IMPACTING RESPONSIBLY

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Introduction

There is something about the world we're living in today that we want to see different tomorrow. This is the primary motivation for those of us who channel our energies into nonprofits, causes, and philanthropies. In over-simplified terms, nonprofits sell change, and donors buy change. Whether it's a $20 one-time donation or a multi-million dollar commitment by a leading foundation, we give to organizations that we believe are creating the change we are seeking.

Yet, how do we know which organizations are truly creating change and what that change looks like?

For most of the modern social sector's existence, we have relied on stories as the primary piece of evidence for answering that question. We receive an organization's annual report or visit their website where we see stories. "This is John. He came to our after-school basketball league while he was homeless in middle school. This year, John is graduating from Harvard Law. Your donation will help us serve more kids like John."

While this might be an exaggeration, it's not that far from the truth. When organizations get to choose the stories about them they want to tell, they are going to highlight the outliers. These stories by themselves aren't a good representation of the organization's overall ability to create meaningful, measurable, and sustainable change.

Donors started picking up on this, and nonprofit leaders started realizing the need for better evidence and understanding of what their impact – their ability to create change – really is. While formal evaluation methods have been a great resource for many organizations, the vast majority of nonprofit programs will never undergo a methodologically rigorous study, nor does this kind of evaluation necessarily provide the actionable data that programs and communities need to understand and improve their impact.

So we recognized that we needed…*something.* Some evidence. Some data. Some-*thing* that will help us have greater insight and confidence into the impact that our organizations are making.

Thus, the rise of what we in this report are calling impact data.

Impact data covers the breadth of data collected about organizations and programs that serves as an insight into how well they are performing and the impact they are creating. Increasingly, organizations are being asked to provide impact data to their donors and funders, and it is driving real change across the sector.

But, the rise of impact data has also raised important questions. Often, collecting impact data is resource-intensive. How can organizations of all sizes and budgets utilize impact data? How can we better engage those we serve in collecting impact data? How should we handle privacy and data protection? Should we be aligning to standard outcomes? How can we work in collaboration to maximize what we can learn from impact data?
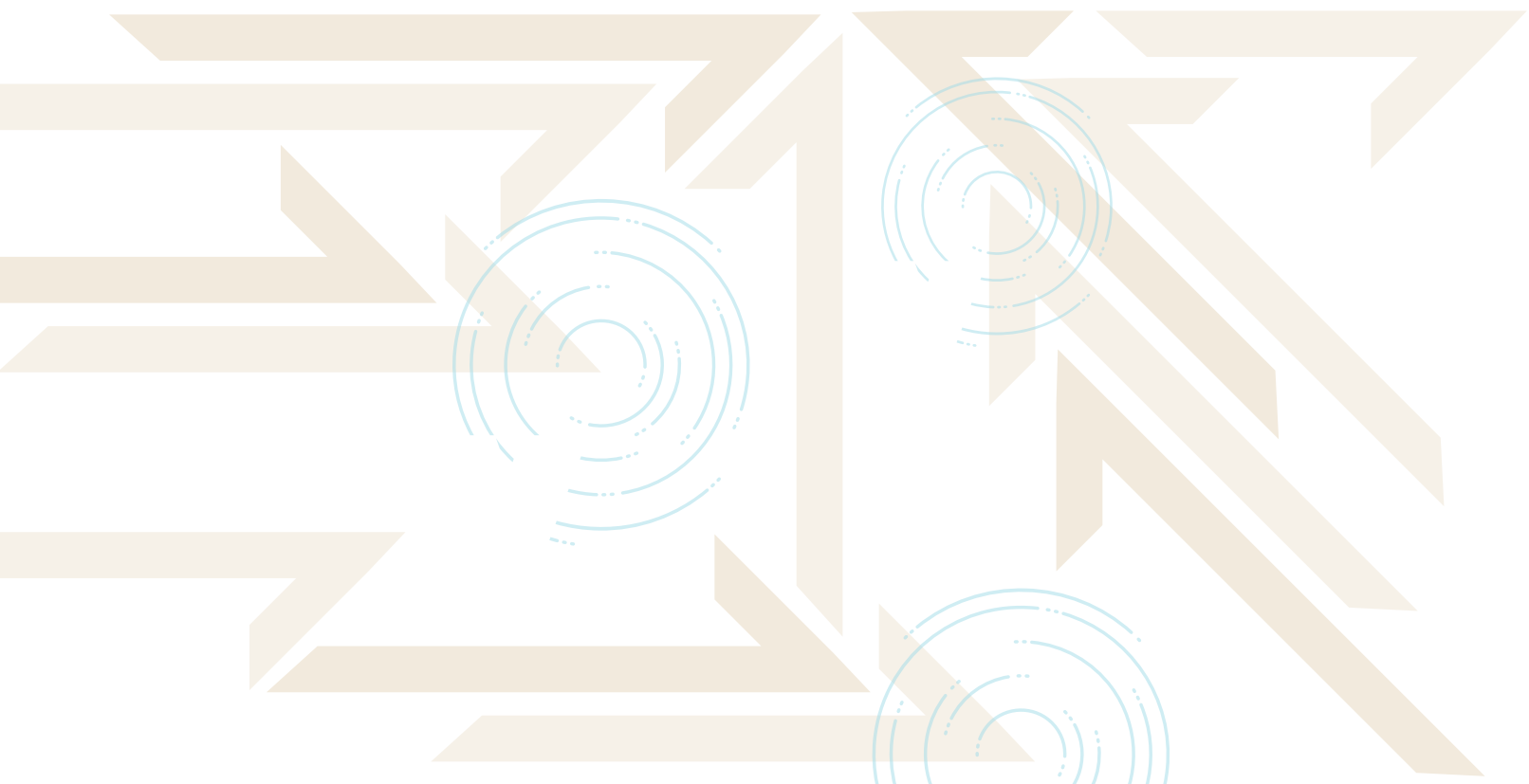
The following report has brought together voices from across many sectors to discuss these questions. You will read multiple perspectives and hear how organizations are wrestling with the practicalities of answering these questions. The purpose of this report is to start a conversation about the answers to these questions. We hope you will join in!

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THEME 1:
IMPACT CAPACITY BUILDING

Introduction

Should all organizations use data to provide evidence of their impact? We believe firmly in the use of evidence of impact. Yet, should *every* organization be required to provide evidence that they are impactful? What should the quality of the evidence be? Should we have different expectations of organizations of different sizes?

The conversation of expectations is an important and nuanced one. It is important that we hold organizations to certain expectations, but those expectations need to be realistic and achievable. In this section we invited Brad Dudding, Beverly Parsons, and Janice Noga to respond with their reflections to the question, "Should all organizations use data to provide evidence of their impact?"

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Insights from Brad Dudding

Brad Dudding
Chief Impact Officer, Center for Employment Opportunities

The fundamental challenge of the social sector is linking mission to ongoing performance so that the people or audiences being served are actually benefiting. The focus on the gap between intention and results for nonprofits has sharpened in the last two decades as external stakeholders such as government and philanthropy have demanded more accountability for outcomes. Nonprofits themselves are growing more adept at collecting performance information by leveraging the tools of the data revolution. More recently, the sector has become fixated on the buzzword of "impact" and how to take credit for doing good. Typically, impact is defined as intended outcomes that occur over and above what would have happened anyway, preferability validated by a randomized control trial performed by outside evaluators. An emergent perspective endorses this definition but puts nonprofits in the driver's seat for determining a learning agenda and how their impact objective is achieved. In this paradigm, organizations seek to generate internal evidence for program fidelity and impact, make data informed adaptations to improve results, and pursue external evaluations if and when appropriate to verify impact. This perspective also asserts that impacts are not inevitably positive and that good intentions can also lead to unintended negative consequences for people.

During my tenure at the Center for Employment Opportunities (CEO), a consistent focus of my work has been on how to translate CEO's mission into tangible results. In other words, how employees efficiently collect program data (i.e., performance measurement) and use it to make better decisions, manage to positive outcomes, and improve services (i.e. performance management) to help more formerly incarcerated people reach their vocational goals and gain economic mobility. In addition to using data for monitoring purposes, CEO has tested its theory of change by participating in two randomized control trials and several other external quasi-experiments. This pursuit of evidence has provided CEO with the credibility to scale its operations into eight states and 21 jurisdictions over a ten year period.

Based on my experiences at CEO and the observation of sector-wide trends, let's make sense of how nonprofits go about measuring mission effectiveness and poses the question, "Should all organizations use data as evidence to verify their impact on the people they serve?"

To begin to answer this question, we must be precise about how benefits are delivered in the social sector. Social value is the positive changes that contribute to making people's lives more fulfilling, more productive, healthier, or safer. Organizations have two pathways to creating this value – they can produce high-quality outputs or they can promote sustainable outcomes. Nonprofits that offer services such as delivering meals or providing shelter or experiences such as concerts and exhibits do provide intrinsic value to people, but do not, in themselves, change lives. Of course, these outputs are critical for providing a safety net for people and raising consciousness of the human condition, which can collectively lead to positive societal impact; however, this generalized impact is difficult to verify and cannot be attributed to one organization.

Organizations that are seeking meaningful changes in people's lives – changes in knowledge, such as how to be a good father; skills, such as how to succeed in a job; or status, such as graduating from high school – must produce high quality outputs *and* manage participants' progress towards outcomes defined by their theory of change. Once a nonprofit has performance data that indicates it is implementing services as planned and is reliably achieving

intended short- and intermediate-term outcomes, it can then appropriately test for attribution using experimental and non-experimental designs.

Building an array of evidence is arduous and requires an enormous amount of patience and discipline. It helps to focus more on the journey - what are we learning? - and not the destination – when can we check the box for achieving impact? In CEO's case, our journey on how to consistently collect and use data by frontline staff to improve services and outcomes has been a long one and not without missteps, but it has given rise to a set of principles that have sustained us through our proverbial walk through the woods.

First, the ability to consistently align mission with performance starts with engaged senior leadership. Organizational leaders must be committed to providing resources and creating an environment that encourages staff to effectively use and learn from data in pursuit of team and organizational goals. This means providing the right tools, training, and time for staff to integrate program data into their daily workflow. It also means that leaders walk the talk of using and responding to data that promotes reflection, debate, and taking action.

At CEO, our leadership team has invested in the time and resources to get full adoption of our Salesforce database for program management. We run staff meetings with database screenshots projected on the wall to ensure our results are transparent to staff. In these meetings, we transform data into understanding through staff dialogue and analysis. The goal is to create a collaborative learning environment to reflect on what is working (and what is not), what might work better, and what we can take action on in the future.

The first principle begets a second one which is **managers are responsible for encouraging a data-informed and learning mindset in staff**. Leaders clarify the mission and goals of the organization, and managers nurture a culture of high expectations and performance. They do this by cultivating both accountability and cooperation with their teams. When CEO was converting to Salesforce.com for program management over a decade ago, we initially struggled to achieve staff buy-in. Staff were not clear on "what's in it for me" and were slow to adopt new data gathering practices. It was not until early adopters of the system were promoted to frontline management positions that we gained a snowball effect of people embracing new measurement practices. These managers successfully walked the line between holding staff accountable for using data and creating a smart and safe space for team and individual learning to flourish.

Leaders and managers ensure a third principle is actualized by **defining and clarifying the organization's purpose with a theory of change**. A theory of change is the organization's blueprint for success. It provides the framework that connects the mission and organizational strategy to daily operations and documents the assumptions for how change happens. It is also instrumental in defining what indicators staff must track (and not track) to ensure the organization is achieving its mission. In its most basic formulation, a theory of change includes the characteristics of the target population or audience, a codified program model, and the outputs and/or outcomes, with accompanying indicators, the organization desires to achieve given available resources. The theory of change workshop I participated in at CEO was among the most insightful experiences of my professional career. It crystallized CEO's internal accountability for effectiveness and our impact bottom line. We were lucky enough to work under the tutelage of Dave Hunter, a master facilitator at unlocking why an organization exists and how it delivers social value. Two valuable insights arose from those sessions. First, we thought we were clear on our target population. We were not. Second, for the first time in our organization's history, we clarified the long-term employment outcome we were accountable for - one year unsubsidized employment. Once the blueprint was complete, we updated the indicators to measure our mission and designed a data system that automated the collection and reporting process.

The last principle I will highlight is **balancing the use of data *about* people with data collected *from* people**. This principle raises the question - results for whom? - and is premised on the observation that people are the experts in their own lives, yet they are not always treated that way. Thus, if we want to know what is working and why we have to listen, respond to, and collaborate with program users. The lionshare of data collected by nonprofits is derived from monitoring client engagement in program activities. Although observational data about people is essential for monitoring program quality and tracking progress to outcomes, it lacks the perceptions and insights of people receiving the service. By systematically listening and responding to constituent feedback, an organization can ensure its measurement and learning practices are human centered.

Like many organizations, CEO's data monitoring system was largely devoid of real-time feedback data. We were resistant to using paper surveys and generally unaware of the power of harvesting insights from people closest to the problems we were trying to solve. This changed when met David Bonbright, CEO at Keystone Accountability, who coined the term "constituent voice" and inspired us to add feedback to our measurement system. Bonbright convinced us that closing feedback loops could be simplified through micro surveys and forums to dialogue with and report back to participants on what we were hearing. CEO now has established four channels for collecting and responding to data from participants. This system, which complements our monitoring data, has resulted in several program modifications to improve the customer experience of CEO's model.

These principles create a framework for nonprofits to convert good intentions to real benefits for their constituents over a sustained period of time. Of course, there are multiple strategic domains nonprofits must focus on in to reach high performance, but by demonstrating walk-the-talk leadership, data-informed management, clarity of purpose, and balanced measurement practices, organizations can effectively collect and use data for program management. Once an organization becomes more data-informed, it can then pursue evaluation and learning practices and seek more rigorous evidence to verify program impact, the knowledge that outcomes would not have occurred otherwise. As a final thought, it is important to reiterate that there is no one path for getting closer to the truth of why something works. The social problems most nonprofits seek to address are causally dense, and organizations need to embrace diverse methods for understanding the variables and contexts that influence mission effectiveness. What's crucial is that employees consistently challenge their good intentions by asking themselves, "Are we enriching the lives of people we are trying to help?" Building a culture of inquiry and internal accountability is a constant and demanding endeavor, but knowing that the road to impact has no static destination will help people savor the journey.

Insights from Beverly Parsons and Janice Noga

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Should all organizations use data to provide evidence of their impact? The immediate reaction would be "of course." Yet, after consideration of the question and its emphasis on using data to provide evidence of an organization's impact, we realize we are not in unqualified agreement. Our concerns center around notions of organization, impact, and the assumptions that underlie the phrasing of this question.

Organization

An organization is a "social unit of people...structured and managed to meet a need or to pursue collective goals... Organizations are open systems - they affect and are affected by their environment" (Business Dictionary, 2018a). This is a good start but not good enough. Two additional qualities must be taken into consideration.

First, human organizations are not just open systems. They are complex, adaptive systems - each of them dynamic, sensitive to context, and driven by nonlinear patterns of causality (Eoyang & Berkas, 1998). In today's turbulent social and ecological environment, organizations, whether large or small, exist in a state of adaptation and flux in which behavior, such as progress and change, fails to follow predictable, linear patterns. As open systems, they respond to both internal and external disruption. Organizational structure may influence some patterns, but they are also shaped by informal connections and relationships, both internal and external, that vary over time in ways that can have an important influence on the data used to define organizational impact.

Second, the term "organization" typically implies a single entity. Yet, individual organizations often work within a larger contextual framework of service that includes partnerships, networks, and collaborations. For purposes of our discussion, we include such overarching structures as organizations.

Impact

Impact is generally defined as a "measure of the tangible and intangible effects (consequences) of [an] entity's action or influence upon another" (Business Dictionary, 2018b). Impact may be positive or negative, intended or unintended. A major challenge in determining impact is setting boundaries on what types or range of impacts can reasonably be expected.

For human-serving organizations, impact is often defined in terms of the solution of a social problem, typically an enduring and overarching problem such as literacy, food security, health and wellness, or income equity, that is not easily defined or solved. Such problems are known as "wicked problems" (Buchanan, 1992). They involve many overlapping stakeholders with different perspectives of the problem and potential solutions. They are marked by social and systemic complexity that makes problem-solving difficult to manage and makes impact difficult to predict

and measure. Benefits in one area often entail costs or loss in another. In fact, rather than seeking to solve these problems, a better goal may be to seek a "flexible range of equilibrium" acceptable to those involved.

Keeping these points about organization and impact in mind, let's revisit our question. We suggest rephrasing the question to read: **Should all organizations use data to contribute to a valued long-term impact?** This maintains the emphasis on all organizations and use of data while shifting the focus from any one organization promoting or defending its past work to focusing on an organization's current and future role in promoting social impact. Now we can respond "yes" without qualm.

Let's examine each part of the rephrased question:

All organizations: Now we comfortably include all organizations, not just formalized private, public, and governmental organizations but also other entities such as networks, partnerships, and informal community groups. Size or structure doesn't matter.

Data: By data we mean "factual information that can be used as a basis for reasoning, discussion, or calculation" (Merriam Webster, 2018). All organizations need to use data for making decisions about their actions and ways of being in the world. This definition of data and our rephrasing of the question move us beyond the purpose of providing evidence about what an organization has done in the past to using data to shape how the organization acts within its arena of influence now and in the future.

Both qualitative and quantitative data, used with rigor, are of value. Different criteria and designs are used depending on the type of data being gathered. Rigor includes the credibility of data sources, by whom and how data are gathered, and the technical quality of data collection instruments. Do not assume that one methodology, such as randomized control trials (RCT), is automatically superior to another. No one method can be considered the "gold standard." Rather, the standard of quality must be fit for purpose -– the appropriateness of the method for the situation and the purpose for gathering data.

Contribute: Now, we are not restricting data use to segmenting out one organization's specific impact. Such an assumption implies that social change works like a mechanical apparatus, as gears fitting together in a machine with each piece distinct and having a unique and stable role. As discussed earlier, social systems don't work that way. They are more like a living body with its dynamic ways of working, its redundancies and interplays among its subsystems compensating for one another at some points while also recognizing each one's quite distinct roles. They all "care" about one another and adjust to help the other when the system is subjected to disruption. For example, when the kidneys are stressed by excess sodium in the blood, hormones are released triggering cells to adjust their use of sodium and potassium in order to lower sodium in the blood. In this way, the body adjusts to changing situations at any given point in time.

The process is similar when measuring an organization's contribution to a desired impact. The focus shifts to flexibility and adaptation in responding to what is happening with the situation as a whole and to how other organizations are functioning. The emphasis is on contribution to progress towards desired impact rather than individual attainment of impact. The organization contributes by being part of a larger system. Data are collected to inform what is happening, what each member of the system is doing, and the necessary proactive and reactive actions suitable to that time and place. At times, it may be necessary to measure specific impact, but, overall, emphasis shifts from highly specific contribution to overall support of the system working to achieve desired impact.

Valued: Organizations need to be transparent about what they value and be aware of the degree of conflict in values that may exist within a single organization as well as across multiple organizations. They must also take care that the use of data doesn't exclude important roles and functions. For example, environmental protection for species may be highly valued by one organization but may conflict with a need for profit valued by another. The best role for one member of an impact effort may therefore be to focus on facilitating a delicate process of trust building, informing various parties of the consequences of their actions, and being willing to go unrecognized in order to build common ground for all member organizations.

Long-term: The path to a long-term goal in today's complex world has its ups and downs, its entwined pathways and patterns. It is important to remember that long-term changes are seldom linear, cause-and-effect relationships. Although data may be collected to measure short-term changes, appropriate data collected at the appropriate time also helps identify how organizations move toward the long-term, flexible equilibrium that is impact. Data can thus be used to identify an organization's role in achieving long-term desired change rather than as a means to tout or "prove" individual accomplishments.

