



Nonprofit Theory of Change

How to refine your organization's theory of change: from your mission to your targeted impact

Deloitte Consulting LLP
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Workshop Overview

Focus

- The session will both highlight the importance of developing a sound Theory of Change for your organization and enable you to begin developing one through a practical exercise

Discussion

- Theory of Change is a methodology to do strategic planning in the nonprofit sector
- Developing a Theory of Change is as much about strategic planning as it is a process to bring key stakeholders together to focus on the organization. Today's session should enable you to initiate such discussions
- The expertise of all leaders attending this session will be leveraged throughout the discussion and exercise

Questions

- Why is this concept important to your organization?
- What are the steps in developing a Theory of Change?
- How can I get started?

Contents

Importance of the Theory of Change 4

Understanding the Theory of Change 8

Theory of Change in Practice: Case Examples 10

Applying the Concept 17

A series of factors have pressed Nonprofits to seek ways to better align mission, programs and impact

The competition for donor and grant dollars has become increasingly aggressive

Donors and foundations are looking at ROI and impact per dollar

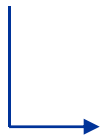
Non-Profits need to be able to describe the relationship between their mission, programs, and expected results

The Theory of Change provides a focused framework for organizations to both design and define their social change initiatives

Although the final output of a theory of change process is valuable, the steps and milestones along the way are also of great value

Theory of Change Process

The Theory of Change process creates an opportunity to bring together stakeholders: board members, executives, program staff, donors, ...



The discussion and process allow stakeholders to clarify their vision and achieve consensus



While new programs are often identified as part of the process, refocusing on core functions is a common result



The results of the Theory of Change process establish a common understanding amongst stakeholders which can be the basis for internal and external communications

Common Questions and Responses: From Foundations to Nonprofits

- **Is Theory of Change (TOC) something you only do inside your foundation or something you ask your grantees to do?**
 - Theory of Change can help both foundations and grantees. Foundations of all sizes have used TOC to clarify organizational goals. Grantees develop TOC to map and track their work and the work their grantors are supporting.

- **How can Theory of Change help with evaluation?**
 - Creating a thorough TOC can help organizations clarify what should be measured, as well as how, when, and by whom measurement should occur.

- **How do grant makers help grantees create Theories of Change?**
 - Grant makers will at times work directly with grantees to produce Theories of Change, and in other instances may bring in outside experts to work with grantees.

- **Do grantee Theories of Change help foundations assess the impact of grant making?**
 - Most foundations that request TOC, use the grantees information as a basis for reporting on the progress of the grantee organizations work.

