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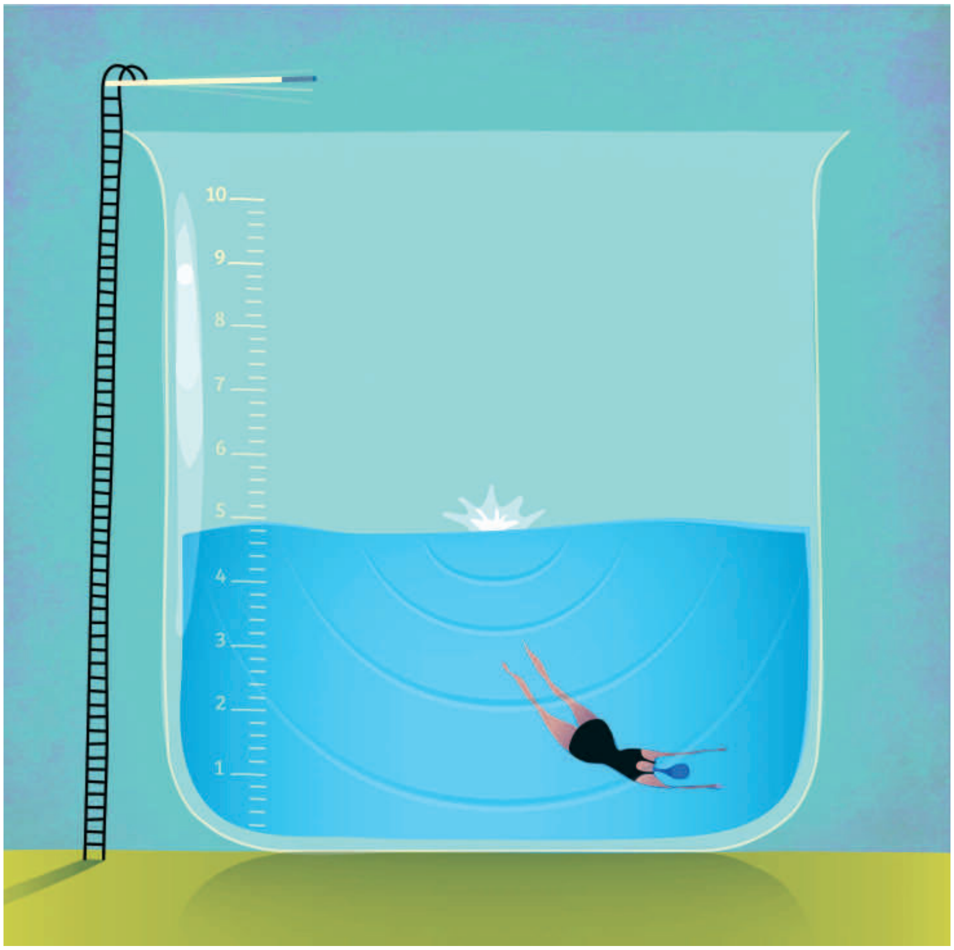
The Impact Issue



Impact. The non-profit sector is told time and again (admittedly often by us as consultants!) that this is what donors are looking for.

And yet, few charitable organizations point to their impact as a way to describe and differentiate themselves. If you ask almost any charity to tell you about their organization, most would answer by describing their activities and/or the needs they support. While being able to articulate these two elements is critical, it seems that many organizations become stymied by the last, and perhaps most important, piece of the puzzle for donors - measuring and communicating their impact.

Admittedly, measuring impact can be a really difficult thing to do, particularly for organizations whose outcomes tend to be rather 'soft'. And yet, the non-profit sector has the opportunity and responsibility to get better at this. At its core, this issue is really about accountability, and as a result, I believe the focus on the effectiveness of charities is another indication of the maturing of the sector in Canada.

And I believe getting better at measuring impact will help the sector move away from being assessed solely on efficiency measures like the simplistic and often misleading 'cost of fundraising'. While these types of measures are important and should continue to be a means of evaluation, we all know that they don't tell the full story. I believe a combination of efficiency measures and impact measures is the ideal way to assess the quality of any charity.

One final note is that while measuring the impact of charitable work is definitely challenging and complex (to the point that whole textbooks have been written on the subject!), remember keep it simple when communicating that impact to your donors. What donors want to know is that you are making a difference in the way you said you would and, as a result, that their gifts to you are being used effectively. You want to articulate that in as simple and tangible a way as possible while grounding your messages in evidence and reality.