Impact: Long-term change in a formal or informal system requires that the work of change come from within (Capra & Luisi, 2016). If your organization is external to the system being changed, the most you can do is disturb the system you want to see changed. For change to be enduring, those within the system must adopt and own the identified pathways to change and the desired impact. For example, a national foundation may want to support change in a community. As an entity external to the community, it can encourage and support change through information, influence, and support to increase residents' capacity to enact change. For such change to actually occur, residents must be empowered to take ownership, to define the type and nature of change, and to make it happen. The foundation must therefore recognize and respect the power of those within the community, be humble about what it can accomplish, and use data to figure out how best to work in close partnership, friendship, and compassion with those in the community. The foundation's contribution toward the desired impact becomes initiation and continued support as a partner, rather than the owner, for change.

Conclusion

Working toward impact should never be viewed as working toward perfection,; nor should an impact goal be viewed as a fixed state of achievement. We prefer to think of it as a process of organizations working toward flexible equilibrium within a community of practice. In this manner, each member of the community gathers and shares data to better understand what is occurring, to collectively determine whether they are moving in the desired direction, and to continually assess how each is contributing to change in a manner that emphasizes ongoing learning across the entire community.

Resources

Here are three resources you may find helpful when addressing this reframed question:

• The PCI Reflective Evaluation Framework, available from The Foundation Review as an open access document (https://scholarworks.gvsu.edu/tfr/vol10/iss1/7/), is a practical framework for determining what to measure and pay attention to when seeking to bring about change in social systems. The framework focuses attention on three interactive domains: (1) the five "P's" -– people, power, programs, practices, and policies -– that are critical components of social systems; (2) the three "C's" -– content, connectivity, and context -– that designate the dimensions in the

larger system or situation that encompasses the five P's; and (3) the four "I's" -– improve, inform, influence, and impact -– that set forth actions that organizations can take, and evaluate, to address social systems change.

• The American Evaluation Association (www.eval.org) has many resources, including guiding principles for evaluative inquiry and ethical use of data.

• The InSites website (www.insites.org) has many resources for investigating long-term sustainability and equity. The resources come from several organizations. If you go to the websites of the authors of those resources, you'll find additional helpful materials.

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THEME 2:
IMPACT FRAMEWORKS & STANDARDS

Introduction

One of the main challenges facing the adoption of impact data is the standardization of impact data. To become a sector that is focused on impact and outcomes, we must develop shared understandings of how impact data is packaged and utilized. This kind of interoperability is the necessary foundation for not just using impact data one by one but transforming the sector.

In this section, we invited Deborah L. Rugg, Nina R. Sabarre, Sara Peters, Kevin Rafter, and Jeremy Nicholls to discuss their perspectives and experiences helping develop standards, frameworks, and taxonomies.

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Insights from Deborah L. Rugg and Nina R. Sabarre

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What are the SDGs?

From climate change to extreme poverty and systemic inequalities, we face an unprecedented rate of change given the interconnected stressors on our world and the cross-sector efforts to alleviate them. Through an equitable and consensus-driven process, the United Nations (UN) has developed global guidance to provide a blueprint for nations, agencies, and partners to collectively lead universal systems change towards a better future at every level of society. In September 2015, leaders from the UN's 193 member states agreed on the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs) to achieve a more equitable and sustainable world. The SDGs include eliminating poverty, achieving gender equality, ensuring quality education for all children, guaranteeing clean water and sanitation, improving access to affordable and clean energy, supporting decent work and economic growth, among other calls to action to protect the planet and secure peace and prosperity for all. These goals have been operationalized by 169 measurable targets to track progress from 2015 to 2030.

The SDGs evolved from the Millennium Development Goals (MDGs) that were launched in 2000 and came to an end in 2015. Building upon the MDGs, the SDGs are transformative and fundamentally different in four ways. First, the SDGs adopt the principle of universality, while the MDGs were intended to only monitor progress in the developing world. The SDGs recognize that global issues such as ending poverty, fighting inequality, and stopping climate change are relevant to both developing and developed countries alike. Second, the ten MDGs resulted in ten vertical silos of efforts and monitoring activities, whereas the SDGs are based on the principle of integration. Achieving one goal often involves tackling issues associated with another. As such, the activities supporting the 17 goals are planned in coordination and tracked by linking and cross-referencing the 231 indicators across 169 targets and 17 goals. For example, attaining the 2030 targets for the education, health, poverty, and gender-equity goals will benefit from being conducted in a coordinated and synergistic manner and the indicators analyzed in a triangulated manner. The third difference is the renewed emphasis on establishing robust partnerships. This is not an initiative than can solely be achieved by the UN or by national governments alone. Public–private partnerships for implementing and tracking the SDGs are essential. Fourth, the SDGs have significantly increased the expectation of better data quality, effective monitoring of indicators, conduct of quality evaluations, and Voluntary National Program Reviews (VNPR) of SDGs progress to enhance both learning and public accountability to the people of all nations. Monitoring and evaluation (M&E) was largely absent, except for basic indicator reporting, during the MDGs era.

Why are the SDGs important for the philanthropic, non-profit, and business sectors?

Universal norms and standard- setting initiatives like the SDGs are important because they set out an overarching strategy on how to approach global issues that affect us all, either directly or indirectly, either now or in the future, guiding the member nations and the UN agencies and their partners to collectively solve the problems of the world. Since it is based on an international consensus process, it carries the weight of global endorsement by all heads of

state and national governments. This is a very powerful platform and empowers local actors in new ways to carry the banner in their specific sector on topics that most concern them. Despite criticisms that the 2030 Agenda is a highly ambitious undertaking, the question remains: what is the alternative? At least with unanimity on the priorities for the world's collective attention, there is an increased chance that collective and concerted actions will make a difference. A shared agenda and standards provide a framework and the "glue" that can hold disparate factions together in transformative and new ways.

This does not preclude philanthropies, non-profits, or businesses from working in a more focused manner within their topic area, sector, or country. It simply provides a basis for synergy and enhanced potential to leverage resources and scale innovation. For instance, collaboration around the SDGs allows cross-sector actors to benefit from the strengths of each sector by sharing knowledge and expertise. While the philanthropic sector has the financial and social capital to invest in development initiatives, national governments have the legitimacy and responsibility to enable environments for mutually beneficial partnerships. By engaging in policy dialogue, consolidating strategies, and sharing actionable data, SDGs partnerships can reduce duplication of efforts across various sectors and increase the efficiency, effectiveness, and quality of programs and services. Furthermore, paving pathways to work together will help identify, scale, and replicate proven solutions or terminate those that are ineffective.

Examples of how the philanthropic sector can effectively align with national governments towards achieving the SDGs are evident through the SDGs Philanthropy Platform (SDGPP). The Platform, launched in 2014 by the United Nations Development Programme (UNDP) and Rockefeller Philanthropy Advisors (RPA) and supported by the Conrad N. Hilton Foundation, Ford Foundation, Brach Family Charitable Foundation, and UN Foundation, provides an online network for partners to navigate the SDGs landscape by identifying entry points for collaboration, sharing knowledge through access to data and best practices, and convening relevant stakeholders to deepen impact and scale solutions. To date, SDGPP has increased the voice of philanthropy in national government plans to achieve the global goals in eight pilot countries, Brazil, Colombia, Ghana, India, Indonesia, Kenya, the United States and Zambia. For example, in Brazil, SDGPP brought together philanthropic partners from 24 organizations to develop a systems-thinking framework to scale solutions focused on goals 4, 10, and 16 related to quality education, reduced inequalities, and peace, justice, and strong institutions. The organizations successfully worked together to identify levers for scaling solutions, shared lessons learned, and pooled resources to maximize their impact with joint investment.

What are the limits of the SDGs metrics?

The 231 SDGs indicators were designed by an inter-agency expert group and approved by the UN member states and an International Statistical Commission. They are intended to serve as the global monitoring metrics to be collected by national governments and reported annually to the UN Statistics Division in New York. Tracking global progress requires a standardized approach to allow for aggregation, as well as critical disaggregation of results by age, sex, race/nationality, etc. While these indicators are necessary and important, they are limited in two ways.

First, indicator metrics are only the first step and can only answer questions regarding "how much" and "by whom?"? They cannot answer "why" questions, such as "Why aren't our programs having more impact? What should we do differently? Are we doing the right things? Are we doing it right? And, in programs that seem to be working, what are the effective elements, and how do we scale these up?" Indicator monitoring cannot answer these "why" and "how" questions. To answer such questions, evaluative-thinking and evaluation studies are needed.

Second, since the SDGs indicators were designed to be collected by national governments for global reporting, there may need to be tailored and supplemental indicators developed to be more appropriate for different sectors. Metrics may need to be modified for certain topic areas addressed by philanthropic and nonprofit sectors.

How to use evaluation to answer the most critical impact questions

A concrete example comes from an educational program in South Africa that aimed to increase the number of girls pursuing education. The program's data showed that the girls were not attending school, regardless of outreach efforts. By school leaders exercising evaluative thinking and identifying an evaluation consultant from the community who was familiar with the situation, it became evident that the girls were in danger when they walked to and from school due to a high incidence of sexual violence. This deeper inquiry into what was affecting attendance led to a program improvement that included chaperones for the girls when they went back and forth to school, and as result, attendance rates of girls increased. Without examining "why" or engaging stakeholder perspectives, an organization would be limited in making sense of the data to improve portfolios and grantee performance and/or to scale effectively.

Considerations when addressing evaluative questions

To answer "why" questions, it is first important to consider what gets in the way of asking these questions. The most obvious challenge is cost. The kinds of questions that emanate from evaluative thinking add cost to data collection and analysis. Monitoring a finite set of indicators is less expensive, as indicators reflect more readily available and repeatable quantitative data. If, however, an entity is genuinely interested in impact, then multiple perspectives and data collection methods are needed to examine factors that contribute to success or failure. As such, more comprehensive evaluation efforts require up-front planning and a dedicated budget for evaluation studies.

Another challenge relates to the competencies that are necessary for designing evaluations, working with data, synthesizing the findings, and communicating results clearly. Local knowledge of the context(s) in which an enterprise is working is also important for developing relevant questions and interpreting results. This local knowledge usually means identifying evaluators who are from the communities where the work is happening. Over 150 professional evaluation associations exist around the globe - including the global south, i.e., the African Evaluation Association (AfREA) and South Asia Evaluation Conclave.

A third consideration discussed is the risk of uncovering difficult realities. Often, there are reasons why a social problem exists, which can be sensitive and/or structural. Evaluation can expose complex systemic challenges, i.e., national regulations. It is always discouraging when the evaluation concludes that the program is not as effective as everyone had hoped. However, most quality evaluations will also include recommendations on what can be done to make the program performance better.

Conclusion

Despite the limitations of the SDGs metrics and the challenges of evaluating them, intentional alignment across sectors is worth the effort. The SDGs provide a universal and integrated strategy that encourages partnerships and utilizes measurement to advance the UN's 2030 Agenda. For the philanthropic sector to maximize its impact, its

actors should understand the ecosystem of the global goals and consider where it can strategically leverage entry points, share resources and knowledge, and scale innovative solutions.

Insights from Sara Peters and Kevin Rafter

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One of the main challenges facing the adoption of impact data is the standardization of impact data. To become a sector that is focused on impact and outcomes, we must develop shared understandings of how impact data is packaged and utilized. This kind of interoperability is the necessary foundation for not just using impact data one by one but transforming the sector.

Creating a standardized social impact framework is a fraught enterprise in the United States social sector. Government is by far the largest buyer of social services in the US, but historically, the vast majority of public grants and contracts have been for services rather than outcomes. Furthermore, local control and autonomy are long-standing and deeply held values in the United States, which have helped to foster a decentralized system of governance and accountability across the procurement and implementation of a wide range of social services. While this structure is a strength for tailoring services to address different local needs, it also makes it very challenging to implement overarching frameworks for impact measurement and subsequent results-based funding projects.

Since 2012, a small but growing corner of the US social services industry has been disrupting the norms of impact measurement and reporting, public procurement and contract management, and nonprofit financing through Pay for Success projects. Launched most prominently through the Social Impact Bond and now having become the wider field of results-based contracting and Pay for Success, we are hopeful that these early projects are suggestive of an increased focus and capacity of social services funders, nonprofits, governments, intermediaries, and evaluators to deliver and report on meaningful outcomes for communities in need. By focusing on outcomes rather than activities, Pay for Success projects are pushing important advances in impact measurement and reporting for key social services.

In fact, given the history and structure of social service delivery and funding in the United States, we believe that this locale-specific, "bottom-up" approach is not only required for the long-term sustainability and scaling of impact measurement, reporting, and funding of social services, but has also bred a number of lessons learned for the broader fields of social services, impact measurement and evaluation, impact investing, and government innovation.

The first Social Impact Bonds were originally intended to:

1. Collectively catalyze the achievement of impactful social outcomes across the philanthropic, nonprofit, public, private, and academic sectors;

2. Understand and capture what services and supports work best for communities in need through rigorous evaluation methodologies; and

3. Implement more preventative social service programming by identifying and redirecting demonstrable cost savings and avoidances from such programs.

Though often overly complex in practice, the structure of a Social Impact Bond (importantly these transactions are not actually financial bonds) is relatively simple in theory: a funder (philanthropic, private, or both) provides multi-year funding to a nonprofit service provider to achieve a particular social outcome. After a set amount of time, the impact of the nonprofit's services is measured and reported. If the impact of those services is equal to or greater than the impact produced by continuing the status quo, the local government (state, county, city, or a combination) pay back the original funder. If the impact of services is not greater than what would have otherwise occurred in that jurisdiction, then the government does not pay. The website https://payforsuccess.org/ provides more explanation of the Pay for Success basics and developments in the field.

The first Social Impact Bond transaction was launched in 2012 in the United States. Since this first deal, several dozen Social Impact Bond deals have been launched in the United States, with estimates suggesting an additional several dozen governments and nonprofits have enacted various results-based contracts and grants. In these variations, service providers receive a portion of the total contract size, or an additional bonus payment on top of the total contract size, based on the demonstrated impact of the services. Financially speaking, results-based contracts differ from Social Impact Bonds through a simpler structure and reduced financial risk. While a Social Impact Bond might involve 100% of programmatic costs plus an additional financial return on the line for the results of a program evaluation, a results-based contract might involve 15% of programmatic costs on the line for the results of a program evaluation.

Across all of these results-based contracting and Pay for Success projects, there is a shared interest in forging cross-sector, multi-year partnerships, capturing and implementing evidence-based practices, and redirecting resources and attention towards reportable and meaningful outcomes. While there hasn't been a mass proliferation in the sector of either the Social Impact Bond or other results-based funding structures to the degree that some had hoped for a handful of years ago, pockets of experimentation and innovation have emerged throughout the greater results-based funding landscape.

These projects have developed through various strategic, financial, and impact motivations and goals for the core project stakeholders. Importantly, each project has been developed in partnership with a range of different state, city, and county governments; nonprofit service providers; and private and philanthropic funders. However, even with all of these differences, a critical principle remains: for every launched Pay for Success project, there must be a clear and compelling through line between the social services being delivered and the impacts to be reported and paid on (and codified through contract). Having a solid understanding of the most likely program impacts and a reliable way to measure them is a prerequisite for this funding structure. No public, private, or philanthropic funder will agree on funding a project without the most likely program impacts well defined from the get-go.

Given the variation in project partners and localities and general decentralization of social services in the US, to date there has been limited overall standardization in the project structures and funding terms of these Pay for Success-type projects. Accordingly, the learning agendas and success narratives have differed across projects. In the first few years of Pay for Success, a disproportionate number of deals were initially focused in the social impact areas of early education, homelessness, and recidivism, but as the approach gains momentum, a range of both issue areas and reportable and payable outcomes have been supported through recent Pay for Success projects.

The first wave of Pay for Success has stoked a desire for a greater variety of performance-based funding models, which will require more evidence in the fields where governments, nonprofits, and social impact funders want to invest using this model. In order to ensure that nonprofit providers have authority over their evidence strategies, the field needs to strengthen performance management and feedback in Pay for Success projects. Additionally, governments, nonprofits, and social impact funders have increasingly expressed the need for shorter-term process metrics and outputs to be reported alongside longer-term outcomes to allow for a greater variety of funding structures.

Past attempts to define outcomes for the universe of nonprofit services have collapsed under their own weight. In aspiring to cover the vastness of US social services, they didn't actually align with experience and programs on the ground in communities. Trends in the Pay for Success field point towards an impact framework for social services grounded in evidence and feasibility - impact metrics that are aligned to evidence about what works and what's feasible for service providers to collect and report. Several emerging efforts to look across projects and identify common metrics will take stock of the measures that work in practice and how they work for different communities. So, watch this space!

Insights from Jeremy Nicholls

Jeremy Nicholls
Founder, Social Value UK

Talk about standards for impact measurement and the normal reaction is to focus on standardizing indicators, because if we are using the same measures we can compare things. And if we are going to increase impact, we need to compare ways of doing things, identifying and choosing the things that make the most impact. We want to be able to make relatively small program change, for example, would opening half an hour later create more impact; or to choose between programs, for example, stopping doing something, even though it has positive impact because the organization can create more impact by shifting the resource elsewhere; or a change in strategy, to realise that a new strategy would be more effective. This will provide interoperability and seems to make sense. After all, that's what a ruler does.

There are, though, several things wrong with making standardizing indicators as the starting point for a standard for impact measurement. More than anything else, this approach provides no guarantee that impact will increase and guarantees that impact won't be high as it could be.

Standards are important because standards mean consistency, and consistency does help make comparisons between different ways of doing things. And, in general, we do need to choose ways of doing things that have the most impact, though there's a caveat here.

I'm going to set out the case for standards and, in doing so, explain why standards in indicators are needed but are not the right starting point. This will also help explain why so much of the current practice of impact measurement is at best "mostly harmless."

Things are changing, and by the time this is published, it is likely that the growing recognition of what needs standardizing, and what we should do whilst standards are developing, will be commonplace.

Though this begs the first question: How do we know when we have a standard?

There are many standard setting bodies out there. In just one example, the British Standards Institute (BSI) is developing a standard on social value (measurement and management) which could be the precursor for an international standard (an ISO). There would be a standard, but it wouldn't mean that everyone managing their impact would use it or agree with it. There is a big difference between standards in theory and in practice. Even in financial accounting, where there are international standards in both theory and practice as well as a massive ecosystem to ensure compliance with those standards with penalties and consequences for non-compliance, there are still variations in international practice, and, importantly, the standards change over time.

In theory, there is now considerable convergence in how to measure impact, at least in international frameworks like the Impact Management Project, Social Value International, and the Human and Social and Natural Capital Coalitions. There are wrinkles, slightly different language and some different emphases, but it's all getting very close. Yet, in practice, there is still a huge variation and little standardization and still so many people arguing that there are many ways of measuring impact.

All this needs unpacking, but there are reflections on creating and making standards useful that will help.

Standards are social constructs, developed by people to be useful; they are public goods.

The definition of what is useful, what are standards for, is, critical to everything that follows.

Theory and practice are not the same; standard adoption and usage generally require legislation or at least real consequences for not using standards.

To achieve the objective of usefulness, there will not be a single standard; there are several things that will need standardizing.

It may be necessary in the short term to use proxies for theoretical standards until there is more practice in applying standards agreed to in theory.

Standards continue to change over time, both incrementally and occasionally more radically. Managing this means some control over developments but control that is transparent, accountable, and inclusive, and where ownership is public.

Keeping these in mind, I am going to cover:

- The purpose of impact measurement

- The issues that need addressing to meet that purpose

- Developing standards across these issues

- Proxies whilst all this is going on

- A summary

- Some resources

Impact measurement, what is it for?

