

‘Towards effectiveness: how charities adapt and change to help beneficiaries more.’

Victor Frankl, the Austrian psychiatrist and Holocaust survivor once said *‘When we are no longer able to change a situation, we are challenged to change ourselves.’*

All charities are set up to change some situation or other: an injustice, a misconceived public viewpoint, a dearth of opportunities for a vulnerable group. And we hope that they are successful in changing these situations. But if they are not, or if they are not as successful as they could be, then as Frankl says, they need to look at changing themselves.

I’m here today to talk to you about what I think makes a charity effective, and to share stories of how charities have achieved more for the people they help through adaptation and change.

My name is Iona Joy and I work for New Philanthropy Capital, a charity dedicated to improving the effectiveness of charities and the effectiveness of the charitable sector. Before that I was a venture capitalist in emerging markets such as Uganda and Far East. And before that I was a banker. So I’ve been analysing organisations for most of my working life.

At NPC, part of my job involves analysing charities in order to help them understand how to become more effective and create more impact. By impact I mean what charities achieve. It’s about concrete improvement in people’s lives:

Is it profound?

Are people reached?

Is there a real change?

Will the change last?

While some people get hung up on the distinctions between outcomes and impact, the important distinction in my opinion is between what charities do and what they achieve..

It would probably be helpful if I started by explaining a bit more about how we at NPC analyse charities and what we think marks out an effective charity .

Effective charities focus on activities that achieve a real difference; use evidence of results to improve performance; optimise the use of resources; and are ambitious to solve problems rather than simply perpetuating their own existence. At the head of all this, good leadership is vital to achieving effectiveness.

When we analyse a charity, we look at all of these five characteristics. To expand a bit further.

- **Importance of activities.** This isn’t as daft as it sounds. What should the charity be doing to really help people? Are its activities addressing the most important needs?
- **Evidence of results.** We’re talking being able to really demonstrate how lives have changed—not just how many people turned up to a service. Can the charity prove that what it does works? Does it use the results data it collects to adapt and improve its services?



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- **Leadership.** A charity won't get anywhere without good leadership. Does the charity have decent trustee board and senior management team as well as a good chief executive? Are staff motivated and inspired?
- **Efficient use of resources.** No, this isn't about admin costs. This is about using what resources the charity has—money, skilled staff, volunteers and contacts—to maximum effect. Is the charity getting good deals on procurement by collaborating with other charities? Is it getting the funding it should from government? Does it manage volunteers so that they do a useful job?
- **Ambition.** This is a hard one to articulate. This is about looking beyond a charity's immediate user group and thinking about how it really wants to change things. I once met a charity whose ambition was to have 3 years' reserves. I was looking for something more like 'We want to make sure that all children with life-limiting conditions in Hampshire get the support and care they need.'

So these five: Importance of activities; results; leadership; use of resources; and ambition, are what NPC believes marks out an effective charity. You can read more about how we analyse charities in a free report *Doing good, better* which comes out later this year.

Now we are realists are NPC. Most of the charities we analyse are not scored 'excellent' in all these five areas, and we recognise that capturing great, useful information on results, or optimising the use of your resources for example, are not things that can be tackled overnight. We ourselves are not great in all these areas. But we are making efforts to improve and we encourage other charities to as well.

Most importantly, we know it can be done. There are charities who have achieved great successes by adapting and changing the way they do things. By changing, charities can help people more profoundly or help more people or both.

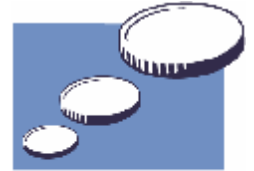
Take Beat. Beat is a charity dealing with eating disorders—it used to be known as the Eating Disorders Association. It is a great example of what a positive change in leadership can do for a charity.

Beat's three aims are 'to change the way everyone thinks and talks about eating disorders; to improve the way services and treatment are provided; and to help sufferers and families believe that eating disorders can be beaten'. At the heart of this is the need to reach people needing treatment, so they get treated quickly. The quicker the treatment, the more likely the recovery.

Disorders like anorexia are dangerous—one in five seriously affected die. And there are a lot of people suffering from eating disorders, over a million. It's a serious issue, but often difficult to identify. Also it's often stigmatised by public and medical attitudes—'silly girls on silly diets'—meaning sufferers hide. 92% of young sufferers who contacted Beat say they felt that they could not tell anyone they had a problem before contacting Beat. Three quarters of families say its damaged them permanently.

Today Beat is highly regarded and seen as a credible expert by government, academics and medics who view it as a route to the people affected. It is accessible to young people with an enormous reach—36 million people visit the website each year, and nearly 50,000 call the helpline. And it saves lives: 77% of email users said the service moved them closer to recovery. Some of those users may well have died if they'd not felt able to seek help and recover.

