



UNIVERSITY OF SAN FRANCISCO

CHANGE THE WORLD FROM HERE

**Nonprofit Evaluation: A Essential Element for Impact**

by

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## **Abstract**

In the ever-changing landscape of social impact, organizations are faced with the increasing demand to demonstrate efficacy to their funders and the public. Nonprofit organizations must navigate external demands for accountability with the internal drive to effectively pursue their mission. Many nonprofits have neither the resources nor the knowledge to effectively utilize evaluation, and therefore miss out on the variety of benefits that successful evaluation can produce.

This paper examines the practice of evaluation in nonprofit organizations through a thorough overview of nonprofit evaluation practices, motivations and outcomes. A combination of primary and secondary data on nonprofit evaluation is used to extrapolate a number of outcomes for organizations regarding research and evaluation. Key elements identified include: (1) creating a culture of evaluation (2) having dedicated research and evaluation staff (3) effectively communicating results of evaluation to respective audiences, and (4) Appropriate and realistic expectations from funders. These elements are explored through the use of a case study of the nonprofit organization 826 National. Using the elements identified, a logic model is created, demonstrating long-term positive outcomes for nonprofits who utilize evaluation effectively.

## **Acknowledgments**

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## Table of Contents

List of Tables .....	i
List of Figures .....	iii
Introduction .....	1
Objectives.....	1
Values 2	
Literature Review.....	3
Methods and Approaches.....	5
Observation & Participation .....	6
Expert Interviews .....	6
Secondary Data .....	7
Data Analysis.....	8
Implications and Recommendations .....	11
Recommendations .....	12
Conclusions .....	12
Limitations.....	12
Future Research .....	13
List of References.....	14
<b>Appendix A:</b> .....	15
<b>Appendix B:</b> .....	17
Lauren Broder Quotes:.....	17
<b>Author’s Bio</b> .....	19

## List of Tables

Table 1: Identified Elements of Nonprofit Evaluation .....	8
Table 2: Coding Examples .....	9



## **List of Figures**

Figure 1. Evaluation at 826 National: Case Study .....	10
Figure 2. Nonprofit Evaluation Logic Model .....	11

## **Introduction**

The nonprofit sector is currently tasked with growing responsibility to create impact for those they serve. In the ever-changing landscape of social impact, organizations are faced with the increasing demand to demonstrate efficacy to their funders and the public. Nonprofit organizations must navigate external demands for accountability with the internal drive to effectively pursue their mission. Many nonprofits have neither the resources nor the knowledge to effectively utilize evaluation, and therefore miss out on the variety of benefits that successful evaluation can produce.

The combination of my own interest and affinity for nonprofit research and evaluation, coupled with the opportunity I have to work with 826 National to support their evaluation efforts led to the creation of this capstone project. The purpose of this research is to provide support for the practice of nonprofit evaluation and provide clear tools and recommendations for how to utilize evaluation to achieve impact.

### **Objectives**

- What are the key components of nonprofit evaluation?
- How can a nonprofit organization best use these components to carry out evaluation?
- How can evaluation influence impact?

**Values**

It is my intention to carry out this research project in keeping with my own personal and professional values, as they relate to the topic and subject matter.

Specifically, the values of accountability, transparency, empathy, and stewardship feel important and relevant to the field of research and evaluation.



## Literature Review

### Nonprofit Evaluation Practices

The idea of nonprofit evaluation entails a broad array of practices and outcomes. In the past year, 92% of nonprofit organizations engaged in some form of evaluation (Morariu,, Pankaj, Athanasiades, & Grodzicki, 2016). While this number has increased from 85% in 2010, nonprofits still have much room to expand and improve their evaluation practices.