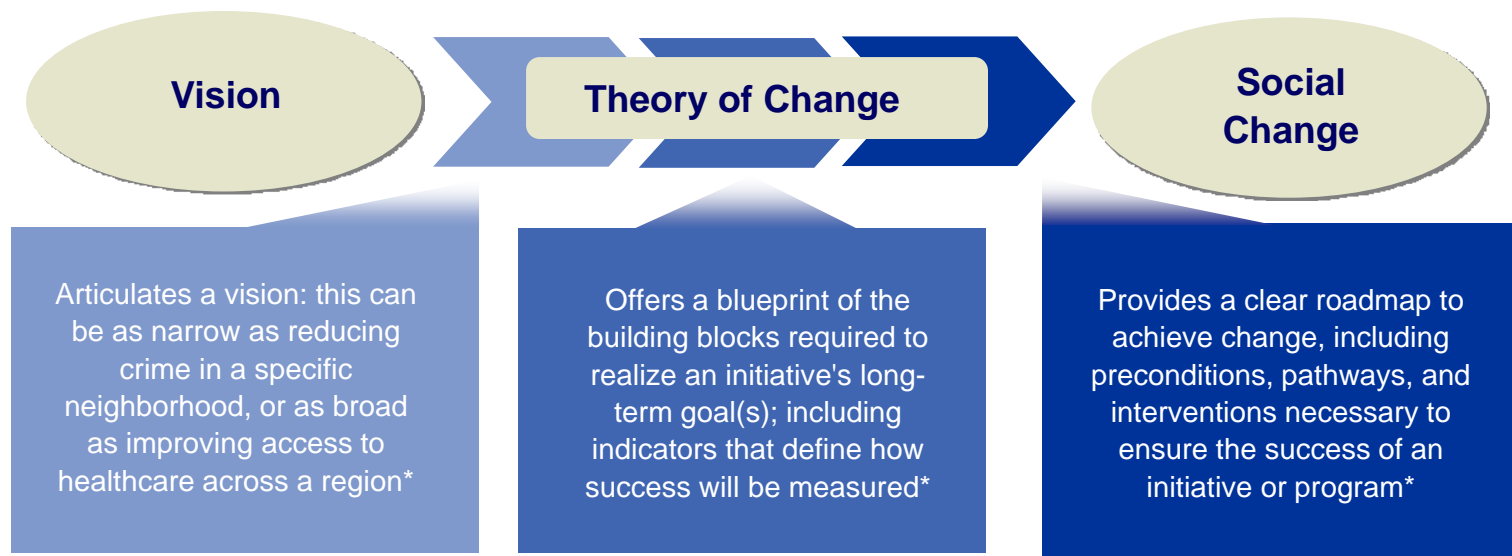
- **Is developing a Theory a Change ever not a good idea?**
 - TOC lays a solid framework for a more practical implementation plan. The size of the grant may also affect whether it is necessary to produce a TOC; for small grants focused on straightforward work the time and effort required may outweigh the benefits of producing a TOC.

A Theory of Change framework answers many of the same questions posed by for-profit strategic planning and business evaluation processes

Traditional Corporate Strategy vs. Nonprofit Success

	Traditional Corporate Strategy	Theory of Change Model for Nonprofits
Defining Success	<p>Strategic Plan</p> <ul style="list-style-type: none"> ▪ Defines how an organization will grow over time; sets guidelines for short- and long-term performance 	<p>Vision, Mission, and Strategy</p> <ul style="list-style-type: none"> ▪ Defines what an organization hopes to achieve and the most effective paths it can take to get there
Barriers to Success	<p>Competitive Market Evaluation</p> <ul style="list-style-type: none"> ▪ Provides a comprehensive look at the competitive landscape, such as barriers to market entry and exit, strength of supply, and the concentration of buyers within an industry 	<p>Environmental Scan</p> <ul style="list-style-type: none"> ▪ Addresses “environmental” issues such as political climate, public will, or existing social or institutional infrastructure within a community
Metrics	<p>Key Financial and Operational Metrics</p> <ul style="list-style-type: none"> ▪ Measures performance for key indicators such as return on investment (ROI), return on equity (ROE), and operational efficiencies 	<p>Project Outputs</p> <ul style="list-style-type: none"> ▪ Defines tangible, quantifiable metrics that allow an organization to measure the immediate success of a specific project, such as the number of participants completing a job training program
Measuring Value	<p>Shareholder Value</p> <ul style="list-style-type: none"> ▪ Allows an organization to evaluate its performance over time and provides a framework for assessing whether performance expectations are being met 	<p>Social Outcomes</p> <ul style="list-style-type: none"> ▪ Allows an organization to evaluate where it is really making a difference in a community; defines the benefit participants, clients, or community members receive from a program

Theory of Change (TOC) is a tool used by nonprofit organizations and foundations seeking to achieve lasting social change within a given community



TOC provides nonprofit leaders with a framework for planning and evaluating an organization's activities. The application of TOC can differ based on the focus of the nonprofit's board or executive committee.

