The Robin Hood Rules for Smart Giving
Michael Weinstein and Ralph Bradburd

The Robin Hood Foundation is a charitable organization focused on alleviating poverty in New York City. One of the book's authors is the foundation's senior vice president. In that role he developed its metrics-based approach, called “relentless monetization,” to ensure that the money the foundation receives and grants is used most effectively. The other author has served as long-time consultant to Robin Hood on matters of metrics. This book shows how to implement the Robin Hood approach and explains how any nonprofit organizations or philanthropic donor can use it to achieve the greatest benefit from every philanthropic dollar. Drawing on extensive knowledge, the text devotes specific chapters to the difficulties most frequently encountered by donors trying to measure the benefits of their initiatives. This book provides straightforward, targeted advice for funding “smart” nonprofit programs.

Overview of Relentless Monetization
Michael M. Weinstein and Ralph M. Bradburd

This book proposes a framework by which to make smart philanthropic decisions. Philanthropic decisions refer to decisions driven by a mission other than the maximization of personal profit. Smart means achieving philanthropic goals to the maximum extent possible with whatever money is available. The framework is called Relentless Monetization (RM), which methodically applies benefit/cost analysis to the task of making effective philanthropic choices. To demonstrate how widely applicable the RM framework can be in practice, and whether it can
guide real-time philanthropic decisions in smart directions, the book focuses on the actual practices of the Robin Hood Foundation, a nonprofit organization that makes grants available of about $120 million a year to community-based organizations in New York City to alleviate poverty. In this introduction, the seven steps that define RM are outlined and the full dimension of RM's smart philanthropy is explained.

The Meaning of Present Discounted Values
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

This chapter examines the notion of present discounted value (PDV). Funders prefer benefits that accrue immediately to identical benefits that accrue in the future. There are three rationales for the premise: impatience, aversion to risk, and compound interest. As funders quantify the impact of their interventions, whether by Relentless Monetization (RM) or some other framework, they can ignore with impunity uncertain benefits that might accrue generations into the future. In the real world, the computation of PDVs requires that we make some choices: the interest rate, the assumed inflation rate, and the pattern of the stream of benefits over time, including the length of time that the benefits will last. Properly discounting future benefits as part of RM is all in the interest of making better choices in allocating resources. It follows that a funder's choice of discount rate must be made with care and that a funder should use a consistent discount rate when assessing the benefits of the various interventions it could fund.

Six Purposes
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

This chapter discusses the six purposes of Relentless Monetization (RM): shared vocabulary for internal deliberations, communication with grantees, transparency, diagnosis, ranking grants, and measuring the performance of the funder (in addition to that of the grant). Subjecting
grant making to the rigor of RM changes the nature of grant-making discussions. Rather than loose talk about inspirational executive directors or creative missions, staff relies on a shared vocabulary that centers on outcomes-based evidence. Moreover, RM allows funders to make the algorithms it uses to assign mission-relevant value to interventions available for external scrutiny. RM's use of benefit/cost ratios in grant making can be likened to the use of SAT scores in college admissions. Lastly, the Robin Hood Foundation requires its program officers to compare the estimated benefit/cost ratio before the grant was made to the benefit/cost ratio after the grant year is over.

Conclusion
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

Published in print: 2013 Published Online: November 2015
columbia/97802311158367.003.0013
Item type: chapter

This book has demonstrated how Relentless Monetization (RM) provides a sound basis by which to practice smart philanthropy. RM offers a straightforward and transparent way to compare the value of one philanthropic option against another, thereby providing a means for squeezing the most benefit from every philanthropic dollar—that is, a means for making smart philanthropic decisions. Although the book has documented the use of RM by the Robin Hood Foundation, the fundamental principles fully apply to other philanthropic purposes. The power of RM lies in its consistent and persistent application of benefit/cost analysis. But although the arithmetic of benefit/cost ratios is essential, providing funders and nonprofit organizations a powerful diagnostic tool by which to assess and improve their activities, RM is bigger than arithmetic. It is more than chasing high ratios. It works best when supplemented by rich observation.

Basics of Monetizing Outcomes
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

Published in print: 2013 Published Online: November 2015
columbia/97802311158367.003.0003
Item type: chapter
This chapter discusses the principles behind monetizing individual outcomes, the analytical springboard for the concept of smart philanthropy. Funders virtually always have a choice of outcomes that could serve to advance their mission. Therefore, to know which initiatives to fund so as to best achieve that mission, Relentless Monetization calls for monetizing each distinct outcome. For example, in the case of a funder whose mission is to ameliorate poverty, those outcomes might include helping chronically unemployed women find work in the construction industry, or abused women get orders of protection against abusive husbands. To make matters concrete, this chapter considers a grant by a poverty-fighting funder to help high school dropouts re-enroll and earn their diplomas. It also looks at the Robin Hood Foundation's use of a measure called quality-adjusted life years (QALY) to monetize changes in health status. Finally, it examines the problem of double counting and how Robin Hood addresses it.

