

MISSION AND MEASUREMENT

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INTRODUCTION

In what role do you serve?

- A. Board chair
- B. Board committee member
- C. Nonprofit executive
- D. Nonprofit staff

IMPACT MEASUREMENT: A NEW ERA

In 2011, Bob Ottenhoff, GuideStar USA's president and CEO, wrote in his blog:

“The era of assumed virtue in the nonprofit sector is over... people want to know how their contributions are being used.”

What changed?

I. **Philanthropic dollars**

Number of nonprofits in ecosystem ↗ = Competition for dollars ↗

II. **Government set the stage**

Increased scrutiny and growing scarcity of public funds

III. **Rise in transparency and accountability**

Social and news media contribute to desire for better understanding of where gifts/contributions go and how they are utilized

IV. **Donor evolution**

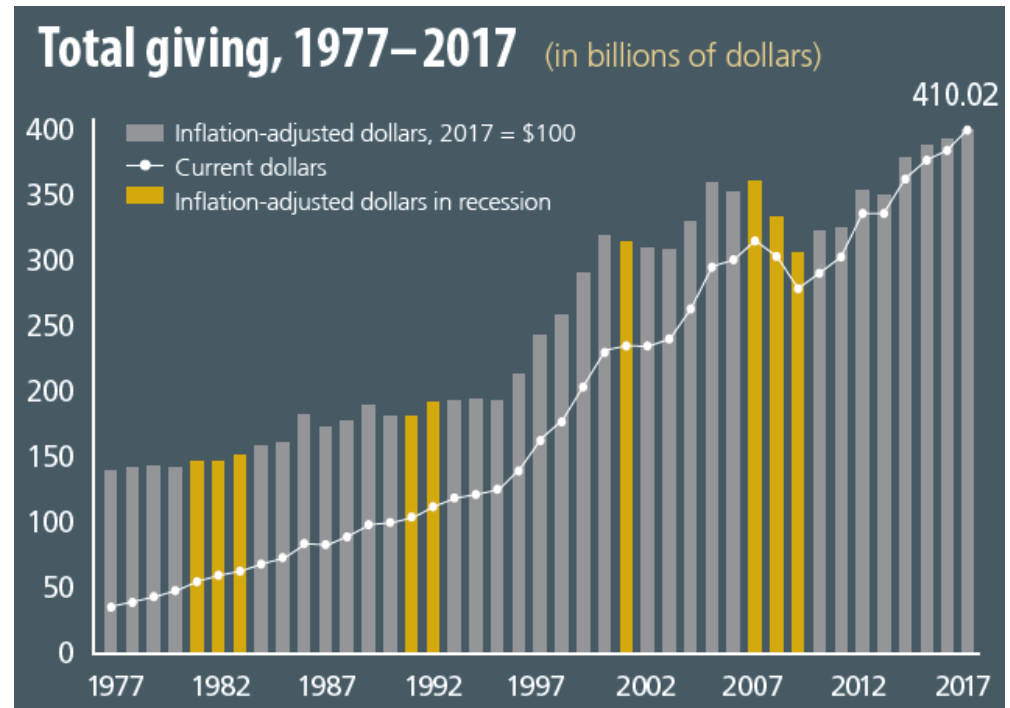
Evolving donor populations and interests