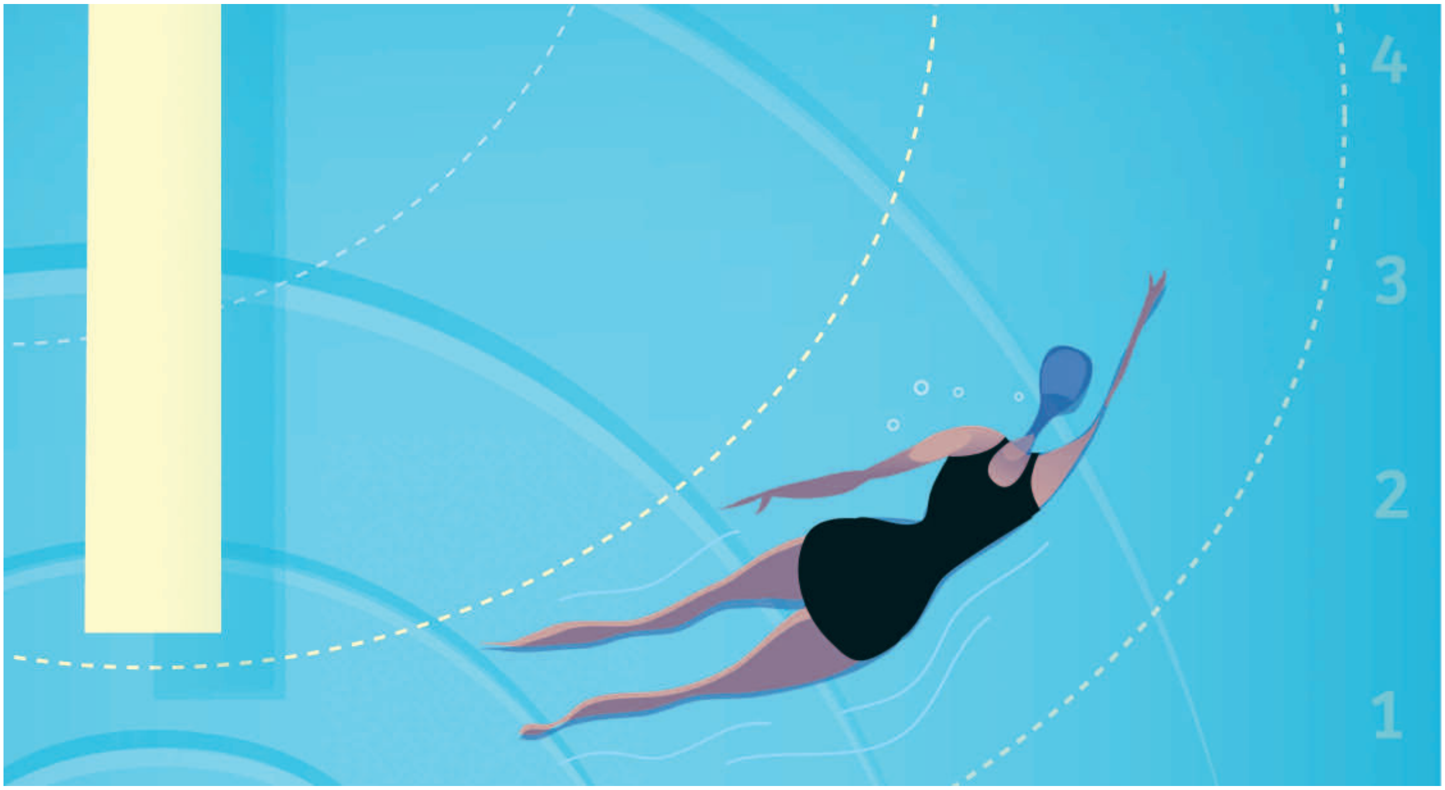
Through our exploration of this topic we hope that you find some food for thought as well as some practical advice about how to measure and communicate the impact of your own organization.

Have a great fall!

Marnie Spears
President and CEO

KCI

FORWARD THINKING



Measuring and communicating impact

"People don't want to buy a quarter-inch drill, they want a quarter-inch hole."

This quote, by American economist and Harvard Business School professor Theodore Levitt, is often used to illustrate that the critical element in selling something is to understand what the customer is looking to achieve. So, as aptly illustrated in this example, it's not about the drill. It's about what the drill enables you to do.

