



Success by Design
An R&D Approach to Evaluation

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Agenda

The Data Case for R&D

Why Are So Few Nonprofits Learning?

Evaluation vs. Learning

R&D: What It Looks Like



The Data Case for R&D

Core Capacity Assessment Tool: Facts

1. N of over 2,500 organizations
2. Administration:
 - 146 items, behavioral, randomly presented;
 - 42 scales, grounded in four core capacity model, and lifecycle stage
 - Gathers business metrics, most over a three-year period;
 - Leaders and board take, independently and confidentially;
 - No first-person questions; and
 - No way for subjects to know precisely what is being measured.
3. Scales meet peer review standards for reliability and validity
4. None of the data are “skewed”
5. CCAT has been cross-validated with “hard” (business) data

Why Some Nonprofits Grow Faster than Others

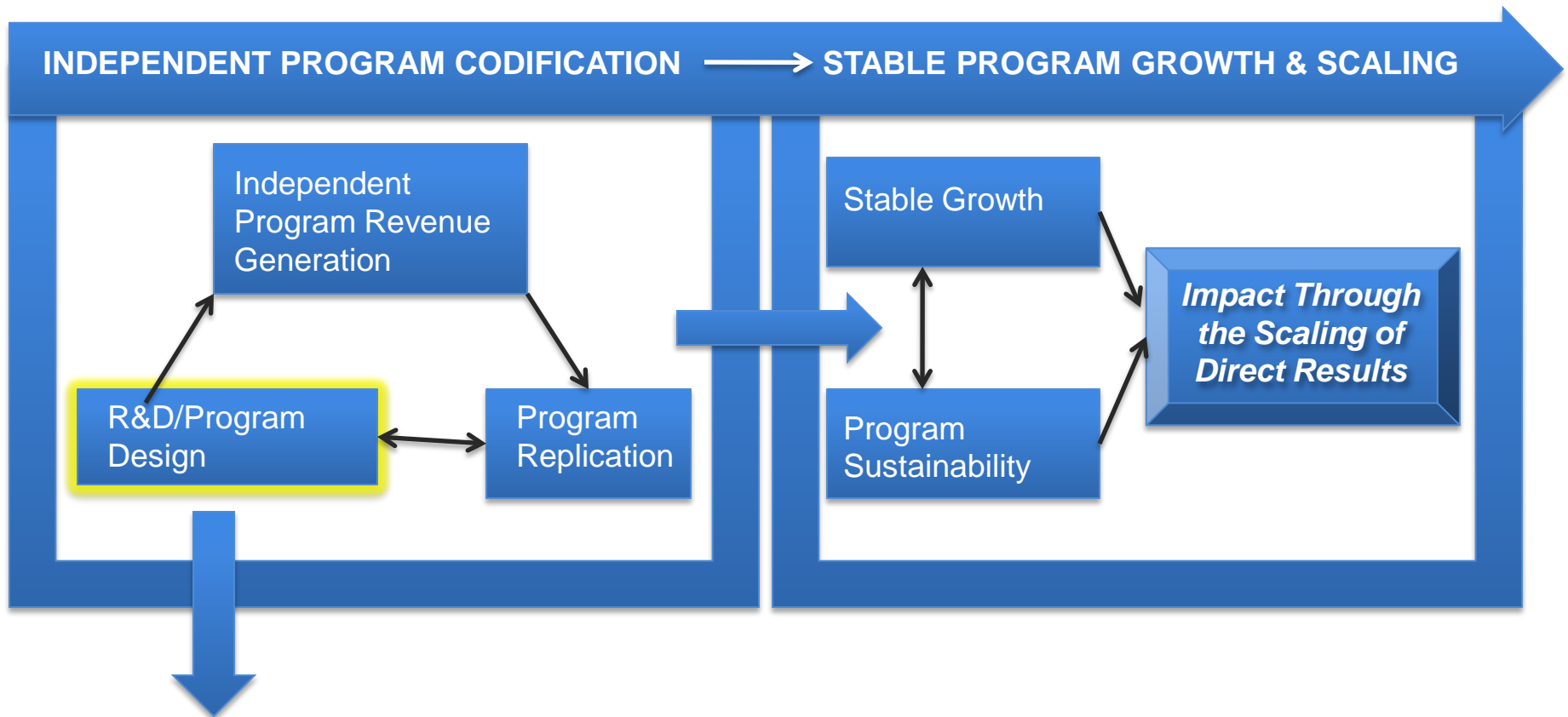
Only 2 in 5 nonprofit grew faster than the annual inflation rate over a three-year period.