The practice of evaluation can include basic activities such as gathering demographic information on clients, to more complex practices such as creating a theory of change or organizational scorecards. Carmen (2007) found that the majority of nonprofit organizations, particularly community-based organizations, are simply collecting inputs and out puts of their programs, rather than using their data in a strategic manner. The practices which a nonprofit employs to evaluate its programs and ultimately its impact,

### Motivation

Nonprofit organizations have a variety of motivations to engage in evaluation. The first motivation that might occur to an outside views would be that nonprofit leaders conduct evaluations to improve their services and better achieve the mission of the organization. However, Carmen (2014) found that often other factors such as desire

for legitimacy or desire for external resources often play a large role in a nonprofit's choice to engage in evaluation. Indeed, the expectation from funding sources often is a key factor for evaluation. This is true for both funding bodies and individual donors. McKinsey found in their 2008 report on nonprofit evaluation that 80 percent of donors with incomes of \$100,000 or more view a nonprofit's willingness to provide performance information as a "very important" factor in their decision to give.

However, expectations around accountability from funders is not always a hindrance to effective evaluation. Funders can support evaluation by "encouraging organizations to use evidence-based practices and be more deliberate about program strategy; identifying common outcomes and indicators for program managers to adopt and use; and using accountability mandates to create opportunities for capacity building and organizational learning" (Carmen, 2013). The idea of funders as partners for evaluation rather than an outside body that dictates requirements holds potential for the future of nonprofit evaluation.

### **Supports and Barriers**

Carmen (2010) found that even nonprofit organizations who were mostly satisfied with their evaluation efforts still expressed a desire for more time and resources to devote to evaluation. There are numerous factors that contribute to or

take away from a nonprofit's ability to carry out evaluation. The various supports and barriers to evaluation have been described as follows:

“The most important catalysts to evaluation include the desire to improve program effectiveness and legitimacy, while the most important obstacles include insufficient time and money...evaluation appears to be most rigorous when (1) evaluation is a priority, (2) a supportive organizational culture exists, (3) management requires evaluation, (4) evaluation is not primarily motivated by personal interest, and (5) evaluation is likely to reveal success.” (Mitchell and Berlan, 2016)

This suggests that a variety of internal and external factors influence the practice of evaluation within nonprofit organizations. It would seem that there is no one magic formula to create the perfect recipe for evaluation, rather tailoring decisions based on the needs and characteristics of the organization and its mission.

### **Methods and Approaches**

This project utilized a mixed methods approach for data collection and analysis. I used a combination of observation, participation, expert interviews, and collection of secondary data to gain a holistic understanding of evaluation practices that then allowed me to identify key elements of nonprofit evaluation. I was lucky to be able to work with 826 National to use as an in-depth case study for nonprofit evaluation. 826 National is a San Francisco based nonprofit established in 2008 to serve a growing educational network by providing strategic leadership, administration, and other

resources to ensure the success of the 826 network. The mission of 826 is to encourage the exploration of endless possibility through the power of writing.

### **Observation & Participation**

I spent over 60 hours observing and participating in research and evaluation at 826 National. This time included supporting their evaluation efforts by collecting, organizing and analyzing data from multiple program-related surveys, creating evaluation-related tools and guides, and conducting research on topics relevant to their programs. This participation included ongoing conversations with 826's director of research and evaluation regarding their chosen methods and motivations and outcomes of evaluation. I also was able to observe multiple meetings with 826 and outside organizations and evaluators. These included discussions around tool creation, capacity building, and outside evaluation projects. Throughout the process of observation and participation, detailed notes were taken, resulting in more than ten pages of typed and hand-written notes.

