Greenpeace, Inc.	7	5%	40%	5
1Sky	7	3%	44%	3

Table 2. Overview of Key Data Collected.

Legend:

1. Column: Name of Organization – the final list of 15 expert recommended top nonprofits.
2. Column: # Votes – the number of expert votes each of the top 15 nonprofits collected.
3. Column: # Fund % - the percentage allocation that participants in Survey 2 collectively gave to the top nonprofits (weighted average).
4. Column: Survey 2 Agreement – the percentage of experts who participated in Survey 2 and ranked the organization in the top 25 percentile on the effectiveness score asked in Survey 2.
5. Column: # Votes Survey 2 – the number of votes each of the top 15 nonprofits collected if we only consider participants in Survey 2 as valid experts.

The full list of mentions of nonprofits in climate change (available in Appendix 6) follows a gamma distribution, which is a particular type of exponential distribution that has a small number of frequently mentioned organizations which quickly drops to a very large number of infrequently mentioned organizations. Our hypothesis is that this distribution is an accurate reflection of the fragmented nature of the nonprofits in the US and the domestic group of climate change nonprofits in particular.

To arrive at a short list of most mentioned nonprofits, we decided to focus on the top 15% of the distribution with the additional requirements that all nonprofits must be mentioned by at least 5% of the experts or have a minimum of 3 votes. There are two reasons for this approach. First, we want to ensure that we are covering only nonprofits that a sufficient number of experts agree are most effective. Second, we want to cover only a handful of nonprofits so that our information is actionable and manageable for an individual donor. In the case of climate change, our final list of top nonprofits included 15 organizations.

Table 2 above contains other quantitative data that we collect for our top nonprofits, which we review below.

For a sample of the kind of qualitative information we collect, here is an example of an expert review *summary* for the World Resources Institute (see Table 3 below); the unabbreviated version can be found in Appendix 7 and the full text of all expert reviews is located at:

<http://www.myphilanthropedia.org/fund/3>.

Summary of expert opinion about a top ranked nonprofit:

World Resources Institute Summary Remarks

Climate change experts believe that the World Resources Institute produces extremely high quality work, is a well-respected organization on an international level, and is run by a strong team of professionals.

At the same time, the World Resources Institute could have a much broader reach if they found a better way to communicate their results with the public. Additionally, the climate change experts believe WRI should expand their partnerships with other organizations.

Table 3. Summary of Expert Opinion about a Top Nonprofit.

We have collected similar data for each of our top nonprofits. The expert reviews are based on the strengths and areas for improvement that experts submitted in the second survey. The quality of these expert reviews varies and is much harder to systematically analyze due to its qualitative nature.

Nevertheless, through interviews with representatives from some top nonprofits and other nonprofit experts we found that the expert reviews capture some of the most important characteristics of these charities.

Data Validity and Reliability

As we perform further analysis on these data, we face a challenge due to the nature of the gamma distribution that describes the nonprofits' number of votes. The very long tail contains many nonprofits, the vast majority of which have received only 1 vote, which skews or invalidates many statistical techniques that we could use to analyze the dataset. Furthermore, in the cases of just one vote, there is a high probability that this single vote was random and that the nonprofit is not most effective, which makes analysis on the full data set very difficult. Therefore, we have performed further statistical analysis only on the top recommended nonprofits.

Furthermore, in terms of the validity and reliability of our results, we face another serious challenge. As we wrote earlier in this paper, data on nonprofit effectiveness and impact are very scarce, which makes correlating expert opinion with actual impact extremely difficult. We remain hopeful that we will be able to meaningfully explore this question in the future.

Therefore, we are limited to exploring potential problems around different intervening variables which could skew or invalidate our results. These variables are broadly split into two types: internal variable correlations and external variable correlations.

Starting with internal variables, we need to study the relationships between the different quantitative data that we collect in our surveys. This analysis is further complicated by the fact that not all experts who participate in Survey I participate in Survey II. (Fifty-two percent or 73 experts participated in Survey II out of the 139 experts from Survey I.)

	# Votes	Expert Fund %	Survey 2 Agreement	# Votes Survey 2
# Votes	1.00			
Expert Fund %	0.75	1.00		
Survey 2 Agreement	0.69	0.78	1.00	
# Votes Survey 2	0.96	0.79	0.75	1.00

Table 4. Correlations between Quantitative Data.

All of the correlations in Table 4 above are very high and in line with our expectations (pointing to high data reliability). One particularly important relationship is the correlation between "Survey 2 Agreement" and the other variables. The purpose behind this indicator is to ensure that we double check expert agreement and only highlight organizations that a sufficient number of experts agree are most effective. Looking at Table 2 and in particular the several organizations that have low "Survey 2 Agreement" score, we wondered if we should exclude some organizations from our final Expert Fund.

The high correlation between “Survey 2 Agreement” and “Expert Fund %” implies that organizations for which there is lower agreement are penalized in terms of their allocations in our Expert Fund, which gave us the confidence to highlight all 15 organizations on our website.

Furthermore, we also want to examine the relationships between expert self-rank, expert occupation, and cold-called versus referred experts with the final number of votes. To do this, we computed the correlations between these variables and the number of votes of the 15 organizations:

Climate Change Top National Organizations	Final Ranking (# of votes)	Expert self-rank 5	Expert self-rank 4	Expert self-rank 3	Foundation Professional ranking	Nonprofit Senior Staff ranking	Researcher ranking	Cold calls	Referrals
Natural Resources Defense Council, Inc.	48	22	17	9	10	25	5	20	28
Environmental Defense Action Fund	35	13	14	7	7	13	5	17	18
World Resources Institute	32	16	13	3	10	12	3	10	21
Union of Concerned Scientists, Inc.	27	17	7	3	2	12	4	8	19
Sierra Club	19	7	5	6	1	11	3	8	11
National Wildlife Federation	15	6	8	1	4	9	1	5	10
Pew Center on Global Climate Change	13	7	5	1	1	5	3	8	6
Alliance for Climate Protection	11	5	3	3	1	7	1	3	6
World Wildlife Fund, Inc.	10	1	3	4	3	1	2	7	3
League of Conservation Voters Inc.	9	2	6	1	2	5	0	3	6
ICLEI Local Governments for Sustainability	8	2	3	3	1	5	0	6	2
Nature Conservancy, Inc.	8	3	2	2	3	4	0	5	3
1Sky	7	0	5	2	1	5	0	4	3
Energy Action Coalition	7	4	2	1	3	3	0	1	6
Greenpeace, Inc.	7	4	3	0	0	3	2	6	1
Correlation		0.95	0.94	0.79	0.83	0.94	0.86	0.91	0.97

Table 5. Correlations between Number of Votes and Various Internal Variables.