Five measures of organizational capacity explain 20% of why these organizations thrive:

1. R&D/Program Design
2. Program Replication
3. Program Sustainability
4. Independent Program Revenue Generation
5. Growth Rate Stability

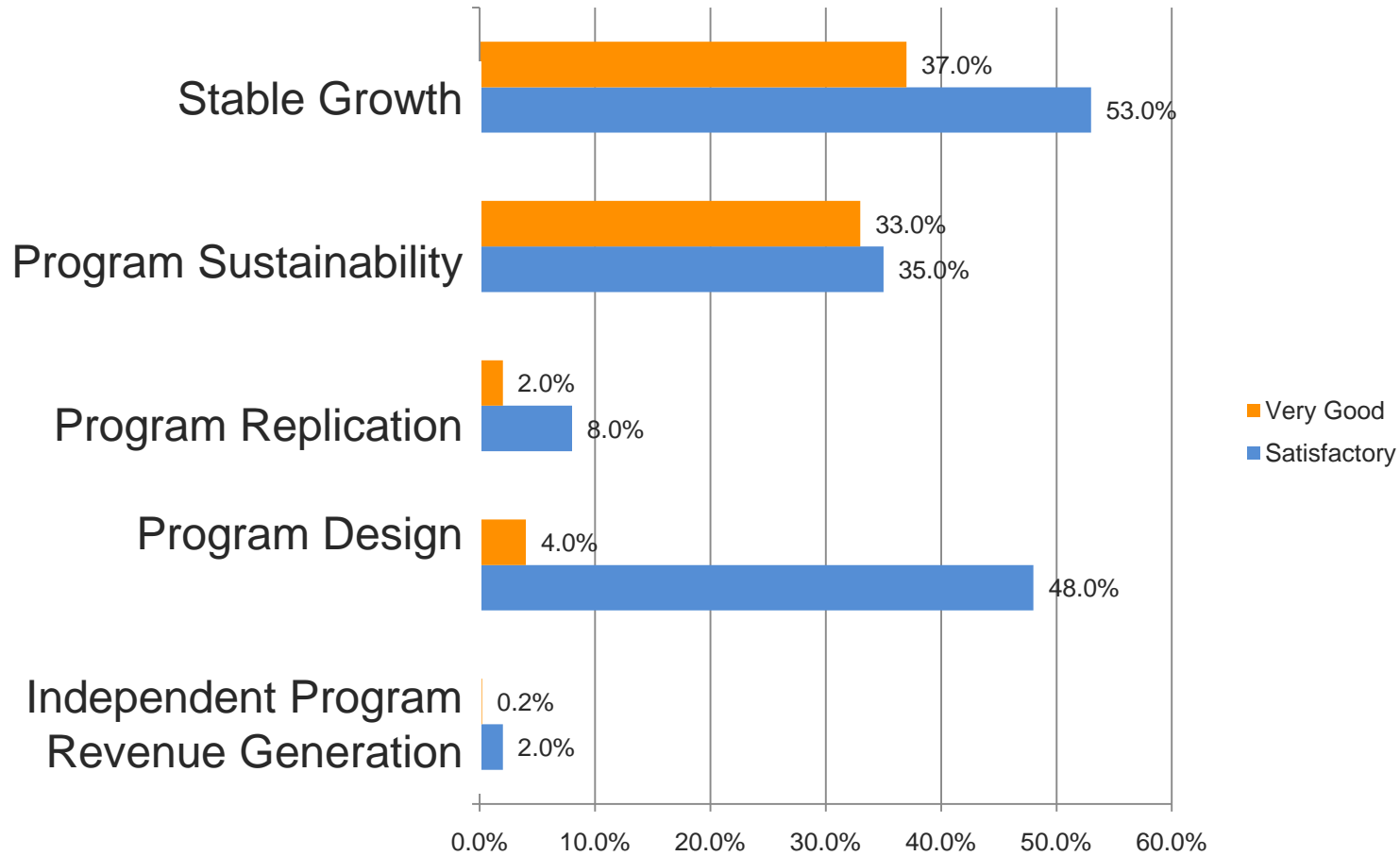
Organizations that are effective at these “growth” capacities are almost 3 times more likely to beat inflation than those not

Explanatory Theory?