### **Expert Interviews**

I conducted three semi-structured interviews with nonprofit professionals currently working at the nonprofit 826 National. The interviews covered their experience with evaluation as a general practice in the nonprofit sector, as well as their explanation of the role that evaluation plays at 826 National specifically. The interviews were

conducted in person and via online video call. The interviews ranged from 35 to 55 minutes in length. Interviews were recorded and later transcribed. The interviewees are as follows:

1. Lauren Broder, PhD, Director of Research and Evaluation
2. Maggie Andrews, Director of Development
3. Kait Steele, Director of Field Operations/Interim Executive Director

### **Secondary Data**

Several published reports on the topic of nonprofit evaluation practices were utilized in order to gain a broad understanding of the current state of nonprofit evaluation. These reports provided data regarding nonprofit practices, motivations, capacity, strengths, opportunities, and more. The key reports used include:

- Innovation Network's *State of Evaluation 2016*
- Colorado Trust's *State of Evaluation*

Also included in secondary data was a complete review of 826 National's available evaluation-related documents and materials, both internal and external. This includes but is not limited to:

- Theory of Change
- Evaluation guides and toolkits for surveys, interviews and focus groups
- Externally created tools and program evaluations
- Current and past annual report and material created for donors
- Current and past strategic plans

## Data Analysis

Using the data gathered through the primary and secondary research, I identified twelve elements of nonprofit evaluation. This was accomplished through an open-coding process. Themes and trends relating to components of nonprofit evaluation were noted, categorized, and narrowed down to twelve distinct topics related to nonprofit evaluation.

I then systematically described and organized the practices, characteristics, and activities of 826 National. Connecting these to the twelve identified elements of nonprofit evaluation allowed me to create a mini-case study in order to better visualize the elements. Finally, I used the identified evaluation elements and the case study of 826 to organize the results into a logic model format to demonstrate potential outcomes of evaluation for nonprofit organizations.

**Table 1: Identified Elements of Nonprofit Evaluation**

Financial Resources	Staff time	Staff expertise
Dedicated evaluation staff	Use of external evaluators	Sharing of results
Pressure or freedom from funders	Stakeholder's resistance to evaluation	Organizational culture
Motivation	Partnerships	Support from leadership

**Table 2: Coding Examples**

Theme/Code	<b>Dedicated evaluation staff</b>	<b>Pressure or freedom from funders</b>	<b>Use of external evaluators</b>	<b>Organizational Culture</b>
(Source) Expert Interviews	“Having someone in-house who does research and evaluation is invaluable. I have learned a lot about how to represent the data accurately”	“Some funders you have to say ‘we don’t have the results you are looking for’. And those funders just aren’t for us”-MA	“Having the partnership between internal and external evaluators is the ideal scenario”-LB	“nonprofits who were founded with this as part of their culture are doing it [evaluation] well”-MA
(Source) Published Reports	6% of organizations have internal evaluation staff	86% of nonprofits conduct evaluation to respond to funder demands	27% of nonprofit organizations worked with an external evaluator in 2016	67% of nonprofits found a supportive organizational culture to facilitate evaluation
(Source) 826 National observations	826 National employs an individual focused solely on research and evaluation	No relevant data from observational notes	Partnership with Youth Inc for evaluation capacity building	Creation of the evaluation toolkit allows program staff to be proactive in evaluation