- **Foundations** often use the TOC framework to capture the manner in which various components of a grant portfolio work together to achieve a specific social goal. *A foundation may use TOC to understand how to best coordinate and measure the impact of investments in different types of organizations such as advocacy groups (i.e., advocates for the homeless) and service organizations (i.e., homeless shelters).*
- **Community-based nonprofits** often use TOC to plan a new initiative or program, making sure the effort they put forth maximizes the resources available within a community. *An advocacy group might use TOC to understand how a specific social marketing campaign will help reduce homelessness in a given city and help define the metrics they will use to determine the campaign's success.*

*Source: www.theoryofchange.org

An effective Theory of Change framework hinges on defining all conditions necessary to bring about a long-term outcome

A comprehensive TOC defines the social change goals of an organization or initiative, identifies the obstacles that must be overcome, and clearly outlines pathways to achieve lasting social change.



- States the results to be achieved within a community and provides measurable indicators of change
- Tests assumptions, for example: “Do we and our community share a common definition of success?”
- States the underlying conditions that need to be addressed to ensure that results can be achieved
- Includes environmental obstacles (i.e., political considerations) and “business” obstacles (e.g., adequate funding or necessary partners)
- Identifies comprehensive, complementary strategies to achieve lasting social change
- Each pathway is further broken down into constituent parts:
 - Vision
 - Strategy (there may be many; should be mutually exclusive)
 - Expected results (How does this move us closer to our vision?)
 - Context (As it relates to the given strategy)
 - Key partners (Do we have the relationships we need?)
 - Role of authoring organization (Do we always need to lead?)
 - Measurable outcomes and indicators

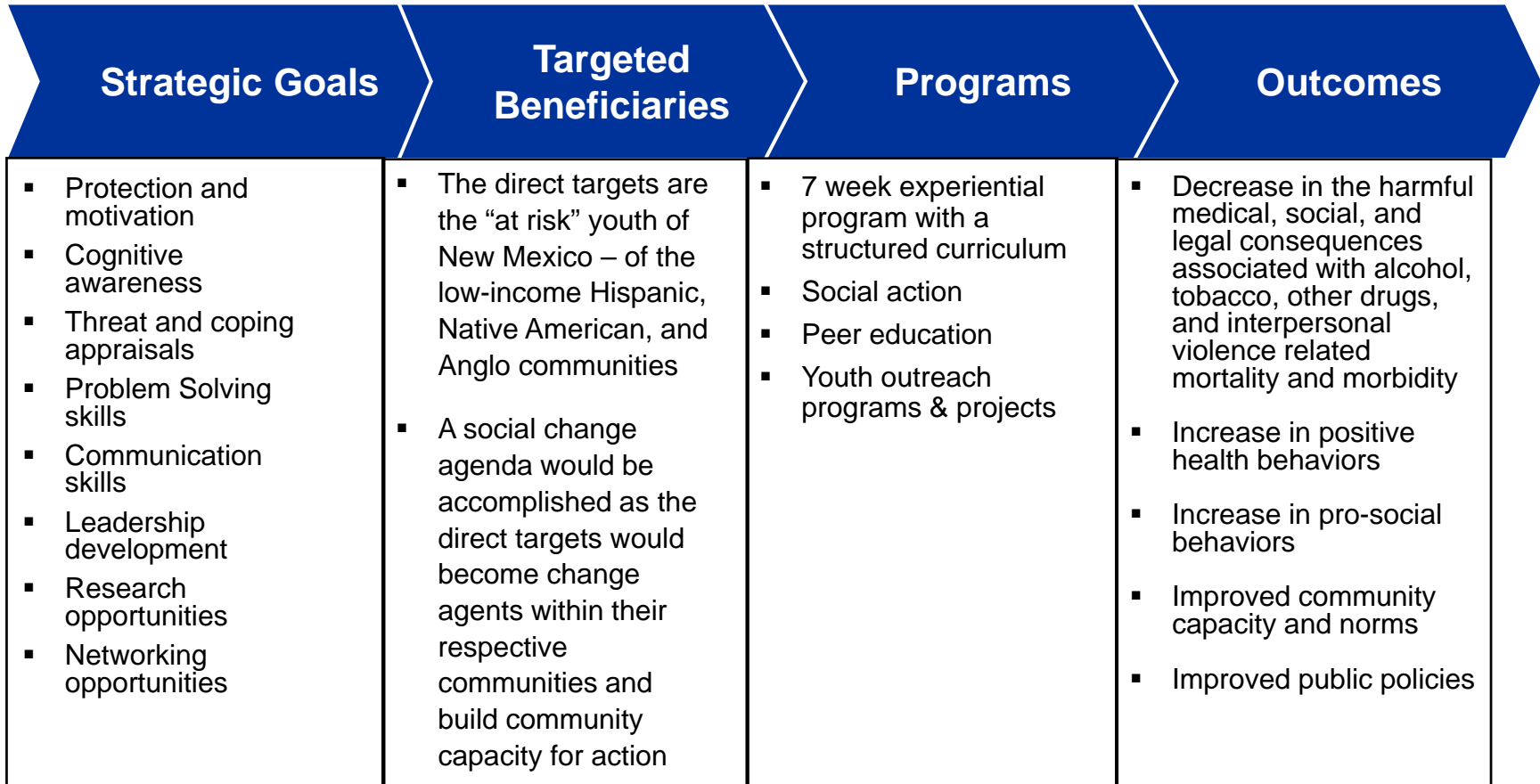
Many Nonprofits approach TOC by using a process known as “backward mapping” in which planners start with a long-term goal and think backward through intermediate and short-term steps necessary to get there.