R&D is A Key Factor in Stable Growth & Scaling

How Are Nonprofits Doing?



R&D Behaviors That Facilitate Scaling/Growth

Organizations are significantly more likely to grow faster than inflation if they engage in the following program R&D behaviors:

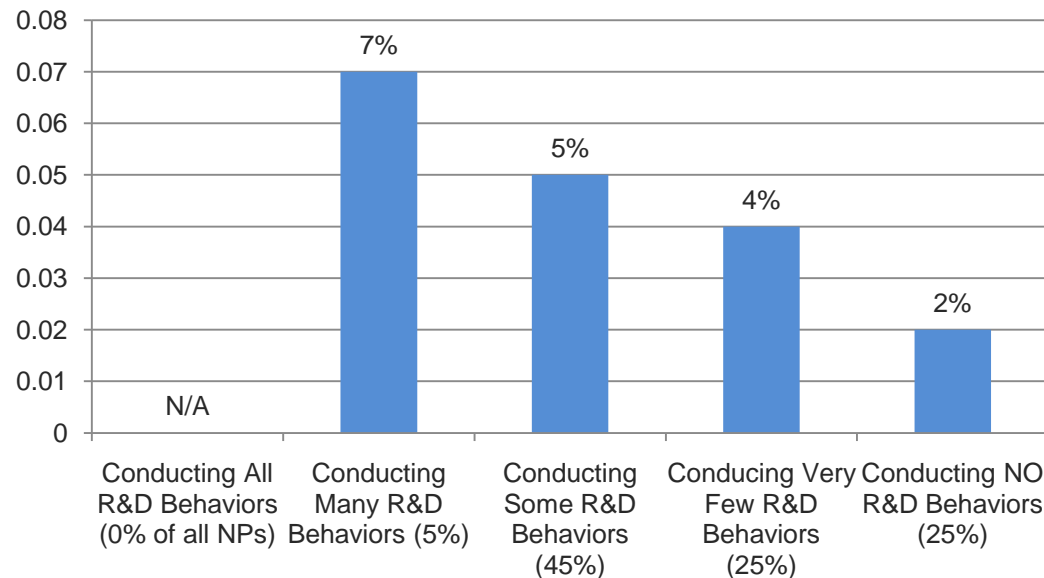
1. Gathering data *directly from program recipients* to determine how to improve services
2. Determining outcome metrics by listening to, documenting, and sharing actual *client success stories and results*
3. Engaging key leaders and staff in interpreting client-derived data
4. Evaluating a program to figure out ***what aspects*** of it work, rather than ***if the whole*** program worked
5. Bringing program design leaders together to assess and *address the resources needed to deliver programs effectively*
6. Leveraging R&D insights *to inform the program implementation team*

R&D Facilitates Sustainable Growth

40% of nonprofits grow faster than the rate of inflation over a three year period

Nonprofits where leaders engage in R&D behaviors are almost 2.5 times more likely to grow faster than the rate of inflation.

Average Annual Growth Rate in Operating Budget



***Why Are So Few Nonprofits
Learning About their
Programs?***

Five Scientifically Proven Human Biases that May Be Affecting the Sector

A cognitive bias is a pattern of poor judgment, often triggered by a particular situation. The existence of most of the particular cognitive biases listed [here] has been verified empirically in psychology experiments.

1. **Illusion of control** - the tendency to overestimate one's degree of influence over other external events
2. **Impact bias** - the tendency to overestimate the length or the intensity of the impact of future feeling states
3. **Money illusion** - the tendency to concentrate on the nominal (face value) of money rather than its value in terms of purchasing power
4. **Planning fallacy** - the tendency to underestimate task-completion
5. **Wishful thinking** - the formation of beliefs and the making of decisions according to what is pleasing to imagine instead of by appeal to evidence or rationality

