IDENTIFYING OUTCOMES –
MAKING AND DEMONSTRATING LASTING CHANGE

I was given several sub-headings to address:
- The differences between 'outputs' and 'outcomes'
- The value to project leaders in having measureable targets that will inform future activity
- The viewpoints of funders and of Government.

Each of those could fill a full seminar. I have just 25 minutes for this presentation – then about half an hour for discussion – so I will try for some basic headlines – if you want more detail use Google, check some of the references I'll give you – and my web site!

A couple of preliminary quotes:
1. A quote to get us started – from a serious source:
   > Einstein: "Not everything that can be counted counts, and not everything that counts can be counted."
2. A second quote – from a recently published book that I recommend to all of you[1] (and it's free!); in this, Julia Unwin warned that moves by funders to demand outputs, outcome and impact performance measures could become a:
   > "frequently absurd pseudo-science, a misguided attempt to quantify the abstract, an issue that has been over-intellectualised, made too complicated and been confused with notions of numerical measurement."
3. One more, this time from an American commentator who has run a major foundation (and again, though he's not speaking directly about the arts sector, I suggest it's no less relevant to us):
   > "*Measurable outcomes* seems to have become the new mantra. Everywhere one reads about foundations seeking to measure results, applying metrics, and assessing effectiveness. The assumption seems to be that, if only we could get a stronger numerical hold on what happens as a result of nonprofit activity, akin to the bottom-line of a business investment or the hard numbers of empirical science, we could do much better at solving some of the great social problems upon which we are all so diligently working.
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   > "Let me suggest a heretical view: The fundamental business analogy is flawed. While the rhetoric sounds good, realities of social action and social change lend themselves only in a very clumsy way to the tidy world of numbers and bottom-lines… If we look very hard, we soon see that the numbers aren't wearing any clothes."

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[1] Julia Unwin *The Grant-making Tango: Issues for Funders* The Baring Foundation 2004

"There is nothing wrong with seeking to ascertain the results of work in the nonprofit sector. My concern is that some funders assume that "outcomes" equates to finding hard data that indisputedly demonstrate those results. This tendency both narrows the definition of purpose of nonprofit work and makes sweeping assumptions about chains of causality and the impact of single factors among a multitude of variables. And, it makes life miserable for many nonprofits."[2]

Why all the Fuss about Outcomes Funding?
So – why all the fuss that generates such tough talk?

1. **First – frustrated funders:** funders want to know if their grants are helping to deliver quality activities. This is illustrated by one of the immediate consequences of the problems we encountered at the Baring Foundation when the source of almost all of our funding collapsed as a result of Nick Leeson's activities ten years ago. As a grant-maker, we were probably ahead of the game in our ability to report in considerable detail on the activities we funded – long lists of what, where, for whom; we were good on amounts and quantity; in the current jargon, we were very informative about inputs and outputs. We were the first user of Gifts – so we could generate stats as easy as anything! This proved very useful in the immediate aftermath of the bank's collapse when the press suddenly got interested in us. We could send within a few minutes pie charts and tables to any journalist who asked for factual information about what we funded.

But if one of those journalists – or one of my trustees – had asked:
- What had been the impact of our grant programmes? What had been achieved?
- What had been the difference made to the lives of the 100's of people that were being assisted by the organisations who were in receipt of the grants we had provided?
- What had worked and why?

I'd have had to resort to anecdote and example. We were good at 'counting the beans' but we had no real overall evidence of the results – the outcomes or the impact; we could provide little or no solid evidence of
- the quality of what had been achieved by the organisations we were supporting
- the changes in the behaviour of the individuals, groups or communities that we were assisting
- the lessons that had been learnt which might inform future work – our's or other's.

We did do some evaluations, I recall. One was of the value of 'tool-kit' type guidance materials – we followed up on 12 grants made to fund the preparation and production of such materials. What had been achieved? What had been the

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[2] Bruce Sievers on SSIR web log January 2004

impact? The answer was that we found out how many had been produced and distributed – but only one grantee had systematically followed up the users of the guidance to find out if the material had been used and for how long, what value it had had, what lessons had been learnt. The rest judged success by the level of demand that had followed the marketing of the materials and/or the fact that they had distributed them all – that they might never have been taken out of the wrapping or had spent the last year gathering dust on a shelf did not seem to be a question the grantee organisations had ever got round to checking. Output was everything – the impact was not considered. One responded by saying that they were glad we had asked what had happened because it had made them check their stocks and prompted them to ask for another grant to pay for a reprint!

A couple of years after the Baring crisis, the Association of Charitable Foundations published *Monitoring and Evaluation*, a 'practical guide for grant-making trusts'. Joel Joffe, the former Chair of the Allied Dunbar Charitable Trust wrote in his Foreword to the guide:

> "All trusts and foundations are in the business of bringing about some form of positive change, and giving grants is the means by which we set out to do this. And yet, all too often grant-makers focus on the giving itself rather than the outcomes of the giving. Having given, they frequently fail to ask the key questions: has our grant made a difference? Has it contributed towards positive change, towards improving the quality of life of others? Has it achieved what we intended it to achieve, and – very important – has it represented value for money?"