Legend:

1. The table above contains summary statistics from the data set of all 139 experts and the top-15 most mentioned organizations in climate change.
2. Column: Final rankings – number of votes of organization by experts.
3. Columns: Expert self-rank 5/4/3 – self-rating of expertise of respondents on a scale of 1 to 5, where 5 means “most” expert.
4. Columns: Foundation Professional, Nonprofit Senior Staff, Researcher ranking – number of votes for the top-15 most mentioned organizations broken down by type of expert.
5. Columns: Cold-called, Warm Referrals – number of votes for the top-15 most mentioned organizations broken down by cold calls or warm referral.
6. Row: Correlation – Pearson R coefficient between the corresponding column and number of votes by experts (final ranking)

Note: The results above are from our analyses of the climate change survey (national-level nonprofits). We have performed the same type of analyses for Bay Area homelessness and have arrived at very similar results and conclusions.

Table 5 above demonstrates a few things. First, the expert self-rating scale is a meaningful selection criterion as evidenced by increasing correlations for the higher self-ratings. Second, all three major groups of experts agree with the final recommendations, although foundation professionals and researchers correlate slightly lower. Third, the use of referrals to further grow the network doesn't introduce bias into the results, as evidenced by the very high correlations for both cold calls and referrals.

Next, we examine the relationship between a set of external variables and the number of votes that experts gave to the top organizations. We want to study the effect that intervening variables, such as brand power, asset size of organization, age of organization, number of employees, etc., has on the judgment of experts and on our final results.

Climate Change Top National Organizations	Final Ranking (# of votes)	Revenue (2007)	Brand awareness (# of Google mentions)	Age	Size (# of employees in 2007)	Program Expenses % (CN)	Fundraising Efficiency (CN)
Natural Resources Defense Council, Inc.	48	\$ 107,999,911	72,700	39	326	78.4%	\$ 0.09
Environmental Defense Action Fund	35	\$ 122,811,126	75,900	42	330	80.1%	\$ 0.11
World Resources Institute	32	\$ 21,224,697	56,100	27	152	81.2%	\$ 0.06
Union of Concerned Scientists, Inc.	27	\$ 32,242,490	226,000	40	108	82.6%	\$ 0.11
Sierra Club	19	\$ 46,247,559	726,000	49	9	87.3%	\$ 0.06
National Wildlife Federation	15	\$ 94,573,828	23,800	73	372	76.4%	\$ 0.25
Pew Center on Global Climate Change	13	\$ 1,388,294	19,200	11	32	92.9%	\$ 0.01
Alliance for Climate Protection	11	\$ 25,434,128	12,200	3	8	n/a	n/a
World Wildlife Fund, Inc.	10	\$ 179,855,379	221,000	48	352	79.4%	\$ 0.14
League of Conservation Voters Inc.	9	\$ 6,839,513	243,000	24	4	88.4%	\$ 0.04
ICLEI Local Governments for Sustainability	8	\$ 4,628,952	17,300	14	17	n/a	n/a
Nature Conservancy, Inc.	8	\$1,398,742,000	70,700	58	3,084	79.5%	\$ 0.11
1Sky	7	\$ 2,347,831	11,200	2	11	n/a	n/a
Energy Action Coalition	7	\$ 5,000,000	7,030	5	80	n/a	n/a
Greenpeace, Inc.	7	\$ 39,569,311	294,000	38	8	77.9%	\$ 0.04
Correlations		-0.14	0.01	0.26	-0.10	-0.22	0.04

Table 6. Relationships between Number of Votes and Various External Variables.

Legend:

1. The table above contains summary statistics from the data set of all 139 experts and the top-15 most mentioned organizations in climate change.
2. Column: Final rankings – number of votes of organization by experts.
3. Column: Revenue (2007) – revenue of the organization in 2007.
4. Column: Brand awareness (# of Google mentions) – (this is a limited) proxy for brand index, based on number of returned pages for search strings based on the name of the organization.
5. Column: Age – age of the organization as of 2009.
6. Column: size (# of employees) – size of the organization in terms of number of full-time employees.
7. Column: Program Expenses % - Charity Navigator metric based on percentage of expenses that go towards programs (rather than overhead and fundraising).

8. Column: Fundraising Efficiency - Charity Navigator metric based on cost of raising \$1. Please note that 4 out of 15 top nonprofits were not covered by Charity Navigator.
9. Row: Correlations – correlations between the corresponding column and number of votes by experts (final ranking)

Note: We have also investigated the relationships between number of votes and Total Assets, Revenue, and Net Income. R-squared is similarly very low.

Note 2: We checked for outliers, identifying the Nature Conservancy's revenue and number of employees as skewing the results of our analysis. We performed the same tests after removing the outliers and found similarly low correlations.

Studying the table above offers a few insights. First, fears that experts are influenced disproportionately by these external variables and thus vote on the basis of a "popularity contest" are largely unfounded – there is no meaningful correlation between any of the variables we tested. These results assure us that the expert responses do offer a unique peek into these experts' opinions about top nonprofits. Second, we ran the same type of analysis against two of Charity Navigator's key ratios in order to examine the relationship between our results and theirs. The results for climate change indicate a very low correlation with our final list, which implies that Charity Navigator's metrics are particularly unrelated to the opinions of our experts about top nonprofits. In addition, when performing the same analysis for Bay Area homelessness nonprofits, we discovered first, that Charity Navigator covers fewer than 20 organizations in this category (out of the 200+ homelessness-related nonprofits in the Bay Area). Second, Charity Navigator featured only 3 of the top 13 expert-recommended organizations. Therefore, we could not correlate our results with Charity Navigator metrics. We believe that such analyses, comparing different approaches to evaluating nonprofits, could offer many interesting insights and we plan to expand on these early results in the future.