http://en.wikipedia.org/wiki/List_of_cognitive_biases

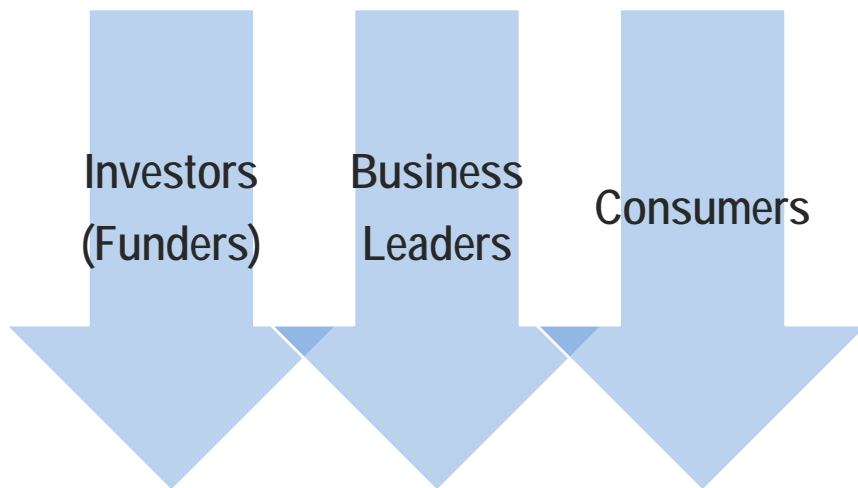
The Investment Model Is Flawed

- There's **no** outcome synchronicity between the investor and investee
- Investors typically want to prove long-term status effects based on a whole program vs. no program
- R&D uses proximate knowledge, attitudinal, motivational and/or behavioral next actions as the analytic lenses to determine the right mix of product/service ingredients
- There's **very little** demand for Research & Development because there's no clear strategic advantage

The Outcome Synchronicity Problem – A Comparative Example

For-Profit Accountability:

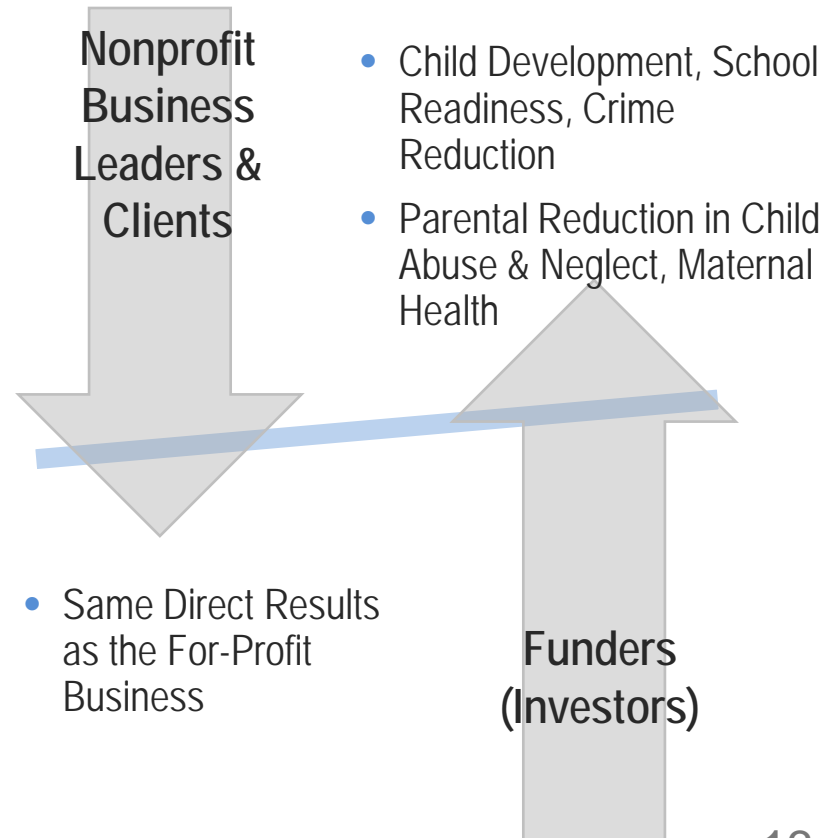
Just Give Me (or Show Me) the Direct Results, Please...



Recuperation, parent-child bonding, healthy adjustment to family change, tools for care and feeding, stress-reducing routines and habits, better communication skills with providers

Nonprofit Accountability:

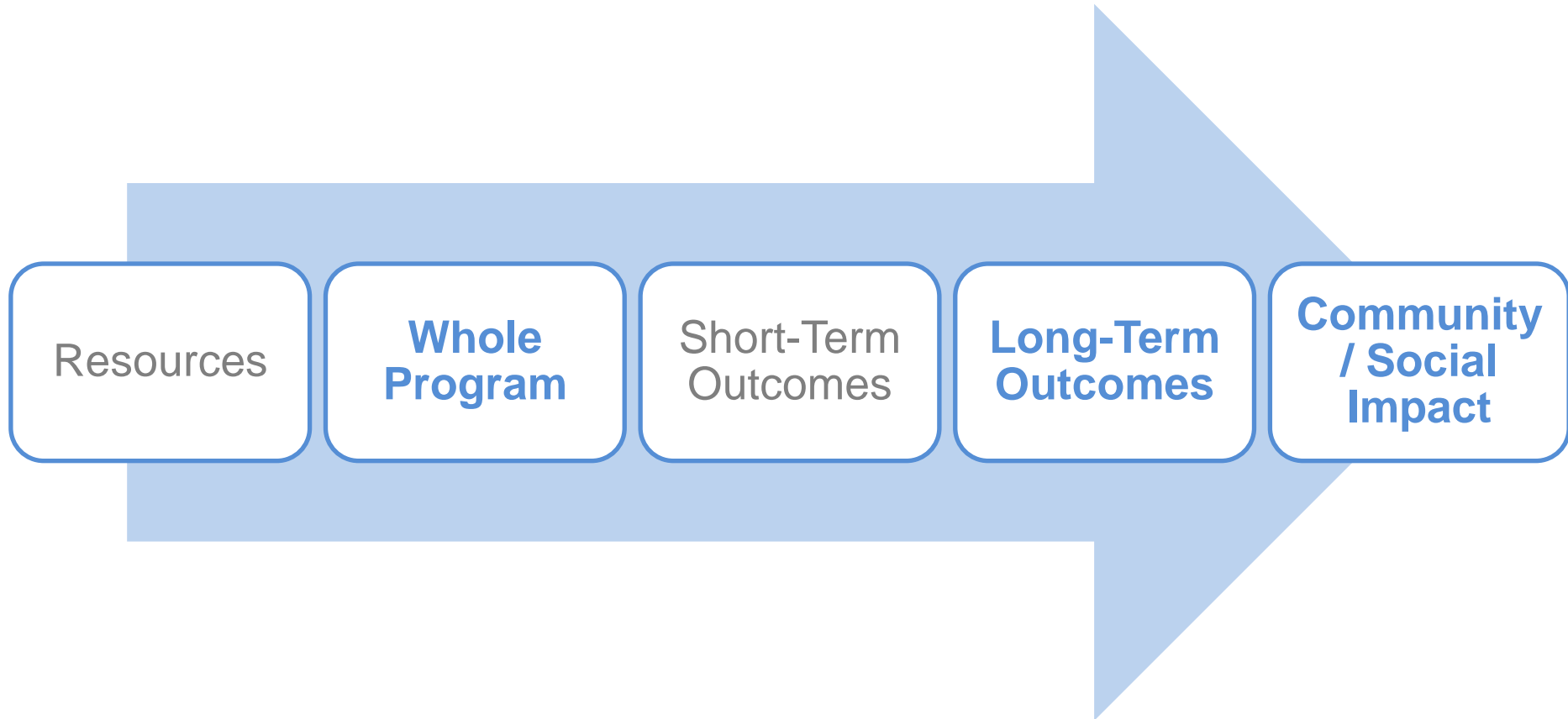
Just Give Me the Direct Results, But Somehow Prove to "Them" That We Can Do Much More...