Example 1:

Theory of Change in Practice: From Mission to Theory of Change

Nonprofit's Mission:

Use an educational empowerment approach to reduce excess morbidity and mortality rates among youth who live in high-risk environments; to encourage these youth to make better informed health choices in their lives; and to empower these youth to take an active political and social role in improving their neighborhoods and communities.



Sources: University of New Mexico; Health Behavior and Health Education Theory, Research, and Practice 3rd Edition; Case Studies in Emergency Medicine and the Health of the Public; Community Organizing and Community Building for Health

Example 1:

Theory of Change in Practice: From Theory of Change to Measuring Progress

With the Organization's TOC defined, the next step is for the nonprofit to develop clear metrics to ensure program results can be evaluated against defined targets. The metrics below are for example purposes.



Program	Possible Program Metrics
7 week experiential program with a structured curriculum	<ul style="list-style-type: none"> ▪ Average number of days attended per cohort ▪ Percentage of individuals that complete the program per cohort
Social action <ul style="list-style-type: none"> ▪ Community organizing – Devise prevention projects for school sites and development of long-term initiatives ▪ Collaborate with citywide organizations, e.g., gang task forces ▪ Presentations – New Mexico Peer Leadership Conference ▪ State Fair – A Day Without Alcohol is Fair ▪ Civic Plaza – A Day Without Colors ▪ Red ribbon rallies 	<ul style="list-style-type: none"> ▪ Number of social action events held in association with the program ▪ Number of attendees or visitors to each event ▪ Number of media pieces about the action efforts ▪ Number of organizational partnerships and alliances ▪ Number of correspondences with public officials ▪ Public awareness of the social action efforts of the program
Peer education <ul style="list-style-type: none"> ▪ Mentorship programs 	<ul style="list-style-type: none"> ▪ Average number of hours engaged in mentoring activities per pairing ▪ Number of mentoring program participants
Youth outreach programs & projects <ul style="list-style-type: none"> ▪ Local youth produced TV station program for teenagers ▪ Production of videotapes and photonovellas ▪ Youth panel discussions ▪ Local booths at school fiestas 	<ul style="list-style-type: none"> ▪ Viewership and ratings of the television show ▪ Number of videotapes and photonovellas purchased ▪ Number of venues where the videotapes and photonovellas are shown ▪ Number of attendees or visitors to each event

