Understanding Evaluation

*T*his chapter summarizes the context in which today's nonprofits
are working, providing background that is important to under-
stand as you undertake evaluation. In part, it answers the question,
Why evaluate? A first step for many smaller organizations involves
"adjusting" their internal mind-set and thinking about evaluation
in a new way.

To some extent, all nonprofits operate on instinct. Necessity may be the mother
of invention, as the old saying goes, but in the nonprofit world instinct is often the
mother of *action.* Our instincts lead us to potential board members, to form strate-
gic alliances, and to develop new and original ideas for special events or for pro-
grams we believe we uniquely can develop. The longer nonprofit leaders are in the
field, the more their instincts are honed, and the better able they are to identify a
real prospect for a contribution, an alliance that could be mutually beneficial, or
a strategy that could offer a new solution. Nonprofit staffs routinely find them-
selves sharing their instincts as they identify community needs and brainstorm
about what can be done to address them.

In the nonprofit sector, we pride ourselves on our instincts, because for non-
profits, instinct and good judgment are necessary for survival. We have little time
and little money. We have to get the job done, and do it right.

In recent years, however, nonprofits have been challenged to defend their in-
stincts and explain their assumptions—to assess the impact of their work, both for
their own learning and in order to "prove" that what they *think* is good actually *is*
good, that what they claim as results are indeed results.

Instinct is important, but instinct alone is not enough. Donors increasingly want specifics in order to continue funding (and because their own reputations are at stake); legislators want greater oversight from boards; media want facts that shore up assumptions; program participants want and deserve accountability, and constituents and other partners want information that clearly shows an organization's specific contributions to the community.

This increased interest in nonprofit results and accountability has many sources, ranging from the explosion of information available via the Internet to desire by government agencies for more oversight of the nonprofit sector. Corporate scandals at companies like Enron and Arthur Andersen led Congress to pass legislation related to "corporate accountability" in 2002; the Senate Finance Committee began to discuss the need to more closely regulate the nonprofit sector as well.

Interest in greater accountability has also come from within the sector. One nonprofit leadership forum, Independent Sector, for example, recently issued more than one hundred recommendations intended to strengthen the ability of the nation's 1.3 million charities and foundations to serve as "responsible stewards of the public's generosity."

"Foundation and nonprofit organization accountability" emerged as an area of major concern in research conducted by the Center for Nonprofit and Philanthropic Leadership at Rutgers University in 2004 (Capek, 2004). Survey respondents, when asked to identify critical issues and trends facing the nonprofit sector, said that both foundations and nonprofits were "missing opportunities for crucial rethinking as to how to do their best work" (p. 2). Many described foundations and nonprofits as prone to working in isolation and as lacking sufficient opportunities for straight talk and feedback.

With calls for tougher standards coming from many directions, the nonprofit sector is expected to face sweeping changes over the next several years in legal oversight and regulation of activities. Much of the regulation is likely to focus on how nonprofits spend and manage their money and how carefully boards of directors attend to their roles and responsibilities, including the oversight of programs.

What you learn through evaluation and how you apply it will communicate your commitment to accountability as well as how well your organization is working toward meeting its mission. No matter what changes or regulations are ultimately implemented at the state or federal level, evidence that evaluation is a

priority will be one indicator of how well nonprofit organizations are attending to their core duties.

EVALUATION AS POWER INSTEAD OF PAIN

The term *evaluation* still connotes a test that can be passed or failed, a judgment issued at the end of a long stretch of independent, completed work. Nonprofit organizations need to begin thinking of evaluation differently—not as a pass-fail, right-wrong, good-bad hurdle but as part of a process that provides useful information that helps your organization learn more, plan better, and operate more efficiently. In addition to understanding the climate surrounding evaluation, it's important to examine (and possibly change!) the prevailing mind-set about evaluation within your own organization.