Organizations generally start thinking about their impact in relation to their goals, how are they doing against what are their intentions. This is understandable and important. Are we having the impact we intended, at the level we expected, and can we increase it? At least, these are normally the reasons people give if asked. Impact is for the people who get it, and impact measurement is for the people who deliver it.

However, managing impact from the perspective of the people who get that impact, making it for them, is not the same thing and opens up significant opportunities to increase the overall net positive impact, intended and unintended.

Why?

Firstly, a focus on intended impact risks ignoring, or at least down playing, any unintended impacts. An organization seeking to maximize its impact must seek to reduce any negative impacts, and as long as responsibility for those is accepted, itself by no means a given, this is fairly obvious. But, understanding other positive outcomes is also fundamental to designing services that, by recognizing what's important to people who experience the impact, can also increase performance against an organization's goals. This is much more rare in the world of impact though second nature in the world of customer insight. This is fundamental, and yet, so much impact measurement in practice starts and ends with intended impact. Worse, those in the impact measurement advisory world argue that this is the best place to start. Impact measurement is hard, and we can move on to unintended outcomes later. This is a travesty of responsibility to those who will get an impact and is the reverse of being accountable to them. It means that the pursuit of theories of change and evaluation rigor can drive out opportunities to increase our impact. It is not the starting point for measurement where there is accountability to those who get what is being measured.

This does raise a different challenge. It wouldn't be practical or meaningful to collect and analyze data and come up with recommendations for change without understanding the organization's goals and purpose. Purpose matters - up to a point - as it will inform, but not drive, the decisions about what information will be useful if you want to increase impact.

Secondly, it would mean that the information should be good enough for those getting the impacts to make decisions in relation to their interaction with the organization creating the impact. In practice, people getting impacts are not always able to make decisions. For example, they cannot move home once they realize the river is being polluted by an upstream activity. So, the information will need to be good enough as if they could. This information will be the summary of information used by the organization to make choices, to allocate resources to create as much impact as possible. For this, there need to be consequences or incentives for the organization and policies, systems and a culture that underpins this. Being good enough also means recognizing that intended outcomes can often be overgeneralized, even if in the right area. People sometimes talk about adding qualitative data to quantitative at this point, the quality of jobs as well as the number, but the key qualities, different characteristics of people, duration, value, causation, and, yes, quantity can all be quantified and are recognized by, for example, the Impact Management Project, Social Value International, and the Social Capital Protocol.

The focus on intended impact is a consequence of an accountability gap. It is the nature of social and environmental impacts that the people experiencing them cannot hold the organizations to account or have much more limited ability to do so than for financial value. This has fundamental implications for understanding and managing impact, though often either the lack of accountability or the implications are not recognized. Even in financial value, the current failings of capital markets can be argued to be the result of increasingly limited shareholder power; however, investors can and do sell shares, vote in directors, and drive performance. Businesses not creating as much financial value as they can are at risk from competitors or from acquisition, and their managers can and do lose their jobs. The challenge of lower accountability means that organizations creating social and environmental value will be less responsive to those getting the impacts.

The lack of accountability has fundamental implications. Back to purpose, what if the highest impact was only possible if there was wealth redistribution? No accountability means there is nothing in the system to force investors to change their purpose and distribute their wealth.

If impact measurement is not for funders and not for managers but for the people getting the impact, the question is no longer, 'How much impact?' It is now, "Is the net positive impact as high as it can be given the resources available?" Why would those getting it want it to be any less?

They will only know this if the information being produced is a measure of performance against that goal. Since no one can ever know if we have created as much impact as we could, we need an ecosystem that provides a strong proxy.

This is what happens in financial accounting. Standards exist because legislation exists so that investors can hold organizations to account. This has led to good enough measurement that is about performance and is tested by auditors acting on behalf of investors. Each part of the ecosystem has developed standards. Not only are accounting and audit subject to standards, but it is also standard practice for organizations to manage performance against budget and for any conflict of interest between managers and owners to be recognized. This works alongside competition, so that businesses seek out opportunities to create more financial value. The absence of accountability is a problem for impact measurement, and the absence of competition is a problem for purpose and strategy that will maximize impact.

For impact measurement, there are some basic requirements.

Impact reports should not be reporting on what the impact was. There will be an impact. There should be reports on performance, and there should be a wider ecosystem to manage that performance.

Within an organization, that ecosystem starts with culture and governance. The directors will need to act as representatives of all those getting an impact.

The information should be a complete account of the consequences, not just goals, including positive and negative impacts, but it is not possible to account for every impact that results from an activity. There are an infinite number of impacts. So, there must be a process to decide which impacts will be managed and then performance reported.

The information is for the people who get the impacts, but it will be produced by someone else.

The people responsible for the activity are biased and prone to all manner of human psychological traps, not least being cognitive dissonance and creating causality where none exists. There must be a check on the completeness, relevance, and accuracy of the reported performance, which will need to be done by someone acting on behalf of those people. This is not the same as managers employing evaluators and setting a scope for their work.

Each time there is a failure here, and one of these preconditions is not met, there is a risk that the impact reported is more than it was, a risk that it could even be net negative, and a virtual guarantee that it's not as high as it could have been.

What needs standardizing?

This means that the standards that are needed include:

- Assurance

- Well-defined outcomes

- Completeness and materiality

- Accuracy

- Relative values

- Risk

Assurance or checking that the reported impact is reasonable, complete, relevant, and accurate will need to be standardized. Otherwise, reports that have been assured will not be consistent, have less credibility, and will not be used for comparisons.

One of the problems introduced by the commonly used input-output-outcome framework is the idea that there is one outcome. In reality, one outcome leads to another outcome leads to another outcome and so on, and a decision is required on how far to go. Even if this is recognized, there is still a risk is that, by focusing on the organization rather than the people getting the impact, the decision is made to stop too soon, on the argument that the organization's contribution to the outcomes declines the further you go. Managing value often means getting to the point where the person experiencing the outcome perceives value to be created and recognizing that the organization only plays a part in this. Another problem is to confuse outcomes that lead to outcomes with outcomes that are aspects of or part of more general outcomes.

If these aren't considered, it is possible to end up comparing, for example, training with well-being with employment when training may lead to employment and being employed is an aspect of well-being. This is before recognizing that employment needs more information on duration and perceived value before it is a "well-defined outcome." The process and decisions by which outcomes are determined before they can reasonably be compared in making choices on resource allocation needs standardizing.

Since the number of outcomes arising from an action will be infinite and since it is not possible to collect data on all these outcomes, it will be necessary to prioritize. The process by which the outcomes that matter to those affected, often referred to as materiality, are determined will need to be standardized.

Accuracy is not just about how much of an outcome has occurred. Making comparisons between outcomes will need data on how much (the number of people and the extent of the effect) but also data on duration, causality and value. Different levels of rigor mean different levels of risk of misstatement, where a material misstatement would be one that has an effect on decisions (and on decisions that those effected would make IF they could). Accuracy needs

to be good enough for the decisions and will vary for internal decisions to allocate resources, but there will need to be some standardization of what level of rigor is good enough for those effected.

Risk is not limited to accuracy of data collection but also to completeness and relevance and to decisions about outcomes. Some standardization of risks and measurement of risk will also help decision makers.

How are we doing?

In theory, we're doing quite well.

There are several assurance standards that can help, including ISAE3000 and AA1000AS, and Social Value Assurance (SVI) standard is specifically designed for social impact. SVI also support a standard for well-defined outcomes. The Impact Management Project, the Social and Natural Capital Protocols, and SVI all address the issue of materiality and have some guidance. Though there are differences, there is also increasing convergence.

On accuracy, there is more to do, especially in recognizing that the level of accuracy required is not necessarily as high as would be required to meet scientific standards of proof, which has been one of the barriers to wider use of impact management and the relentless use of impact data to increase value. Finally, on the valuation or the quantification of the relative importance of different outcomes, there is also convergence in theory and guidance, ranging from an ISO for valuing environmental outcomes to SVI general guidance on valuation with a standard expected soon.

In practice, we're not doing as well.

This means that most enterprises are not creating as much value as they could with the resources they have. They are not comparing trends, comparing performance against budget. They're not comparing different options with data that covers the above issues and regularly making changes to the goods or services they deliver. Investors are, therefore, not able to compare different options or easily assess how impact is changing over time within their portfolios. The increase in the number of corporates that are measuring, and valuing, impact is encouraging but is limited to a relatively small number of businesses.

Nonetheless, the convergence in theory is removing one of the barriers to more practice. With an increased focus on decision making, on using data and on comparing options, there is also increased recognition that valuation is implicit in any decision and that approaches that make valuation more transparent and more informed by the preferences of those affected should lead to more value being created.

The problem is that it won't be possible to make resource allocations decisions based on impact data from organizations that are not managing impact with data that is based on accountability. There is a lot to standardize if the purpose really is increasing impact. Either there will be too much variability between organizations or, even with consistency, the risk that the information is incomplete. The cost of making the wrong decisions is too high.

What can we use in the meantime?

Interoperability does not have to mean interoperability for everyone. Individual organizations can get comparable data, compare options, and make decisions to increase impact even if their data is not complete or very accurate,

preferably so long as those making the decisions understand the risks. It is a low risk to make small changes and improvements that are low cost and easy to reverse. They can compare performance over time and standardize that comparison to allow for changes in measurement approach over time. They can compare performance against budget using their own internal standard, but it is important that they focus their energies on these comparisons and the resulting discussion and decisions. If they get swept up in standardizing measures of the impact they have, even if these are developed in some way with user involvement, there is a danger that the data will be seen as proving and reporting impact. Organizations with a culture of comparison and responsiveness will seek out other organizations against which to compare their own performance and work with them towards further standardization.

For investors and funders, it could mean focusing on measuring responsiveness and on the organization's journey towards collecting data that is complete, relevant, and accurate but without setting this as the immediate target and without implying that any data that does not reach this "standard" cannot be used to influence decisions to increase impact. Some data, even if incomplete, will still be being collected. The question is, "What is being done with it?" Rather than focusing on the impact data, it would be possible to focus on the use of that data. Evaluate the responsiveness of the organization to data from users. The rate at which an organization considers options for change and implements those options is a measure of performance, not that there should always be change but that an organization that is not considering options is unlikely to be maximizing its impact. Also, an organization that never changes, when the world around it and the people it works with are always changing, is unlikely to be maximizing its impact either.

Rates of response could be analyzed, compared and even aggregated. There are approaches to measuring culture and systems that track progress overtime and can be compared and aggregated. Creating some standards in responsiveness and in culture, systems and capacity would be useful and relatively easy way of creating interoperability.

In Summary

Standards are critical for people to be able to share, compare, and make choices, but there will be several things that need standardizing.

We can't standardize overnight, but we have to push towards these standards.

Recognizing the challenge of accountability and that we are almost certainly not creating as much impact as we can with the resources we have has fundamental implications for what we should standardize, especially how we decide which outcomes we will be accountable for and how that decision can be assured to be reasonable - more importantly that standardizing measures our own perception of outcomes.

The accountability gap means that the rate of response, the rate at which an organization changes in order to increase impact, is likely to be lower than it could be. Standardizing responsiveness will be important.

We can all start by counting the number of ideas we have had to change things as a result of data (feedback) from users and the number of ideas we have actually implemented.

Consequently, the resources below focus on this last point. There are now examples of businesses, social enterprises, and social investors that are exploring this, hopefully more examples and case studies will become available soon.

Resources

Maximise your impact - A Guide for Social Entrepreneurs

Constituent Voice

Feedback Commons

IMPACTING
RESPONSIBLY

THEME 3:
CONSTITUENT FEEDBACK

Introduction

More and more, organizations are turning to their constituents to provide feedback on the services they are receiving. This movement towards further including constituents and beneficiaries in the work is a movement in the right direction. How should this then be reflected in the way our organizations frame and measure impact?

We invited Dennis Whittle, Brian Walsh, and Ben Goodwin to share their experiences of incorporating constituent feedback into their impact data.

Dennis Whittle
CEO/Co-Founder
Feedback Labs

Brian Walsh
Head of Impact
Liquidnet.

Ben Goodwin
Executive Director
Our House

Insights from Dennis Whittle

Dennis Whittle
CEO/Co-Founder, Feedback Labs

"Ah, non - pas comme ca!" my new colleague Jean-Luc said sharply as he reached down and yanked out the rubber seedling. He held it up in front of the trembling farmer's face. "Bapak, tiga meter!" he growled. Three meters - that was the optimal spacing for planting rubber trees. Not the one and a half meters that he had just measured. Jean-Luc marched down the row of new plantings yanking out every other one, and I watched as the farmer's face grew more and more afraid. Finally, Jean-Luc said to me and the Indonesian official present, "Let's go," and we got into the Jeep and roared off down the road, back toward the capital of Jambi, a district on the Indonesian Island of Sumatra.

I was thinking about that scene the other day as I shopped for a new pair of shoes. The pair that I wear most often has seen better days, and I have been meaning to replace them for a couple of months, but I kept putting it off. Why? I walk to work most days - about fifty minutes round trip. I need shoes that are extremely comfortable and durable, while at the same time being formal enough for the office. I delayed because I knew I would have to try on many different pairs until I found the shoes that I could trust to feel good and look good for months to come.

What does shopping for shoes have to do with a rubber project in Indonesia? A lot, as it turns out. Back in the late 1980s, I was an economist at the World Bank's office in Jakarta, and I was assigned to work on a project that would provide funding, seedlings, fertilizer, and training for small farmers to plant tens of thousands of hectares of rubber trees. I spent months talking to rubber experts, running spreadsheets, calculating costs, and coming up with an optimal design to ensure that farmers were able to maximum their income from their rubber trees and repay the loans we were going to give them.[1]

There was only one problem. Actually, there were several.

- First, some farmers had absolutely no interest in growing rubber. They were doing just fine with their current plot of land growing food crops or rice, and what they really wanted was to buy a goat to help fertilize their land and eventually provide a food source.

- Other farmers were happy to try something new like rubber, but since they had never done it before, they wanted to hedge their bets by planting only half the land in rubber - or space the trees more widely - so they could continue to grow food crops as well. They even liked the idea that the rubber trees would provide shade for their food crops, enabling them to grow certain vegetables that couldn't take too much sun.

- A few farmers came from other parts of Indonesia where their grandparents had grown traditional species (not the new super-hybrids) of rubber. Those farmers really wanted access to the traditional seedlings, which were much lower yielding.

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1   For more background and detail, see How Feedback Loops Can Improve Aid (And Maybe Governance), Dennis Whittle, Center for Global Development, August 2013

- Many farmers stinted on the herbicides and pesticides we recommended, either to save cash or because they thought they had more effective ways of controlling weeds and pests, ditto with the big applications of fertilizer that my spreadsheet showed would deliver optimal returns.

- Finally, some farmers asked if they could plant a few trees at a time so that they could continue working as day laborers elsewhere.

My answer to all of these farmers was, "No." Along with my colleagues, I had done extensive analysis, and based on a combination of technical expertise, field experience, and financial scenarios, one approach stood head and shoulders above the rest. It involved clearing the land a certain way, planting a full hectare of land with trees with a very specific spacing between the trees, and then applying a certain type of fertilizer in specific amounts at exact intervals. Also, each farmer would get a standard loan from the agriculture bank that would be repaid over a certain number of years at a fixed interest rate.

This was one of the first projects I had been put in charge of, so I was dismayed when it floundered. Lots of farmers failed to sign up for the project. When the village chief called a meeting, they would not actually refuse; they would just not show up. Others signed up but then planted the trees the way they preferred, instead of how we told them to. Many took the fertilizer provided and then sold it to their neighbors or in the market. Some cut down their trees after a few years for firewood when times were tough.

Why were these farmers acting so irrationally, even after I repeatedly assured them that the project design would maximize their long-term income and was in their best interests? As it turns out, they acted that way because they were right, and I was wrong. They were being rational. The farmers themselves were the best judges of what they and their families needed, not me. My colleagues and I could provide valuable information - those new hybrids really do have much higher yields, and the returns to using fertilizer on them really are very high - but we saw our role as prescribing solutions, not providing information and experience that the farmers could use to assemble their own, individual solutions.

That was our big mistake - to think not only that we knew what was best for people but also that one size would fit all. This seems, in retrospect, to be a trivial, or even ridiculous, insight, but it remains a fundamental challenge for most funders and frontline organizations that are running programs intended to make people's lives better. We run studies, talk to our peers, draw on our own experience, and then design programs that we think will help people. Hopefully, we do have valuable perspectives and expertise, but we don't offer it up as a menu for people to choose from. We usually prescribe it as the one medicine they must take.

Let's rewind the tape thirty years and imagine a different approach to that rubber project that would have had better outcomes. What could my colleagues and I have done differently?

- First, we could have spent just a few days in various villages, talking to the farmers and their families about their lives, challenges, and hopes for the future. Instead, we just showed up evangelizing the income-boosting power of planting rubber.

- Second, we could have compiled and analyzed their responses, and then gone back to the village to reflect back to them what they said and what we might do together. That alone would have helped people feel validated and not "bulldozed" by power.

- Third, we could have explained our own constraints, and then looked for overlaps in the "Venn Diagram" between what they wanted and what we thought made sense and could deliver. For example, since we were from the Agriculture Division at the World Bank, it would be really hard to do an education project, but we could easily have agreed to finance some food crops in conjunction with the rubber, or maybe even some goats. This would have reduced their risk and dramatically improved their receptivity to the new concept of planting rubber.

- Fourth, we could have spent a few hours - no more - sending a report to our colleagues in other divisions of the Bank, telling them that people seemed to want clean water, better education, or whatever non-agricultural needs were expressed most often. That would have been good market intelligence for our colleagues in terms of knowing what people wanted and where. Imagine the reception they would have gotten in the villages if they had arrived and said, "Hey, we understand you really want your kids to do better academically - let's talk about how to do that."

- Fifth, we could have taken just a few hours explaining our great standardized models for rubber planting and our logic and evidence for why they would be optimal. Even if we were completely right, a few hours of discussion with farmers who had never done it before would have made a big difference, and more than likely, we would have made some modifications to that standard model based on their information about their context and local soil, water, and weather conditions.

- Sixth, we could have - without huge difficulty in retrospect - come up with three variations on our standard package to allow for smaller plots or different spacing or maybe even different hybrids or traditional species. Enabling farmers to choose a package that more closely approximated their needs would have made a huge difference in adoption.

- Finally, we could have just said, "Keep us posted. Let's get started, but we will be back soon and talk about what's going well, what's not, and how we might adjust. We won't always agree, and we won't have the ability to do everything you might ask. But, we will be listening, and we will do our best."

Thinking back, none of those steps would have been that difficult. In fact, most of us at least implicitly incorporated some of them in our work. But, few, if any of us, did them all, and almost no one did them as part of their typical project cycle; in short, we did not "close the loop." [2] We had neither the discipline nor the institutional validation we needed to systematically listen to and confer with the people we were trying to serve.

Since I wrote about that Indonesian rubber project five years ago, thinking in the aid and philanthropy worlds has shifted substantially. The World Bank adopted a requirement that all projects with identifiable beneficiaries would get feedback from them. The US Congress passed a law requiring USAID to do the same. Leading foundations banded together to create the Fund for Shared Insight (FSI), which created Listen for Good, an initiative that supports feedback experimentation by over 200 frontline nonprofits in the United States. FSI also supported the emergence of Feedback Labs, a network of over 400 organizations worldwide that are collaborating to push the frontiers of feedback, and, now, Impact Investors, led by groups such as Bridges and Acumen, are creating new frameworks and tools for feedback.

The progress in thinking has come about because leaders have begun to understand that getting and acting on feedback from the people we seek to serve is the Right Thing (morally and ethically); the Smart Thing (it can increase

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2   Keystone Accountability was a pioneer in pointing to the need for a closed feedback loop with their Constituent Voice Methodology.

impact by 15 - 50% when done well[3]); and the Feasible Thing (in terms of available tools). Increasingly, organizations are seeing how feedback can be the Powerful Thing to do as well, in terms of creating a sense of agency, identity, and community among people who actually get listened to. Now the question is: How can we make feedback into a new mindset, so that it becomes the Expected Thing - or even the Only Thing - to do in aid, philanthropy, impact investing, and even governance?