Sources: University of New Mexico; Health Behavior and Health Education Theory, Research, and Practice 3rd Edition; Case Studies in Emergency Medicine and the Health of the Public; Community Organizing and Community Building for Health

Example 1:

Theory of Change in Practice: From Theory of Change to Measuring Outcomes

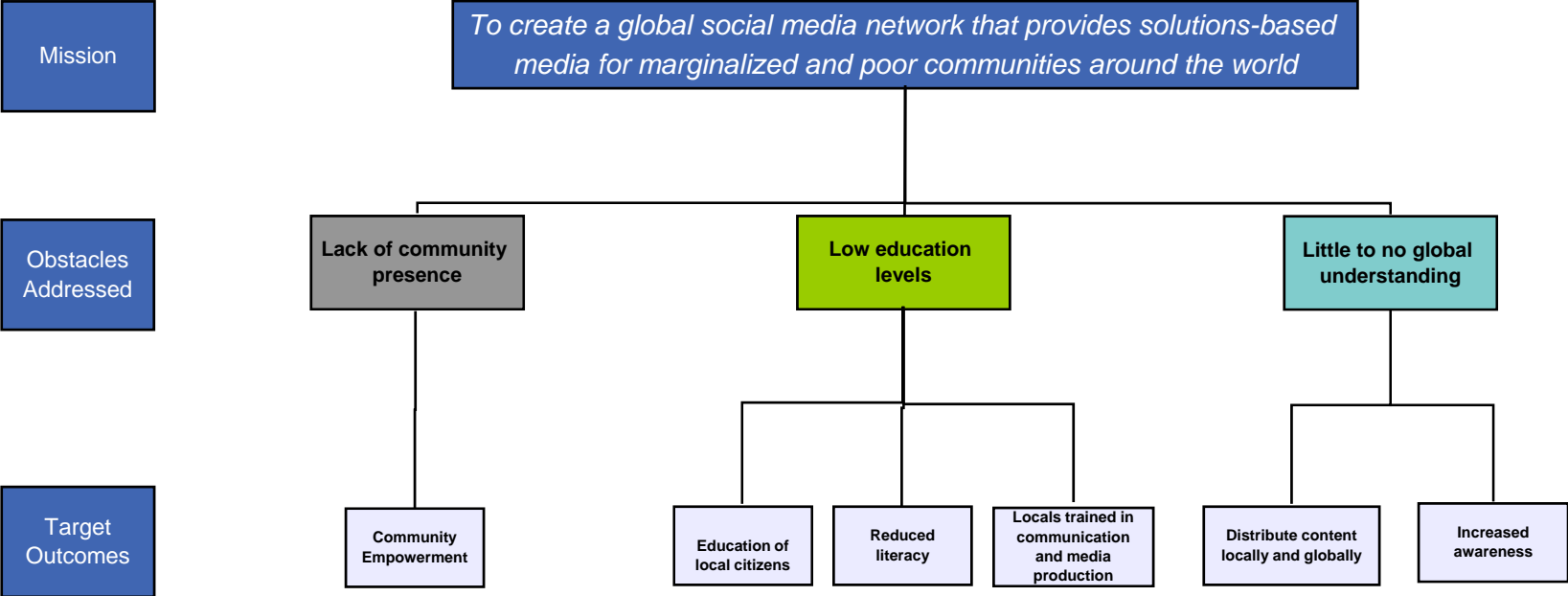
Outcomes are most challenging to measure as they can only be indirectly correlated with program effectiveness. The metrics below are for example purposes.