Conclusion

We devised this version of our methodology to see if we could rely on experts to measure the relative impact of nonprofits within the same sector. As this section demonstrates, we were able to create and survey a large, representative expert network. As a result, we were able to use expert agreement as a proxy for identifying top nonprofits. Furthermore, we were able to create meaningful expert reviews which capture some of the strengths and areas for improvement for each highlighted nonprofit.

Based on these findings, we conclude that our methodology presents a quality solution for identifying high-impact nonprofits. Now that we have established a solid foundation for our methodology, we turn our attention to areas for improvement in the next section.

IV. AREAS FOR IMPROVEMENT

We recognize that our methodology is still imperfect, which is why as we run each social cause, we look for ways to improve. Not only are we trying to hone our methodology so that we ask survey questions well and solicit thoughtful, meaningful responses from experts, but we're also trying to construct a survey that doesn't require too much time from our experts. Additionally, we're interested in building a survey that is easily scalable so that we can expand into many more social causes, quickly. Therefore, in this section, we examine what we've learned from our research this summer 2009, as well as consider the feedback we've received from close advisors and peer institutions such as GiveWell to propose our own suggestions for improvement.

We have quite a number of intended changes which have been grouped here according to the headings:

1. General and Sampling Changes
2. Survey I Changes
3. Survey II Changes
4. Analysis of Results

In summary, we will make changes to improve the clarity of our questions, to ensure we are inviting the highest-quality experts, and to become more transparent about which experts are included in our research. We will more clearly ask experts to recommend nonprofits based on impact, focus our research on just one "level" at a time (i.e. national-level versus local-level), we will ask the experts to recommend a fewer number of nonprofits, and we will refine the order in which we ask certain questions. Finally, we will share more of our results to date with the public.

1. General and Sampling Changes

Survey question language

In general, we plan to revamp/clarify the language we use in our survey. We will carefully choose specific words to help explain what we do, why we're doing it, and how we hope experts will contribute. However, we will also try to be clearer so we can increase the quality of the responses from our experts.

We also plan to find a better way to explain what Philanthropedia does to experts so they continue to support our work in the future, are willing to be publicly connected with our work, and even share information about our work with others. We hope to be able to educate experts about the importance of sharing their perspective with the world so more donations can flow to high-impact nonprofits.

How to ensure high quality experts?

We want to be sure that our experts are leaders in their field, are very knowledgeable about their sector, and are who they say they are. Of course, the notion of expertise is rather subjective and can include a mix of subjective and objective factors. Currently, we ask experts to self-evaluate their level of expertise, disclose their years of experience, and share their relevant professional affiliations, education, and work experience. We plan to refine these questions to make sure we are collecting relevant information that can help confirm the professional's expertise. We also plan to perform additional random checks to confirm experts are who they say they are.

How to get more experts to share their biography information and support our work?

In our past research, we gave experts the option to share their public biographies. However, we would like to be able to include more experts' biographies on our website because this helps donors and users of our website understand where the recommendations are coming from. We also want to protect the privacy of our experts to a certain extent because we are asking them to disclose their personal/professional views, some of which may be negative or constructively critical. Therefore, we will continue to promise experts that we will not link their name to a specific quote or vote for a nonprofit; however, going forward, we will require all experts to be listed on our website if they choose to participate in the survey. We anticipate that this will decrease our response rate; however, we hope it will increase the quality of our responses and increase the transparency of our own organization. We will rewrite our terms and conditions so we clearly disclose this policy in both surveys.

2. Survey I Changes

Open-ended questions or pre-filled questions?

Currently, we ask experts to list their top three criteria for evaluating nonprofit effectiveness. Responses are open-ended, blank boxes for experts to input a few words. While this type of open-ended response is more difficult to analyze (because of the need to group and code the qualitative responses), we feel that until we have run a social cause more than once, we need these responses to be open-ended to capture the nuances of each particular field. For example, in looking at Bay Area homelessness, we found that serving the needs of one's clients (i.e. homeless population) was a key criterion for success; however, as one might imagine, this specific criterion did not surface in our climate change research.

We also thought about providing a drop-down box of prefilled nonprofit names when asking for the list of the top 5 nonprofits at a particular level (i.e. national, local, etc.). This would make the survey more scalable, easier to analyze, and maybe even easier to take as an expert. However, we decided that it would be difficult to list every possible nonprofit that one might consider for a category. We could ask an expert to create these lists, but we worry that we still might miss some nonprofits that would

otherwise make the list, and we worry that seeing the names of certain nonprofits might bias the experts in their response. Therefore, we plan to keep these responses open-ended.

Ask about Effectiveness or Impact?

In our last iteration of the survey, we asked experts to identify the top three criteria they use to evaluate nonprofit effectiveness. To us, an effective nonprofit not only has impact, but has a number of other attributes as well, such as strong leadership, qualified staff, financial stability or responsibility, and so on. Impact, however, looks specifically at the long-lasting change a nonprofit has had in a community or around the goals they set out to achieve. We're interested in identifying nonprofits with high impact rather than nonprofits that are simply well run. Therefore, we will change this question to be focused on the most important measures for impact in a particular sector rather than the criteria for effective nonprofits.

Ask for national, local, and start-up nonprofits all in one survey?

This summer, we asked climate change experts to list up to five top nonprofits at the national, local, and start-up level. This meant that experts could potentially list 15 nonprofits and answer the question, why is it outstanding? This is a lot to ask an expert, especially if we don't use the responses. Additionally, we found that because the survey was national in scope, the responses we received for nonprofits at the local level were geographically quite diverse. We might have one or two experts recommend a nonprofit in their local area. We didn't feel there were enough experts in a given area to recommend the local climate change nonprofits through our website. Because we won't use this information, we feel it's not the best use of our experts' time and will eliminate this section. Therefore, for national level causes, we will ask only for national and start-up level nonprofits. For local-level causes, we will ask only for local and start-up level nonprofits. And for international-level causes, we will ask only for international and start-up level nonprofits. This should reduce the time it takes experts to complete the survey.