What does this have to do with shopping for shoes? Everything. When I go into the shoe store, the person who serves me asks me all sorts of questions - What brings you in today? What type of shoe are you looking for? How much do you want to spend? The salesperson has their own opinion, of course, but a good one makes suggestions and then listens and brings out pairs that they think might be a match. The store did not have an infinite selection, but it had a good one, with a wide range of options.

As a result, when I left the store, I had a pair of shoes that I was satisfied with. They were comfortable (although my son will complain that I can't run with him in them), stylish enough (though probably not up to my wife's standards), and a little more than I wanted to pay but still affordable.

In other words, I found the right fit for me. By listening, offering advice, and genuinely conversing, we can enable the people we seek to serve to find the right fit for themselves.

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3   For more details, see Is Feedback Smart? Elina Sarkisova, Feedback Labs June 2016.

Insights from Brian Walsh

Brian Walsh
Head of Impact, Liquidnet.

What is the story we tell ourselves about philanthropy?

One story, let's call it the Tocquevillian story (in honor of Alexis de Tocqueville, author of the seminal 19th century book *Democracy in America*), is that of well-meaning people freely choosing to give their hard-earned personal money to help the common good. In this story, philanthropy is private capital deployed for the public good, and represents the noblest of human intentions. This philanthropy reflects the vibrancy of a dynamic civil society, operating alongside other strong institutions in a thriving democratic capitalistic system - good people doing their part to contribute to a better world.

Another story, let's call it the Giridharadasian story (in honor of Anand Giridharadas, author of the 2018 book *Winners Take All: The Elite Charade of Changing the World*), is that of unelected and unaccountable "winners" who have amassed great wealth – and therefore great power – and who use money that otherwise would be taxed to pursue their own ideas of what is best for the common good. In this story, philanthropy is private capital that really should have been public capital, deployed to advance a self-interested notion of the public good. This philanthropy reflects winners of an economic system doing what they can to maintain their status atop that system.

Both these stories ring true. Philanthropy is made up of dedicated people and organizations working on some of our most critical social and environmental issues, but the efforts of philanthropy can have a range of impacts – positive and negative, intended and unintended – on the people and communities it intends to help.

My lovely mother has a folksy sign in her kitchen that reads: "Tonight's dinner choices: 1) Take it 2) Leave it." In the same way, the people and communities served by philanthropy too often do not have a voice in what is done to them or for them. Their insights and feedback are generally not taken into account, and they are left with the same "take it or leave it" choice as people eating in my mother's kitchen.

This lack of agency is inherent to philanthropy because of the structural power imbalance in the relationships between three main actors:

1. Funders have the power to choose how they deploy their personal money (or money they control)

2. Nonprofit managers raise money from funders to create and implement a range of programs and interventions

3. People and communities are the intended recipients of the programs and interventions provided by nonprofits. (The terminology is still evolving here; some refer to this group as either "beneficiaries", "constituents", or "clients.")

The people who are supposed to benefit from nonprofit programs are generally not the same people paying for them, leading to awkward incentives. In economics, this is referred to as the "principal-agent" problem: the people and communities are the principals being acted upon and the nonprofits/funders are the agents operating on their

behalf. So the dominant relationship dynamic in philanthropy is not between nonprofit managers and the people and communities they seek to help, but rather between nonprofit managers and their funders. To continue as going concerns, nonprofit managers must prioritize meeting the expectations of funders, whose personal choices can jeopardize the nonprofit's viability. (This is not a criticism of any particular nonprofit manager or even funder, but rather an observation on philanthropy's essential structure.)

Now contrast this to the system of the market economy, where there are three main actors:

1. **Investors** who have the power to choose how they deploy their money

2. **Company managers** who raise money from investors in order to create products and services

3. **Customers** who are the intended purchasers of the products and services

In this system, the people who are supposed to benefit from the products and services are the people who pay for them, leading to a clear alignment of incentives. Investors and company managers seek to earn a profit by successfully meeting the preferences of their customers with goods and services the customers are willing to purchase at prices they are willing to pay. In a market economy, the dominant relationship dynamic is between a company and its customers. If customers' preferences are not met, they may not purchase a product or service. The company may not earn a profit, and the investor may lose money.

Philanthropy lacks accountability in a way that companies and governments do not.

Companies are accountable to varying degrees to their customers, employees, investors, and the communities in which they operate. Democratic governments are accountable to the citizens who elect them. But who is philanthropy accountable to, besides funders? Short of mild regulations seeking to prevent fraud and abuse, philanthropists are largely unaccountable for what they do. The freedom this invites can be enormously positive; some of the most important philanthropy has required funders willing to take risks and address issues that neither the market nor governments were willing nor able to address.

We know that markets are not perfect, and the reason why our society requires a vibrant social sector in the first place is due in part to market failures. That said, philanthropy is missing two aspects of a well-functioning market: good data and feedback loops. Funders today don't fully know if their money is making a real impact, so they struggle to find the best organizations to support. Nonprofit managers don't have a standard way to report their progress, and so they spend too much time searching for the information and money they need to do good. Moreover, the people and communities we seek to help don't have a reliable way to provide feedback, so nonprofit managers and funders often cannot benefit from their insights.

I run **Liquidnet for Good**, the impact program of the fintech company Liquidnet. We're focused on applying what Liquidnet knows about improving the capital markets to mobilize more private capital for public good, including efforts to produce more effective philanthropy and accelerate the practice of impact investing. Over the years, Liquidnet has joined forces with amazing partners, including some of the largest foundations. Working behind the scenes, we've been improving the way philanthropy creates and uses data, and bringing the practice of feedback

loops to nonprofits and funders, so they can better listen and respond to the people they seek to help – the people who are too often least heard.

Accessible, useful, and timely information - good data - allows people and organizations to make smarter decisions. Effective philanthropy requires not only good data but also the ability of good data to reach and inform funders, nonprofits managers, and the people they both seek to help. This "information infrastructure" underpins philanthropy's ability to learn, adapt, and improve.

To help bring good data to philanthropy, Liquidnet launched an initiative called *Markets for Good* in 2010. Over the years, this collaboration brought together dozens of organizations from around the world working to improve the flow of data and resources in philanthropy. In 2015, we transitioned Markets for Good to our partners at the Stanford Center on Philanthropy and Civil Society (Stanford PACS). In 2017, Stanford PACS aligned Markets for Good with other efforts, where it now lives on as <u>Digital Impact</u>. Digital Impact improves the digital infrastructure for civil society and helps social sector practitioners and policymakers use digital resources safely, ethically and effectively for maximum impact. This work reinforces our understanding that good data is fundamental to the successful functioning of any market.

But good data is only as effective as those who use it. Besides the political implications for the outsized power of big philanthropy in our democratic societies, the lack of external accountability prevents philanthropy from being more effective. Receiving and responding to feedback is crucial for every type of relationship. Students improve by receiving feedback from their teachers. Performers improve by receiving feedback from their audiences. Employees improve by receiving feedback from their managers and peers. Companies improve by receiving feedback from their customers. Governments improve by receiving feedback from their citizens.

Philanthropy is no exception. Philanthropy should solicit, listen to, and act upon feedback from the people and communities it seeks to help. As others have noted, this is not only the morally "right" thing to do (correcting for the inherent power imbalance in philanthropy), but it is also the strategic and smart thing to do. Better listening leads to better feedback, leads to better programs and interventions, leads to better outcomes.

Starting in 2014 Liquidnet partnered with several foundations to launch the <u>Fund for Shared Insight</u>, a funder collaborative working to improve philanthropy by elevating the voices of those least heard. Shared Insight's goal is for foundations and nonprofits to be meaningfully connected to each other and to the people and communities we seek to help – and more responsive to their input and feedback.

Shared Insight initially included grantmaking in three areas: supporting information-sharing efforts among funders; supporting initiatives to develop and improve feedback loops; and supporting the examination of how openness and feedback can lead to better results. As Shared Insight continues to learn and evolve, its grantmaking has focused on Listen4Good, which supports the implementation of high-quality feedback loops at nonprofits serving diverse populations.

Whether you believe the Tocquevillian story or Giridharadasian story of philanthropy, the benefits of listening are becoming clear. Listening doesn't change the fundamental power imbalances in philanthropy, but it acknowledges and identifies them, and has the potential to mitigate and overcome their negative outcomes. By creating the tools and capabilities for nonprofits to better listen to the people and communities they seek to help, we are developing more responsiveness and accountability in philanthropy. This will require continued experimentation, increased

nonprofit capacity, expanded commitment by funders, and the establishment of new behaviors and norms for everyone in the sector.

Most importantly, this requires the thoughtful engagement of all of us, in and out of philanthropy, to ensure that philanthropy continues to advance our common good.

Insights from Ben Goodwin

Ben Goodwin
Executive Director, Our House

"But what are you going to do about it?"

"What do you mean, what am I going to do about it?"

"What are you going to do about the results? What's the point of asking these questions if Our House isn't going to take action?"

This question, posed by a young mother of three, challenges me, but it also encourages me that we are doing something right in our work to create a feedback culture in our organization.

I am the Executive Director of Our House, a nonprofit organization in Little Rock, Arkansas, with a mission to empower people, especially families with children, to overcome homelessness in a lasting and permanent way. We serve more than 300 people each day on our seven-acre campus in downtown Little Rock, taking a two-generation approach through programs that include housing (emergency shelter and transitional housing), early childhood education, out-of-school-time programming, workforce training, homelessness prevention, case management, and more. We have grown rapidly in the nine years that I have been with Our House, more than quintupling in size, adding new programs and constantly changing. We have also developed into an organization that embraces the power of data, which we use to measure our impact, identify areas for growth and improvement, and attract investment in our work. We track all kinds of data for our adults, children, and families related to employment, housing, school performance, kindergarten readiness, and much more.

Yet, for most of the past nine years, we overlooked a wealth of data that was right under our noses: the ideas, opinions, and suggestions of the people participating in our programs. We had conducted focus groups and listening sessions to get input on things like the design of our new Children's Center, but we had never seen client feedback as something that we should systematically track and use to drive ongoing improvement. But in 2015, one of our funders, the W.K. Kellogg Foundation, suggested we give the Listen for Good initiative a look. When we learned about the Listen for Good program's goals of creating best practices, standards, and national benchmarks around collecting and using participant satisfaction data, we saw the same seriousness of purpose with which we approached our program data collection. So we decided to give it a shot.

The Listen for Good program guided us as we set up a system of regularly surveying our program participants. Our first instinct was to survey a small cross section of our clients, but Listen for Good pointed out that, in scenarios like that, you often wind up surveying the people who are most closely connected to your program and leaving out the voices of those who are feeling disconnected from or disgruntled with your program. Thus, you miss the opportunity to find out why. So we decided to try to survey all our clients. We knew this would be no small feat. We planned an intensive week of survey collection that we called Speak Up Week. We set up "Speak Up Spots" all across our campus to collect as many surveys as we could. We recruited and trained volunteers from the community, including some of our board members, to staff the Speak Up Spots and collect the surveys. The Listen for Good technical assistance providers had taught us about the phenomenon of "courtesy bias," in which participants in social services programs

often rate them highly or refrain from providing negative feedback because they don't want to seem ungrateful. We thought that having someone other than the Our House staff, that clients weren't accustomed to seeing, administer the survey it would reduce the courtesy bias effect. What was the end result of these and many other efforts to collect a robust and authentic set of feedback from our clients? In that first round, we collected 199 surveys.

This is the point in the process where "What are you going to do about it?" needs to be asked.

We had the results of 199 surveys. We had summary data for quantitative questions but also hundreds of very specific written answers to questions like, "What are we doing well?" and "What could we be doing better?" How do you respond to such an outpouring of experiences, impressions, and suggestions? Here is where I think we added our own innovation to the field. We asked for help from our Community Council. This is the group that had already been serving as a kind of "focus group" of advisers, made up of participants from each of our programs. Instead of asking them to share their *own* opinions, this time we asked them to read, reflect on, and summarize the results from *all* the Speak Up Week surveys. We supported them as much as possible in doing so, organizing an evening meeting with dinner, childcare, and an interactive process of sorting the hundreds of survey comments to see what themes emerge. The Community Council carefully chose between 5 and 10 recommendations for each of our programs. The staff of each program was provided with the full results of the surveys, and they were required to develop an action plan to respond to the Community Council's recommendations. Each program's staff organized a "talk back" event to share the results of the survey, the Community Council's recommendations, and the program's action plan for responding to the recommendations and making improvements and changes.

By giving our clients the power to tell us *exactly* how we should respond to the survey, we took our own biases out of the equation, but we were also taking a risk. This was a very public, very transparent process. What if it resulted in suggestions we couldn't follow through on? This was challenging to me as a leader.

The recommendations we received in that first round *were* challenging. For instance, we were told we needed to provide evening child care to enable parents to attend our evening classes in our Career Center. We were also told we needed to improve security at the front door of our Children's Center, to make sure only parents and staff were able to enter. Many of their recommendations came with price tags attached, some with hefty price tags. To some of these pricier ideas, my first reaction was to say no. These things aren't on the agenda, and they're not in the budget, but I knew that saying "no" wasn't an option. We had to try.

In trying, I soon realized that I needed to expand my own understanding of what's possible. We were able to begin providing evening child care in the Career Center, thanks to some new grant funding–funding we received, in part, because we were able to show clearly, through our survey data, that this was identified as a big need by our clients. That program continues to this day, and it enables hundreds more parents to access evening support groups, mental health counseling, career training, financial coaching, and other services each year.

Regarding the security at the front door of the Children's Center, we initially responded with a series of ineffective measures, and the issue kept coming up in subsequent surveys. We finally bit the bullet and installed a video monitoring system so that all classrooms can see who is in the lobby and verify their identity before buzzing them in. This was a very legitimate safety concern, clearly expressed by our parents who drop their kids off each day, and unallayed by our half-measures. When we finally addressed the problem in the way it needed to be addressed, the next round of survey results showed the impact. For the first time, the Community Council made no recommendations related to safety of the children's programs.

As we've repeated the survey process every six months - five times over the past two and a half years, growing each time to a high water mark of 306 surveys collected - the recommendations have only gotten more challenging. There are dozens more examples of Our House making changes, big and small, in direct response to Community Council recommendations. And, there have been plenty of recommendations that we haven't been able to implement - yet - but in each of these cases, we had to explain why. By requiring ourselves to explain our successes, our shortcomings, and our decision-making to our clients, we have created a new dynamic of accountability that, as difficult as it can sometimes be, is oriented in the right direction - between nonprofit leaders and the people they are there to serve.

This process is also challenging for our staff. It takes a lot of work simply to collect the surveys. It takes a lot of humility and maturity to read through the comments and criticism, and it takes even more work to respond to the Community Council's recommendations and make programmatic improvements. Our senior leadership tries to do everything we can to support our team in this, and in fact, we began surveying our staff as well, to make sure they know that their voices matter too. We use the staff survey feedback to identify ways to improve internal processes and support systems to improve team member satisfaction.

Despite the challenge it presents, our staff and our entire organization has embraced this culture of feedback enthusiastically, because it is so resonant with the spirit and energy of their work with our clients. Our House's approach is oriented around helping clients navigate the systems they interact with in our community. The workforce, health care, school, public agencies - these and many other systems that play such a defining role in all our lives are complex, flawed, and too often unresponsive to the needs of people living in poverty. We help our clients build the skills and confidence to advocate for themselves within these systems, to find their voice and use it to overcome obstacles and accomplish their goals. Within this framework, it only makes sense that we ourselves should strive to be a system that listens closely to our clients, that heeds their concerns, that is responsive to their needs. We want our clients to be invested in the success of Our House's programs the same way we want them to be invested in the success of their children's school. We want them to ask hard questions of us the same way we want them to ask hard questions of their child's doctor. We want them to speak up if they have safety concerns at Our House the same way we want them to speak up if they have safety concerns about their own apartment. We want them to believe change is possible, that new ideas are achievable, that they are valued members of a community. That starts right here at Our House.

So back to the young mother asking, "What are you going to do about it?" She is a member of the Community Council, and she is reacting to our introduction of our newest experiment in collecting client feedback. One drawback to the every-six-months survey process is that six months is a long time to go without checking in with your clients, and yet, the Speak Up Week process is too much work for us to do more often than that. We learned about an approach to customer satisfaction measurement being used in the for-profit sector that we thought might be a good complement to the survey work we were doing. This radically simple approach was pioneered by a company called Happy or Not, and it asks one very simple question (such as "How would you rate this bathroom?" which you may have seen in an airport recently).

Respondents answer by selecting one of four faces that range from a very sad frown to a very happy smile. We were attracted to the idea of collecting real-time data on our clients' experiences in our program. We reached out to Happy or Not and asked if they would partner with us to test whether this kind of approach could work in the context of a nonprofit social services organization. We were thrilled when they said yes and sent us a set of their terminals to put in every program on our campus. Now, we were presenting this idea to the Community Council to get their help in figuring out how to implement it on our campus, and the first thing we heard in response was "What are you going to do about it?" I don't yet know what we are going to do about it, how we are going to translate all of this real-

time data on how our clients are feeling about our programs into actionable guidance for improving our programs, but I am heartened to hear our clients express their expectation that we will honor their voices and respond to their concerns. I am confident that we, the community of people who are invested in the success of Our House, clients and staff alike, together, can figure it out.

IMPACTING
RESPONSIBLY

THEME 4:
CURRENT REPORTING BURDEN

Introduction

The current reporting relationship between funders and grantees has been declared burdensome by many institutions. Many funders are seeking to change the reporting relationship they have with their grantees and these changes often center around innovative uses of data.

We invited Andrew Means, Jane Reisman, and Veronica Olazabal to share their experiences on the reporting burden.

Andrew Means
Co-Founder & VP of Strategy
BrightHive

Jane Reisman
Founder & Senior Advisor
ORS Impact

Veronica Olazabal
Director, Measurement, Evaluation
& Organizational Performance
The Rockefeller Foundation

Insights from Andrew Means

Andrew Means
Co-Founder & VP of Strategy, BrightHive

I think many of us can agree that often times the reporting relationship between grantees and institutional funders is broken. The elephant in the room is that most of the time the reports that go to funders go unread and, if read, don't impact much. The reporting requirements many grantees face can be incredibly burdensome, even (especially?) for small grants.

All of this has led to lots of data, plenty of reports, and more than enough stories. Yet, we don't seem to be learning anything. We don't seem to be getting better at being funders or changemakers because of all of this reporting. Shouldn't that be the goal? That reporting isn't just about checking boxes and proving I didn't run away with your money and buy a boat but about becoming a better changemaker? The reporting relationship between funders and grantees should make both better at their work, but we aren't there. To understand why, let's take a step back and get a bit meta.

Let's think about why the social sector exists. From ancient religious traditions of caring for the poor to the associations Alexis de Tocqueville observed in 19th-century America to modern philanthropists and social entrepreneurs, what is the thread that ties them all together? All these organizations are primarily concerned with creating change.

There is something about the world as it is today they want to see changed for tomorrow.

I think this is the motivation for many people that work in the social sector. We are committed to *changing* something about the world. There is something we view as good that we want to see more of or something we view as bad that we want to see less of.

In essence, we are all part of the Change Economy.

Understanding what I mean by change is important. Many organizations use words like change or impact or outcome, and we aren't really clear about what we mean.

A useful analogy might be that of a race. The number of race participants is the *reach*. Most every organization tracks some data that fits into this category - people served, program participants, etc.