Prominent Metrics Systems
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving
Published in print: 2013 Published Online: November 2015
Publisher: Columbia University Press
doi: 10.7312/columbia/9780231158367.003.0011
Item type: chapter

This chapter compares Relentless Monetization with several prominent alternative systems of metrics, with particular emphasis on four large-picture questions. First, do the metrics systems tackle the hard problem of measuring mission-relevant outcomes, or, do they, instead, track simpler to measure input focused variables such as costs or numbers of participants? Second, does the metrics system handle the comparison of apples to oranges—compare the value of one type of benefit versus that of another? Third, does the metrics system take careful account of counterfactual evidence and, if so, how? Fourth, does the metrics system enable funders to allocate funds coherently and effectively? The chapter review a number of alternatives to the Robin Hood Foundation's version of small-bore benefit/cost analysis, namely: cost-effectiveness analysis, BACO (best available charitable option) ratio, social rate of return on investment, cost-per-impact, expected return, and Charity Navigator.
Examples of Metrics by Grant
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

This chapter provides examples of metrics by grant, that is, assigning a single monetary value to interventions that generate multiple outcomes. Two examples of Robin Hood Foundation initiatives for fighting poverty are considered: emergency food programs and microlending. The emergency food programs funded by Robin Hood do a lot more than distribute free food; the programs aim for many different outcomes. Relentless Monetization (RM) imposes a demanding, data-driven regimen for grantees and grantor. Robin Hood aims to cover the financial cost of data gathering by its grantees. Robin Hood also funds loans to low-income individuals who seek to set up home businesses or startup ventures such as selling cosmetics or resale of imported trinkets. The idea is to raise household income. RM calls on funders to track outcomes of those who take out microloans from their grantees.

Completing the Analytical Traverse
Michael M. Weinstein and Ralph M. Bradburd

This chapter discusses the use of benefit/cost ratios to rank the relative impacts of philanthropic interventions, known as small-bore benefit/cost analysis. The ratios capture the collective mission-related benefit that individual grants create per dollar cost to the funder. In the case of the Robin Hood Foundation, benefit/cost ratios capture the extent to which a particular grant raises the collective living standards of poor New Yorkers per dollar cost to the organization. Small-bore benefit/cost ratios allow for comparing philanthropic interventions of all forms and purposes. Small-bore benefit/cost analysis provides nonprofit organizations a tool by which to achieve consistently powerful outcomes, and it does so in a way that gives donors clear evidence (good or bad) about the impact of their money. It is no surprise, then, that Robin Hood's financially savvy donors embraced the rigor of Relentless Monetization (RM) early. RM calls on funders to estimate benefit/cost ratios for proposed or actual
interventions or grants. RM is all about responsible funders balancing benefits and costs.

Key Generalities
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

This chapter outlines the key generalities of Relentless Monetization (RM) by answering questions often posed by funders, donors, and nonprofits seeking funders and donors. These questions include: for funders who choose to practice RM, whether benefit/cost ratios are the sole basis for making grants; whether RM tramples donor intent; whether pursuing interventions with high benefit/cost ratios drives funders to specialize—to fund one program type to the exclusion of most others; whether philanthropists would be better served by relying on comparisons of cost-effectiveness, which are far simpler than benefit/cost comparisons; whether estimates obtained by small-bore benefit/cost analysis are accurate; how the Robin Hood Foundation’s estimated benefit/cost ratios compare to those found in academic studies of similar kinds of programs; how RM deals with risk; whether benefit/cost estimates are subject to manipulation; and whether RM treats all dollar gains of equal value.

Translating Mission Into Mission-Relevant Outcomes
Michael M. Weinstein and Ralph M. Bradburd

in The Robin Hood Rules for Smart Giving

This chapter outlines the first four (of seven) steps by which philanthropists put Relentless Monetization into action, using the Robin Hood Foundation as an example. The first step is to adopt a mission statement, such as fighting poverty. The second step is to translate the mission statement into broad goals. The poverty fighter sets the goal of raising the living standards of low wage workers. The third step is to identify interventions that achieve mission-driven goals. Robin Hood employs dozens of different interventions to fight poverty, including microloans to immigrant entrepreneurs, shelters for victims of domestic
violence, soup kitchens, and academically focused prekindergarten programs. The last step is to identify mission-relevant outcomes that flow from the proposed intervention and those that are relevant to the chosen mission. This chapter also considers the implication of identifying outcomes according to a funder's mission by focusing on outcomes that should not be counted.

Reflections on Risk
Michael M. Weinstein and Ralph M. Bradburd
in The Robin Hood Rules for Smart Giving

This chapter discusses the issue of risk management in Relentless Monetization (RM), the fact that philanthropists cannot know for sure the impact of their interventions. The following broad points are considered: funders, to best fulfill their missions, need to take account of the risks that their decisions impose on the intended beneficiaries—an obligation known as the “good steward” responsibility; when addressing issues of risk, funders might well resort to simple rules of thumb; for large grants that impose sizeable risks for the funder's intended beneficiaries, RM sets out a more elaborate conceptual framework; the notion of “real options valuation,” a fundamental feature of the literature on managing financial risk, can be usefully applied to philanthropic decisions; the notion of game changers—investments that substantially alter the economic landscape of which they are a part—can be usefully applied to philanthropic decisions.

Examples of Metrics by Outcome
Michael M. Weinstein and Ralph M. Bradburd
in The Robin Hood Rules for Smart Giving

This chapter provides numerical examples that illustrate the metrics of Relentless Monetization and outlines the equations by which a single monetary value is assigned to individual outcomes generated by a funder's grant. This chapter looks at some examples of the 170 or so distinct mission-relevant outcomes that arise from grants funded
by the Robin Hood Foundation, including: acquiring a high school diploma; overturning eviction notices; enrolling unemployed workers for unemployment insurance; extending microloans to Iraq/Afghanistan vets, leading to setting up of home businesses; preventing first arrest of criminally at-risk youth; and helping victims of domestic violence deal with posttraumatic stress disorder. The common thread is that similar interventions for dissimilar populations amount to distinct interventions, requiring different calculations to track impact. In other words, estimating counterfactual values is an essential part of the process of monetizing outcomes.