Ask for up to 5 nonprofits per category or 4?

In an effort to streamline the survey process for our experts, we questioned whether it made sense to ask for up to 5 top nonprofits per category or just 4. We ran an analysis to determine if the results from Survey I would differ drastically if only nonprofits listed in the 1-4 slots were included in the analysis. We found that the 139 climate change experts listed 521 organizations in their response to "list top 5 nonprofits at the national level." When we removed all organizations mentioned in the 5th slot, there were 457 nonprofits listed—a difference of 64 nonprofits. When we re-ran the results of the survey, we found that the list of top 15% of nonprofits differed by only one nonprofit at the very bottom of the list. Therefore, we concluded that asking for only the top 4 nonprofits would likely not drastically alter the results. So to eliminate this additional time for experts, we will remove the 5th nonprofit category from future surveys.

What to do about start-ups?

In the past, we've treated start-ups the same as national and local-level nonprofits. However, we now think they should be treated somewhat differently because they are so new (usually fewer than 2-3 years old) and likely cannot be evaluated in the same way as an established nonprofit (no record of proven impact yet). Therefore, we will ask experts to identify up to two start-up nonprofits working in their sector that are particularly promising. We will ask experts why the nonprofit is promising and in what way it is innovative. Once we collect this information, we may follow up with certain experts and staff at the start-ups to learn more about these organizations and write special profiles for our website to highlight particular start-ups from time-to-time.

To date, we haven't shared the recommended start-up nonprofits on our website because of our own resource limitations to build that part of our website. We intend to develop this part of our website in the coming months to make this information public.

Keep the Survey I nonprofit cut-off to top-15% or include more organizations?

We've thought about including more organizations on our website, assuming we can collect enough good information about each organization. After all, there are more than just a handful of high-impact nonprofits in a given sector. However, we have also received feedback that having only a handful of nonprofits is easier to manage from the donor's perspective. One of our goals is to provide donors with good information that's actionable. We worry that highlighting 25 or 30 organizations might make the decision making process more difficult for donors. Additionally, it's likely more difficult to distribute 100 monetary points across 25 organizations than say, 15.

However, it is also possible that after Survey II, we discover that we cannot confidently claim that *all* of the top-15% are actually expert *recommended* based on the experts' comments and monetary allocations. Therefore, we will still have our experts review the top-15% most mentioned nonprofits in Survey II, but we may decide to only include the top-10 nonprofits, for example, in the Expert Fund as part of the "recommended" group of nonprofits. We may decide to still highlight a few of the other nonprofits as "reviewed," though not explicitly recommended.

3. Survey II Changes

Still ask about the strengths and areas for improvement for each nonprofit in Survey II?

Currently, we ask experts to comment on the strengths and areas for improvement for three of the top-15% most mentioned nonprofits in Survey II. However, we'd like to increase the quality of these responses. Upon reflection, we realized that it was illogical to be asking this question in the second

survey because most likely, the people who recommended the organization would know the most about it and if those very experts chose not to respond to Survey II, we would miss an opportunity to hear their perspective. Therefore, going forward, we will ask this question in Survey I so we can try to capture the experts' responses who initially recommended the organizations.

Before, we asked experts to identify why the organization they recommended was outstanding in an effort to measure the quality of expert responses and make sure experts had a reason for their recommendation. However, we never used these responses for any further analysis. Therefore, by asking for the strengths and areas for improvement for 4 organizations, we will accomplish the original goal, as well as be able to actually use the information we collect. Further, we will have more detailed information about more organizations than before (which we may be able to use in some other way) because we will ask this about *all* nonprofits, not just the top-15% most mentioned in the second survey.

However, we also recognize that by only asking those who recommend an organization to comment on the strengths and areas for improvement, we may miss the perspectives of skeptics or others with differing viewpoints. Therefore, we plan to ask a shorter, follow-up question in Survey II which will allow any expert to comment on the strengths and areas for improvement for any of the top-15% most mentioned organizations.

Additionally, we will only ask about the strengths and areas for improvement for nonprofits at the national and local level.

Eliminate nonprofit effectiveness question in Survey II?

In Survey II, the first question we ask is "How effective are these nonprofits focusing on climate change on the national level compared to ALL climate change nonprofits in this space?" The purpose of this question is to confirm with the experts that these are indeed the top nonprofits. We found that the ranked list of nonprofits didn't significantly differ after taking into consideration the results of this question. However, this question is still important in order to confirm with the experts that they agree with their colleagues' recommendations, therefore, we will still ask this question though try to phrase it in a more effective way.

How to allocate 100 monetary points?

We still plan to ask experts how they would allocate 100 monetary points across the top-15% most mentioned nonprofits; however, we will change the instructions slightly because we want experts to allocate the money according to which nonprofits have had the most impact *and* could most efficiently and effectively use the influx of additional resources. This reflects our belief that the optimal social return on investment can be calculated by multiplying the impact produced per dollar of investment times the capacity to absorb additional dollars.

4. Analysis of Results

How to Share Results with the Public?

To date, we share only a minimal amount of information with the public compared to the total that we collect. We would like to share more of the analysis and results with others, so we are working on a way to organize this information. We have come up with the idea of a “report card” that will show much more information about the types of experts we invited, how we reached them, which types of experts responded, etc. We will also present our results on our website in a way so visitors can sort the results based on expert type, years of experience, etc. These are just some examples of the types of information we collect and can now display. We are excited to finally share this data with the public in a meaningful way.

Conclusion

We have learned a lot over the last few months based on our research to-date and based on feedback and reflection about our work. We have shown that our methodology can capture the relative impact of nonprofits within the same sector. Now we are trying to find ways to perfect this technique and increase the quality of the data and responses we collect. Some of the changes we make will improve the survey generally: refining our survey language to make sure the questions we ask are clear, changing techniques to make sure we invite the highest-quality experts, and doing more to make public the names of experts who participate in our research. Other changes will be to the survey questions specifically so we get more precise and more thorough responses from experts. And finally, we have some intended changes around the way we display the results to the public so individuals can sort the information in many more ways in the future.