One user told Beat: *'Thank you for taking the time to read my emails and encouraging me to go to my GP. I feel that there is light at the end of the tunnel after many years of private agony.'*



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Another commented; *'Attending the self-help group is invaluable for my recovery.....after my hospitalisation I wasn't offered any support, but the self-help group has helped me to stay on track with my eating, relaxation etc.*

But Beat wasn't always this dynamic and successful. Before 2002, it was parochial and relatively unprofessional. Its board and management mainly consisted of former sufferers—not a bad thing in itself, but it meant that the board didn't have the right skills mix. Internal processes were ad hoc, and the charity's approach to campaigning and government was often seen as 'stropy' and unconstructively oppositional.

This lack of professionalism can be a problem with the issue-specific charities that NPC sees in the sector. They can be inward-looking and narrow in focus. Often they are not savvy at developing a credible strategy and seeing opportunities to create impact. Beat exemplified this – the website was pretty moribund, and the charity wasn't taken seriously by government and professionals. Decision-making was cumbersome and managerial accountability vague so Beat's impact on users' lives was limited.

So what changed? In 2002 Beat got a new chief executive, Susan Ringwood. She created a culture shift at Beat with the aim of making the charity more professional, and focusing it more on young people.

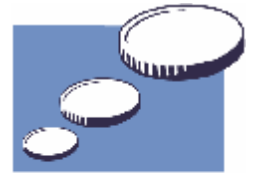
As a result of Susan's work, Impetus, the venture philanthropy grant-maker got on board. Beat got resources to change its name, to restructure its management team and to develop a strategy.

The chair of trustees, uncomfortable with making changes in response to Impetus and Susan's aspirations for the charity, was replaced with a dynamic businessman who had experience of eating disorders through his daughter. He brought with him other board members, like successful entrepreneurs, with a range of skills. Although a difficult move—before the board was comprised solely of sufferers or former sufferers—the result was a board with much broader vision and a greater ability to detach business decisions from emotional attachments.

The charity's stronger focus on young people, rather than parents, came through its work raising awareness and changing the ways eating disorders are portrayed in schools, the media and the fashion industry. This decision helped the charity to achieve more impact, as it realised early intervention and tackling root causes were key to addressing and preventing eating disorders.

Most importantly, this push for change from a new chief exec has resulted in a better and more accessible service for young people suffering from eating disorders. Since its name change from the medical, stuffy, 'Eating Disorder Association' the charity has seen a 25% increase in the number of young people contacting it. And while Beat has a challenge going forward in proving its results in terms of changed attitudes, awareness, early successful treatment and prevention the organisation now has a strong culture of performance management, and uses a 'balanced scorecard' to manage performance and accountability.. We believe that these changes has resulted in more people turning their lives around.

Beat provides a great example of how a change in leadership can boost new life into an organisations, and set it on a path towards success and great results. But measuring results and acting on those results is also a hallmark of effectiveness. Which brings me on to my next example.



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For the last 15 years, the Brandon Centre in north London has been using clinical scales to measure the outcomes of the psychotherapy and counselling service it runs for young people with mental health problems. Its services include advice on sexual health: young people come in for contraception, but end up seeing a therapist too.

The Brandon Centre deals with some seriously dysfunctional young people. 40% have violent and offending behaviour or other 'conduct problems'. They often have big problems trusting adults in authority—one young person who used the service for two years, describes the process of building trust saying,

'Although initial appointments were difficult, I soon felt I could completely trust my therapist and had much respect for her advice and suggestions.... After encountering major difficulties with my local GP and mental health services, I can't stress enough the importance, the role that the BC counselling played, in helping me through a very difficult time of my life.'

Collecting and reviewing the data on its clinical scales has enabled the charity to understand which areas of its work are most effective and to adapt its services to best help the young people it works with. Measurement can reveal some uncomfortable truths.

For example, it found that the young people who were most likely to drop out of, or derive little benefit from, conventional counselling therapy were those with conduct problems such as violent or criminal behaviour. However, this group accounted for 40% of the young people in therapy. The Brandon Centre therefore decided to change its approach and pilot two other programmes to try and find a better way of helping this group:

The first of these was parent-training sessions offering practical support and guidance for parents on how to manage their child's behaviour;

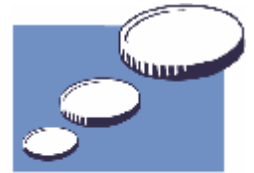
The second was multisystemic therapy (MST), a programme that involves working closely with the families of persistent young offenders to change their destructive behaviour patterns.

The centre also recruited a therapist who specialised in cognitive behavioural therapy (CBT), a form of therapy that has been proven to help people with anger-management issues.

By carefully evaluating the new forms of therapy, the Brandon Centre is building the academic and clinical evidence base for what works in reducing conduct problems. It is the first organisation to run a randomised controlled trial to test the effectiveness of MST in the UK, and the UK Department of Health is using the results of this trial to inform the roll-out of MST at other sites. In this way, the results of a small, community-based charity are informing national policy and international research.

Having good data on results not only helps a charity adapt its services to users needs. It also makes it easier to demonstrate the value of the centre's work in monetary terms.