Applying this premise to philanthropy forces us to ask what donors are looking to do when they make their gifts to charities.

Charitable organizations have a tendency to answer this question through the lens of their activities – participating in programs, attending classes, conducting research, attending concerts, etc. – rather than what is accomplished through these activities. Taking a look at a cross section of charity websites, almost all have a section entitled "What We Do", yet few have one entitled "Our Impact". Which, applying Levitt's principle, is what donors are *really* looking for.

Our experience supports this notion and we have observed a real shift in donor behaviour over the years. Twenty years ago, donors gave to institutions as a whole. Their gifts were often unrestricted and were made based on loyalty to the organization and trust in what it was doing. In the last decade, we saw a transition toward giving to projects within institutions with donations being specifically designated to a particular initiative. And more money was raised than ever before! Today, we are seeing much greater emphasis by donors on what will be *accomplished* because of their gift. Donors want to understand the outcomes, comprehend the stories and applaud the successes of what their investments have meant.

The increasingly crowded philanthropic marketplace, combined with the challenging economic environment we find ourselves in, also mean that charities need to make their case for support incredibly compelling. And demonstrat-

ing their impact is paramount to doing that. John Risley, President of Clearwater Fine Foods, is both a major donor to and volunteer with a variety of charitable organizations in Canada. He makes the point that telling a good story just isn't enough anymore. "When it comes to charitable organizations, there's really no such thing as a bad mandate," says Mr. Risley. "And I have found that a lot of charities mistakenly think that the sole key to generating more philanthropic giving is to simply tell their worthwhile story to more people. If that was ever true, it's certainly not anymore. As the trend to more and more organizations seeking philanthropic support continues, donors are more discerning than ever before and are asking tougher questions of organizations related to a charity's performance and effectiveness in achieving its goals." As a result, he says that charities must be able to point to measures that articulate their impact in a real and concrete way.

Start with the end in mind

Before being able to measure and articulate the achievement of your impact, you first have to identify what you are trying to accomplish or, put another way, 'what success looks like'.

While that may sound simple, Steve McNair, President and CEO of the Arthritis Society, admits that defining 'what success looks like' in charitable organizations is incredibly complex. Having spent 30 years in the private sector with CIBC before taking the role with the Arthritis Society, he has an interesting perspective on the issue. "When it comes to business, knowing whether or not you are successful is relatively simple," he says. "Customers buy your products and if they continue to do that, you are on the road to success. If they don't, you eventually go out of business."

And so, he says that charities need to find other ways to define what impact and success mean and to do that, you need to go back to the organization's mission. "For charities, what we're 'in business to do' is all about charitable purpose," McNair says. "When I started at the Arthritis Society, I asked the question: If there wasn't an Arthritis Society, would you start one? Thinking in this way helped us reconnect with our purpose and put us on a road to better being able to identify and define the impact we want to have."

McNair notes that the process of defining an organization's impact is not for the faint of heart and needs to be an organizational priority. "Finding answers to the question of impact requires input from almost all areas of the organization. It also requires consultation with our community of clients, for we are only truly having impact if we are meeting their needs."

United Way of Halifax is another organization that has devoted much time and attention over the last decade to defining its impact, both its own and that of its 57 funded agencies. About a decade ago,

IMPACT STATEMENT

Right to Play

"If I speak of how young people were before, many of us did not approach one another to communicate. Because of Right to Play, now we do. Even if we are different nationalities, we express ourselves through sport and play." Frances, 23 year old participant, Benin

www.righttoplay.com

Questions to ask yourself

An easy way to identify your impact in a way that will resonate with what donors are looking for is to ask yourself one simple question.

So what?

Asking this question is a key tenet of the work that we do with clients in developing their case for support and getting into the habit of asking "so what" can be very powerful for any organization. Whether in the context of developing your case, putting together a proposal, crafting a direct mail solicitation or writing a stewardship report, asking "so what" can be a great way to identify impact.

In addition to asking the "so what" question, here are a number of other questions that you can ask yourselves, your program delivery staff and your clients to generate discussion and help you identify, measure and demonstrate the impact of the work that you do with current and prospective donors.