V. WHITEPAPER CONCLUSION

This whitepaper serves two main purposes: (1) to make the case for using experts to identify high-impact nonprofits, and (2) to explain our progress toward a specific methodology to date. To accomplish these two goals, we clarified the problems that philanthropy is facing and explained our solution. We outlined the most recent iteration of our methodology, shared the results and analysis from our climate change research to demonstrate how the approach works, and, finally, listed the areas for improvement that we will incorporate into the next iteration of our survey.

In summary, we have demonstrated that our approach has unique advantages in terms of quality and cost. We have also shown that it can identify some of the most effective nonprofits within a social cause.

We have learned a lot over the last few months based on our research to-date and based on feedback and reflection about our work. Now we are trying to find ways to perfect our technique and increase the quality of the data and responses we collect. Some of the changes we make will improve the survey generally: refining our survey language to make sure the questions we ask are clear, changing techniques to make sure we invite the highest-quality experts, and doing more to make public the names of experts who participate in our research. Other changes will be to the survey questions specifically so we get more precise and more thorough responses from experts. And finally, we have some intended changes around the way we display the results to the public so individuals can sort the information in many more ways in the future.

Of course, there are many topics beyond the scope of this paper that we have been working on, as well. We did not go into detail about how we review nonprofit start-ups in our research, the exact language we will use in our new survey, what the new research "report card" with additional analyses will actually look like, what new features we intend to develop for our website in the coming year, and information about who our donors are and what their giving habits are like. We hope to share this additional, important information with the public over time through our website and blog.

We have a lot more work to do, but we are optimistic about the future. We are humbled by and grateful for the advisors, experts, and colleagues who have supported our research, engaged us in debate, and pushed our thinking so we could improve personally and as an organization. We envision a future where we are partners alongside the funders, experts, and other nonprofits whose work is focused on improving the nonprofit sector through feedback, dialog, and financial support. We hope this whitepaper can serve as a continuation of our conversations with colleagues and we invite others to join in the discussion. Working together we can make a greater impact on the nonprofit sector.

APPENDIX 1 – FOUNDATIONS OF THE VENTURE

As a new organization, we feel it is important to summarize the basic principles upon which Philanthropedia was built and now operates on a daily basis.

Mission

Philanthropedia's mission is to improve nonprofit effectiveness by directing money to and facilitating discussion about expert recommended high-impact nonprofits.

Vision

Philanthropedia's vision is to inspire everyone to give with impact and to improve nonprofit effectiveness. We envision a world:

- where all experts openly share their knowledge about nonprofits,
- where all donors give to high-impact nonprofits in social causes they care about,
- and where all nonprofits improve their practices because of increased transparency, accountability, and open discussion.

Values

Fundamentally, we value:

Excellence

We strive for excellence in our research, professional relationships, management, and all other aspects of our work.

Continuous improvement

We seek continuous improvement through hypothesis-based, data-driven, iteration-heavy decision making.

Our stakeholders

We believe in serving the needs of our stakeholders, including donors, experts, and nonprofits.

What makes us unique is that we value:

Expertise

Without expertise we lose the opportunity to build on a vast existing body of knowledge.

Innovation

Without innovation we cannot create new, better solutions to funding and improving the nonprofit sector.

Humility

Without humility we are blind to our weaknesses and miss the chance to learn from others.

We measure success by looking at the:

- Number and quality of experts participating in research
- Number of donors using Philanthropedia and using our data
- Amount of donations to expert recommended nonprofits
- Lively public discussions about impact
- Nonprofits improving based on feedback

Theory of Change



APPENDIX 2 – THE IMPORTANCE OF INNOVATION

When reading this whitepaper, it's important to understand that Philanthropedia is operating under the framework of social innovation. As with any other innovation, we operate in an environment characterized by both uncertainty and opportunity. That is why we have developed and follow a framework focused on continuous improvement on the basis of good judgment and solid data:

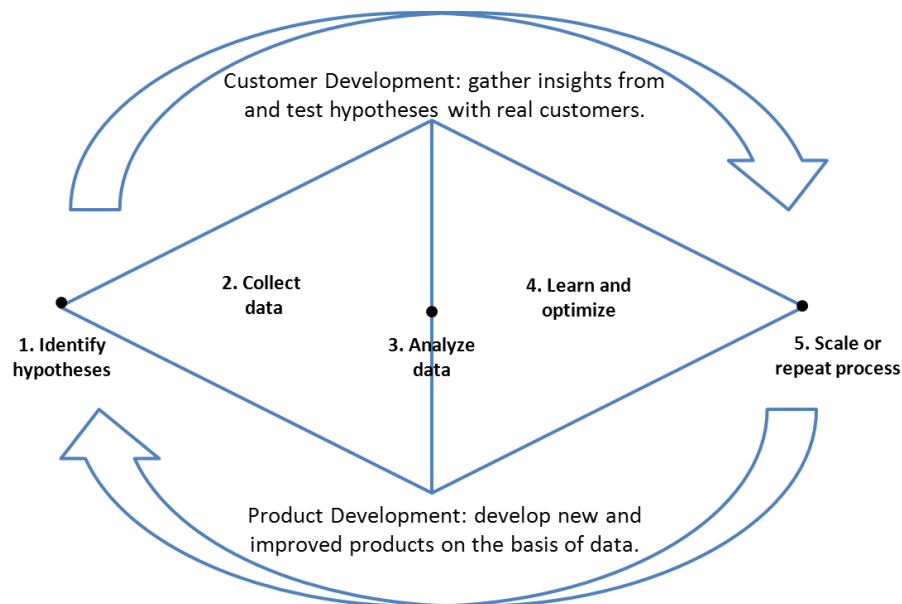


Figure 1: Innovation framework used by Philanthropedia.

Our framework, reflected in the figure above, is based on several important ideas:

- The rhomboid shape illustrates the environment of uncertainty under which we operate. Because we do not know in advance what will work, we place multiple small bets to try out many different things, analyzing the results later and choosing what to implement and what to discard. For example, we have only made public about 1/3 of the total information that we collect through our surveys because we were unsure how to best present the rest publicly.
- The circular arrows show that the best type of feedback comes from customers: experts in the case of our surveys, donors in the case of our products, and so on. We conduct customer research and collect feedback that we combine with our own judgment and capabilities in order to build better products. Then the cycle repeats. For example, the current webpage is what we call a minimum viable product, built to test how to position and market our Expert Funds and other product and content ideas to donors.