Seeing evaluation as a lot of added, new work, nonprofit managers often feel they have neither the time, the money, nor the staff trained to track, analyze, and produce evidence of organizational impact. Because nonprofits are overstretched in so many ways, the pressure to "do evaluation" can seem like just one more burden. After all, gathering data costs money. Tracking program participants or visitors costs money. Designing and administering surveys, holding focus groups, and maintaining records costs money. And it all takes time. As one executive director we spoke with put it,

> We share the same desire as our donors for concrete, definitive indications of the impact of our work. But most of us can only afford to do the most basic kinds of evaluation—the "counting," so to speak: how many people attended a meeting, how many sessions we offered, that kind of thing. Even the foundations with big bucks are discovering that "impact" is hard to define or prove—but they expect us to do it on a shoestring.

The pressure to conduct "an evaluation" hangs heavy over the heads of many smaller organizations. For grassroots organizations—small community-based and advocacy organizations—there can be additional challenges. Social change or social justice work is often difficult to quantify in traditional ways. Within social-change organizations, achievements might be measured in terms of relationships

built, messages framed, or specific actions or campaigns undertaken in the community. But the results of these achievements on the larger stage can be hard to measure, and they take time to observe and understand.

If you look at evaluation as somehow separate from your other work—your "real work"—you will probably end up feeling overwhelmed and resentful. It is important to understand evaluation as *part* of your organization's real work—as a thread running through all that you do to achieve your mission, plan your program, and raise money.

Rather than seeing it as a burden, recognize its enormous value. Evaluation is of value because it gives nonprofits something they often feel that they lack: *control.* When you actively design and use evaluation as a tool to help you learn and grow, then evaluation becomes a resource and an opportunity for your organization to understand why it succeeds when it does succeed and to tell its story better. Understanding some of the factors behind the current emphasis on evaluation can help you anticipate the kinds of questions you might receive from your funders, board, colleagues, and constituents.

If you do not evaluate your programs yourself, you can bet that opinions will be formed about your work anyway, and decisions that affect you will be made based on those informal "evaluations." The philanthropic and nonprofit grapevines are active and often very powerful. Sadly, it is a common scenario for potential supporters to turn away from an organization because of "what they've heard" or because of a reputation hung over from a previous point in the organization's history. Evaluation offers the chance to replace impressions with facts.

Whether you know it or not, you and your programs are already being evaluated. Public opinion is the strongest evaluator a nonprofit organization faces and could be the only one if the organization does not have data to back up its claims of community value. Addressing public opinion is only one of many reasons an organization may want to evaluate its programs. Acquiring and continuing funding are other strong motivators.

The greatest reason to evaluate is to learn how you can provide the best service to your clients or constituents. Putting an evaluation program into place is the only way an organization can ascertain what is working well and what is cost-effective.

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—Reid Zimmerman
Minnesota Council of Nonprofits

WHAT EVALUATION *IS* AND WHAT IT *IS NOT*

At its most basic, evaluation involves looking at your program during a specific period of time and asking, "Is what we're doing working? How do we know it's working?" and, often, "Under what conditions does it work best?"

Planning, Not Judging

The purpose of evaluation is to help you plan for next year, not to judge what you did in the past. One reason that the very idea of evaluation can seem so daunting to smaller groups is that evaluation implies making a judgment after something is over. It seems to suggest backtracking over territory that's already been covered and work that's already been done, with the hope of reconstructing what actually happened, and then determining whether it was worth the effort. Who wouldn't be exhausted at the mere thought of doing that?

Evaluation is not the "extra work" at the end of your project, the last-minute add-on that you do because everyone else is doing it. Rather, it is part of what you put in place *beforehand* to help you run your programs.

Evaluation is part of the continuum of planning. Evaluation encompasses a broad spectrum of activity but is essentially a systematic process of asking questions, then collecting and using the answers to

- Measure progress on priority issues and identify areas for improvement
- Set realistic goals by providing information for making and fine-tuning strategic program decisions
- Identify staff and volunteer training and technical-assistance needs

- Be accountable and credible to your constituents, your community, your partners, your funders, and yourself
- Motivate by providing documentation of your achievements
- Guide budget and resource allocations
- Generate support for programs and make the case for added resources
- Be an effective organization that works toward its mission

Evaluation is *not*

- A test or a punishment
- Something you design *only* as a means to promote your work or show off how brilliant you are.
- A scientific research project that requires control groups in order to prove or disprove a hypothesis
- Something you do every five years
- About expanding or about cutting your programs
- An occasional activity or a one-time event

Evaluating Versus Conducting Research

As you begin considering how you will tackle evaluation at your organization, it is important to acknowledge, with your evaluation team, whatever may be among your greatest sources of anxiety about the process (see Exhibit 1.1). Perhaps you are nervous about the time it might take away from other things; perhaps you are nervous about what you've heard from others or about evaluation seeming to require the skills of a professional researcher.