These questions have several dimensions for a funder – it's not straightforward! The funder will want to know not only the value, outcome and impact of each grant; they will also want to be able to review and record with confidence the value, outcomes and impact of the grant programme within which each grant is made. If they cannot deal with both of these dimensions, how can they be sure that they made a 'good grant' and how can they be sure that it is worth continuing with the grant programme?

One unexpectedly lucid recent contribution to addressing this is included in the Treasury's recent *Guidance to Funders on Improving Relationships for Voluntary and Community Organisations*[3]. It's an impressively helpful document and provides encouragement to those who want to persuade statutory funders to look beyond 'bean counting' type performance measurement systems. It observes that:

> "Conventional applications for grant funding, or contractual relationships between a funding body and voluntary or community sector bodies, can sometimes focus to an unhelpful degree on inputs (that is, how much resource is applied to a problem).

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[3] http://www.hm-treasury.gov.uk/spending_review/spend_ccr/spend_ccr_guidance.cfm

"Similarly, conventional evaluation is often primarily focussed on outputs (i.e. quantitative measures of a good or service provided). A funding body can disburse monies…in accordance with recognised 'best practice', yet still not be wholly sure that desired outcomes have been achieved."

So, even Government is getting frustrated by an obsession with counting 'bums on seats' as a way of assessing if a particular project or programme has worked.

2. ***Second – Good Management Practice;*** the second reason for the flurry of attention that outcomes have been getting is the realisation that performance measurement and clarity about planned outcomes are just features of good management – it would be crazy not to focus attention on them. In a report I was commissioned by the Community Fund[4] to produce in 2002, I argued that being clear about outcomes was not just about funding – it is essential for all organisation (including funders):

"Any organisation should endeavour to:
- set out clear outcomes and performance targets which a particular function or new project is intended to deliver
- be clear in advance about the steps that it will take to achieve those targets
- have a procedure for stocktaking as they complete each step
- be ready to adjust or amend the targets/timetable/methods if their experience and learning demonstrate that to do so would be appropriate
- establish a system of keeping those organisations that are helping them (with funds or other resources) informed positively about progress and learning."

And I went on to observe that:
"For a funder to expect applicants and grant recipients to adopt such good management practice would itself, therefore, seem to be good practice."

And I then suggested that:
"So, too, would be a willingness on the part of the funder to invest time and resources in helping those organisations which it wants to support but which do not as yet have the capacity or skills to set, measure and manage outcomes."

The Community Fund (now part of The Big Lottery Fund) did decide to adopt an outcomes approach – the scale and breadth of their funding of the VCS is such that a change of practice by them has a huge effect. They worked hard during the Fund's last year as a solo operator to reconfigure their whole approach to grant-making so that it – and the organisations it supported – could be more explicit about the outcomes their grants are intended to make possible. In an excellent guide prepared for the Fund by Charities Evaluation Services: *Your Project and its Outcomes[5],* they set out their intentions as follows:

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[4] http://www.community-fund.org.uk/about-us/our-publications/national/the-investor-approach.html
[5] Sally Cupitt with Jean Ellis *Your Project and its Outcomes* Community Fund March 2003

"Many voluntary-sector organisations are familiar with describing what they do and identifying who they work with.

"But you also need to identify the changes that come about from the work you do.

"We call these 'outcomes'.

"We want to show that our grants are making a difference and bringing about changes in people's lives. So in our grant-making we are now emphasising the difference our grants make.

"Information on outcomes will help you to show us – and your other funders – that our money is making a difference.

"It will also help you to plan, develop and improve your work."

We might return later to discuss whether those last 2 aims are the right way round – I would argue, as do many commentators on outcomes funding, that the primary purpose of the outcomes approach has to be to help the organisation that is providing the service or activity to "plan, develop and improve" their work – the funder's interests are vital but they should be secondary.

However, much of the recent work on outcomes has been 'funder driven' rather than initiated or owned by the organisations that are being funded – this gives rise to some understandable scepticism – and anguish among struggling local organisations. Funders have to recognise that meeting outcomes reporting requirements can involve a lot of work – and must ensure that the product of all that work is valued. It tends not to be at present.

The terminology

It is easy for debate about outcomes to be lost in a verbal fog with different people using the same terms to mean completely different things. This constitutes further incitement to scepticism and weary rejection within organisations that are having to cope with these new funder enthusiasms. In the report I wrote for the Community Fund I devoted a whole section to what I described as 'the jungle of terms and confusing definitions'.

Most – but, be warned, not all! – systems use four terms: Inputs, Outputs, Outcomes, Impact.

There seems to be general agreement about the meaning of the first two:

- Inputs – the resources that are to be used to run a project, organisation or programme; the money, people, equipment
- Outputs – the numbers of young people helped, performances given, CDs distributed;

Inputs and outputs are quantifiable and relatively straightforward to measure. The trouble is that – probably as a result – that is often where things stop. The trustees of the voluntary and community organisations that are the grant recipients are content with graphs or tables showing the quantity of the activities that they are providing; the funders are happy that the grantee has delivered the numbers.