The number of people who cross the finish line of the race is the next thing that many organizations track and some will call their impact. If they're trying to help students graduate from high school, they track how many students did in fact graduate. If they're a workforce development organization, they might track how many people are employed 6 months after their program ends, but this is not actually an important measure if you think about impact as change.

The most important measure is who crossed the finish line *who wouldn't have otherwise*. This is what I mean when I say, "There is something about the world as it is today that we want to see different for tomorrow." If someone would

graduate high school without my program, I am not creating any change as much as *capturing* what that person would do on their own.

I believe the social sector exists to create change, to actually cause something to occur that wouldn't have otherwise. I believe we exist in the change economy.

Our change economy includes individuals and organizations that are buying change and selling change. Whether a donor's individual giving or the philanthropy of a sophisticated foundation, the root of the change economy is putting money behind organizations that are creating a change we want to see more of. Social change organizations are selling their ability to create change to donors. (Of course there are myriad of grey areas here, including the emergence of sustainable social businesses that generate their revenue off a different value proposition than their ability to create change.)

In our change economy, data is what should be validating whether change is occuring or not. Data that validates or invalidates change should be what drives the transaction between funders and grantees. We far too often rely on stories and anecdotes to communicate an organization's effectiveness and utilize far too little evidence.

Ok. Back to the reporting relationship between funders and grantees.

I believe that this relationship should largely focus on providing data and evidence that change is taking place. Both funders and grantees should be aligned in what change they are trying to create. Therefore, the data that the grantee should already be collecting to understand and validate their own ability to create change should be exactly what the funder needs to validate that they bought the change they thought they did.

Imagine a world where funders could automatically get aggregate reports from the transaction systems of their grantees about who was being served, the marginal outcomes being achieved, etc. It could radically reduce the reporting burden to grantees to simply say here is the data.

Now, this requires that organizations track the information they need to know if they are effective. This is what this whole report is talking about. There are many challenges to organizations collecting and analyzing the data to understand marginal impact, but it is becoming increasingly less difficult to do so.

A world where grantees and funders are working off a shared understanding of what change is being created is a powerful world. One where funders have more confidence in the impact of their grantmaking. One in which grantees have greater clarity in their work and how they compare to their peers. One where those seeking services have a better sense of which service providers might work best for them.

Our change economy would finally start aligning around what we actually care about, change. Not stories. Not anecdotes. Not well-connected boards of directors. I am excited to see us get closer and closer to that world.

Insights from Jane Reisman and Veronica Olazabal

Jane Reisman
Founder & Senior Advisor, ORS Impact

Veronica Olazabal
Director, Measurement, Evaluation & Organizational Performance, The Rockefeller Foundation

The social sector has changed significantly over the last decade with responsibility for social and environmental goals no longer limited to public sector activity. Today, more and more actors are in the mix - recognizing that all individuals, organizations and systems have an impact on people and planet, positive and negative. This collective responsibility for positive impact has implications for how much data is collected, who it is relevant for and how it is being used to accelerate positive and equitable outcomes and impact.

Building from practices that have emerged across the public and private sectors, we explore how the increasing diversity of social sector actors is shifting our approach to impact data and learning, and suggest how to manage this data appropriately to help maximize the value of data collected and reduce reporting burden.

Are we collecting too much and learning too little?

The 21st century has seen a surge of new market-based actors enter the business of advancing social good. This new wave of actors, many who generally optimize for financial returns, has raised critical questions concerning the value placed on collecting impact data, not only of the value of the data itself.[1] In this more competitive social and environmental impact market, questions that would seem straightforward to answer such as: how long should it take to achieve impact? how robust should it be? what should it look like? Are not straightforward at all. Nor are questions around benchmarks such as what does good look like? who holds the industry standard? how do we compare to others?

Our typical response to cutting through these difficult to answer questions has unfortunately been to take shortcuts, without too much systematic regard for data collection methods, data quality and/or consideration for the insights and evidence that can be generated from the plethora of data already available. Coffman and Beer's research on cognitive biases in philanthropy adds an interesting twist to our understanding of our relationship with data, data use and decision-making.[2] In their research, they point to various biases that underlie our ability to make better decisions about organizational effectiveness and resource allocation. For example, reinforcing each other's predispositions to certain results through confirmation bias or groupthink regardless of Return on Investment (ROI), drawing conclusions from the limited data we have at hand such as availability bias to keep our work moving, or collecting more and more data when the path is not clear because of escalation commitment.

1   In applying this type of lens to the social sector, the actual process of data capture should, ideally, also be cost-effective and perceived as providing good return-on-investment (ROI). See HOFFMAN, Shawna A.; OLAZABAL, Veronica M.. The next frontier for measurement and evaluation: Social impact measurement for impact investing and market solutions. African Evaluation Journal, [S.I.], v. 6, n. 2, p. 3 pages, oct. 2018. ISSN 2306-5133. Available at: <https://aejonline.org/index.php/aej/article/view/342>. Date accessed: 18 apr. 2019. doi:https://doi.org/10.4102/aej.v6i2.342.

2   Beer and Coffman. 2014. How shortcuts cut us short: Cognitive Traps in Philanthropic Decision-Making. Center for Evaluation Innovation. https://www.evaluationinnovation.org/wp-content/uploads/2014/05/CEI-Cognitive_traps_in_Philanthropy.pdf

In short, yes, we are collecting too much data and can expect more to come. Given the laws of demand and supply, we can assume that these new market demands for cost-effective data collection approaches will continue to drive the growth of available tech-enabled data collection processes and tools (e.g., mobiles phones, GIS, satellite imagery), further decreasing the cost of data and increasing the amount of "impact" data available.

Is more data driving greater insight and confidence in making the world a better place? The public sector has learned from the decades of work to shift outcomes and impact through policy reform that "more" does not necessarily bring greater insight and uptake of data. One case in point is a World Bank report, which showed that while the Bank spent one-third of their country budgets on generating knowledge products, as much as 87 percent of their knowledge repository had never been cited and more than a third of their reports have never been downloaded.
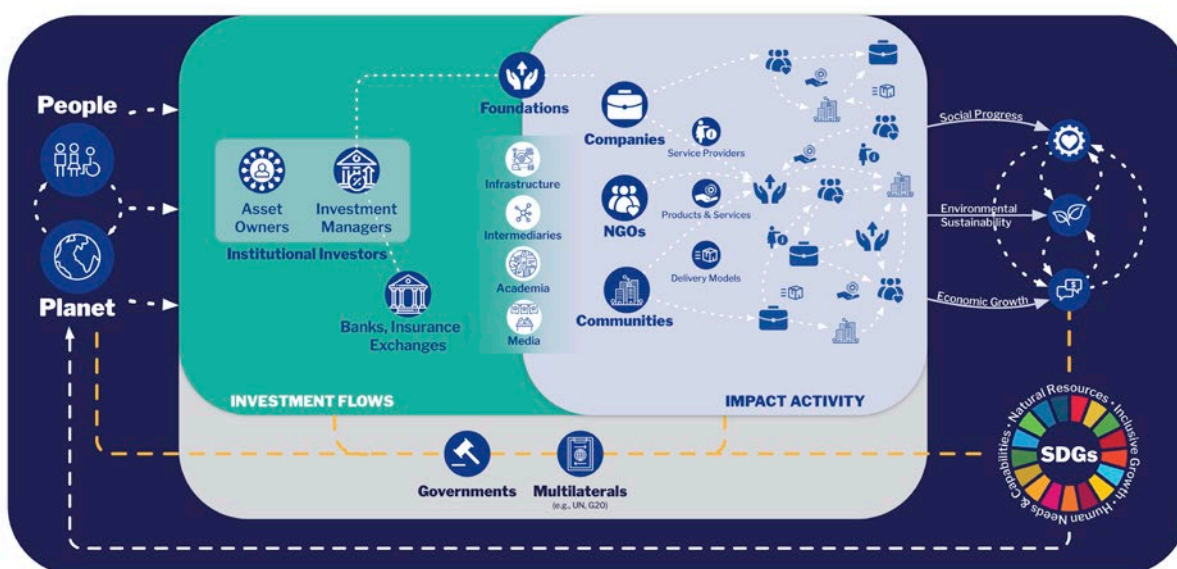

Figure 1: A Snapshot of the Impact Investing Ecosystem, from the October 2018 GSG Report, "The Impact Principle: Widening Participation and Deepeding Practice for Impact at Scale"

One size does not fit all: data and evidence for whom?

The Global Steering Group[3] for Impact Investing (GSG) has mapped the "impact ecosystem" in a diagram that captures the diverse set of actors now involved in the business of doing good including asset owners, companies, foundations, governments, multilaterals, non-governmental organizations (NGOs), communities, service providers, academia, and others.[4]

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3   The GSG is an independent global steering group catalyzing impact investment and entrepreneurship to benefit people and planet. It was established in August 2015 as the successor to and incorporating the work of the Social Impact Investment Taskforce established under the UK´s presidency of the G8. The GSG currently has 21 countries plus the EU as members.

4   "Impact investing" refers to an approach to investing that was formalized at a 2008 conference in Bellagio Italy aimed at scaling the next generation of innovative finance solutions for addressing global challenges.[1] What differentiates impact investing from other forms of

While only one slice of the social sector produces data, Figure 1 shows that the data needs, measurement norms and uses of data for decision-making among the actors mapped are strikingly different from one group to the next. For instance, academia requires a very high level of rigor based on scientific principles in order to advance knowledge. Foundations, in contrast, have a wider aperture for the data used to test the efficacy of their strategies. This also differs from impact and private-sector investors who typically adhere to formalized accounting and finance standards around financial data–relying primarily on key performance indicators (KPIs) and intentions of impact to guide portfolio construction and management.

The root of these differences can be summed up as both (1) epistemological–what it takes to be confident in the adequacy of data; and (2) political–the level of stewardship and accountability for social and environmental impact among the various actors. Both have implications for what data points and trends will be relevant for each decision-maker at the individual and institutional levels. Coupled with the biases we are predisposed to in making sense of complex situations, the net result of more actors in the business of doing good is fragmentation around data and excessive burden of expectations for reporting data.

How might we reduce reporting burdens and increase learning?

In 2015, various actors across the social impact market saw an opportunity to develop a set of norms and conventions to bring structure to what had seemed like a very unstructured environment. Called the Impact Management Project (https://impactmanagementproject.com/), the IMP defines itself as "a forum for building global consensus on how to measure, manage and report impact." This project originated to solve for the fragmentation around the meaning and relevant data related to impact across the spectrum of actors engaged in impact. This project convened over 2,000 organizations representing a wide spectrum of actors to inform a consensus about the dimensions of impact, relevant data attached to each dimension, and elevating the importance of impact data to improve impact strategies and implementation. A brief summary of the five dimensions follow:

1. **What** tells us what outcomes the enterprise is contributing to and how important the outcomes are to stakeholders.

2. **Who** tells us which stakeholders are experiencing the outcome and how underserved they were prior to the enterprise's effect.

3. **How Much** tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.

4. **Contribution** tells us whether and enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.

5. **Risk** tells us the likelihood that impact will be different than expected.

Taken as a whole, these five dimensions offer a straightforward and comprehensive picture about relevant data for reporting and using impact data to manage for positive impact. These dimensions further allow for discovering how

sustainability and socially responsible investing is the intentional effort to practice impact measurement and management in order to create positive social and environmental effects.

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impact manifests itself for different stakeholders. Applied early enough in either a private or public sector investment pipeline can help contribute to more purposefully managing toward equitable outcomes and impacts.

How do we maximize the value of that learning?

Finally, there is a growing movement to build stronger habits for higher quality learning and to create enabling systems in philanthropy to support this learning to execute more impactful philanthropy.

Gone are the days when data requirements were simply for accountability monitoring and were disassociated from the "real work" of foundations. These more conventional beliefs around impact data usually resulted in reports stored in modern day "dusty shelves," such as clunky knowledge management systems or seldom-opened EXCEL files. The emergent focus on requesting data with a more dynamic and focused purpose for managing toward impact reframes the entire reporting exercise from one that is a check-the-box accountability mechanism to one that is an important driver for impact.

Among the various examples of what "good" could look like is an initiative supported by the W.K. Kellogg Foundation. The Lab for Learning has focused on building dynamic learning systems in philanthropy. This Lab introduced habits of high quality learning that directs attention to the most meaningful data to enhance strategic learning. These five habits are:

1. Make your thinking visible

2. Ask powerful questions

3. Combat your biases

4. Attend to causal inference

5. Answer the "now what" question

The underlying assumption behind these habits is to better focus data collection on information that is most meaningful for enhancing strategic learning. A clearer focus on data that would support better decisions and actions about strategies is expected to substantially reduce reporting burden. Many lab participants are already seeing these results emerging from changes in grantee reporting processes and more targeted data needs that directly inform progress at the strategy, program and cross-foundation levels. If investors asked their investees for data in order to best respond to these five questions, the reporting burden would inevitably decline.

Conclusion

In this short summary, we have highlighted practices emerging across the social sector to illustrate that making sense of impact, is not (yet) a simple endeavor, where more and more data can be cost-effectively and easily tied together to tell an "impact story". Instead, the shifting nature of the new social sector is creating an opportunity for us to reflect on the dynamic nature of learning and decision-making.

For impact and other private sector investors, the IMP is becoming widely socialized as a convention in this rapidly growing business of doing good while the emphasis on data as a key resource for smarter and quicker learning among philanthropic actors is providing a strong basis to integrate evaluative thinking and hypotheses testing earlier in their investment pipelines.

Layered across these threads is an increasing concern about applying an equity lens to understand the value that stakeholders place on intended impacts, which clearly makes this discussion even more complex and is the subject of another chapter.

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Theme 5:
Resource Inequities

Introduction

One of the common pushbacks to the adoption and use of more data in the sector is that small organizations are unable to collect and share data. In this section, we are seeking to examine whether that is indeed true and what possible benefits a more data-driven sector might bring to impactful smaller organizations.

We invited Keely Hanson from the Urban Institute's Center on Nonprofits and Philanthropy to share her thoughts on resource inequities concerning impact measurement.

Keely Hanson
Policy Associate
Urban Institute Center
on Nonprofits and Philanthropy

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Insights from Keely Hanson

Keely Hanson
Policy Associate, Urban Institute Center on Nonprofits and Philanthropy

In an increasingly outcome-driven sector, scaling impact is all the rage. Funders are being asked to devote limited resources to strictly what "works" amidst critiques of a growing nonprofit sector with unnecessary duplication and inefficiencies. Some even believe that there are "too many" small organizations not moving the impact needle, and we should only invest in the big ones that can really solve problems. However, when we think about impact, bigger isn't always better. The digital revolution and the unique characteristics of smaller nonprofits may mean that they are better equipped to innovate impact.

The truth is most nonprofit organizations are small. The Urban Institute's own National Center for Charitable Statistics shows that while 5% of active reporting public charities make up 88% of all expenses, 3 in 10 nonprofits have expenses under $100,000, and over two-thirds of nonprofits have under $500,000 in expenses. Even looking at very small public charities with gross receipts under $50,000 each year (those that file the 990N e-postcard) shows that the smallest organizations that we track have a distribution that mirrors larger organizations (those that file Form 990 or Form 990-EZ annually). Does this mean these organizations with a similar mission focus should consolidate and scale their efforts? Not necessarily.

It is important to maximize resources to ensure we have the right actors in place to tackle today's increasingly complex issues. Although we have big problems and need organizations with the capacity to respond and get in front of them, you don't have to be big to achieve meaningful impact. Moreover, growth in size does not guarantee growth in impact. If the impact wave is too focused on models and outcomes that can only be scaled and broadly replicated, there's a chance of overlooking the unique impact of small, community-based nonprofits.

Place-based and mission-focused. There are many small organizations that are regionally relevant organizations that serve a specific locality. Their services match the needs of the targeted population, and their mission is informed by a localized lens and/or by a shared experience/issue within a specific locality.

Closer proximity to the frontlines of the issues. Smaller, community-based organizations are more likely to work at the front lines of the issues. Since they occupy a vantage point that positions them to be able to acquire critical knowledge about the social fabric of their communities, this can deepen their capacity to identify problems, define strategies, and design solutions.

Community-focused and led. Smaller, community-based approaches, especially grassroots efforts, are often distinct in the nonprofit ecosystem by having more direct relationships with their community stakeholders. This allows them to be directly and immediately responsive to the needs of the communities they work for, and earn a deep level of trust. They may also give communities a stronger platform and stake in designing and leading the execution of solutions to the issues they experience, which can be especially vital in communities who have experienced historical and/or ongoing marginalization.

The digital revolution has laid the groundwork for new tools and models for social change, as well as innovated the types of impact data that is available and what scaling impact means. These shifts have made it even more important

that we do not use organizational size to restrict who we think is capable of impact because the vantage points and organizational traits of smaller nonprofits represent a unique opportunity to deepen and innovate impact.

There has been an emergence of data made available through crowdsourcing, social media, and open and publicly available data sets. Grassroots data movements are transforming social impact data and doing it with less resources. For example, following the 2014 shooting of Michael Brown in Ferguson, Missouri, three racial justice advocates recognized the federal government does not collect comprehensive data on the number of people killed by police in the United States. Together, they founded Mapping Police Violence to build an open and comprehensive database on such numbers, including a disaggregation by race, using myriad data sources such as crowdsource data, local media reports, obituaries, criminal database records, social media profiles, and more. Their model shows how a small organization successfully identified an urgent issue affecting their community, tapped innovative data sources to generate a responsive way to provide greater transparency and accountability for police departments, and directly empowered communities with data-driven narratives to advocate for policy change. They also did it with a fraction of the budget and staff capacity typical of large research organizations, illustrating how smaller organizations can sometimes do more with less. Social media has also transformed the impact sector and what is possible, with new avenues to engage in knowledge sharing, network building, campaigns, and collaborations. Urban has been examining the relationship between nonprofits, social media, and public activism by collecting a public 1% sample of all Twitter data on a real-time basis (which translates to well over 1 billion tweets collected since 2016). Examining the relationships between nonprofits, social media, and impact is important since they are open and cost-effective tools. The research shows that social media can create places for dialogue, supplement offline activism, and promote new forms of virtual activism - including online giving. Small organizations are well positioned to maximize these tools very nimbly, optimizing their deep community engagement and knowledge of the issues to engage in two-way dialogues with their audiences, and spread information tailored to their audiences.

So, as the sector engages with new models of social change and seeks to advance meaningful outcomes, how can we begin to ensure that small organizations are able to compete for and attract the resources they need to maximize their impact?

Flexible and equitable grantmaking. Funders can revisit their grantmaking approaches and ensure they are structured in a way that small organizations with limited resources are able to equitably compete for funding opportunities. For example, long, technical, and burdensome grant applications can serve as barriers of entry for less-resourced, smaller organizations. Urban has been conducting research to evaluate how changes in the grantmaking process can lead to differences in "what" is funded with broader representation in the types and qualities of organizations selected for funding. That is, how can the "how" of grantmaking be designed to create meaningful and truly fair opportunities for organizations with varying capacities and expertise to participate in competitive funding initiatives. We've learned that successful, equitable grantmaking starts at the beginning of the process, with an extensive outreach process that actively reaches out beyond more visible organizations. Offering technical assistance on applications also proves helpful in attracting ideas from these organizations and bringing them into the pool. Funders should also leverage a two-stage application process because an idea stage creates a low barrier of entry for smaller-capacity organizations. This proves effective in soliciting a diverse range of applicants and as a meaningful screening tool for the funders to only invite organizations most likely to be funded to complete full proposals.