Evaluation vs. Learning

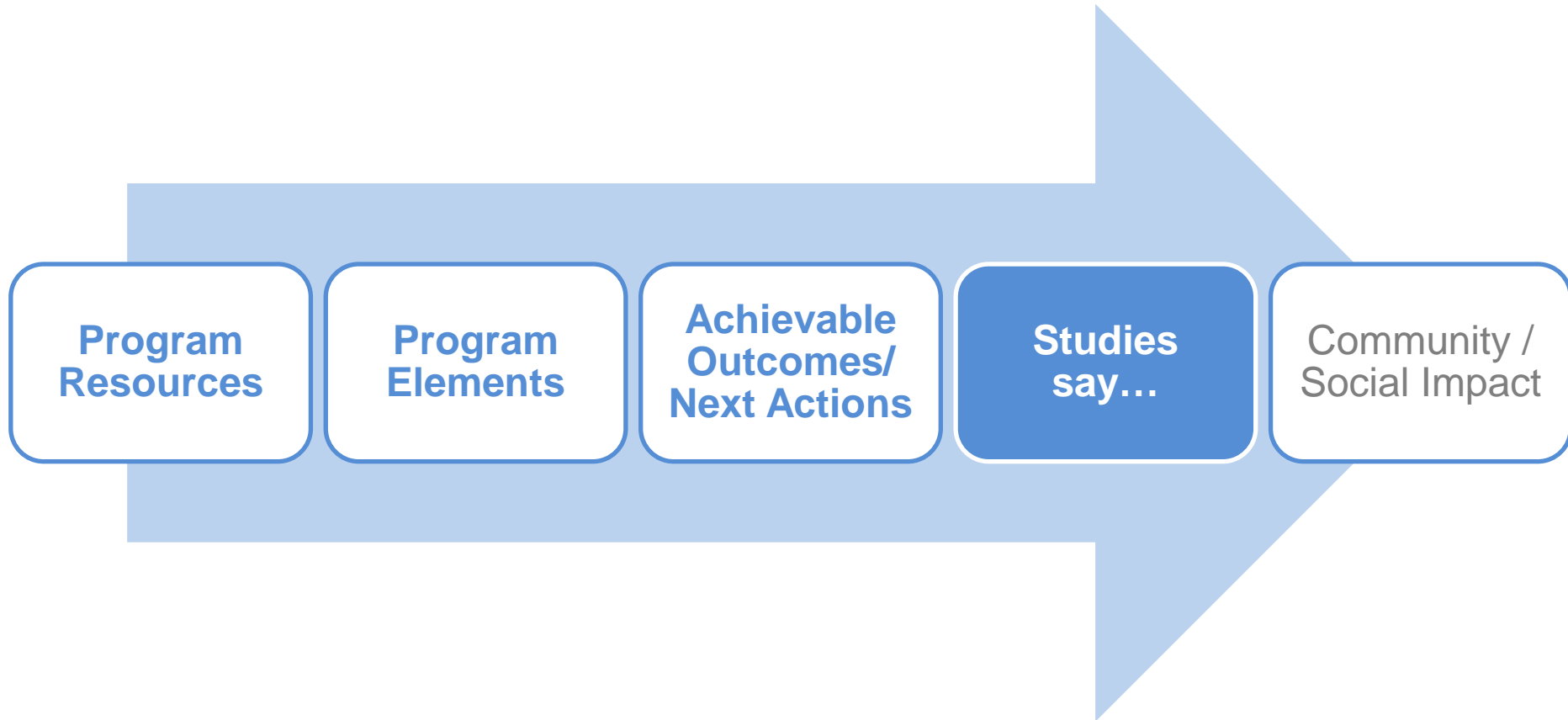
Evaluation

Determining a “Whole” Program’s Long-Term Impact to Judge Social Value



Learning

Measuring Program Success for “Best Practice” Replication and Scaling



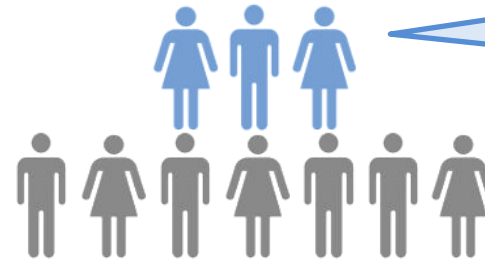
Why Evaluation Doesn't Lead to Learning

Why Evaluation Isn't Leading to Better Program Designs

1. Makes uncontrollable/unattainable community impact and/or long-term outcomes the metric of success
2. Typically assesses the “whole” program/strategic effort, not its component parts
3. Aspires to a scientific research design ideal that is appropriate for large-scale population studies to achieve generalizability about community status indicators, but not for context-specific, real-time learning about direct results
4. Gathers data from the wrong source – implementers and secondary data sources, not the direct recipients/targets

The Problem with the Ideal Evaluation Design

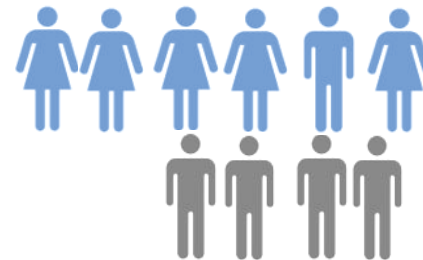
Control Group



We Did It On Our Own

What About All of Us?

Intervention Group



Yeah! But, three of us would have succeeded anyway

Why did the girls do better?

What About Us?

