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
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
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
Explanatory Theory?

INDEPENDENT PROGRAM CODIFICATION → STABLE PROGRAM GROWTH & SCALING

- Independent Program Revenue Generation
- R&D/Program Design
- Program Replication
- Stable Growth
- Program Sustainability

Impact Through the Scaling of Direct Results

R&D is A Key Factor in Stable Growth & Scaling
How Are Nonprofits Doing?

- **Stable Growth**: 37.0% Very Good, 53.0% Satisfactory
- **Program Sustainability**: 33.0% Very Good, 35.0% Satisfactory
- **Program Replication**: 2.0% Very Good, 8.0% Satisfactory
- **Program Design**: 4.0% Very Good, 48.0% Satisfactory
- **Independent Program Revenue Generation**: 0.2% Very Good, 2.0% Satisfactory

*Source: tcc group*
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
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.
Why Are So Few Nonprofits Learning About their Programs?
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.

Five Scientifically Proven Human Biases that May Be Affecting the Sector

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

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…

- Investors (Funders)
- Business Leaders
- Consumers

  - 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…

- Nonprofit Business Leaders & Clients
  - Child Development, School Readiness, Crime Reduction
  - Parental Reduction in Child Abuse & Neglect, Maternal Health
  - Same Direct Results as the For-Profit Business

- Funders (Investors)
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

Intervention Group

It made a significant difference … the program worked

Evaluator

Why did the girls do better?

We Did It On Our Own

Yeah! But, three of us would have succeeded anyway

What About Us?

What About All of Us?
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

- Quantitative
- Qualitative
- Data mining

Investigation

- Innovate New Program Design Elements
- Improve Existing Design Elements
- Eliminate Unnecessary Design Elements

Strategy/Program Design/Redesign

- Performance metrics
- Integration of new/revised tools
- Professional development/training
- Coaching/mentoring
- General HR management
- Staffing changes

Management Changes
Questions