Outcomes	Possible Metrics	Possible Measuring Tools
Decrease in the harmful consequences associated with alcohol, tobacco, other drugs, and interpersonal violence related mortality and morbidity	<ul style="list-style-type: none"> ▪ Decreased hospital admissions ▪ Decreased arrest rates ▪ Decreased school police incidents 	<ul style="list-style-type: none"> ▪ Surveillance statistics ▪ Criminal justice statistics ▪ Department of Education statistics
Increase in positive health behaviors	<ul style="list-style-type: none"> ▪ Improved conflict mediation skills ▪ Decreased consumption of psychoactive substances 	<ul style="list-style-type: none"> ▪ Randomized study ▪ Participant questionnaires
Increase in pro-social behavior	<ul style="list-style-type: none"> ▪ Increased empathy ▪ Increased community engagement ▪ Increased awareness of community resources 	<ul style="list-style-type: none"> ▪ Randomized study ▪ Participant questionnaires ▪ Surveillance of civic organizations
Improved community capacity and norms	<ul style="list-style-type: none"> ▪ Increased participation in civic society ▪ Reduction in crime ▪ Improved school attendance 	<ul style="list-style-type: none"> ▪ Quality of life surveys ▪ Criminal justice statistics ▪ Department of Education statistics
Improved public policies	<ul style="list-style-type: none"> ▪ Less sales of tobacco and alcohol to minors ▪ Mandatory treatment for substance abusers 	<ul style="list-style-type: none"> ▪ Legislative record

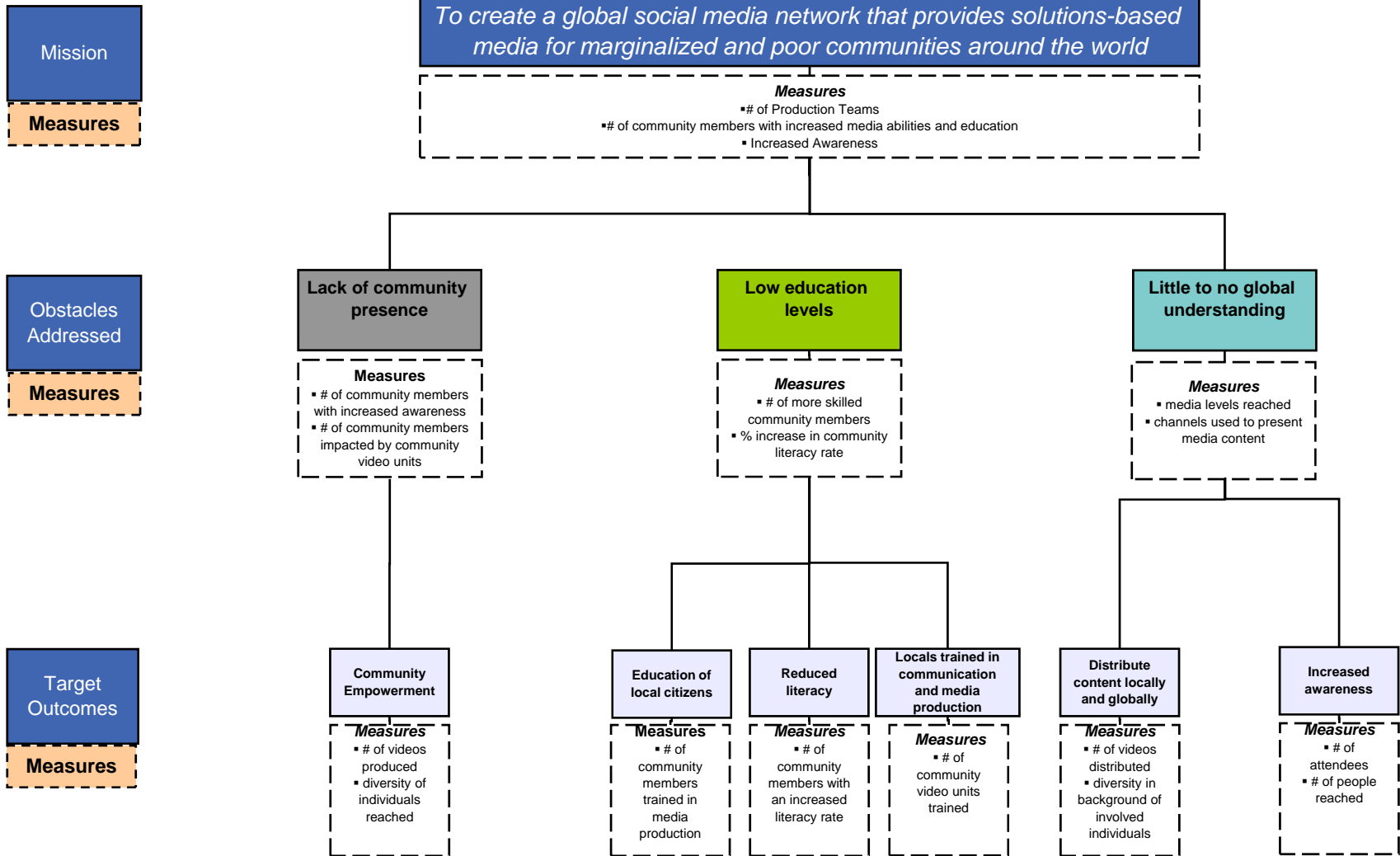
Sources: University of New Mexico; Health Behavior and Health Education Theory, Research, and Practice 3rd Edition; Case Studies in Emergency Medicine and the Health of the Public; Community Organizing and Community Building for Health

