

business advisory council, gourmet cookware sponsors, and some former energy traders to help us get our fundraising and administrative costs as low as possible. By recoding, moving some numbers, and sharpening our pencils a lot, we got down to .5% fundraising costs and .4% administration expenses.” Shane had no advice for other organizations wanting a better rating, other than: “If they want to report high overhead, that’s their business.”

Elena Anthrop (no relation), Director of the Northwest Association of Nonprofits, is skeptical of the success of the Charity Evaluator. “Their list is a joke, some of the organizations are defunct, the formulas are idiotic, but I have to hand it to them—dingbat rating systems are all the rage. I see these rankings quoted all the time,” she said.

Glutan and Charity Evaluator’s CEO, Sigrid Svenson, both felt the opposition was predictable. The quite buff Svenson retorted that “All these groups

are part of what I call the “Charity Industrial Complex”—flabby protectionists struggling against history to preserve their high body fat content,” she said. “Lots of people lack the discipline to stick to diet and exercise—well, your charity aerobics instructor from Hell is here! And after this, we fix the foundations.”

Glutan compares the Charity Evaluator operation to a modern rendering plant, “Frankly, these people are too defensive. If you boil down as many carcasses as I have, you realize there’s no survival advantage in being thin skinned.”

Charity Evaluator has definitely caught the attention of the nation’s media. “We were looking for ways to quickly communicate the value proposition of charities,” said Greg Schlemiel, managing editor of *Price of Everything* magazine, “Our readers are very busy high performers, and can’t spend minutes reading about effectiveness.”

Mr. Glutan adds, “I wish every Amer-

ican spent three hours a week at their public library, but I gotta tell you, it’s not gonna happen. Frankly, if you can’t show your effectiveness in 60 seconds or less, in this world you are ineffective.”

Charity Evaluator’s ratings system worries Elena Anthrop, who accuses it of “creating metrics that reward manipulation.” Anthrop told a recent foundation conference that “This is exactly what will motivate nonprofit Enrons to get started.” Foundations reacted nervously when told they would be rated based on the administrative cost (all expenses other than grants) of giving away a dollar.

Forging ahead, James Glutan doesn’t worry about the disapproval. “There are two kinds of people in the world,” Glutan said. “Those who moan about where the world is headed, and those who help it get there. I decided long ago that I wanted to be in the second group.”

PHIL ANTHROP is a consultant to foundations in G-8 countries.



PHOTO: PETER McDONALD

“990 Super Number” Separates Charity Wheat from Chaff

by Phil Anthrop

THE COMPLAINTS STARTED AS SOON as the Charity Evaluator® Web site completed its comprehensive analysis of efficiency and effectiveness and released its list of the top 100 charities in the U.S.

Among the more controversial conclusions:

Chamber orchestras were rated as more effective than full orchestras, due to the use of the following formula: Effectiveness = number of performances divided by number of performers.

Traditionally highly rated Mayo Clinic and Johns Hopkins University received surprisingly low marks, as the formula used divided the total number of full-time equivalent employees by the number of live births. “We decided that the most fundamental measure of the health of humanity is to continue the species—if you’re not birthing you’re dying,” states the Charity Evaluator Web site.

Organizations with more than five board members were downgraded, and those with three or fewer were awarded bonus points based on their ability to make speedier decisions with less chatting.

Organizational efficiency ratings (94% of the overall ranking system) were based solely on what organizations reported on line 44b of IRS form 990 divided by line 44a (generating the “990 Super Number,” according to the Charity Evaluator Web site).

Top 10 charities in the U.S.:

1. Brunch for Africa, a three-year-old organization in Marina Del Rey, CA
2. Charity Evaluator, Princeton, NJ
3. William Aramony Volunteer Initiatives in America, Coral Gables, FL
4. New Era Philanthropy, Philadelphia, PA
5. PTL Ministries, Charlotte, NC
6. Carl B. and Florence E. King Foundation, Dallas, TX
7. Home Stretch Heart-to-Heart Helping Hands Chamber Orchestra, Carbondale, CO
8. Americans for Tax Reform, Washington, DC
9. Home School Legal Defense Association, Purcellville, VA
10. Kiddy Wishy, Orlando, FL

The eclectic list immediately drew sharp criticism, as did the fact that Charity Evaluator itself was awarded the second-highest ranking in the country.

The larger-than-life founder of Charity Evaluator is James Glutan, a food scientist turned international commodity baron who made \$4.2 billion on the sale of his New Jersey-based enterprise, LTI. With a five-member board led by Mr. Glutan, his wife, and three business friends from New York and New Jersey, Charity Evaluator modeled itself on the *U.S. News and World Report* ratings of colleges, and hired staff away from the *Princeton Review*.

Mr. Glutan was very aware of the criticism. “I know that some people will object to the fact that we evaluate our-

selves, but frankly, this rating system is completely impartial, and if we weren’t willing to put ourselves through the same rigorous process we use for others, really, what kind of credibility would we have? Besides,” Glutan pointed out, “We are now the number one charity rater in the country, based on media coverage.”

Glutan’s experience measuring the fat content of sausages led him to a fortune selling ocean tankers of lard and tallow to Latin America and Africa: “This country allowed me to make a fortune taking the fat out of America and feeding the world—now I want to give back, and take the fat out of America’s charities.”

When asked if Charity Evaluator wasn’t being too simplistic, Mr. Glutan strongly defended the new rating system, “Fifty years ago people said earthquakes, tornadoes, and hurricanes were impossibly complex, but scientists narrowed them all down to the numbers one through 10—and you don’t hear earthquake victims whining about that. I really don’t know what these charities’ beef is, other than that they like their pork—if you catch my drift.”

Brent Shane, a former congressional staffer and now President, CEO, and Chief Social Entrepreneur for Brunch for Africa, which received the number one rating, described the work it took to get this rating. “We convened our

Continued on page 103 