Co-creating outcomes and metrics of success. Urban's work has also seen how effective it can be when funders intentionally attempt to mitigate the heavy demands of reporting and outcomes tracking. Both processes can be costly and burdensome for smaller organizations. Demonstrating impact according to the specific outcomes set by a funder can be challenging to all organizations. In our partnership with the Citi Foundation, Urban has supported the

foundation in co-creating indicators and outcome metrics with their Community Progress Maker grantees, so that they align with the organizational goals and evaluative capacity of their respective organizations. This process allows both funders and grantees to tell compelling and effective stories about their work and impact using data. When thinking about how to tell an impact story, we can't treat small organizations like big organizations. When funders allow small organizations to authentically share their perspectives, impact data gets better because it opens the possibility to capture the expertise of lived experience or innovative grassroots solutions. It means that burdensome and/or prescriptive metrics won't water impact data down into standardized outcomes, or keep small organizations from seeking funding in the first place.

Yes, we need solutions and impact that can match the level of issues we face as a society, but as we think about scale, we must not become fixated on scaling a single approach or single solution. As we attempt to solve important questions about what works best to accelerate change in an environment of limited resources, smaller organizations offer cost-effective and adaptive methods of innovation to inclusively source new models of impact and change perceptions of what we think is possible.

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Theme 6:
Impact Data Ownership
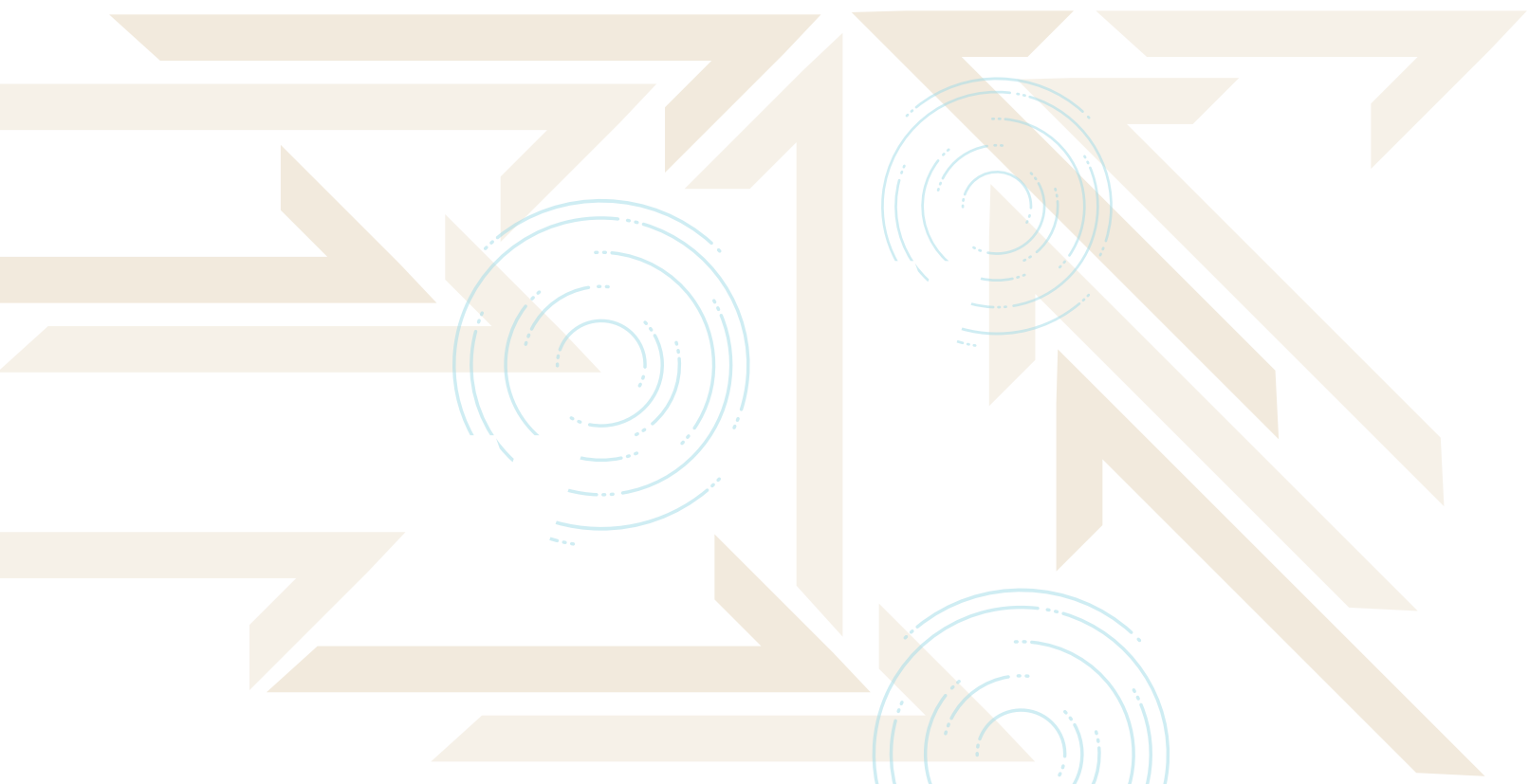
Introduction

As more data is being collected and generated by the social sector, we must ask ourselves, who owns all of this data? What does data ownership mean in this context? As the social sector, we have values that differ from the private sector, and how we think about data ownership should reflect our values and not simply adopt the values of others.

We invited Tris Lumley, David Goodman, and Natalie Evans Harris to share their experiences on data ownership.

Tris Lumley
Director of Innovation and Development
New Philanthropy Capital

NPC
New Philanthropy Capital

David Goodman
VP of Ecosystem Development
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Natalie Evans Harris
Co-Founder & Head of Strategic Initiatives
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Insights from Tris Lumley

Tris Lumley
Director of Innovation and Development, New Philanthropy Capital

Imagine that every child on this planet, no matter where they were born, grew up knowing that their own lived experience had equal value and currency in the world to the experience of any other - that their experience of their family's assets and needs, their community's strengths and weaknesses, could be mobilized to build on those assets and fulfil those needs. What then could we achieve?

There's a huge challenge in the nonprofit sector for anyone who believes we need to shift to more data-driven decision making and practice. The answer seems to be obvious, though difficult to deliver - increase access to data and build the skills needed to harness it. I've spent the last fifteen years working at New Philanthropy Capital towards that end. That work has taken different forms - publishing analyses of nonprofits' effectiveness to help donors focus on impact; developing impact measurement frameworks and services to help nonprofits collect, analyze and use data; and connecting government administrative data to organizations that desperately need it.

But, the more I've thought about it, and the more I've seen the results of efforts working on the supply side of data to the social sector, the more I think we've been missing the most important questions. I think if we reset our assumptions about how data can work towards greater impact, and who it can work for, data truly can become a powerful tool in the struggle against inequality.

Who's the customer?

As many of us in the nonprofit sector are fond of reminding our well-meaning friends and commentators in the for-profit world of management theory, we're a little bit different from a business. Whereas businesses are pretty clear who's most important to them - the customer - it's not as clear cut for us. We have people (or animals, habitats, and so on) who look like customers. They receive our products or services and are supposed to benefit from them, but then we have other people or organizations that also look like customers. They provide us with donations, grants, and even contracts to carry out our activities. They're our proxy buyers. By funding us, they're essentially purchasing products and services on behalf of the people and communities we exist to serve.

So far, so obvious, but we have a serious proxy buyer problem. Unless these buyers - funders, donors, investors - have a really good handle on what our customers, participants, and recipients actually get out of the equation, they actually make terrible decision makers.

As an entirely rational problem, this looks like it has an entirely rational solution. Nonprofits should collect some data to work out what happens to the people, communities, habitats they're supposed to benefit, and their proxy buyers will then use that data. Resources will flow based on data about where the greatest value is being delivered, just like a market.

Unfortunately, this solution turns out to be built on a whole mess of assumptions, that all turn out to be almost entirely false. This sucks, but simply wishing it weren't so doesn't seem to change things. I should know. I've spent a good proportion of the last fifteen years doing so.

Here are just a few of the reasons why data doesn't solve the proxy buyer problem:

- It turns out that collecting, analyzing and using data requires money - investment in skills, systems, and actual work by real humans. This turns out to be a problem because the dominant mode of funding nonprofits is to keep them as cheap as humanly possible. Call it the nonprofit starvation cycle, or call it the overhead myth. It seems to be here to stay, and that's a problem when you need to hire a bunch of (not cheap) data analysts.

- It turns out that storytelling is a much better fundraising strategy than data. Charts don't make us give - human connections do. So, it's not even clear that if we had the data we needed the money would flow in response to what it said.

- Even worse, sometimes the story that we tell to fundraise actually turns out to be damaging to our cause - to undermine the work we do. If your nonprofit works in the ageing field, your mission would tell you to share positive stories about people's expectations of the ageing process because that leads to better ageing and greater well-being, but if you want to raise money, you paint a picture of lonely, frail, sad, old people - exactly the opposite of what you should do.

- The stories we tell, and the data we collect, are driven by the money, not by the people we exist to serve. Ultimately, nonprofits' use of data tends to be constrained by the fundraising market paradigm it exists within, so even though it seems that nonprofit data could break through the fundraising and marketing "game," instead it seems destined to be captured by that dysfunctional dynamic.

My point is that *all* the incentives for data collection and use drive you in the direction of addressing the funding side of your business model, not the impact side of the model.

- If you don't believe me, look for nonprofits that are proactively using data about their work to:

- offer potential service users a choice between their service and other organizations' offerings;

- hold themselves accountable to the people they exist to serve, by making their decision making transparent and inviting critique and challenge; or

- help strengthen the field by sharing their data and insight as a public good.

When you do find an example, congratulate them for resisting all the incentives trying to shape their work. And, please let me know - I want to be proven wrong!

Can we flip the power dynamics?

What I'm arguing is that the problem isn't really about data. It's about power, and to illustrate that, it's helpful to zoom right out to the global level and then back in to a single community.

At the United Nations, the Sustainable Development Goals were developed as a framework to guide, align, and connect efforts across the globe to transform our world by 2030. The SDGs are a structure to build plans around; a way to connect the efforts of businesses, governments and nonprofits; and the foundation for a data dashboard to measure global progress.

I am a huge fan of what the SDGs represent - an effort to coordinate globally our efforts to benefit people and planet, but from the perspective of any individual or community, they represent a very distant and theoretical hope, not anything practical they can use. They might see the SDGs through the lens of local nonprofits, providing products or services that they're measuring against the SDGs, or a business offering products or employment and aligning itself against the SDGs, but whether those uses of the SDGs give that individual or community any real agency over what's going on, that's a different question.

Contrast that with Poverty Stoplight - an initiative and organization that grew out of Fundacion Paraguaya to give families and communities their own data dashboard, articulating their assets and needs at the household level. A family that's created their own household dashboard might decide to share assets or swap skills with others in their community, or a community might bring together their individual assets and needs into a data analysis of the community's priorities.

My point is that data in itself doesn't change anything about the power dynamics inherent in society that result in inequality and injustice. If we're stuck in the same set of structural dysfunctions (and we are if we need to fundraise to do our work!) then the chances are that the ways we'll use data will be driven by the existing power dynamics. We won't use data to shift the power.

Is there a better way?

I want to offer an alternative to the bleak picture I've painted - one that emerges if we collect a number of disparate but hopeful signals from across the data landscape:

Although the world wide web was conceived as an open, decentralized, egalitarian network, it has turned out to facilitate ever more centralized control by a small number of tech giants, but many of the web's creators and shapers are trying to introduce disruption back into the machine - putting forward new models, standards, and protocols to enable individual control and agency over personal data.

- In Europe, GDPR represents significant legislation to strengthen the primacy of individuals in relation to their own data. The signs are this may well inspire and seed legislation around the globe.

- Across the social sector, a number of currents are interweaving and mutually reinforcing. Feedback and constituent voice, asset-based rather than deficit-based development, lived experience, and human-centred design are just a few of the key movements reshaping the social sector around the perspectives of the people and communities it exists to serve.

- In Canada, Australia and elsewhere, indigenous communities are putting forward frameworks and principles for the collection or use of indigenous, traditional or cultural knowledge and data.

- In pockets of the social sector, like <u>Poverty Stoplight</u> and the <u>Family Independence Initiative</u>, organizations are building data infrastructure that gives people and communities a platform to strengthen and magnify their own efforts and voices.

Taken together as inspiration, I believe the time is right for the social sector to step up and play a leadership role on data. If nonprofits were to return to their values and principles, and their visions and missions, they would find a recipe for how to think about and work with data that would be transformative to their work, and would set an example for businesses and governments to learn from.

To return to the vision I briefly sketched at the beginning, if we believe that individuals and communities hold many of the answers and solutions to make change happen in their lives then data about their lived experience is a key foundation stone for tackling inequality and injustice. Rather than mining it for stories that pull on the heartstrings and make great fundraising copy, we need to work out how to build the infrastructure that can capture, store, and build on that data as people and communities see fit.

Businesses may be most interested in what people's data can tell them about what they'll buy, but anyone who shares a collective goal of decreasing inequality must be most interested in what people's data can tell them about the context in which any solutions need to work, their aspirations, and their challenges.

Shift the power.

This is a huge undertaking, and it would be magical thinking to believe that a transformation in the nonprofit sector's approach to data can just be willed into being, but there is an opportunity. What we need is for the social sector's leaders to engage with data as a facet of systems change, for foundations to carve out programs to explore and experiment with data ownership and agency, and for those that are already exploring this space to come together to build powerful coalitions for change.

We need the geeks to get creative. We need to prototype and develop products that give individuals control over their data as it flows through the nonprofits, businesses, and governments they interact with. We need to build digital products that put the primary constituent at the center, helping them to achieve their objectives rather than offering a product or service through the lens of an organization.

I'm writing this because I hope to play some part in exploring these alternative pathways and do what I can to help push towards data ownership and agency for social change at <u>NPC</u>. I hope that if what I'm saying resonates with you that you'll reach out, and we can support each other's efforts. We're <u>experimenting with approaches</u> that put user-centered design and governance at the heart of collaborations to build digital products that empower people. We're exploring whether a <u>Personal Data Charter</u> for nonprofits would help to put good data principles into practice. Others are doing vital work to develop the <u>Responsible Data</u> movement and to prototype <u>Data Trusts</u>.

Ultimately, while I hope that nonprofits and civil society organizations can play a role in helping to unleash the power of data, owned and marshalled by communities, the point is that we will need to step back and let communities take the lead. If we succeed, we will have helped develop infrastructure that people and communities can build on, with sustainability and longevity of its own.

Insights from David Goodman and Natalie Evans Harris

David Goodman
VP of Ecosystem Development, BrightHive

Natalie Evans Harris
Co-Founder & Head of Strategic Initiatives, BrightHive

Governments, communities, academic institutions, and organizations in the social sector have long desired to collaborate with other organizations within their networks by using shared data to better address important societal issues or to more fully inform policy or funding decisions. These institutions know from experience that examining their own data in isolation not only creates programmatic and funding redundancies but also limits the perspective and understanding of the challenges that they face.

When these organizations try to create data collaborations with others in their networks, however, they often discover additional challenges. First, each member of any given network has its own set of data definitions, measurements, formats, and time intervals. Second, members vary from one another in their technical capacities, as well as the technology systems they use to collect, secure, and share data, making data integration difficult and, at times, impossible. Finally, members often find that the nature of cross-sector data sharing tends to be adversarial, with individual organizations' legal staff engaging an ongoing battle of red-lined drafts to manage risk and limit liability, seeking to answer needs and solve challenges that are specific only to their own organization.

BrightHive has seen firsthand the painful struggle that governments, communities, and academic institutions endure as they attempt to collaborate with one another, but we have also seen that when these networks deploy a solution that takes a more holistic approach - simultaneously addressing the legal, technical, and data governance challenges - networks are finally empowered to share data in a way that exponentially maximizes their impact.

This solution is a data trust - a legal, technical, and governance framework that empowers a collective of organizations to securely connect their respective data sources and create new shared data resources that benefit each member.

Why do BrightHive data trusts work in ways that other data collaborations fail? They move beyond employing only one or two separate solutions and, instead, deploy an integrated framework in which the solutions to each challenge can be strategically aligned and mutually owned by all of the network's members.

1. **Legal framework** – BrightHive data trusts empower members of the trust to maintain ownership and control of their own data, agree with the other members about how data will be used (and who will use it), and formalize a legal framework that can be amended and evolve as the needs of the network grow and change.

2. **Technological platform** – BrightHive data trusts provide the technology platform needed to ensure that data is shared securely and responsibly among its members and ensure interoperability between the members' data systems. The combined data can then be used to compute new values, such as outcomes, for the data trust members to use.

3. **Governance** – BrightHive data trusts establish a governing body to monitor and sustain the data trust over time.

When these three keys are in place, new data connections and "pooled" data resources are created, allowing organizations to better coordinate action, measure their impact, quickly answer emerging questions, and be more responsive to the current and future information needs of their organizations, partners, and communities.

At BrightHive, we are excited by the ways we have seen data trusts unlock new levels of impact for organizations and their networks, but as a public benefit corporation, we think the value of data trusts can and should extend even further, benefitting the public good. BrightHive data trusts are designed to improve equity of opportunity and provide access and use of the data trusts to organizations, networks, and communities that might not normally participate in data collaboratives due to institutional or contextual constraints. This is especially true for organizations, networks, and communities that serve individuals and groups that are historically underserved or underrepresented or those that may have limited resources, do not possess fully integrated data systems, or lack the necessary data or technology expertise on staff.

If we truly want to achieve the most combinatorial value of collective data and serve those that can benefit from data then we need to make sure that all data providers, and the communities where they work, are able to participate.

How?

Use of open source technology – BightHive data trusts utilize open source technology that is freely available to individuals and organizations to view, edit, and use. This eliminates the need for organizations to purchase or adopt a new system in order to participate. The application programming interface (API) used to connect to each organization's data system(s) and the extraction, transfer, and load (ETL) algorithms used to pull data into the data trust can be used on their existing data system(s) without significant disruption to existing structures and procedures and without additional burden on staff or partners.

Flexible and modular architecture – Typical data collaborations often take a one-size-fits-all approach to the technical architecture. This will not work for data collaborations in which data providers possess distinct technical structures and procedures, as well as their own requirements for data privacy and security. BrightHive's data trusts provide a flexible and modular architecture stack to meet the challenges and requirements of the individual data providers, including the ability to configure the data trust to account for limitations or constraints in how data is integrated, especially the personally identifiable data needed to link data sets. The flexibility and modularity of BrightHive data trusts also provide a critical connection for organizations, networks, and communities that might need additional infrastructure to overcome their own limited systems or infrastructure.

Ownership of data – BrightHive data trusts enable data trust members to own and control their individual and collective data, allowing the data providers to dictate how their data is used, and by whom. The data trust members also control their combined data - the "pooled resources" - so that collectively they can decide how these resources may be used. This approach deviates from other types of data collaborations in which one party - usually a funder or government - takes ownership of the combined data and often dictates who can use it and how it is used. The BrightHive structure levels the playing field for all data providers and democratizes the data so that all may contribute and benefit from its combinatorial value.

Leverage existing tools, partnerships, and collaborations – BrightHive data trusts harness the power of organizations, networks, and communities that already know the context and history of their area of work, as well as the existing

data and technology to draw upon. This enables BrightHive to design, develop, and deploy a data trust that will meet well-known needs within their specific context, reduce costs, and alleviate redundancies within their area.

As more and more networks seek to combine their data to address important societal issues or to more fully inform policy or funding decisions, it will be critical for them to do so in a manner that is not only responsible and sustainable but also equitable so that each network's members maintain ownership and control of their own data. BrightHive is helping networks across the country achieve these goals through data trusts and working daily to create more connected and collaborative data communities.

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Theme 7:
Roles & Responsibilities

Introduction

In the social sector, there are currently few incentives for using evidence to show impact. How might we create a sector where there are incentives for using evidence? How can we create a world where dollars follow evidence?

We invited Kathy Richardson and John Gargani to share their perspectives on the roles and responsibilities needed to create such a sector.

