

WHAT DONORS WANT FROM RELIEF GROUPS; *Paul C. Light*. The Chronicle of Philanthropy: Sept. 29, 2005

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Hurricane Katrina reminds the world just how generous Americans can be in times of crisis. Donors in the United States have contributed more than \$1-billion, a far quicker pace of giving than the record-setting donations made in the wake of the September 11, 2001, terrorist attacks.

The generosity does not mean that Americans will ignore how their dollars are spent. If the past is prologue, many Americans will be skeptical about how well the nation's charitable organizations actually operate. As an as-yet-to-be released survey by me and my colleagues at New York University suggests, many Americans still have serious doubts about whether charitable organizations do a good job spending money wisely, helping people, and running their programs and services.

According to the survey of 1,500 adults, a third of Americans have little or no confidence in charitable organizations, one half say charitable executives are paid too much, and two-thirds believe charitable organizations waste a great deal or fair amount of money.

Equally troubling, barely one-tenth of Americans think charities do a very good job spending money wisely.

Those doubts have obviously not undermined the giving instinct following Katrina. But they do speak to a growing risk that Americans' confidence will plummet if charities do not put the money to work quickly and effectively.

This is exactly what happened after September 11. After they donated in record numbers following the terrorist attacks, many Americans were paying close attention to the controversies surrounding disbursement of the relief funds, and clearly did not like what they saw. Confidence in charitable organizations plummeted in the months directly following the attacks, and has yet to rebound.

Viewed as a glass half full, 60 percent of Americans had a great deal or fair amount of confidence in charitable organizations in the months before Hurricane Katrina. Viewed as a glass half empty, charitable organizations now rank well behind the military, police, and church, and just ahead of public schools, television news, and Congress when Americans are asked to rate their confidence in them. To the extent that institutions are known by the company they keep, charitable organizations have plenty of reason to worry about the ultimate impact of sagging confidence on giving and volunteering, not to mention increased government regulation.

The good news is that Americans still believe most charitable organizations have the right priorities and help the right people.

The bad news is that the public has come to doubt the ability of charities to actually get the money out the door effectively. They are not saying "show us the cause," but "show us the impact."

Luckily for charities, the public is likely to see Katrina as a nonprofit success story. Long before the hurricane struck, major relief organizations had made great strides toward improving their ability to move quickly and effectively. After they got stuck in the cross hairs of the post-September 11 controversy, the American Red Cross may have done the most to respond to public expectations. It was:

- Much more alert to the impending catastrophe than federal, state, and local governments, for example. It started moving people and equipment into jumping-off points two days before the hurricane hit and had canteens and tents up only hours after the skies cleared.

- Agile in mobilizing experts from across the nation, and linking its public-service announcements to a particularly effective Internet fund-raising site, which has accounted for a significant share of its contributions.
- Quick to adapt to the problems posed by the levee breaches in New Orleans, calling upon chapters in almost every state to prepare to receive people displaced by the storm.
- Ready to move medicine into place swiftly to deal with the waterborne diseases associated with the flooding.

The Red Cross kept its focus on its main mission: to start serving food, and deal with immediate physical and emotional needs. Because it had invested heavily in building a robust organization, the Red Cross hit the ground running and has yet to stop. If only government agencies had followed suit.

The challenge will be to meet intense public expectations of transparency during what promises to be a long recovery. The Red Cross must be ready to show where every dollar went when the news media and charity watchdog groups come calling.

The Red Cross is very effective in dealing with the initial stage of disaster, but it will need help to invest the contributions wisely in long-term recovery by collaborating with nonprofit groups that already work in the Gulf states. Indeed, the Red Cross is already under fire for not getting into New Orleans faster and journalists are already raising questions about how the charity will spend the money it raises.

The Red Cross might want to take lessons from United Ways, which have taken steps to improve their organizational performance by focusing on results and getting donors more involved in deciding where their money should go.

Both United Ways and the Red Cross have done much already to strengthen public confidence in their organizations, while lowering skepticism about waste and high salaries. The rest of the nonprofit world can learn an important lesson from their actions.

Confidence is intimately linked to performance, not need. The more charities can show that they are actually making a difference in rebuilding lives, improving the environment, and strengthening communities, the higher confidence will go.

Strengthening organizational capacity takes more than good intentions, however. It takes money to spend money wisely, and decent salaries to recruit and retain talented nonprofit executives and staff members.

Instead of focusing on lowering administrative costs to near zero, nonprofit organizations have to make a better case to donors that investing in sound management systems is essential to making a difference.

In turn, donors should recognize that spending money on people, equipment, and planning may be the wisest investment of all, especially if they want to help charitable organizations retake their place at the top of America's most trusted institutions.