Identifying Impact

- *What are we trying to accomplish?*
- *What difference are we trying to make?*
- *What does success look like?*
- *Why does our work matter?*

Measuring Impact

- *How will we know we've made a difference?*
- *How will we measure success?*
- *What will demonstrate our accomplishments?*

Demonstrating Impact

- *What changes happened as a result of our work?*
- *What did we accomplish?*
- *What difference did we make?*

they changed the way that they assessed their agencies, moving from a model focused on outputs to one that puts more weight on outcomes. And in the last several years, the organization has been focused on better defining its own impact by clarifying what, specifically, it is trying to accomplish in the community. And according to Kevin Stoddart, Board Chair, it's been an incredibly rewarding journey.

"We didn't head down this path because we believed things were sub-optimal, but rather because we felt that this would enable us to raise the bar," he says. "And it has. While transparency and accountability has always been front and centre in the minds of Board and staff at United Way, increasing our attention on our outcomes has enabled us to better define success and our progress in achieving it."

IMPACT STATEMENT

Sunnybrook Hospital Foundation

"This is the breast. This is the tumor. This is the seed implanted in the breast to kill the tumor... This is the patient. These are the patient's children. That's why it matters." "Lives saved" video. ***SunnybrookFoundation.ca***

Through the exercise, United Way of Halifax identified poverty and health as the two areas on which it wanted to make a difference. Recognizing that both of these issues are big, complex and multi-layered, Catherine Woodman, President & CEO, says they identified the specific niche within each that would be their focus. "Once we identified our impact niche, the strategies we needed to implement became apparent," says Woodman. "In the case of poverty, we identified that our focus would be providing people in poverty with skills and opportunity. With this niche in mind, we are able to identify the kinds of activities we should undertake along with the kinds of organizations that we should be supporting."

Show me

Defining what it is you are trying to accomplish is only one piece of the puzzle. The other is to demonstrate that impact to donors and prospects. And doing that involves two things – measurement and communication.

Generally, charities tend to measure and communicate their impact to donors and

The making of a good impact measure

Here are some thoughts for you to keep in mind as you tackle the issue of measuring and communicating the impact of your work.

1) What are you trying to accomplish? – Charitable organizations are mission driven and exist to deliver on some charitable purpose. And so the measurement of how well you are performing needs to relate directly to what you are trying to achieve. In the case of organizations that deliver programming and services themselves, impact is defined through the lens of accomplishing your mission and vision. In the case of foundations that raise money for partner institutions, it's the mission and vision of those partners that determine how your impact should be defined. By starting with the end in mind, your impact becomes easier to identify and define.

2) Consult and collaborate – Don't feel like you have to make this up on your own. In fact, the fundraising team should not be developing impact measurements in isolation. Consult with those you are serving to understand what impact looks like to them. And collaborate with your program staff – those delivering services, conducting research, executing programs. These colleagues will have a much better sense of what the organization's impact is and may even already have the data to demonstrate that impact.

3) Make measures meaningful – Remembering that what you are trying to do is demonstrate effective achievement of your mission, develop measures that will enable you to do that. Quantitative measures are only valuable if they can demonstrate appreciable change in aid of what you are trying to achieve. The other part of making them meaningful is ensuring they are measurable. If you can't measure it or it will be too costly to do so, you are better off illustrating that impact in a qualitative way.

4) Less can be more – Related to ensuring that your measures are meaningful, don't feel the need to have many measures, particularly when thinking of using those measures as part of your cultivation, solicitation and stewardship of donors. Remember donors want clear messaging and two or three really meaningful measures can be a much more helpful than confusing them with too many measures of performance.

5) Never, ever stop telling stories – Telling individual stories of impact is and will always be a very compelling component of making the case for support and illustrating to donors the impact of their contributions. Remember, quantitative measures are in addition to the soft, qualitative measures and should not be considered a replacement.

other stakeholders by telling stories about their work. Examples of this type of communication abound. Hospital foundations tell stories of individual patients. Universities feature the work of particular researchers, professors and students. Social service organizations profile the experiences of particular clients. And the reason they do it is simple – it works. There is often no better way to demonstrate your impact than to tell the story of the difference you are making to real people.

But, as noted by John Risley earlier, telling stories just isn't enough anymore when dealing with the savvy and often 'ask weary' donor. Charities need to be able to provide quantitative evidence of progress and success – something that legitimately, can be a very challenging thing for organizations to do.