We estimate that the cost of providing the service to each person showing an improvement (around half of the clients) is about £1,800. This is a tiny sum compared to the costs this treatment prevents—costs related to issues such as truancy, exclusion from school and youth offending, which are often related to mental health problems. For example, NPC has estimated that stopping a teenager from being excluded saves £20,000 for the education system alone. The Brandon Centre can therefore say that there is at least a ten-fold return to investing in its psychotherapy and counselling service—a persuasive case to take to funders.



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And we've noticed that unlike many charities, the Brandon Centre tends to do well in negotiations with its local health and social funders.

NPC wants other charities like the Brandon Centre to look hard at the evidence of their own results and, if necessary, make tough decisions.

Returning to the title of my talk today—how charities can help beneficiaries more through adapting and changing—for my final example I can't ignore mergers as a way to radically change a charity.

Mergers are the ultimate way of using resources more effectively. NPC has just created a bit of a storm by writing about how charities could potentially benefit from merging. In the paper we were careful to say that we certainly don't think that merging is the right thing in most cases. It's a costly and tricky affair, and not a decision to be taken lightly. But to show how it can be successful the paper also includes examples of where change through merging has resulted in a better service for the people the charity was set up to help.

One example we include is the NSPCC merger with Childline.

You probably all know that NSPCC works to end child abuse across the UK through a range of local projects and high-profile national campaigns. It is a household name and one of the largest fundraising charities in the UK. Before the merger, it had an income of around £116m per annum.

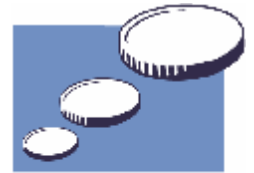
ChildLine is a confidential freephone telephone helpline available for children to call if they are frightened, feel that they are at risk, or have been victims of violence. It is staffed by volunteer counsellors in 14 regional offices around the UK. It was established in 1988 by Esther Rantzen—who remains chair and chief executive of the charity—and before the merger had an income of £15m per annum.

The trustees of ChildLine approached NSPCC in summer 2005, as they were concerned by the financial situation of the charity, and in particular that reserves were at a very low level. After a period of discussion and due diligence, the merger formally took place in March 2006. At this time as well they were only answering half the calls.

There were a number of benefits. ChildLine provided a nationally recognised and respected service that seemed to fit well into NSPCC's portfolio of work. It gave the NSPCC first-hand access to the issues of most concern to children. As one senior figure at NSPCC remarked, *'If ChildLine didn't exist we would have had to invent it.'*

On the other side, joining forces with the NSPCC gave ChildLine a secure home for its work and much-needed investment, all underpinned by a capacity to generate income that is the envy of the charity sector. Why does all this matter? Because people like Gill ring the helpline and a lot of them weren't getting through.

Gill who told ChildLine, *'I was so low at points throughout my abuse that I really wanted to chuck myself off a bridge and drown. But I would go into a phone box and call ChildLine. If it weren't for ChildLine, I know I wouldn't be here right now.'*



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So what happened after the merger?

Since 2006, ChildLine's services have improved, ultimately resulting in more calls and more children getting through to counsellors. NSPCC was able to make badly-needed investments in the service, upgrading IT facilities and, more recently, adding online and texting capacity.

Since the merger, the rate of answered calls has increased from around a half to two thirds. The number of answered calls continues to grow and at the last survey was up 20,000 year-on-year over the six months between April and September 2008. The total number of calls made to ChildLine is now in excess of 1.2 million.

ChildLine also brought a lot to the NSPCC's party. One of the benefits of merger was to give NSPCC access to ChildLine's mine of information on what children worry about, which had previously gone unused. Recent coverage in the press on the mental health of children and suicide is based on this information and has helped NSPCC raise the profile of some poorly understood issues. The information also challenges NSPCC on its priorities for its services.

The merger was not without difficulties. In particular, it required the time and energy of senior staff for six months. Personnel issues required careful management, particularly to retain ChildLine volunteers and to ensure that the trustees of ChildLine felt that their concerns had been addressed. However, some of the difficulties that often emerge post-merger were not a concern. For example, when staff were transferred from ChildLine to NSPCC they found that they were better off in their terms of employment.

Three years on the merger can be considered a success.

These charities haven't been alone in having to change—NPC has also had to adapt. We found that we weren't achieving our mission of helping charities and funders become more effective as well as we could, so we chose to provide more services aimed directly at charities. We had to change the way we work with donors, after realising there was no a huge deal of demand for our charity portfolio service. So we know that change can be tough, while at the same time recognising the benefits it can bring.

I hope I've given you some food for thought today and maybe inspired some of you to go away and think about how change could benefit your organisation. We work in a sector where there is plenty of opportunity for innovation, for improvement and for impact. By focusing on these things, and striving for results, we could change the lives of the people who really matter, those our charity exists to help.

Iona Joy was speaking at an event run by the Society for Promoting the Training of Women, a small charity that gives loans for women to pursue professional training and gain employment.

14 July 2009.