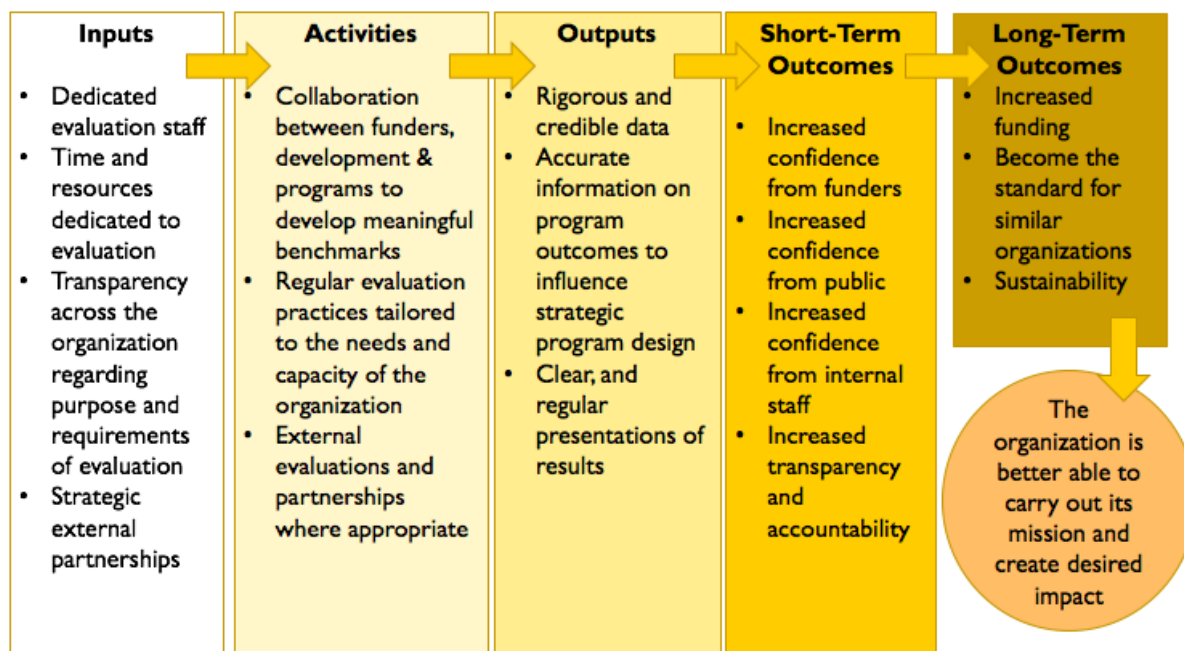
Figure 1: Evaluation at 826 National: Case Study



Source: Author's creation.



Figure 2: Nonprofit Logic Model



Source: Author's creation.

### Implications and Recommendations

The results indicate a complicated set of elements that contribute to nonprofit evaluation. Circumstances regarding resources, culture, and internal and external factors all play a role in how a nonprofit can carry out and eventually benefit from evaluation. What is clear is that nonprofit leaders who wish to carry out effective evaluation that will lead to increased impact must be willing to dedicate time and resources to creating an ecosystem that supports evaluation. While this may be difficult at first, due to the shortage of resources many nonprofits are faced with, the long-term outcomes could potentially outweigh the initial costs of evaluation.

## Recommendations

1. **ALLOCATE RESOURCES:** Time and funding should be allocated to allow for sufficient evaluation. Internal and external evaluators should both be utilized when appropriate.
2. **COLLABORATE WITH FUNDERS:** Funders should collaborate with nonprofits to develop evaluation practices and benchmarks that truly measure their work and prevent overburdening or mission drift.
3. **DEMYSTIFY EVALUATION:** Nonprofit leaders should ensure that all staff across the organization have an understanding of the purpose, requirements, and importance of evaluation in order to create a positive culture of evaluation.

## Conclusions

This research sought to examine the practice of nonprofit evaluation and explore the potential outcomes for nonprofits who effectively utilize evaluation. By identifying key elements of evaluation, and illustrating how they can play out in a nonprofit organization, this research developed a case for support for evaluation. By presenting the findings in a logic model, it is my hope that a nonprofit leader could follow the outline to achieve the impact they wish to carry out.

## Limitations

This project was constrained by the fact that all primary data pertained to an individual organization. While this allowed for an in-depth analysis of the individual organization, there may have been elements of evaluation pertinent to other organizations that could have been overlooked. Additionally, the limited time frame to conduct the research contributed to the narrowed focus of the project. With further

time and resources, a broader approach to nonprofit evaluation could have been attempted.