Together, these two notions represent a heavily modified version of IDEO/Stanford Design School's design thinking¹⁷ and the Lean Start-up methodology advocated by Steve Blank and Eric Ries.¹⁸ Essentially, our approach follows closely the scientific method: we focus on continuous improvement by placing small, smart bets that we later evaluate through a hypothesis-based, data-driven, iteration-heavy decision making lens.

¹⁷ You can read more about design thinking in this SSIR article:

http://www.ssireview.org/articles/entry/design_thinking_for_social_innovation/

¹⁸ You can read more about lean start-ups at: <http://www.startuplessonslearned.com/>

APPENDIX 3 – ABOUT THE AUTHORS

Erinn Andrews

COO, Philanthropedia

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Erinn Andrews is COO of Philanthropedia and focused primarily on Philanthropedia's research efforts. She has a Master of Arts in Education from Stanford University's School of Education in the Policy, Organization, & Leadership Studies program. She was on the leadership team for the Graduate School of Business Education Club and a Social Chair Representative for the School of Education Guild. Prior to graduate school, Erinn worked in the Office of Undergraduate Admission at Stanford University as the Assistant Director where she managed 73 international territories, reading, evaluating, and supporting recommendations on more than 2,500 freshman applications. Erinn completed her undergraduate studies at Stanford University, earning a Bachelor of Arts in History with honors.

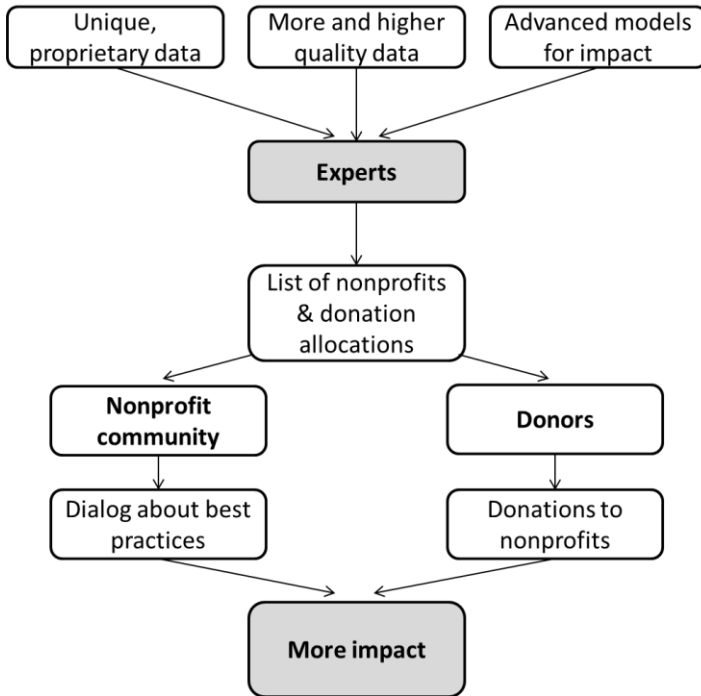
Deyan Vitanov

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Deyan Vitanov is co-founder and CEO of Philanthropedia. Deyan's passion is leveraging technology to solve important societal problems. He has an MBA from the Stanford Graduate School of Business, where he was an active member of the Entrepreneurship Club and organized the 2009 Stanford GSB Entrepreneurship Conference. Deyan also holds a Bachelor of Arts in Integrated Social Sciences from Jacobs University Bremen in Bremen, Germany. Before Philanthropedia, Deyan co-founded an internet startup, creating an online community for beginner computer programmers. Furthermore, he has established and led two local Rotaract chapters, part of the Rotary International organization. Through these nonprofit ventures, Deyan has worked on local and regional community issues, ranging from helping underprivileged children and orphans to improving K-12 educational programs.

APPENDIX 4 – THE VALUE OF EXPERT OPINION



APPENDIX 5 – SCALE FOR SELF-REPORTED EXPERTISE

On average, how would you characterize your expertise in *social cause X*?

Limited: "I have limited knowledge of this issue area and do not feel qualified to identify high-impact organizations."

Basic: "I have basic knowledge of this issue area, and might be able to make a directional assessment of the organizations with which I am familiar. My professional experience and training might qualify me to identify and evaluate a few of the highest-impact organizations in the sector."

Moderate: "I have moderate knowledge of this issue area and am confident in making a directional assessment of the organizations with which I am familiar. My professional experience and training probably qualifies me to identify and evaluate a few of the highest-impact organizations in the sector."

Strong: "I have strong knowledge of this issue area that is both broad and deep. My professional experience and training qualifies me to identify and evaluate some, but perhaps not most or all, of the highest-impact organizations in the sector."

Expert: "I have expert knowledge of this issue area that is both broad and deep, including experience with multiple sub-issues. My professional experience and training qualifies me to confidently identify and evaluate most or all of the highest-impact organizations in the sector."