"I always tell my nonprofit clients that there is a distinction between research and evaluation," says evaluation consultant Susannah Quern Pratt, "and when I remind them of that, I generally see a huge look of relief cross their faces."

The pressure to evaluate and the misconceptions about what evaluation entails can lead many smaller groups to forego the effort altogether, assuming it requires specialized skills or rigor beyond their capacity. Although evaluation may draw from the techniques that researchers have pioneered, evaluation does not need to

Exhibit 1.1
Quick Exercise: Fears and Misperceptions

If you've never been involved in an evaluation or if you've had a bad experience with it in the past, you may have some anxiety going into the process. What are you afraid of? Address these concerns up-front by writing a brief memo that outlines for your board and staff why you are undertaking evaluation and what you believe you can accomplish with it, as well as what you consider to be beyond the evaluation's scope or intent (for example, what the evaluation won't tell you about your work).

COMMON FEARS AND MISPERCEPTIONS

Here are some of the usual barriers to getting evaluation under way:

- Our funders and supporters have false or elevated expectations of what an evaluation will tell us, and if it's too thin, it will end up making us look bad.
- Our goals could change in the course of the project we're evaluating, but the evaluation process will already be in play.
- We did not define our "desired outcomes" ahead of time; we are hoping an evaluation will show us the kind of outcomes we're getting.
- We really don't have the skills or resources to do it right.
- We don't have an evaluation expert working with us.
- Different audiences want different kinds of data—and different results.
- We're not sure we want to know what an evaluation might tell us.
- We feel under pressure to come up with the final, dramatic one-liner, as in "60 percent of our visitors did such-and-such. . . ."—but our work is really a story in progress.

HOW TO ADDRESS COMMON FEARS AND MISPERCEPTIONS

The best way to address all of the above is to articulate clearly the following:

- The goal *you* defined for your program, as opposed to something thrust upon you
- The steps you will undertake to conduct your evaluation
- The rationale for your choices
- The best response to the pressure you may feel to do an evaluation a certain way is to have a defensible plan of your own that makes sense for your organization.

be research, and small organizations can benefit enormously, as Pratt points out, by "shifting their thinking from 'prove' to 'improve.'"

Even in the best-case scenario, you are more likely to be able to gather *evidence* that what you are doing works rather than being able to provide *proof.*

Evaluating for the Wrong Reasons

Here are some *wrong reasons* for undertaking evaluation:

- You think you can raise money for it, and some of the dollars that you raise can be allocated to general operating costs.
- It's your anniversary.
- A funder requires it.
- You want support for a decision you intend to make anyway, regardless of what you learn in the course of evaluation.
- The board wants to get rid of a program or a staff person or the CEO.
- You want to prove to others how good your work is, rather than using evaluation to learn how to be better.

Creating Effective Organizations with Evaluation

Evaluation is a necessary ingredient to becoming an effective organization. Boards need the information that evaluation provides in order to make good decisions. Staff needs the information in order to plan and deliver effective programs. Funders need it in order to make a case for continuing their support. Evaluation provides nonprofit leaders with opportunities for new vision and new ways of solving problems, as well as with the confidence to learn and grow.

Think of evaluation as a tool designed to help you understand your organizational strengths and to throw some light on areas in need of improvement. It provides an opportunity for informed conversation and reflection; it engages your board and staff in the strategic work of the organization, and it provides a framework around which to build an action-oriented work plan for enhancing your organization's effectiveness. Evaluation is a starting point to help you determine how your organization can be more successful in achieving its overall mission.