The Tim Horton Children's Foundation is one organization that has successfully done that. Through its network of six camps in Canada and one in the United States, the Foundation strives to give children from economically disadvantaged homes the skills and experiences they need to be put on the path for a successful life. "Recently, we began to explore how to measure the impact of our activities on our campers, in order to improve our effectiveness in achieving our mission and communicate our impact to our supporters," notes Dave Newnham, Executive Director. "To do that, we explicitly identified the outcomes we want to achieve and then created tools to measure our success in doing that." Their short term measurement tool is exit interviews with the kids on the last day of camp, utilizing an "appreciative inquiry" method, where interviewers listen for articulation of the types of behaviours they look to teach at camp – things like caring, motivation and helping out. The mid-term tool is a survey of parents conducted several weeks after the child returns home, which asks questions to determine whether the behaviour changes they are striving for have 'stuck'.

Newnham says that it has been an incredibly worthwhile undertaking for the organization. "The intended outcome of the exercise was to help us fully tell the story of our impact," says Newnham, "but it has also put us in a position to tell an even ***better*** story moving forward. This approach enables us to intentionally assess whether our programs are achieving our goals, and make deliberate adjustments to improve our effectiveness. In addition, this clearer definition of what we want to achieve has improved our orientation and training of our staff, and serves to inspire them as they develop and deliver our experiences for children and youth."

Newnham does caution, however, that these types of exercises can take you 'down a rabbit hole'. "In surveying the relevant literature and research in Positive

IMPACT STATEMENT

Maison Michel-Sarrazin

"The philosophy of the Maison Michel-Sarrazin has changed how our culture and society view death" Gilles, priest

Michel-Sarrazin Foundation

Youth Development, it can be overwhelming and difficult to assess the applicability of various frameworks. What is the best tool to use to measure change? Over what time period should we measure? And can we ever really have a 'hard measure' of our success? These are all questions to which we have found no easy answers, and frankly, there came a point when we had to finalize our logic model and framework based on what we had discovered, agree that it will be a living and breathing document under constant review, and move forward in piloting our methodology in our program."

Steven McNair agrees. Again, referencing his experience as an executive in the private sector, he acknowledges that hard measurements in the non-profit sector are not always easy to identify. "Because of the nature of the work done by almost all charitable organizations, there will always be subjective measures in the non-profit sector. I think that both charities, as well as donors, need to understand that."

All about balance

And so, when it comes to communicating impact, best in class organizations are able to combine some 'hard' quantitative facts with 'soft' stories. They also know to keep it simple and straightforward. What donors want to know is that you are effective and, as a result, that their gifts to you are being used effectively and two or three really meaningful measures have a

Collective impact

As Assistant Vice-President, Community Affairs, Great-West Life, Canada Life and London Life, Jan Belanger and her team work with many charities across Canada striving to have impact on the issues they are grappling with. Over the years, Belanger has become a proponent of greater collaboration – both among charities and between sectors (private, public and non-profit).

"Societal issues are complex," says Belanger. "No single organization 'owns' an issue and certainly, no single organization, however vast or innovative, can solve it. It takes a collective effort between donor and recipient to define "success". It takes a lot of dialogue and building trust. Ideally, both donor and recipient benefit from greater knowledge and mutual understanding of what's possible and realistic to achieve, and when."

Belanger is not alone in her thinking. There is a great deal of time and attention, particularly in the United States, being placed on the idea of 'collective impact', which arises from collaboration in the non-profit sector.

The recently published Stanford Social Innovation Review article entitled ***"Collective Impact"*** explored this notion. It argues that the sector needs a paradigm shift on the part of all players when it comes to working together to have impact. It makes the point that most donors/funders, when faced with the task of choosing a few grantees from many applicants, try to determine which organizations make the greatest contribution toward solving a problem. Charities, in turn, compete to be chosen by emphasizing how their individual activities produce the greatest effect. Each organization is judged on its ability to achieve results, independent of the numerous other organizations that may also influence the issue. In short, it says that the non-profit sector most frequently operates, and is rewarded for using an approach that creates what they call *isolated impact*. While recognizing that not all problems or issues require collective impact, they argue it has merits in many cases.

The article also notes that shifting from 'isolated impact' to 'collective impact' is not merely a matter of encouraging more collaboration or public/private partnerships. It requires a systemic approach to social impact that focuses on the relationships between organizations and the progress toward shared objectives. And it requires the creation of a new set of nonprofit management organizations that have the skills and resources to assemble and coordinate the specific elements necessary for collective action to succeed.