The hard stuff is getting some clarity about the distinction between outputs and outcomes; and between outcomes and impact. Valid measures to use for outcomes and longer term impact are not always straightforward to identify; they may not be so easily quantifiable – indeed attempts to quantify may distort them.

"*Your Project and its Outcomes*", the pamphlet by the Charities Evaluation Service to which I have already referred, has the unusual status in this debate of being Plain English approved! It defines outcomes as:
>   "all the changes and effects that happen as a result of your work"

And distinguishes these from 'impact' by defining impact as:
>   "long-term change - the broad, longer-term effects of your work."

Some other commentators would add that it is important to identify unintended as well as intended outcomes and include them both in any analysis.

Others emphasise the importance of disentangling 'hard' from 'soft' outcomes and emphasise the importance of working out a series of defined steps or milestones on the way towards achieving soft outcomes.

There's been a lot more debate about and practical implementation of outcomes among US funders than in the UK. One USA Foundation that has thought long and hard – and lucidly – about these issues and has a web site that is well worth a visit is the Edna McConnell Clark Foundation[6].

They define outcomes as:
- "the 'enduring changes' in conditions that are achieved as a result of efforts undertaken"…

…and they have adopted a number of useful definitions relating to outcome management that are appropriate to their aspiration to influence developments at a number of levels:

- "The *individual level*" – which includes changes in people's knowledge, skills, abilities, and attitudes;

- "The *organizational level*" – which includes building new capacity and the adoption of new policies and practice;

- "The *neighbourhood or community level*" – which, depending on the particular aim of the grant programme, could include changes in school achievement rates, reductions in local vandalism etc

- "The *policy level*" – which might include the adoption of new public sector policies or funding priotrities, and so on.

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[6] http://www.emcf.org/

Many UK funders – including Youth Music – would share a similar ladder of aspirations for the outcomes of the work that they support – as I hope would most of the organisations that they fund.

I hope this canter round the terminology of outcomes has not made your heads spin too much. It may also explain why I described it all as a jungle; and why Richard Gutch (who was Director for England and the UK at the Community Fund and led the work in the Fund on Outcomes) – acknowledged the terminology challenge when he commented that:

> "Outcome funding is one of those concepts which is both disarmingly simple and, in the wrong hands, alarmingly complicated."

This 'health warning' was reinforced in one of the responses to the consultations about the report that I prepared for the Community Fund report:

> "The funding community in the UK must avoid the fashionable trends and models, the quick fixes, the magic bullets, and the golden promises.

> "Actually funding outcomes, and developing an outcome orientation, is a slow process that requires dedication and hard work and must take place in conjunction with the funded.

> "It cannot be imposed as a new system overnight".

I couldn't agree more – and argued in the report that a funder 'cannot afford…to introduce a flawed system or even to introduce a good system clumsily.'

Implementation

So what are the operational challenges raised by all this for any organisation (not just a funder) which wants to develop an outcomes approach and so be more certain about the value of its work?

First, don't be defeated or put off by the definition hassles I have mentioned – there's lots of useful and practical guidance around (like the "*Your Project and its Outcomes*" pamphlet I have mentioned already) which ensure that you don't have to spend hours dancing on the tip of a semantic needle.

There are several key things to work through in advance of setting up any outcomes or performance measurement system; here are a few:

- Time – when to measure? (Grant periods are seldom aligned to the time it will take to resolve complex problems – how can you judge outcomes or impact after just a couple of or three years?)
- Variables – the issue of attribution – how to allow for all the other internal and external factors which contribute to an outcome? *(Balham Nursery)*
- Proportionality – measurement systems can become 'nerd driven', covering every conceivable angle and issue; a single prescribed formula

that is applied automatically to every type and scale of activity and organisation is almost certain to be disproportionate – possibly irrelevant and probably counterproductive

- Demonstrate that the funder values the product – there is nothing more frustrating for a grantee (or likely to diminish the respect they have for a funder) than it being obvious that the funder is only interested in compliance ("prove that you spent the money on that item") or that completion of the monitoring report is the key requirement, not what it says or might tell us (Winnie the Pooh).

I have emphasised several times that most of the outcomes developments that have been initiated in recent years have been funder driven. If new data collection and measurements systems are going to be demanded by the organisations providing the resources, then the design and content of them needs to be justified and seen to be clearly of use to the poor old hard strapped community organisations, to the quality of the services they are providing or the activities they are organising and to the wider programme of which they are part; are we all learning from what is being achieved?

Funders depend on grantees to achieve the outcomes they seek. Therefore, they need to understand how their actions affect grantees and how best to support their success. They need to consult them and to keep listening to them as their work develops and grows.

End with another quote – this time from an American base-ball star of the 1950's, Yogi Berra. He was a great one for making slightly skewed statements, that sound right and then don't; like:

- *When you come to a fork in the road, take it*
- *That place is so crowded noone goes there anymore*
- *The future ain't what it used to be*

Sometimes, he got it right – and once he hit the outcomes/impact topic very neatly:

- *If you don't know where you're going, how are you gonna know when you get there?*

David Carrington
July 2005