APPENDIX 6 – FULL RESULTS FROM CLIMATE CHANGE SURVEY ON MOST EFFECTIVE NATIONAL ORGANIZATIONS

National Climate Change Organizations	# Mentions	National Climate Change Organizations	# Mentions	National Climate Change Organizations	# Mentions
Natural Resources Defense Council, Inc.	48	Defenders of Wildlife	2	International Council on Clean Transportation	1
Environmental Defense Action Fund	35	Conservation Law Foundation Inc.	2	Institute for Policy Studies: Sustainable Energy a	1
World Resources Institute	32	Climate Action Network International	2	Institute for Environmental Innovation	1
Union of Concerned Scientists, Inc.	27	Center for Resource Solutions	2	Greenpeace UK	1
Sierra Club	19	Alaska Conservation Solutions	2	Green House Network	1
National Wildlife Federation	15	www.desmogblog.com	1	Green Building Certification Institute	1
Pew Center on Global Climate Change	13	World Meteorological Organization	1	Gordon E. and Betty I. Moore Foundation	1
World Wildlife Fund, Inc.	10	World Development Movement	1	Global Alliance for Incinerator Alternatives	1
League of Conservation Voters Inc.	9	Woods Hole Research Center, Inc.	1	Germanwatch	1
Alliance for Climate Protection	9	Winslow Foundation	1	Forest Peoples Programme	1
Nature Conservancy, Inc.	8	William and Flora Hewlett Foundation	1	Focus on the Global South	1
ICLEI Local Governments for Sustainability US/	8	Wildlife Conservation Society	1	Fauna & Flora International Inc.	1
Greenpeace, Inc.	7	Western Water Assessment	1	Exloco	1
Energy Action Coalition	7	Western Governors' Association	1	Evangelical Environmental Network	1
1Sky	7	W. M. Keck Foundation	1	European Climate Foundation	1
The Energy Foundation	6	US Green Building Council Inc.	1	Environmental Working Group	1
Environment America Inc.	6	Trout Unlimited	1	Environmental Law Institute	1
ClimateWorks Foundation	6	Transport and Environment	1	Environmental Integrity Project	1
Climate Group Inc.	6	Tomales Bay Institute	1	Energy Modeling Forum	1
Center for American Progress	6	Tinker Foundation, Inc.	1	Electric Power Research Institute Inc.	1
The US Climate Action Network	6	The Vote Solar Initiative	1	EarthShare	1
Pew Environment Group	5	The Regeneration Project	1	Earthsavers DREAMS Ensemble	1
Ceres, Inc.	5	The Pembina Institute	1	Earth Justice	1
Center for Climate Strategies	5	The Ocean Project	1	Doris Duke Charitable Foundation	1
Center for Clean Air Policy	5	The National Council for Science and the Envir	1	David Suzuki Foundation USA	1
Worldwatch Institute	4	The Katoomba Group Inc.	1	David and Lucile Packard Foundation	1
Southern Alliance for Clean Energy	4	The Corner House	1	Conservation Services Group	1
Rainforest Action Network	4	Sustainable Conservation	1	Competitive Enterprise Institute	1
Green for All	4	Surfrider Foundation	1	Coastal Oceans Research and Development in t	1
Friends of the Earth	4	SuMar	1	Climate Trust	1
Environmental Law and Policy Center of the Mic	4	South Centre	1	Climate Science Watch	1
Climate Project	4	Society for Conservation Biology	1	Climate Justice Now!	1
Avaaz Foundation	4	Sea Shepherd Conservation Society	1	Climate Change Local Area Support Programme	1
350.org	4	Sandbag	1	Climate Change	1
The Alliance for Climate Protection	3	Rockefeller Foundation	1	Climate Central Inc.	1
Rocky Mountain Institute	3	Renewable Northwest Project	1	ClientEarth	1
Resources for the Future Inc.	3	Reconnecting America and the Center for Trans	1	Clean Wisconsin Inc.	1
Fresh Energy	3	Plug In America	1	Clean Economy Network	1
Environment Northeast	3	PLATFORM (London based)	1	CICEANA (Centro de Informacion y Comunicaci	1
EcoAdapt	3	Physicians for Social Responsibility Inc.	1	Center for New American Security Inc.	1
E3G	3	Oxfam-America Inc.	1	Center for European Policy Studies	1
Conservation International Foundation	3	Northeast States for Coordinated Air Use Mana	1	Carnegie Institution of Washington	1
Climate Solutions	3	Nicolas Institute for Environmental Policy Soluti	1	Carbon Trade Watch	1
Clean Air Task Force Inc.	3	Next 10	1	Carbon Fund	1
Clean Air Cool Planet Inc.	3	Natuur en Milieu	1	Carbon Disclosure Project	1
Chesapeake Climate Action Network	3	National Public Radio, Inc.	1	CalCars	1
Center for Biological Diversity Inc.	3	National Parks Conservation Association	1	Business for Social Responsibility	1
American Council for an Energy Efficient Econo	3	National Farmers Union	1	Brazilian Institute for Energy and the Environmer	1
The Environmental and Energy Study Institute	2	National Commission on Energy Policy	1	Bonneville Environmental Foundation	1
The Business Council for Sustainable Energy	2	National Audubon Society, Inc.	1	Blue Green Alliance	1
Resource Media	2	Molina Center for Energy and the Environment	1	Birdlife International	1
Intergovernmental Panel on Climate Change	2	Manomet Inc.	1	Association for the Advancement of Sustainabilit	1
Institute for Transportation and Development Pc	2	KyotoUSA	1	Ashoka	1
Indigenous Educational Network of Turtle Islanc	2	Kids vs. Global Warming	1	American Rivers, Inc.	1
Friends of the Earth International	2	Inuit Circumpolar Council	1	American College & University Presidents Clima	1
FERN	2	International Union for Conservation of Nature	1	Alliance to Save Energy	1
				360	1

APPENDIX 7 – EXAMPLE OF EXPERT FEEDBACK ABOUT A TOP CLIMATE CHANGE NONPROFIT

Philanthropedia collects information from experts about strong aspects of and areas for improvement for each top-recommended organization. You can find an example of the type of information we collect below (for the World Resources Institute) – we have comparable data for each of the top-15 recommended organizations in climate change available at <http://www.myphilanthropedia.org>.

World Resources Institute Summary of Expert Comments

Climate change experts believe that the World Resources Institute produces extremely high quality work, is a well-respected organization on an international level, and is run by a strong team of professionals.

At the same time, the World Resources Institute could have a much broader reach if they found a better way to communicate their results with the public. Additionally, the climate change experts believe WRI should expand their partnerships with other organizations.

What World Resources Institute is doing well:

Quality Work:

“WRI publishes honest, reliable, meaningful data and supporting documentation.”

“WRI does some of the best research in the field.”

“WRI starts with science and adds rigorous, transparent analysis to illuminate the energy and climate impacts of the policy choices we face.”

“They have a tremendous analytical capacity across all climate issues.”

“The quality of their work is very high and they are very organized about their approach to the debate.”

“WRI does great analysis and is credible. Plus they do policy work well and are business savvy.”

“They do excellent work.”

“They do good analysis, great coalition building, and produce excellent materials.”

“They do good analysis and are perceived to be unbiased.”

“They do good analyses, particularly ones focused on agriculture.”