I. PHILANTHROPIC DOLLARS

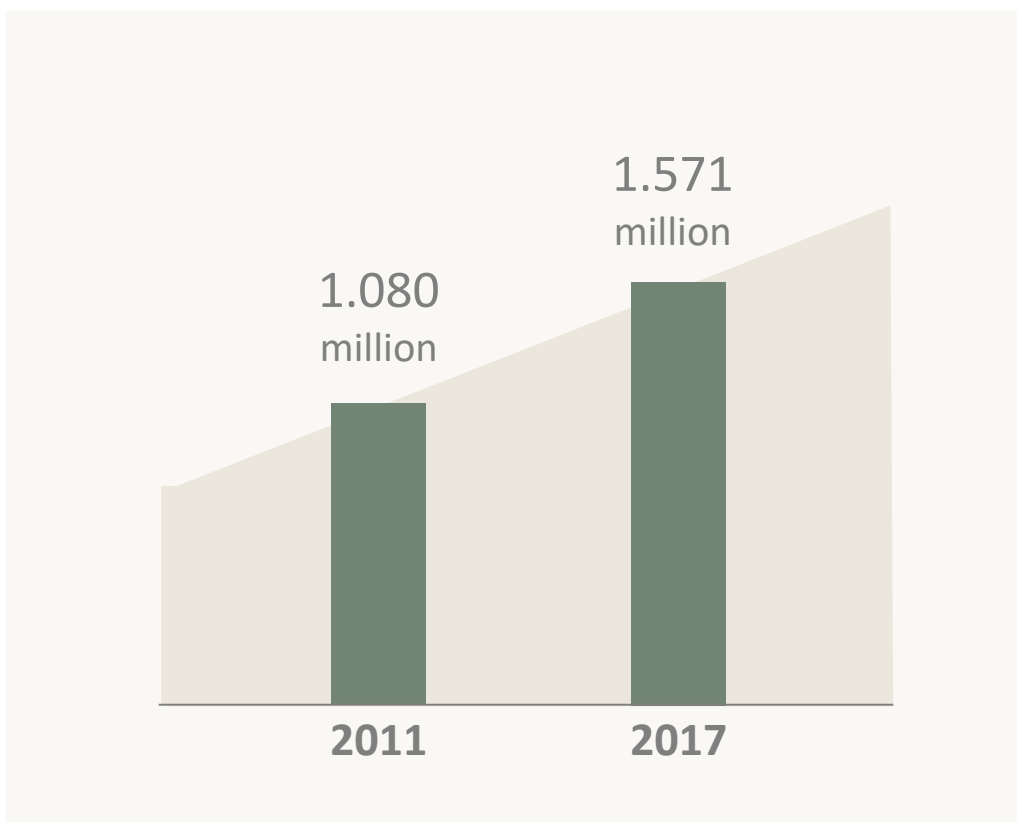
I. PHILANTHROPIC DOLLARS

- Rising trend of philanthropy
- Charitable organizations administer and utilize hundreds of billions of dollars annually
- Dollars are increasing, but still scarcity of resources for nonprofits due to volume and need



I. PHILANTHROPIC DOLLARS

IRS annually reports number of charitable organizations registered under Section 501(c)(3) of the Internal Revenue Code.



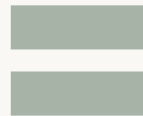
+ 491,000

Source: Grantspace

Increased sums of money flowing through charitable sector



Growing number of nonprofit organizations



**Amplified pressure to show impactful results
of organizations' work**

II. FUNDERS SET THE STAGE: GOVERNMENT AGENCIES & PRIVATE FOUNDATIONS RAISE THE BAR

II. FUNDERS SET THE STAGE

Public funding (state + federal) to nonprofits tasked with solving societal challenges



Government agencies scrutinize results as social issues persist, leading corporate and foundation funders follow

- Pressures imposed on nonprofits:
 - Professionalize operations
 - Increased degree of bureaucratization
 - Growing expectations
- Government agencies increasingly included rigorous evaluative and regulatory clauses in their contracts to ensure efficacy in delivery of services
- Influential leaders in philanthropic community raised voices around data collection and impact measurement

Foundation priorities

- Assess impact to inform future funding priorities + approaches
- Understand cumulative effects of strategy and programmatic impact
- Increase effectiveness and influence peers to achieve collective impact

Measuring and demonstrating impact increases in importance as nonprofits search for efficient and effective ways of creating change

II. FUNDERS SET THE STAGE

- Rise of measurement focus due to increased scrutiny and growing scarcity of public funds
- Collective impact greatly increased emphasis and need around impact measurement to participate
- Growing pressure from boards around “investment” and increasing use of term “ROI”
- Major shifts in thinking:

Grant/gift ► **investment**

Charity ► **strategic philanthropy**

II. FUNDERS SET THE STAGE

Evolution of Measurement Focus

OUTPUT

Count of widgets
or service units

*How many
people benefitted
from your
services?*

PROCESS

Was service
supplied
uniformly (in a
non-
discriminatory
manner)?

*Did everyone
complete the
program?
If not, why?
Who?*

OUTCOME

What happened?