It made a significant difference ...the program worked

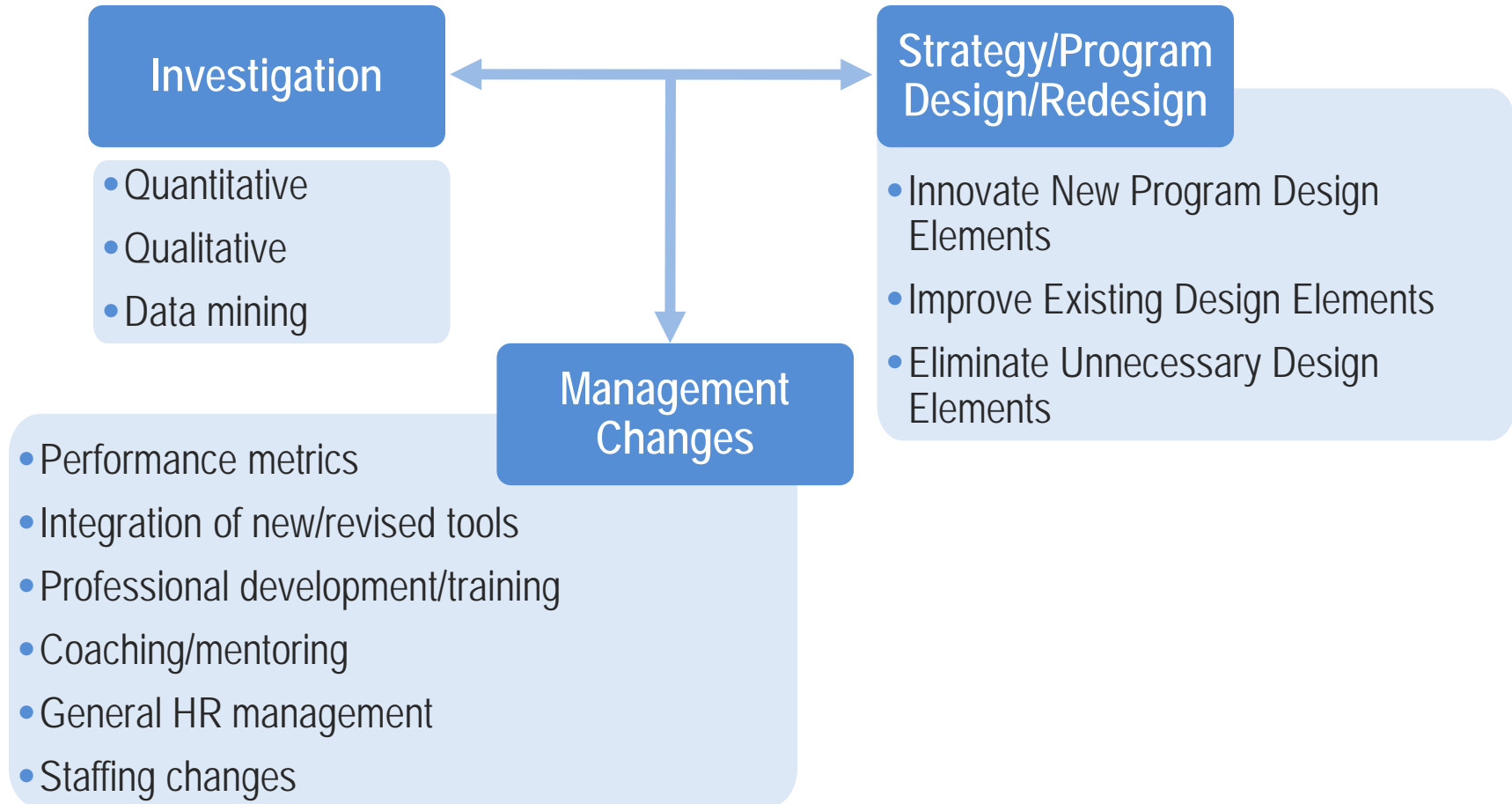


Nonprofit Research & Development

The Ten Guiding Principles for Conducting R&D

1. Reverse when you get stakeholders involved
2. Don't sweat the big stuff
3. Measure what you control
4. Worry only about those you serve
5. Give the consumer the authoritative voice
6. Stop describing, start analyzing
7. Stop reporting, start sharing and listening
8. Leave conclusions and implications to design leaders
9. Leave design changes and codification to design leaders
10. Hold business leaders accountable for cost-per-direct result

Overall R&D Approach



Questions