Example 2: Theory of Change in Practice: From Mission to Theory of Change



Example 2:

Theory of Change in Practice: From Theory of Change to Measuring Outcomes



Best Practices

- Prioritize – the problems of the world are many and difficult. Attempts to solve them all simultaneously may result in not making a dent in any of them. Select what is most important to you and what you can reasonably do about it
- Chewable bites are most likely to be digested – Break the problem and the work effort into manageable pieces
- Realistic deployment of resources – while people are willing to work very diligently to achieve worthy goals, realistic plans are built on sustainable performance. Overtaxing resources can lead to burnout which limits what can be accomplished
- Understand and leverage the “value add” – every organization has areas where they add the greater value and other areas which are not core competencies. Leveraging the value add leads to better results.
- Go through the process multiple times if needed – it gets better with time and experience

Before you launch into the exercise, our advice:

Focus on what you are truly passionate about

Focus on your organization's strengths

Define an achievable scope

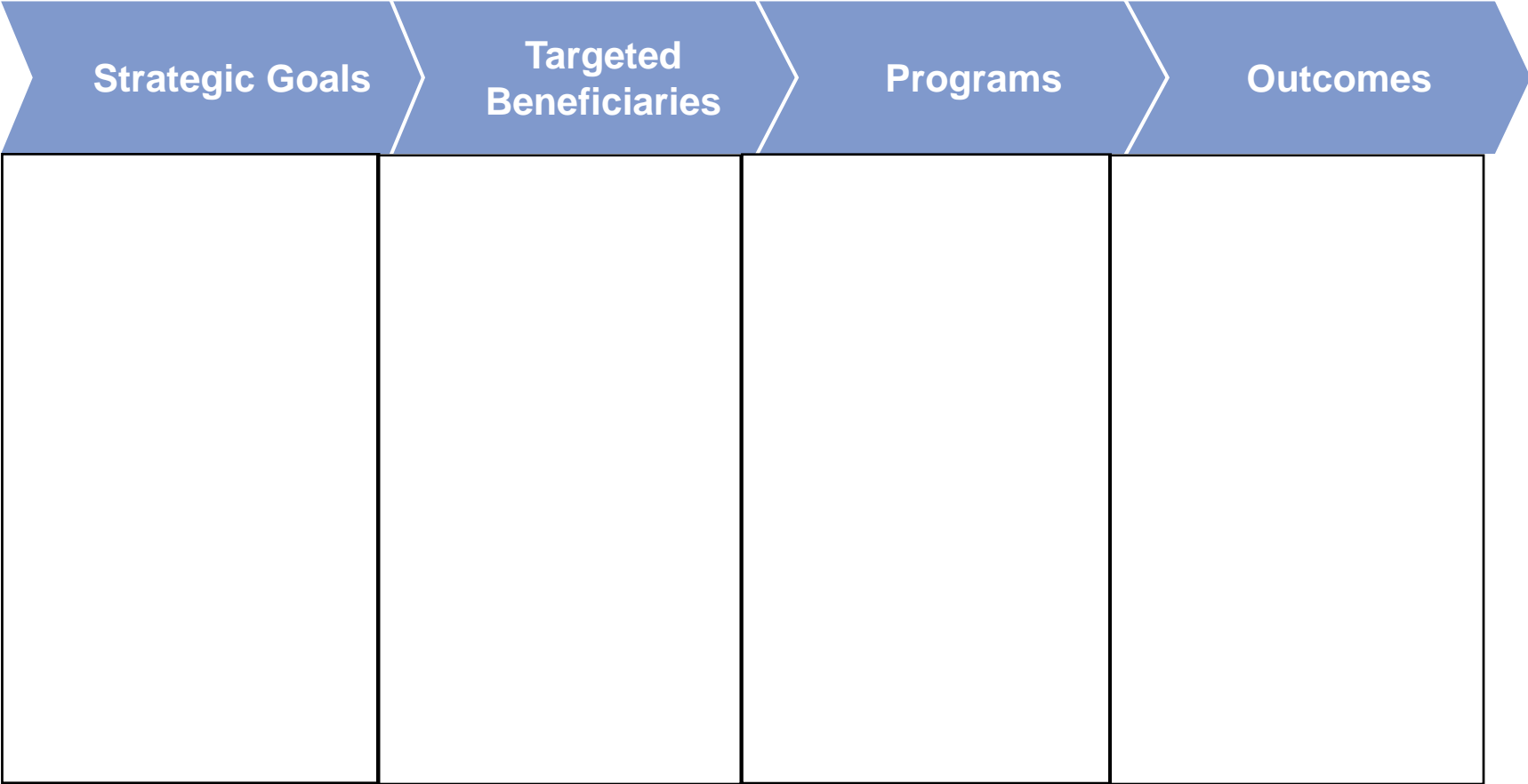
There is no one way to go through this exercise, follow your instincts and let the group dynamic lead the way

Applying the Concept

- Break out into teams by table
- Select one of the organizations represented (if possible one that has never gone through this exercise)