*How many
people... found
homes? obtained
jobs?*

IMPACT

Sustained effect

*How many
people **kept**
jobs? Got
promoted?
Received pay
raises?*

(Requires \$,
long-term data
tracking and
analysis)

III. RISE IN TRANSPARENCY AND ACCOUNTABILITY

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Media contributed to funders' interest in increased understanding of where grants were going and how they were utilized

- Instant information sharing and distribution via social media and news outlets (both + and -)
- Funders increased examining of how organizations utilize their dollars



III. RISE IN TRANSPARENCY AND ACCOUNTABILITY

- Organizations transparent with their data began to be rewarded in reputational gain (e.g. Guidestar Gold ratings)
- Accountability measures—result of increased transparency into financials/operations and if dollars are doing what the organization claims



IV. DONOR EVOLUTION

So we know it's important to government and
foundation funders...

what about high net worth donors?



What does the next generation care about?

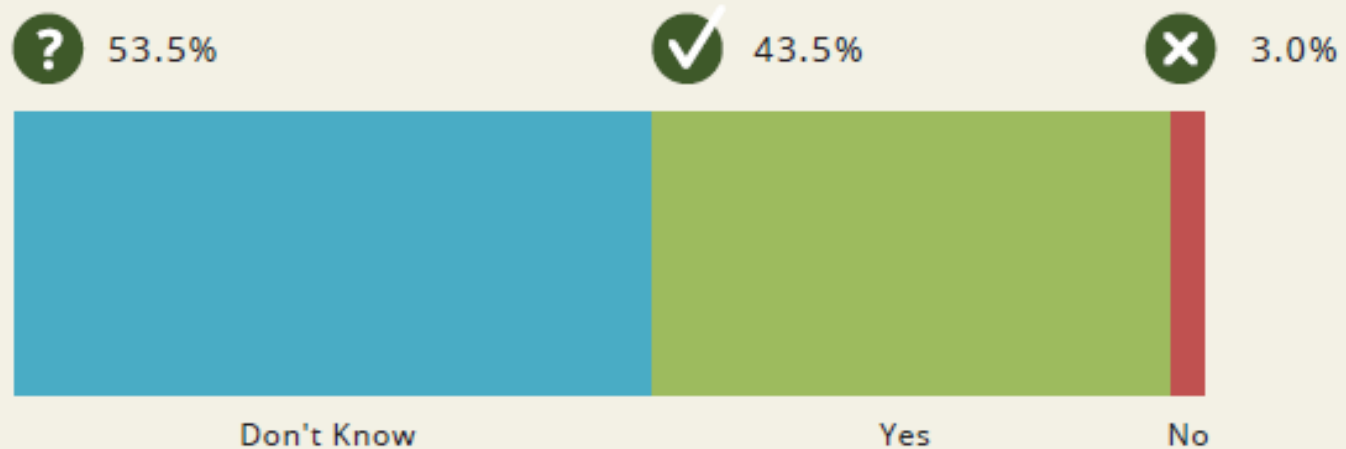
Donors under 50 want to see results and show significantly stronger interest in wanting to see the impact of their gift

Nearly 60% of Millennials and 50% of Generation X donors say seeing results from their contributions influenced their decision to give

In contrast, only 33% of donors age 70+ feel the same

IV. DONOR EVOLUTION

Percentage of High Net Worth Donors Who Perceive Their Charitable Giving to be Having an Impact