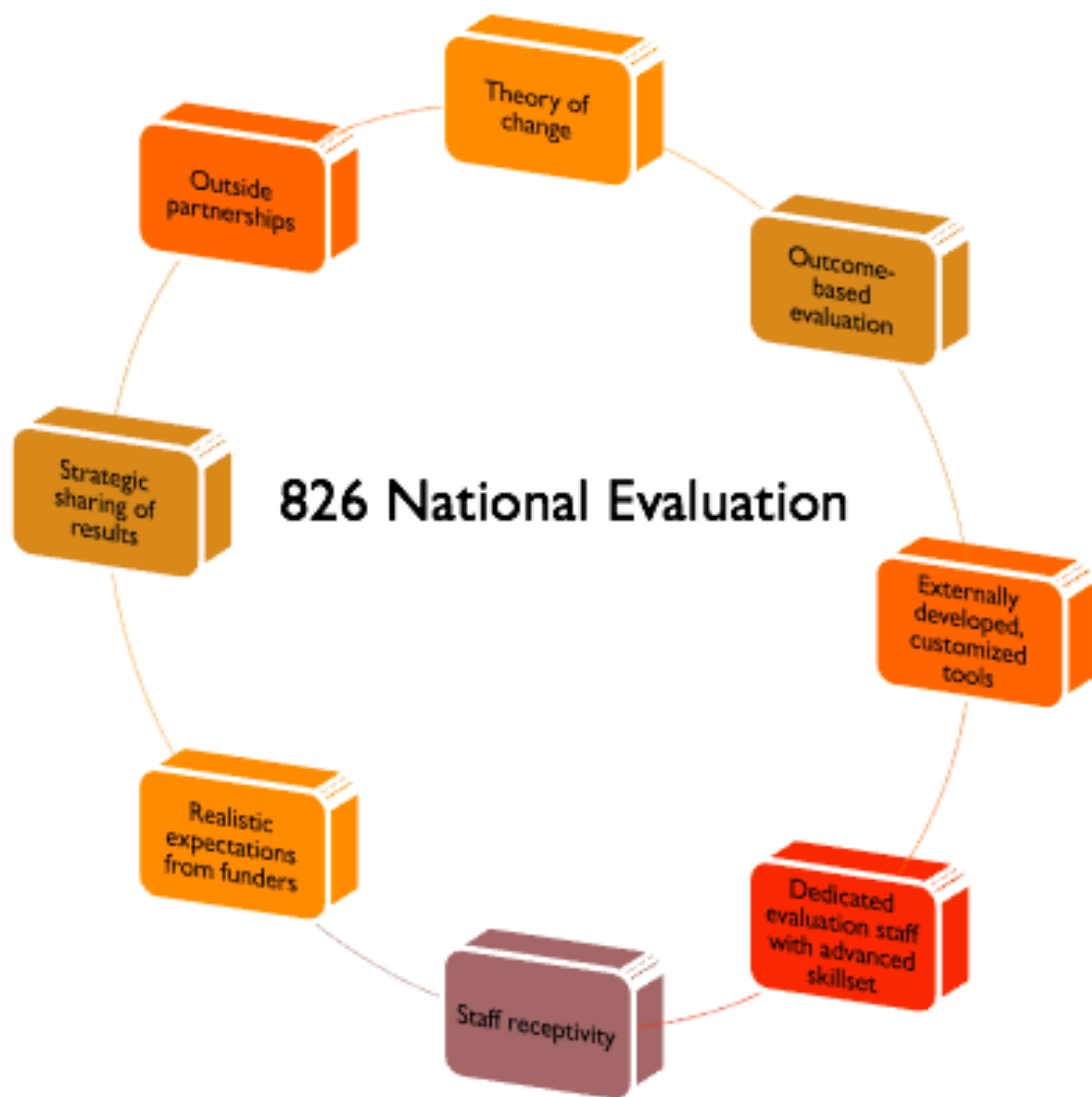
**Future Research**

The field of nonprofit evaluation is ripe for continued exploration. This research opens up the opportunity for further examination into the direct outcomes of specific evaluation practices. Further research tying a nonprofits' activities to measureable outcomes could be done to expand on these findings.