“WRI truly does science and data driven work to illuminate the problem and solutions.”

“WRI produces strong research that is linked to policy, and they have excellent international contacts.”

“The quality of their work is very high and they are very organized about their approach to the debate.”

“They produce excellent and dependable reports.”

“They focus on tangible results.”

High Level of Respect and Credibility:

“WRI is a credible, respected think tank that also understands the value of advocacy.”

“WRI is one of the very few US organizations that can actually be taken seriously in addressing international issues that relate to developing countries and not only the US or EU.”

"They are one of the most reputable conservation think tanks."

"They are a well-respected think tank."

Strong Professional Team:

"They have high quality staff and a broad reach."

"They have a high level of professional performance."

"They have an unparalleled team of experts."

Active Leader:

"They have been active at all levels from policy to development of implementation tools both globally and in the US."

What the World Resources Institute could do better:

Better Communication:

"WRI should work to make its information more accessible and more available to the press and the general public."

"They should have a better communications strategy to share their research."

"WRI should produce briefer papers on timely topics in the policy debate."

"They should make their activities more widely known."

"WRI should figure out how to share their information in a better way."

"They should do more public outreach."

"They should get more coverage for their findings."

"They should hold more public events."

"They should increase their media outreach."

"They should make better use of their products."

"They should improve their outreach and communication."

Work Cooperatively:

"They should form more partnerships with state and regional groups and partner with credible messengers to brief state legislatures, utility regulators, farm groups, and other key constituencies."

"They should continue their efforts to expand/build advocacy for U.S. policy."

"They should work more cooperatively with other environmental NGOs."

"WRI should consider looking at carbon rents."

"They should expand the climate aspects of Earthtrends."

Other:

"They should be outcome driven and politically active."

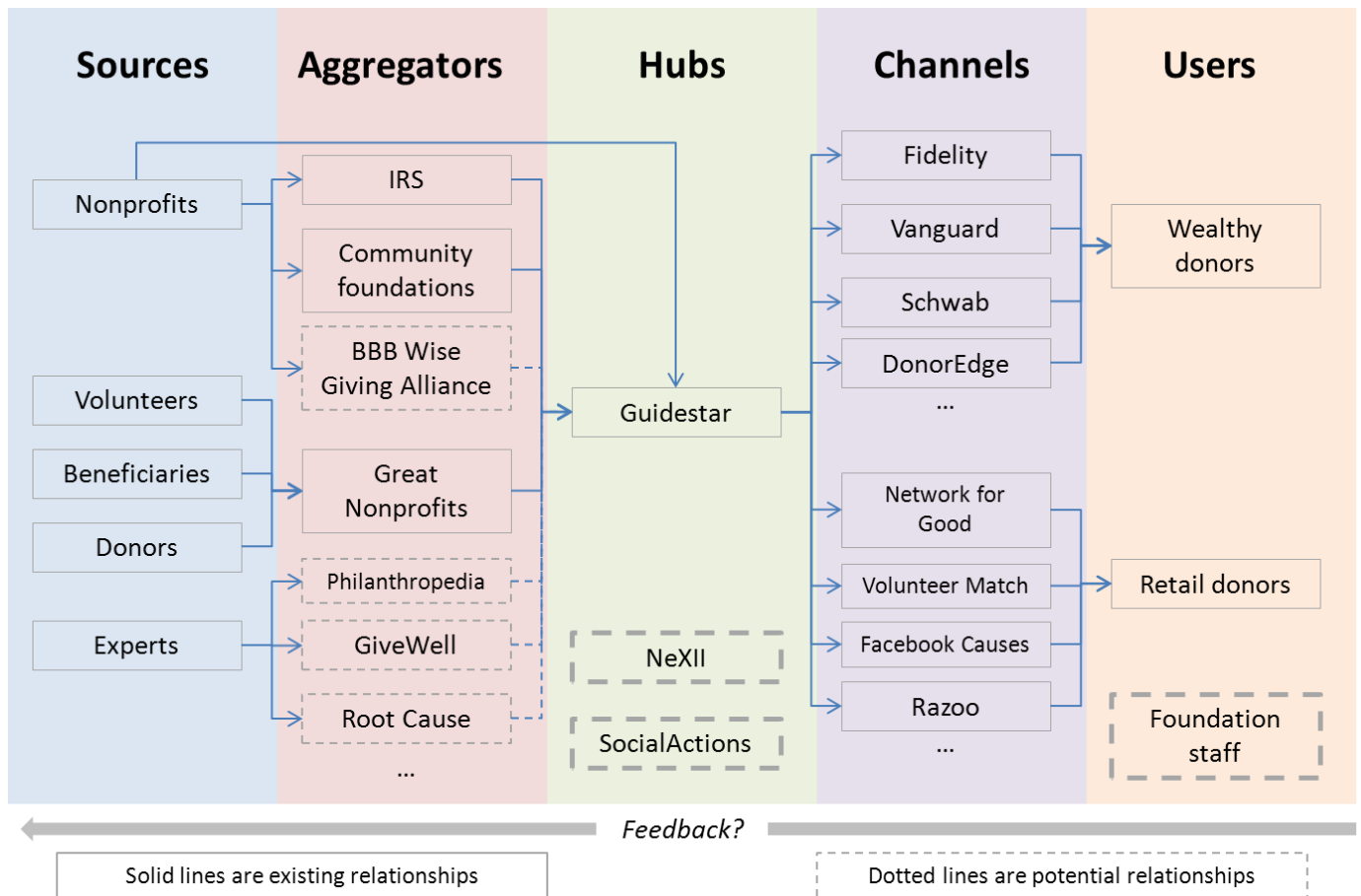
"They should continue their pragmatic approach, market-based approach, and increase their economic analyses."

"They should be more active and vocal in their thinking on how climate change will impact poor developing countries and populations disproportionately impacted."

"They could perhaps integrate the politics of decision making a little more with the analytics."

APPENDIX 8 – THE SUPPLY CHAIN OF NONPROFIT INFORMATION BY THE HEWLETT FOUNDATION

The supply chain of nonprofit information – 2010



For more information about this effort, please contact Jacob Harold at the Hewlett Foundation.

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