Kathy Richardson
Executive Director
Our Community

ourcommunity.com.au
Where not-for-profits go for help

John Gargani
President,
Gargani + Company

GARGANI +CO

Insights from Kathy Richardson

Kathy Richardson
Executive Director, Our Community

In October 2014, I thought I just might have cracked the code. I was about three-quarters of the way through a seven-week safari across the United States investigating tools and practices that Our Community could use to catapult the Australian social sector - en masse - all the way over the fence and far into the field of evidence-based practice.

I'd heard some good stories along the way, but there had also been some moments of deep despair. "It won't work," many people were telling me. "It's too complex. There are too many variables." "There's no way you can do this systemically." "You'll never pull it off."

Then, I met a young woman who'd seemingly revolutionized the provision of homelessness services in her locality through the clever use of data. She'd come up with a system, based on analysis of past practice and results, to better categorize the people seeking help to determine how best to apply the city's scarce emergency housing resources. Score a 1 and you'd be offered overnight accommodation but nothing more (that would most likely be enough to kickstart a recovery). Score a 2 and you'd get thorough, ongoing help (overnight accommodation alone wouldn't help your plight). Score a 3 and you'd be turned away (the algorithm showed there wasn't much that could be done for you). All the trials had shown it was really working. She'd done it!

While I was congratulating her, my mind jumped ahead to how I was going to take this tale back home to Australia and apply its lessons to help the tens of thousands of not-for-profit groups we work with to shift to evidence-based practise. The answer was good data!

Then, I came crashing down to earth. "It didn't work," she was telling me. "The social workers wouldn't use the system. They gamed the survey to ensure it would produce the results they wanted."

On reflection, I couldn't blame them. If I was the one sitting across from a person in desperate need, I too would find it pretty hard to say, "Go away, you're a lost cause."

So where does that leave us? How do we shift not-for-profit organizations towards evidence-based practice when there are clearly other forces at work? How do we convince well-meaning, hard-working groups to abandon the things they've always done – after all, they believe they're effective, perhaps they help some people sometimes, and their funders are already on board – and use their precious resources to do the things that have actually been proven to work?

Despite what many people think, individual donors are not strongly motivated by evidence. We've operated Australia's longest-standing online donations website, GiveNow, since 2000, and one thing we've learned is that people give not because they've seen the stats but because someone has asked them to give. People give to people.

Institutional donors - grantmakers - are a better bet as drivers of change towards evidence-based practice. They're generally more strategic than individual donors. Most have an outcome in mind as their goal when they distribute their pot of funds. They want to cure cancer, say, or improve the natural environment or reduce homelessness.

They're also more likely to feel pressure to deliver on their aims. Their trustees or (in the case of government grantmakers) government secretaries or departmental chiefs want to know that the precious funds under their control are being used to the best possible effect.

There's another reason why institutional grantmakers could present the best chance we have to shift behavior. Nonprofits, in the main, are willing participants in the shift to evidence-based practice. The problem is they're so busy doing the things that need to be done - planting the trees, supporting the sick, running the festival, finding housing for the homeless - and they're so chronically short of funds that they have neither the time nor the money to put in place the systems that will help them track their impact.

Grantmakers have the capacity and the means to help. They can develop and disseminate generalized or sector-specific templates. They can run or fund workshops and training. They can provide one-on-one assistance where appropriate.

Importantly, grantmakers can also allow a proportion of their grants to be used for measurement and evaluation. In fact, they can insist on it, making it a condition of their funding that not-for-profit organisations track and report on their progress. By our estimates, Australian grantmakers dispense around $80 billion a year - that's a giant bunch of carrots.

There are signs of change already afoot. Modern grantmakers (well, the best ones) are strategic, and they want to know what outcomes their grants are purchasing. At Our Community, we work with hundreds of grantmakers every year. They have collaborated with us to develop what's become Australia's leading grantmaking software, SmartyGrants, and they're working with us again to nut out how to add tools to SmartyGrants that will help them define and track their outcomes.

OK, great. Grantmakers (in the main) have the resources, not-for-profits (in the main) have the will, and the technology is now available that will help us collect and analyze the data.

So, what's the problem? Why aren't we there yet?

The truth is this stuff is hard. It is messy.

Technology can't solve every problem. Human behavior is hard to predict. Putting in place a sensible measurement and evaluation framework is complex and expensive. Counterfactuals are confounding. Every answer throws up another question. Poorly designed evaluation processes can produce misleading results. Outcomes are long-lived but can be slow to emerge. The attention spans of funders and project managers are quick to take hold but short lived.

It gets worse. The system we're working within is actually working against us.Grantmakers themselves often don't have the tools they need to help them define their own outcome goals, matchthem with their grantees' goals, and define what data they need to collect (much less crunch it all together). They have money to give away but not much to spend on themselves.

They're rewarded for getting the money out the door efficiently and with good photo opportunities, for collecting the receipts to prove that the funds weren't misspent, for avoiding bad headlines. They're not rewarded for changing the world.

Meanwhile, their grantees - the organizations at the pointy end - are time poor and resource restrained. They're rewarded for doing, not analyzing. They're asked to innovate. No one wants to fund them to do what they've been doing forever (even if they know it's working). They're punished if they spend too much money (or, in many cases, any at all) on salaries, overheads, and administration, although nobody can explain exactly how they're supposed to distribute surveys without a photocopier. They're put on the blacklist if a project turns out differently than expected.

All this results in a system that's about reporting, not learning; talking up the positives rather than reflecting on how to do better next time; avoiding complexity; obsessing over headcounts. The system has in-built design faults that are working to impede a shift to evidence-based practice.

What's required is a revolution in how we think about grantmaking. In an era where science is increasingly being defunded and ignored, we need to go the other way. At high school we were taught to identify a problem, do some research, pose a hypothesis then set about testing it. We didn't get marked down if our hypothesis was not supported by the results. The experiment was only a dud if we failed to learn from it, failed to share what we were learning with others, failed to progress.

We need to turn our communities into laboratories (though remembering that people are not lab rats). We need to clearly define our outcome goals (put our missions back at the core). We need to research and articulate our cause-and-effect hypotheses and re-engineer our processes so we can draw a clear line from goal to results.

We need to lift our expectations (know more about what we're doing) while working within our competencies (don't try to solve world peace; ask one important question and answer it reliably).

All this can be done. We've always had the wit and the will; now we have the technology. Let's do it.

Insights from John Gargani

John Gargani
President, Gargani + Company

Commerce is a relationship between two parties - buyer and seller. A manufacturer sells bicycles to enthusiasts. An investor makes loans to small businesses. The public buys produce from grocers. In commercial relationships such as these, a buyer and seller offer each other something of value, and each decides whether the exchange is fair. No one else's evaluation need matter, nor the impact of the exchange on others. The buyer and seller are responsible only to each other up to the point of maintaining their commercial relationship. They also hold each other to account. If either fails to make a fair offer, the other may decline the exchange. This is how commerce works - mutual responsibility enforced by mutual accountability, or more accurately, this is how it once worked.

We now live in an age of augmented commerce. Manufacturers sell bicycles to earn a profit *and* improve air quality. Investors make loans to generate a return *and* create new jobs. Consumers buy organic produce to meet a basic human need *and* mend the environment. Today's buyers and sellers endow commercial relationships with altruistic purposes that, while not previously excluded, were rare. Not anymore. Augmented commerce has become firmly established in the private sector - and beyond. We would not be surprised to find a nonprofit organization selling the bicycles, a philanthropist making the loans, or a community collective buying the produce to advance their social and environmental missions.

With new purposes come new relationships. At a minimum, augmented commerce must satisfy three. They unite buyers, sellers, and a third group that is difficult to describe and name. For simplicity, let's limit the group to people affected by what the buyer and seller do (we could also include places, like forests, and things, like democracy). Let's think of them as distinct from buyers and sellers (they may not be). And let's assume they constitute a single group (usually there are many). So, if a manufacturer sells bicycles and enthusiasts buy them, the third group consists of everyone else who breathes air. The English language has no word for these people, just as it fails to provide us with words for many concepts related to social impact. It may be worth pondering why. In any case, let's call the third group stakeholders, even though the label also applies to buyers and sellers. It's the best we can do.

The three relationships of augmented commerce essentially form a triangle. I call it the social impact love triangle - born of good intentions, motivated by caring, and a recipe for heartbreak. Imagine a young couple meeting for dinner to plan their future. You would not demand prior notice, a seat at their table, and veto power. You have no right. So it is with stakeholders in traditional commerce. A couple meeting for dinner to plan *your* future is quite another thing. You have every right to prior notice, direct participation, and veto power, especially if they can enact their plan without you. So it is with augmented commerce. At a superficial level, the two meals appear similar, people talk and eat, but the rights and obligations of the diners are entirely different. Likewise, traditional commerce appears similar to augmented commerce, people buy and sell, but to whom these actors are responsible and accountable changes.

A meal for two can be reset for three. Traditional commerce is less malleable. So, the square peg of augmented commerce is frequently forced into the round hole of a traditional system, with heartbreaking results. That is not because traditional commerce is inherently bad; it provides many benefits to society. Rather, traditional commerce has four structural features that prevent stakeholders from holding lawful buyers and sellers accountable. Let's briefly consider them and then imagine a better way forward.

Choice. In traditional commerce, buyers and sellers choose what they exchange. Because they have many potential partners, they can hold each other to account. When we force augmented commerce into the traditional system, choice becomes asymmetrical. Buyers and sellers exercise it, stakeholders cannot. So, consumers may choose to buy organic apples to safeguard the local environment, but locals may not choose organic apples for consumers to achieve the same end.

Standing. In traditional commerce, only the interests of buyers and sellers matter, and they have equal standing. When we force augmented commerce into the traditional system, the interests of stakeholders also matter but remain subordinate. For example, impact investors may be willing to make loans to small businesses at below-market rates in order to create jobs, but unless the investors are satisfied with the rate, whatever it may be, they will not issue the loan - regardless of what stakeholders would have them do. The interests of those making the exchange come first.

Participation. In traditional commerce, buyers and sellers advocate for themselves. Both have seats at the negotiating table, which ensures each has veto power. When we force augmented commerce into the traditional system, buyers and sellers must intercede on the behalf of stakeholders. There is no room for a third seat, thus no stakeholder veto.

Evaluation. In traditional commerce, customers are the best evaluators because they choose, pay for, and consume the product. If a customer likes the taste of the apple she purchased, she buys another. In augmented commerce, customers are poor evaluators. Eating an apple reveals little about how farmworkers and others are impacted by buyers and sellers. Impact is famously difficult to ascertain. It tends to manifest at some distance from the customer and well after the product is consumed. It requires substantial resources and expertise to measure impact, perhaps more to discover how much stakeholders value it.

What is the alternative to conducting augmented commerce in an ill-suited traditional system? Some call it integration, and there are various perspectives on what it entails. I like to describe it as mediated commerce. From this perspective, integration flattens the social impact love triangle into a single mediated relationship - buyers connected to stakeholders connected to sellers, and back again. Within this arrangement, the interests of all actors have equal standing. All three must endorse an exchange, or, conversely, any one may decline it. So mutual responsibility is enforced by mutual accountability. If all three groups have reliable impact information and alternative partners, market forces would ensure that money flowed to organizations that create impacts valued by all. We avoid heartbreak.

This is wonderful in concept. It is also impossible, but no one expects to integrate commerce this way. Rather, integration seeks to create a system of commerce in which buyers and sellers act *as if* stakeholders are mediating their behavior. The *as if* is important. Our challenge is to approximate mediated commerce through other means. This is a complex strategic undertaking. So let's simplify again.

There are four principal strategies for changing market behavior. We can 1) inform, 2) persuade, 3) incentivize, and 4) obligate. I focus on the first and fourth strategies - inform and obligate - which I believe warrant special attention.

The first strategic step is a doozy. Augmented commerce cannot succeed without reliable impact information. Currently, there is a dearth of it. The solution is to conduct more evaluation, but for this, we need a critical mass of qualified professionals. Currently, we have not achieved it. Developing more professionals would require transdisciplinary training programs that synthesizes management, finance, accounting, entrepreneurship, qualitative

research methods, statistics, measurement, computer science, data visualization, design thinking, psychology, and evaluation. Currently, these training programs do not exist. The content of the training should include sophisticated methods for understanding the pecuniary and nonpecuniary value that stakeholders, sellers, and buyers place on the myriad economic and noneconomic impacts their actions create along the entire value chain. Currently, these methods do not exist. Unless this changes, I fear augmented commerce will forever be relegated to a small niche in an otherwise indifferent market.

The fourth strategic step, obligation, is probably the most controversial. It can only be enacted through regulation, which is viewed by many as an impediment to commerce. Nonetheless, it holds great promise. On the supply side, regulation may obligate public reporting of impact, establish minimum evidence standards, and require third-party audits of impact reports. It may also require organizations to collect data about which impacts are valued by stakeholders, and to disclose their plan for delivering that value. More aggressively, it could ban trade in harmful products like cigarettes and require trade in beneficial products like healthy foods. On the demand side, governments could institute a value-added discount, the opposite of a value-added tax, that rewards buyers in proportion to the value their purchases create for stakeholders.

The risk of regulation is that government cannot do it well and, in the worst case, institutionalizes the problems augmented commerce was intended to solve. Given how corporations, impact investors, and social entrepreneurs have self-regulated, I cannot imagine we could do much worse. The justification for regulation, in fact, all four strategies, is simple and powerful. Those who engage in augmented commerce voluntarily assume a responsibility to stakeholders they do not have otherwise. To live up to that responsibility, they must be accountable to stakeholders. In the absence of that, we create a social impact love triangle that inevitably leads to heartbreak.

IMPACTING
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THEME 8:
COLLABORATION
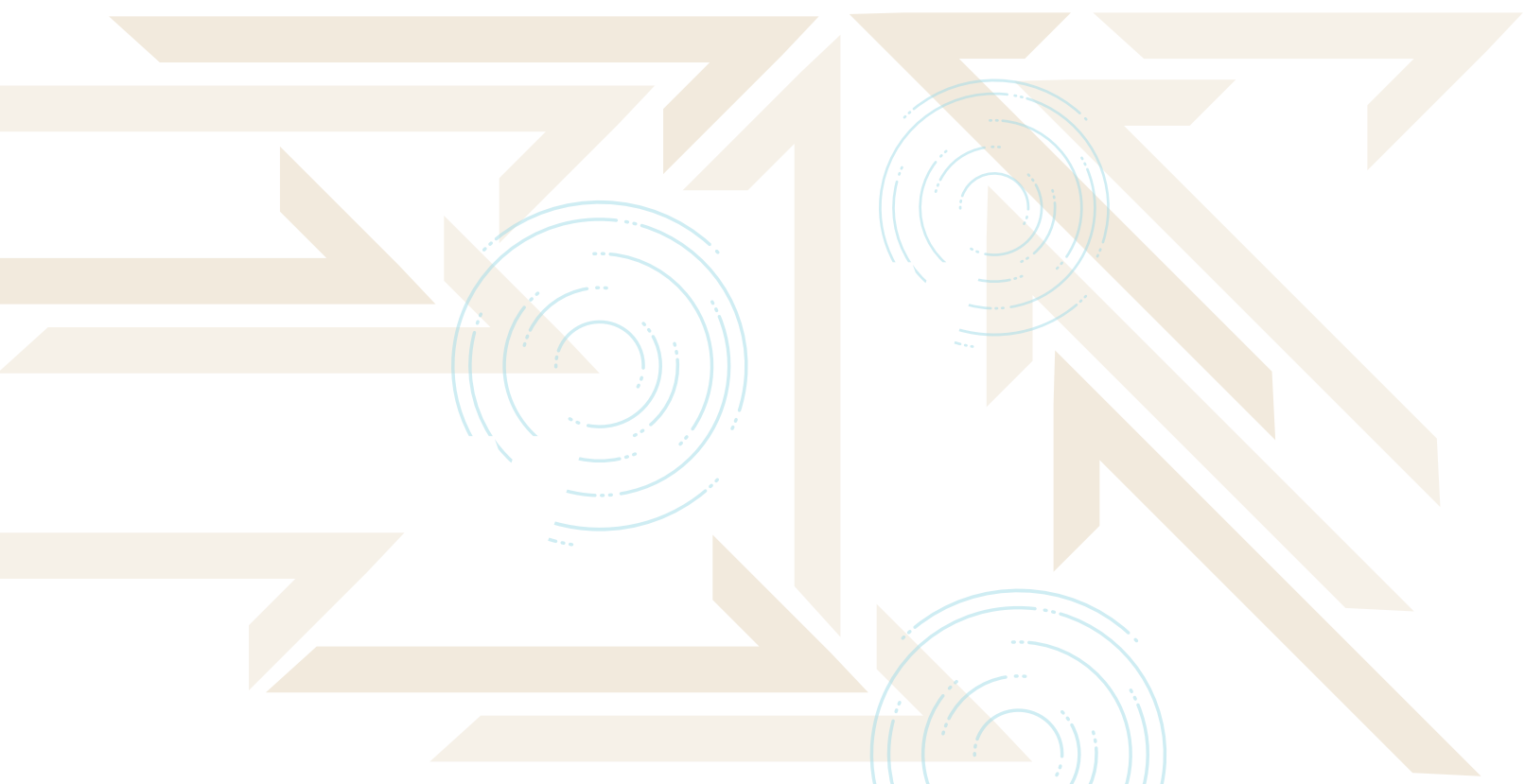
Introduction

As a sector, we often seek to work together more collaboratively, but the concrete benefits of collaboration aren't always clear. It feels like the right thing to do, but how will it help us be more impactful? In this section, we have invited people to think about what can be learned about impact in collaboration that cannot be learned in isolation.

We have invited Chantal Forster and Jeff Edmondson to offer their perspectives on the importance of collaboration in impact measurement.

Chantal Forster
Executive Director
Technology Affinity Group

Technology Affinity Group
PROMOTING TECHNOLOGY IN PHILANTHROPY

Jeff Edmondson
Executive Director-Community Mobilization
Ballmer Group

ballmer
GROUP

Insights from Chantal Forster

Chantal Forster
Executive Director, Technology Affinity Group

A Crucial Period in Philanthropy

Now more than ever, modern philanthropy is a complex, communal endeavor. Ask any knowledge officer tasked with "measuring impact" in a community such as New Orleans or Detroit and you'll hear requests from a variety of departments for data and tools needed to accurately assess baseline need, measure outcomes, predict progress, and understand the outcomes of multi-funder efforts in that community. Modern impact measurement no longer involves a single "Knowledge & Learning" department nor a single foundation; it involves us all.

In the past, many efforts - including the Simplify project by the Technology Affinity Group (TAG) - have taken a narrower view of impact, focusing on operational elements from an IT perspective such as data standards or systems integration. Sometimes, in such efforts, we neglected to involve our grantmaking or program strategy colleagues and, therefore, missed the complexity of realizing impact on the ground. As IT leaders, admittedly, we have sometimes left our colleagues without systems, data, or tools due to this narrow lens. With the rise of interdisciplinary grantmaking teams and an increasing dependence on technology, the current state of philanthropy requires a more integrated, holistic assessment. Organizations such as TAG are now committed to using a wider lens.

Collaboration is the Key Gap in the Impact Landscape

Earlier in 2019, TAG, with the cooperation of key funders, including the MacArthur Foundation and the Hewlett Foundation, began delivering on the promise of understanding impact measurement through a wider lens. TAG spent hours of research with thought leaders in technology, programs, and evaluation throughout the United States to understand the existing coverage of technologies, initiatives, and resources to support impact-related work by foundations.

In a series of interviews with thought leaders in technology, programs, and evaluation throughout the United States, we asked the following questions:

- What are the phases of work associated with impact planning and evaluation?

- What tools, systems, and initiatives are currently in use for each phase of impact work in your org?

- Where is there significant opportunity to strengthen and integrate?