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Appendix A:





## Appendix B:

### Lauren Broder Quotes:

“Evaluation plays a critical role in helping to ensure that programing is meeting the expectations outlined by the mission and vision of the organization.”

- “[Evaluation] provides a compelling case for support...whether from donors or community partners”
- “The starting point for any evaluation system begins with determining what the outcomes are that you expect to see from your programming... when coming up with the outcomes you want to measure, you’re ensuring that the outcomes align with actual, real-world phenomena”
- (referring to barriers or issues for nonprofit evaluation) “the problem that I see in nonprofits is a capacity constraint and external pressures from donors and funders”
- (in reference to having dedicated evaluation staff) “having someone who can dedicate the time and think through it thoughtfully and go through the process all the way step-by-step is the first challenge that any nonprofit has...it’s falling into people’s domains who maybe don’t have those skillsets but also really just don’t have the time”...“so having dedicated [evaluation] roles is something that’s really important but not often what a nonprofit has...It’s a critical piece to doing it well”
- (in regards to nonprofits making evaluation choices based on funder requests) “that can lead to them doing work that they don’t have the resources or expertise for...so they end up not doing programming that doesn't always align with their mission or what they know how to do well”
- “Having the partnership between internal and external evaluators is the ideal scenario”
- “Storytelling with data can be tailored depending on who your audience is”
- “[Quantitative] evaluation...helps you understand what is going on. But the 'why' piece and the explanation for that really does come from the observations or interactions of [program] staff expertise.”
- (regarding using evaluation to influence program) “Numbers can serve as a beacon for where you should draw attention, but it won’t problem-solve for you”
- “I think of outside evaluation as another metric. Because all of the pieces together give us a cohesive picture that we can use to tell a story”
- “Blending and marrying your data with outside research is highly underutilized.... It can provide a compelling argument”
- “I think mapping your [evaluation] questions to your intended outcomes ahead of time allows you to tell the story you want to tell. I don’t think a lot of organizations do [this]. Ideally you would have this from the start.”

- “You shouldn’t be doing any evaluation that doesn’t have a purpose to you internally as an organization”
- (in regards to getting buy-in from program staff for evaluation) “there can sometimes be concern that evaluation is reflective of job performance... so I talk about it as a lens or beacon that can direct you to what to pay attention to but is not directly tied to any one circumstance”
- (referring to taking context into consideration when looking at results) “data is only as powerful as you make it to be”
- “it is your responsibility as a nonprofit to ensure you are doing what you say you are doing”

### Maggie Andrews Quotes:

“Donors want to know that their investment is actually going to a nonprofit that is really doing good work in the community”

- (referring to nonprofits who aren’t doing much evaluation) “I think a lot of people who start these nonprofits don’t really have that type of [evaluation] expertise or background”
- “If we are talking to a foundation that is focused on outcomes ... we really have to think about demonstrating impact”
- “Understanding the data means understanding your role in it”
- “Some funders you have to say ‘we don’t have the results you are looking for’. And those funders just aren’t for us”
- “the organizations who are doing it well tend to be those with bigger capacity”
- “nonprofits who were founded with this as part of their culture are doing it [evaluation] well”
- “[nonprofits who do not do evaluation] cannot report on their impact...they don’t have the data that shows from start-to-finish the impact of their programs”
- “being able to clearly articulate what you are trying to do...826 is finally figuring that out”
- “Most funders care about outcomes, and whether we are hitting those goals”
- “Having someone in-house who does research and evaluation is invaluable. I have learned a lot about how to represent the data accurately”



### **Author's Bio**

Meera Swanson is a driven nonprofit professional with a passion for harnessing data to tell important stories. She has a unique background in both nonprofit and for-profit organizations, with particular experience in the fields of marketing, youth development, and research and evaluation. A current candidate for a Master's of Nonprofit Administration from University of San Francisco, Meera graduated from UC Santa Cruz with a BA in Psychology. She currently lives in San Francisco with her husband.