There are several types of collaborations highlighted in the article.

Funder Collaboratives are groups of funders interested in supporting the same issue who pool their resources.

Public-Private Partnerships are partnerships formed between government and private sector organizations to deliver specific services or benefits.

Multi-Stakeholder Initiatives are voluntary activities by stakeholders from different sectors around a common theme.

Social Sector Networks are groups of individuals or organizations fluidly connected through purposeful relationships, whether formal or informal.

Collective Impact Initiatives are long-term commitments by a group of important actors from different sectors to a common agenda for solving a specific social problem.

To read the full article, ***click here.***

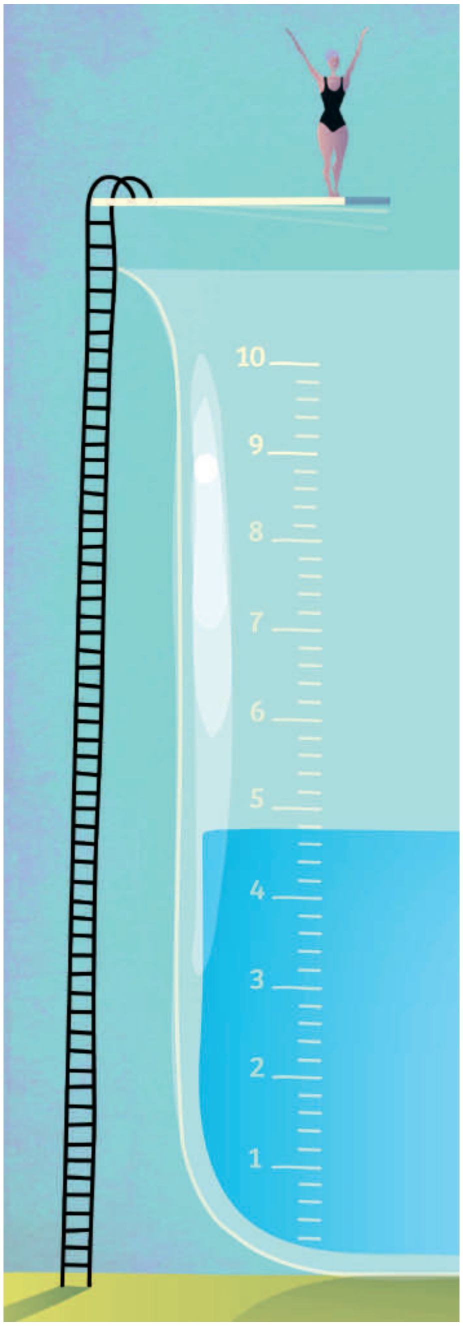
great deal more resonance than reams of info and data.

In the *Impact Statements* sections throughout this edition, we have highlighted organizations that are doing a great job at defining and communicating their impact. One of those is the University of Toronto. Not only does it publish a Community Impact Report, it has a website devoted to communicating the impact of what it is doing **(www.impact.utoronto.ca)**. In both, the organization clearly defines what impact means to it (*Health Here and Abroad, Building Community, A More Sustainable Environment, Unleashing the Human Spirit, Creating Jobs, Building Businesses and Ideas that Shape the World)* and provides evidence through a balance of both storytelling and facts.

Jan Belanger, Assistant Vice-President, Community Affairs, Great-West Life, Canada Life and London Life, believes balance is not only important for measurement and communication; it should also guide what donors can expect of charities.

"We're seeing more charitable organizations turning their attention to better defining and measuring their impact, and this will go a long way to improving the activities and outcomes in the sector," says Belanger.

"At the same time, I think it's incumbent on donors to remember that measuring a charity's impact is not a simple task.



IMPACT STATEMENT

University of Toronto

"…the University of Toronto is uniquely positioned to foster innovative community collaborations and partnerships. Many of the impacts of these collaborations can be felt almost immediately: better medical procedures, safer buildings, hardier crops and faster computers." Community Impact Report, 2010.
http://impact.utoronto.ca

Charitable organizations tend to deal with multi-faceted and multi-layered issues that they don't 'own'. As donors, we have to keep that in mind in our expectations of what they can achieve and influence. Benchmarks are important, but positive change takes time."

> **Next issue:**
Watch for our Winter 2011 edition that will explore trends in corporate giving in Canada.

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Aussi disponible en français. Illustrations by Rocco Baviera

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