Their answers shed light on the current level of support and innovation within the work of impact and provided the basis for our assessment of need and opportunity. We then mapped this coverage on a lifecycle of impact-related processes that span planning, implementation, evaluation, and sector collaboration.

Their answers shed light on the current level of support and innovation within the work of impact and provided the basis for our assessment of need and opportunity. We then mapped this coverage on a lifecycle of impact-related processes that span planning, implementation, evaluation, and sector collaboration.

Figure 1: TAG's Impact Lifecycle

Based on our interviews and research, we assessed the current state of technologies, initiatives, and resources within each phase of the lifecycle beginning with Planning. Through this landscape analysis, TAG has found that much effort has already been expended in the Implementation phase (shown in green) characterized by investment in grants management tools, technologies, and systems.

Where is the biggest gap? Our research finds the largest potential for improvement is in the area of Sector Collaboration because, historically, organizations within the sector have largely operated individually and in isolation rather than in coordinated fashion on an ongoing basis.

Key Opportunities to Build Impact Infrastructure

Greater effectiveness is within reach. Based on our research, there are four key opportunities your organization can prioritize internally and in partnership beginning in 2019:

1. Build data skills and culture

2. Fully leverage existing tools and data

3. Facilitate open knowledge exchange

4. Invest in shared infrastructure

You'll notice that half of the recommendations specifically target collaboration efforts within philanthropy. Read on to get started with #3 and #4 below.

NOTE: Actionable detail on all four opportunities is provided in our whitepaper at https://cdn.ymaws.com/www.tagtech.org/resource/resmgr/reports/tag-impactinfrastructure-whi.pdf

Facilitate Open Knowledge Exchange

Once investments are made and outcomes assessed, how well does this knowledge inform the field-building and funding work of the future?

Another key finding of this landscape analysis is that the outcomes of thoughtful evaluation are rarely shared openly with the sector. Whether a technical limitation (i.e., lack of open knowledge-sharing platforms) or a cultural limitation (i.e., hesitancy to share unpolished or less-than-flattering findings), there remains significant opportunity to build a culture of knowledge-sharing as well as the platforms for doing so in a thoughtful, useful fashion.

This report urges foundations to consider taking an "open by default" approach, publishing as much of the work-product of their efforts as possible, so that others can see and learn from their process and not just their end result.

Below are actions you can take in your organization and beyond to initiate knowledge sharing and/or invest in a culture of open collective learning.

Getting Started

Start by ensuring that your program framework and elements are publicly available on your website so that grant applicants and other organizations can learn from your efforts. Whether collecting outcomes data or synthesizing findings into a "knowledge product" or report, consider publishing to shared repositories such as IssueLab.org, datahub.io, Grantmaker Affinity Group resource libraries, and other locations. Share your evaluation frameworks and tools. Publish your needs assessment data and analysis on open/shared platforms so that other organizations can benefit from that work. Add good descriptions and names to your documents so that search engines can more easily find them.

Maturing Your Practice

Share your strategy efforts, including theories of change, logic models, needs assessments, funding landscape analyses, and custom taxonomies. These resources could be shared on Issuelab.org, through the resource libraries of grantmaker associations, or in online forums for groups like PEAK Grantmaking or Council on Foundations. Share

your frameworks and components, including indicators, baselines, measurements, assessment tools, and analysis methodologies or protocols. These resources could be shared through the same avenues as above.

Add detailed description blocks to all of the documents you create to help ensure the content is more searchable and can be more easily categorized if needed. This might include the type and purpose of the document, subject areas, populations, geographic information, date information, or references to other documents.

Add metadata to all the documents you create and share to help describe the contents of your documents, which will also help search engines and other machine systems find and understand the contents. This might include the same type of taxonomy coding you might do for a grant and also standardized data people/organization/place data.

Request source datasets as part of grantee reports so that you might develop a repository of data for sharing more widely with the sector (addressing any privacy issues before publishing, of course). If you don't publish to a location that already does so (such as IssueLab.org), get digital object identifiers (www.dio.org) for your documents so they can be consistently referenced.

Advancing the Sector

Create or utilize existing shared platforms for assessing overall grantee effectiveness as an alternative to reporting on individual grants. One example of such an effort is Mission Measurement's Impact Scorecards.

Collaborate with other funders to design and fund the creation of shared platforms for: gathering, sharing, and analyzing needs assessment data. This might mean a large single effort or several different efforts that are program-area or geographic-area specific. This could include the building of data trusts, data collection tools or efforts, data repositories or shared databases, etc. Community Commons' "Community Health Needs Assessment" is an example of such an effort.

Many of the existing knowledge-sharing platforms were initiatives by groups of funders to solve shared problems. This includes the Foundation Center's Electronic Reporting program, the International Aide Transparency Initiative data repository, and TechSoup's NGO Source shared equivalency determination system. Groups of funders can take a similar approach as new shared needs are identified.

Invest in Shared Infrastructure

Just as shared infrastructure in transportation and communication facilitates much of our society and economy, the philanthropic sector is realizing the need to build shared infrastructure to support its work.

Individual or custom solutions mean duplication of effort, and are often only available to the organizations with significant resources, meaning that many mid-sized and small foundations, including family and community foundations as well as their partners. are left without infrastructure. Philanthropy-Serving Organizations help fill certain needs, but often, their walled garden and pay-to-play approaches limit the utility and adoption of their systems. Market-driven solutions have successfully addressed some, but not all, areas.

An analysis of the impact landscape suggests that the future of social sector impact will rely on the willingness of foundations to invest in shared infrastructure.

Below are actions you can take in your organization to begin aligning with or investing in the need for shared infrastructure.

Getting Started

Resist the temptation to build custom tools when existing commercial or open-source systems will provide the majority of the utility needed; adjust your business processes to align with standards. When in doubt, reach out to TAG for contacts at peer organizations to learn more about the long-term costs of building your own custom approach.

Maturing Your Practice

Utilize existing shared infrastructure platforms both to benefit directly and to support their ongoing availability to the sector. This includes GuideStar's G4G/Premier API, Foundation Center's Maps tool, NGO Source, and Data Arts.

Participate in the Foundation Center's Get On the Map campaign so that all the funders in your geographic region can get access to shared grant data. Learn more at: https://foundationcenter.org/gain-knowledge/foundation-data/get-on-the-map

Advancing the Sector

Work with affinity groups such as TAG to develop shared language regarding the need for social sector infrastructure.

Partner and prioritize funding for the development, deployment, and support of infrastructure projects that will benefit the entire sector. For example, this research has identified the need for several endeavors, including:

- A common set of platforms for publishing your work

- Data collection tools targeted at the needs of the social sector

- Data repositories for publishing datasets

- Databases to house data from multiple funders/nonprofits to support more comprehensive analysis

- Better discovery tools (like specialized search engines) to make it easier to find relevant knowledge and data resources

- Platforms for knowledge exchange and network development

- User testing groups for social sector tools.

- Shared data platforms for assessing community need and coverage of existing investment across the sector

- Alternative business models that better support entrepreneurs working to meet the needs of the sector. This is needed because the existing investment structures (traditional banks and venture capital) often won't support businesses that target niche markets that are too small or have a low potential for economic return.

- Develop tools that help us see the big picture for planning purposes, including gaps between community needs and foundation investments. This will help us set priorities and allocate resources where they are most needed.

The opportunities described here offer individual grantmakers and the sector as a whole a chance to shape what Philanthropy will look like in the future. Together, with honest self-assessment and wise investment, we can build teams, approaches, and tools that increase the efficacy of our partners' work in improving society. Ultimately, our investments will better scale to be sufficient in meeting the challenges of our world.

Insights from Jeff Edmondson

Jeff Edmondson
Executive Director-Community Mobilization, Ballmer Group

I have two sets of twins born exactly two years and one day apart. Like most families with "multiple multiples," we had to raise our kids in a very similar way out of sheer survival. In their early years, they were in the same clubs and did common activities and listened to us read the same books. There was very little "differentiated learning or instruction." They are now 12 and 14 years old. and, no surprise, all four of them could, frankly, not be more different. One thing is certain. There is no single program or service able to address all the unique interests and challenges they face.

This is true for every family. It takes myriad different resources and supports to help a child thrive, but what about kids and families who are disadvantaged, where this may be especially difficult? It is my personal belief, and a passion for all of us at Ballmer Group, that we as a society have the responsibility to do everything we can to a) understand the interests and needs of each and every child, b) target available resources in an efficient way to meet those needs, and c) make sure they are of the highest quality and are constantly improved over time.

To make that happen, there is no doubt that the public systems and social service organizations serving those working to climb the economic ladder must work together in a much more intentional and purposeful way to achieve the impact we all desire.

There is good news here. America is built on social movements where partners came together to achieve a shared goal. Our history books are filled with them, from the civil rights movement to the push for suffrage. The most recent evolution was the concept of collective impact. The concept was branded in 2010 and captured some of these lessons from history. It catalyzed an effort to become even more disciplined to identify how people can and should work together to achieve and sustain results at unprecedented scale.

At Ballmer Group, we are working to further hone what these lessons might be and even capture some core standards of practice to guide those in communities committed to working together in new ways that will achieve measurable impact for kids and families. For the purposes of this essay, I will focus on what we know to be one key component: data and how we use it.

To make this simpler still, I will focus on two key aspects of using data: a) how partners work together to set goals at a community level and track overall progress and b) how they can use it to identify the needs of individual children and the practices that get results.

Starting with data at the community level, the focus is on quantitative outcomes that local community members believe are the equivalent of "vital signs" related to economic mobility. As an example, how many children are kindergarten ready? What is the homelessness rate over time? What are the rates of asthma? It is critical to disaggregate the data based on race or ethnicity to unmask disparities that frequently arise, so partners can understand not only where things stand but where things stand for different populations who are far too often not where we would hope.

It is important to note that having these trend lines is not for us to have new and creative ways to admire the problem. Far too often, we get dashboards or, worse yet, the results of expensive evaluations and then simply look at the data collectively and feel overwhelmed by the challenges portrayed. We have a better understanding of the problem as a collaborative, but then, everyone goes back to their everyday jobs and does the exact same thing.

Instead, communities looking to drive real change need to use these disaggregated trend lines to begin the very difficult process of setting shared goals. They must find the balance between what is realistic and what is ambitious, considering what the individual systems and organizations can contribute and how that adds up to something they can achieve together. This is the value of the collective: framing how individual effort can contribute to something that won't just go in a nice annual report but has the potential to change headlines in the local newspaper.

Then, once the goals are set, they go through the hard work of using the data to set specific priorities and adapt accordingly. This means digging into the root causes that are leading the trendline to increase or decline and having honest conversations about which outcomes are most critical and where they can influence assets to achieve the desired goals. In the end, the work some of the partners are doing may not be in the list of priority outcomes, but that does not mean they can't contribute to the partnership. They can advocate for others while also working for changes in their own organizations to make improvements. As an example, in Cincinnati, when the original StrivePartnership was launched, the priority focus was on the rates of kindergarten readiness, college access, and completion of a degree or certification. This did not mean the other outcomes weren't important; it was just the most pressing place to start where there was the will and influence to drive real change. Those working on other outcomes stayed engaged in the partnership and worked within their organizations to identify and adapt what works for kids.

This brings us to the second major area of work and, frankly, where most collective efforts fail: using data more intentionally to call out the needs of individual children and identify the practices that are getting results. As hard as it is to set goals and priorities, actually using data to change everyday practice is even harder.

First, to understand what individual children require, we need an integrated data system that captures the ultimate outcomes we hope to move, such as improving fifth grade math scores or cutting delinquency rates, along with the nature of the services different partners are providing to individual kids. For example, we need to know the details of both the in-class instruction and the after-school tutoring program to get a complete picture of how we are supporting the success of a student. Without this data, we will make assumptions about the impact of individual interventions that even the most rigorous research can not solve for completely.

Once we have this data, we can get a better idea of what a child really needs and a more complete picture of the overall support structure contributing to their growth and development, but this is only powerful if the adults working with the child use the data to both better target resources and improve the quality of what they are working to do every day. This is where the work gets truly difficult.

In the end, the value of collaboration only matters if the individual partners change how they work everyday between the collaborative meetings, and this is where partners need to look in the mirror about the impact of their own work. How is their programming or service delivery impacting the lives of a child and her family? Is it both individually achieving the impact desired and collectively contributing in a meaningful way to the overall goal?

We can look at Memphis, for example, where a broad community partnership called Seeding Success works to improve economic mobility by improving educational milestone such as preparing kids for kindergarten or to go to

college. Memphis Athletic Ministries, which runs after-school programs, is one of the largest nonprofits in the city, and they were part of a group looking at early grade reading levels in the community. At one point, they focused on attendance as a key factor. The program had great attendance. All seemed fine, but when they asked to see the school attendance of the kids in their after-school programs, they saw a high rate of chronic absenteeism. They could have sat back and assumed it was someone else's job to handle it. Instead, they worked with the school to pinpoint the kids not showing up and started to pick them up from home in the morning and take them to school with the busses they typically used for the after-school program. Moreover, they added a tutoring component to their programming to bring in the best teachers to work with the kids after hours.

Memphis Athletic Ministries changed their everyday behavior to help achieve an overarching goal. They did not look at the data, check the box on their own success, and assume school attendance was someone else's problem. They owned the role they could play and took action to fix it.

This is the power of using data within a collaborative. This is the value of setting shared goals and understanding the comprehensive needs of the whole child AND adapting what individual partners do every day to achieve the goal. It's easy not to do this. As one member of a community partnership said, "The status quo is a force stronger than gravity." It would be easy to simply stay in organizational silos and use data to understand our individual impact, but if my children were dependent upon organizations operating in silos to meet critical aspects of their growth and development, I can tell you I would not feel confident their unique needs would be met with quality services. I don't think many other parents feel this way now either.

The bottom line: Every kid deserves a chance to succeed, and every community should take on the challenge of using data together to make that happen.

IMPACTING
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Theme 9:
Limits of Quantitative Evidence

Introduction

Data is an important part of the social sector's future; yet we must be very clear about what data can and cannot achieve. Far too often, "data" efforts fail because they are actually asking data to do something it was not meant to do. Understanding the limits of quantitative evidence, including their ability to persuade real humans to action, is important when thinking about what data might do for your organization.

We invited Eric Barela to provide his perspectives on the limits of quantitative evidence.

Eric Barela
Director, Measurement & Evaluation
Salesforce.org

salesforce.org

Insights from Eric Barela

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Imagine the following scenario: You are the Executive Director of a nonprofit, and you are presenting findings from your organization's latest evaluation to a funder. You show this funder beautifully spaced tables and colorful charts full of rigorously-collected quantitative data. They are a sight to behold! You rattle off number after number after number all pointing to your organization's effectiveness. It is going better than you imagined. Finally, after you present the last data point summarizing how great your organization is, the funder asks a question:

"Can you tell me why your organization achieved the results it did…backed up by data, of course?"

You frantically look through your tables and charts for an answer. You have some opinions about why things went so well but cannot find any data to support them. You ultimately have to concede that you don't know why your organization was so successful.

Sometimes, presenting quantitative evidence doesn't quite convey the whole story about an organization's impact. Numbers are good for sharing what happened when you implemented a given program or intervention. We can count up the number of times something happened or compare assessment scores before and after the intervention. However, there are limits to what quantitative data can tell us about impact. Let's say your organization decides to implement a new afterschool curriculum designed to expose students to robotics. An assessment will tell you whether students learned something about robotics. A survey will tell you what student attitudes are about robotics after participating in your after-school program. What the numbers cannot tell you are how the students learned or why they feel the way they do about robotics. For that, you need to collect and analyze qualitative data.

Qualitative Data - information describing attributes or properties or a phenomenon or event of interest - is non-numeric in nature. While quantitative data defines, qualitative data describes. To collect qualitative data, you need to go directly to the source via interviews or observations. While the collection of quantitative data will yield a spreadsheet, collecting qualitative data will give you interview transcripts, scripted observation field notes, or both.

While we can answer many impact-related questions either quantitatively or qualitatively, there is an advantage to incorporating both types of data into impact measurement. One of the most common uses for qualitative data in impact measurement is to provide context for the numbers. When done appropriately, this creates harmony between your findings. The numbers show what happened, and the qualitative data sheds some light on how and why.

Engaging in appropriate qualitative inquiry can be resource intensive. The amount of time needed to conduct interviews, transcribe them, and analyze the transcripts can add up quickly, and the person hours needed to do all of these things can be expensive. It might even lead an organization to wonder if doing any kind of qualitative inquiry is worth the cost. When in doubt, I recommend revisiting the questions that need to be answered. If an organization really wants to know how or why something happened, qualitative inquiry really is the way to go. While it may well be more expensive and time-consuming to answer these particular questions, it may be better to spend the time and money than to reconfigure questions to steer clear of qualitative data.

Whatever type of inquiry we use to measure our impact, we need to conduct that inquiry with a sufficient level of rigor. We want to be able to make valid claims about an organization's impact based on our analyses of the data we have at hand. Many consumers of research assume that quantitative data are inherently more objective than qualitative data. Quantitative inquiry is seen as "hard" and qualitative inquiry is seen as "soft." However, when qualitative inquiry is done well, we apply just as much rigor as we would if we were running a statistical test (i.e., an ANOVA) on a data set of assessment scores.

Unfortunately, using qualitative data in this way is not always done appropriately, and it leads to the unfortunate phenomenon I call "masking anecdotes as data." This arises when the goal of qualitative data use is to simply include a quote next to a number without regard for the broader context in which the qualitative data were obtained. For example, the evaluator of the above robotics program may find that students are more likely to enroll in advanced science classes after participation. The evaluator wants a quote to illustrate why students are enrolling in advanced science classes because it would look great in the report. She talks to a couple of students, gets some good quotes, and includes them in the report. Because of this, the evaluator claims that she used qualitative inquiry. This is an example of masking anecdotes as data, and it's not cool.

Regardless of what types of data we analyze, we are looking for patterns. With qualitative inquiry, we look for those patterns by studying interview transcripts and/or observation field notes. By throwing a few quotes on a report and calling it qualitative inquiry, we have no idea if those quotes truly represent a pattern of how our program participants actually think or act. We end up with some positive quotes that look nice on a report but little else. These quotes help us to tell the impact story we want to tell, not the impact story that needs to be told.

Given all the trouble we might have to go through to collect and analyze qualitative data, is there *really* any advantage to using such data when measuring impact? In a word, yes! If part of telling our impact story is to share data on how we achieved impact, qualitative data will allow us to do that. Think about when you have accomplished an important project that led to positive change within your organization. Would you be able to provide more information about how you completed the project and why it ended up being important to your organization through a survey or through an interview?

While quantitative data can tell us much about our organizational impact, it can't always help us answer every question we have. Qualitative data can answer questions related to why and how something happened, but the key is to incorporate it appropriately into our measurement strategies. When using both quantitative and qualitative data, our goal should be to implement a true mixed-methods design. This requires us to consider the questions we're asking and how we're going to use the data *before* we actually engage in impact measurement.

Let's reconsider the scenario that opened this chapter. When you're asked for the data on why your organization achieved the results it did, instead of saying you don't know, you offer to collect some qualitative data to find out why. You then need to decide to do one of two things: A) talk to a couple of program beneficiaries about their perception of your organization and add some quotes to the report or B) use your quantitative data to inform a qualitative examination of your organization's success. If you've been paying attention, the responsible choice should be clear (just in case you haven't been paying attention, it's B). Ideally, you would choose C) consider how to incorporate qualitative inquiry into your measurement strategy at the beginning and use numbers and narrative to complement each other for the full organizational impact story that needs to be told.

Responsibly incorporating qualitative data into an organizational impact measurement strategy takes planning, resources, and time. However, it can lead to some great information on how and why your organization is making a positive impact

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If you would like more information on the Impacting Responsibly report or if you would like to contribute an additional chapter, please contact Andrew Means or Eric Barela.