*Nonprofits should think about evaluation
in terms of real program development—as a way
to set goals and measurements, as a key aspect of
how you create a program that makes sense.*

—Unmi Song, Executive Director
Lloyd A. Fry Foundation

Evaluation is part of program development. It is difficult to build on success if you are not sure whether you are really experiencing success. Although new ideas for programmatic initiatives bubble up every day, those that are most likely to work are those with some basis in experience and analysis. If you are about to apply for a major grant or invest in a new program that is an offshoot of something you've done before, you want to make the case that the program you did before was incredibly valuable and netted real results. You want to make sure that you're not developing an offshoot based on a trunk that is weak or on assumptions that have no demonstrable basis in reality.

As Marcia Lipetz, president and CEO of the Executive Service Corps of Chicago, puts it, "What do you really know about your program? How do you know that you know what you know? Evaluation helps lay the groundwork for programs that have a greater chance at being successful."

Understanding Potential Risks and Rewards

Evaluation is critical to your ongoing work, but it is not a cure-all. It doesn't eliminate the need for ongoing decision making or substitute for the exercise of good judgment on a day-to-day basis. Launching an evaluation process involves some risk: collecting data might be more difficult than imagined; plans can disintegrate; the organization might learn something it doesn't want to hear. And what is learned will need to be addressed, which may be time-consuming and require additional resources and energy.

On the flip side, successful, completed evaluations often astonish and re-energize stakeholders in wonderful ways. Evaluation can motivate and inspire your board, staff, donors, clients, and the local community.

SUPPORTING STEPS FOR UNDERSTANDING EVALUATION

☐ *Examine what's happening within the sector as a whole.* Note what's happening relative to legal requirements, governance, and accountability. A simple way to do this is periodically to check in with your local association of nonprofits or grantmakers or log on to the Web site of Independent Sector (www.independentsector.org) or the Web site of the National Council of Nonprofit Associations (www.ncna.org). Developing solid evaluation efforts now will help you prepare for whatever changes may be ahead.

☐ *Lay the groundwork.* Make the case for evaluation in your organization. Start talking about it positively (instead of negatively, if that's been the habit around your organization). Talk about it as a core part of everyone's work. Communicate to your board and staff leaders that the time is right for your organization to focus on evaluation in a way that it hasn't in the past. Help your board see evaluation as an expression of good management and good governance—an indicator of how well your board is attending to core duties. Help your staff see evaluation as a necessary part of ongoing planning and program development—an avenue to better achieving your mission.

☐ *Let your board and staff leaders know that you will soon be presenting a proposal.* Do this as soon as you finish reading this book! Suggest how evaluation can be incorporated into your work—ideally, your work for the coming year.

☐ *Call favorite colleagues at organizations similar to yours.* Ask for a copy of any evaluation report they've completed in the past few years. Start a file of sample evaluations. This will let you see how they tend to be alike in format and how they vary. Pass this file around at your first evaluation committee meeting.

☐ *Use sample agendas.* Sample agendas follow at the end of each chapter. Use these to help move your team step-by-step through the evaluation process. You may want to collapse or combine some agendas or adapt them to fit your needs. As a series, the six agendas offer a process to follow from start to finish. They are provided in order to give you additional guidance as you implement the steps recommended in this book.

Meeting Agenda 1
Preparing for Evaluation

Attendees: Executive Committee and Key Staff

1. REVIEW Why we're creating an evaluation committee and how this connects to priorities and concerns we identified in recent board and staff meetings.

2. DISCUSS What our history with evaluation has been in the past, what pressures are on us now, what needs we especially want to meet.

3. DECIDE Who should be on the evaluation committee, whether this should be a standing board committee, and whether there are special advisers we can invite to join us for this inaugural year who can come to a few early meetings to get us launched in the right direction.

4. NEXT STEPS Identify someone to call colleagues and get copies of "committee job descriptions" used by other evaluation committees or teams, as well as copies of any evaluation reports they'd like to share, so we can start a mini-library of sample evaluations we can refer to as models.

5. NEXT MEETING Plan for the next meeting, where we will provide a brief presentation on the evaluation process we'd like to follow. Who else should join us for that meeting? Should we also take this up at our annual retreat? It would be a great topic for the board to address.