- Spend a few minutes learning about the organization:
 - Mission
 - History
 - Size
 - Current challenges
- As a team, populate the template:
 - Outcomes
 - Programs
 - Beneficiaries
 - Strategic Goals
 - Metrics

Applying the Concept From Mission to Theory of Change

Nonprofit's Mission:



Applying the Concept: From Theory of Change to Measuring Outcomes



Outcomes	Possible Metrics	Possible Measuring Tools

Applying the Concept: Experience and Q&A

Additional Resources

For more information on Theory of Change and how nonprofits apply this framework please access the additional resources noted below:

- Aspen Institute: “The Community Builder’s Approach to Theory of Change”
<http://www.aspeninstitute.org/atf/cf/%7BDEB6F227-659B-4EC8-8F84-8DF23CA704F5%7D/rcccombuildersapproach.pdf>
- Grant Craft: “Mapping Change: Using a Theory of Change to Guide Planning and Evaluation”
<http://www.grantcraft.org/index.cfm?fuseaction=Page.viewPage&pageID=808>
- ActKnowledge: <http://www.theoryofchange.org>
- Beyond Intractability: http://www.beyondintractability.org/essay/theories_of_change/
- Teach for America Theory of Change example: http://www.teachforamerica.org/mission/theory_of_change.htm
- Annie E. Casey Foundation “Theory of Change: A Practical Tool for Action, Research and Learning” <http://www.aecf.org>
- W.K. Kellogg Foundation “Logic Model Development Guide” <http://www.wkkf.org>
- Grantmakers for Effective Organizations “Theory of Change” <http://www.geofunders.org>