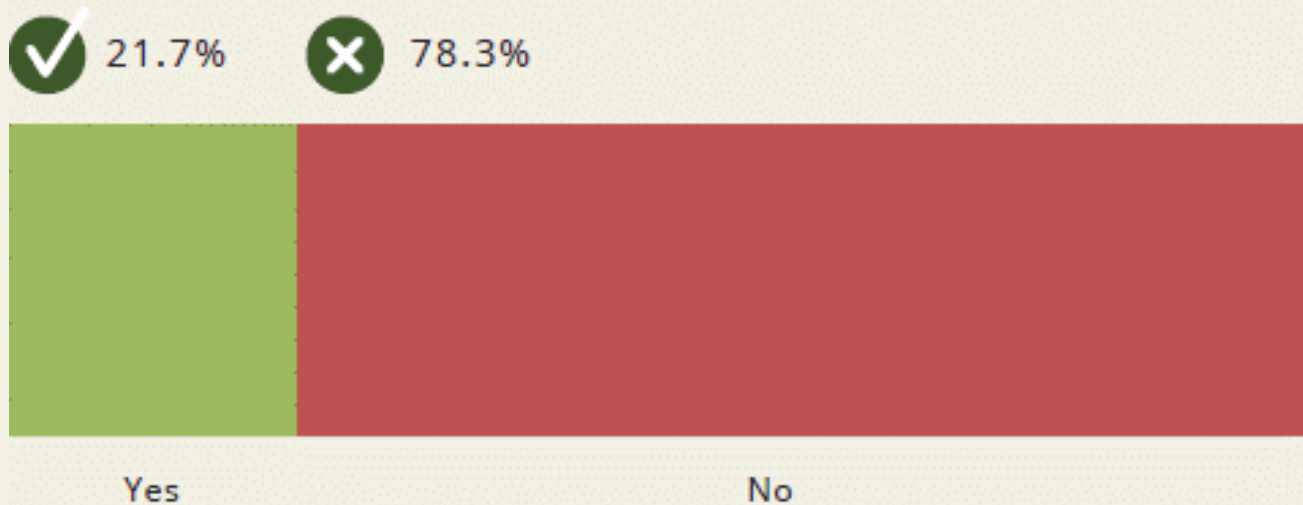


Source: U.S. Trust 2016 Study of High Net Worth Philanthropy

Given 44% of high net worth donors perceive their charitable giving is having an impact, what percent actually *measure* their impact?

- A. 72%
- B. 43%
- C. 22%

High Net Worth Donors Who Monitor or Evaluate The Impact of Their Charitable Giving



Donors want qualitative and quantitative results,
but the vast majority *aren't* actually measuring impact.

What does this mean for organizations?



IV. DONOR EVOLUTION

- Donors rely on organizations to provide them with information around their work and impact
- Donors will directly engage with organizations to obtain metrics that prove their dollars have impact



...but donors often do not invest their dollars to conduct external evaluation or assist in the measurement process, **even though the data is crucial for continued support**

Donor priorities

- Accountability and effectiveness
- Whether money is being spent responsibly
- Whether dollars are having intended impact
- Increased transparency into organizations

Most of all,
organizations should
want to measure
impact to ensure
mission adherence
and effectiveness



WHY MEASUREMENT REALLY MATTERS

- Keeps organization's focus on its core mission
- Allows for determination of whether work is actually making a difference and how organization can do better
- If a nonprofit is not measuring its work, it may:
 - Underperform or experience mission drift without knowing
 - Misallocate resources as organization spends time and energy on things that leadership believes have impact, but actually do not



STARTING POINTS

- Start with the big picture and work backwards
- Organization's mission and values should be the foundation for any evaluation—not donor priorities
- Identify the most important things organization does and then determine how best to measure them
- Impact evaluation must be part of organization's culture with buy-in and input from all key stakeholders: board, executive leadership, and staff



- Outline a strategic plan with specific initiatives to create the image of future success
- Develop and cement a distinct value proposition:
 - ✓ What makes organization different (impact)
 - ✓ Vision
 - ✓ How organization will solve problem or create more solutions in the future (selling the picture—why organization is best)

Initiatives for quantitative and qualitative metrics should be measured using both the strategic plan and value proposition

KEYS TO SUCCESS

Cycle of Successful Impact Measurement



Measure



Identify a framework of qualitative and quantitative data metrics used to track intended outcomes

Evaluate



Assess results to draw conclusions about the effectiveness of organizational services and programming

Report



Synthesize results to share key takeaways with organizational stakeholders, specifically donors, board members and all staff

Improve



Utilize evidence-based outcomes and adjust service delivery to align with intended goals and the organization's mission

CHALLENGES AND OPPORTUNITIES

Challenges

- **Budget:** Time and money required to set up evaluation system
- **Program structure:** Identifying measurable outcomes
- **Balance:** Determining relevant # of qualitative and quantitative outcomes
- **Data aggregation + analysis:** Defining the what and how relative to tracking and reporting of qualitative and quantitative metrics
- **Benchmarking:** Lack of consistency in agreed-upon standard measures of success

Opportunities

Post-evaluation analysis and refinement

- Pivot or revision of programs/services to increase impact
- Quantitative data points and information to feed strategic planning
- Basis for organizational change
- Transparency with donors and prospective donors regarding outcomes, evaluations, and actions
- Clearly defined value and building blocks for the case for support

QUESTIONS AND DISCUSSION

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