

Nell Edgington



Design a Theory of Change

**A Social Velocity
Step-By-Step Guide**

No. 2

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Why Create a Theory of Change?

It is no longer enough for nonprofits to do “good work.” With growing competition for social change dollars it is absolutely crucial that nonprofits develop their own Theory of Change. Funders, policy makers and board members are increasingly demanding that nonprofits explain what social change they are trying to achieve.

It used to be enough for a nonprofit to talk about what it produced (or “outputs”), such as meals served in a soup kitchen, hours spent reading to a child, beds provided in a homeless shelter, but that just doesn’t cut it anymore. In a world where there are fewer and fewer dollars and more and more nonprofits fighting for those dollars, people are increasingly asking what a nonprofit organization ultimately exists to do. It is not enough to create outputs. The question must increasingly become, “Did anything really change because of our work? Did the lives of those in our program change, and did the community change?”

If you want to raise more money, chart a strategic direction, make your nonprofit more effective, get your board engaged, and achieve your mission, you need a Theory of Change.

A Theory of Change is an argument for how your nonprofit turns community resources (money, volunteers, clients, staff, materials) into positive change in the community like this:



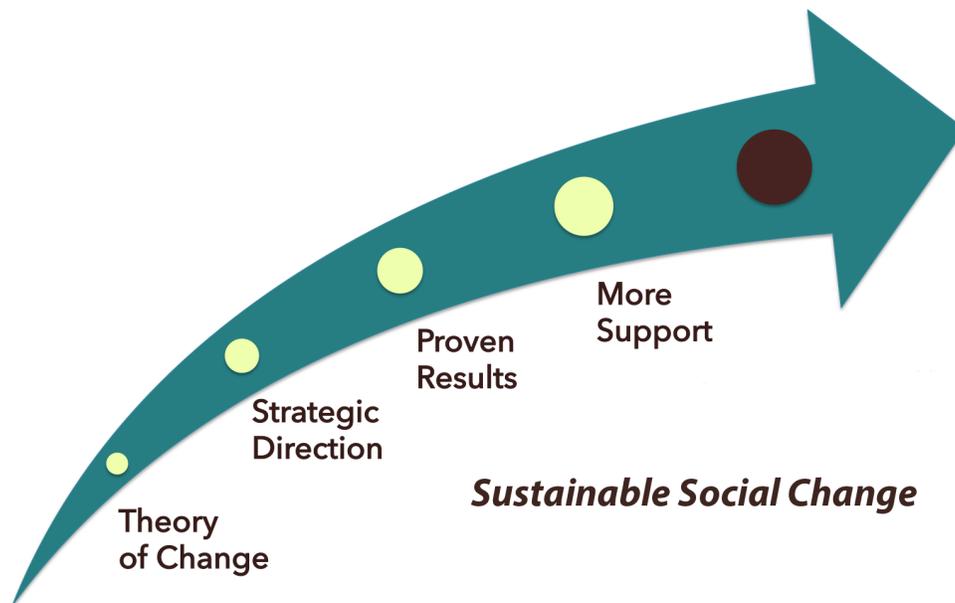
Articulating this simple argument can dramatically increase your nonprofit’s ability to create real, lasting social change and do it in a financially sustainable way.

It is important to keep in mind that a Theory of Change is *aspirational*. Therefore you are not articulating what you are currently doing, but rather what you hope to do over time. As such, a Theory of Change can be an incredible galvanizing force for getting board, staff, and funders engaged and invested in an exciting future direction for the organization.

A Theory of Change is an incredible tool for helping a nonprofit articulate what value they provide the community. And once you have articulated that value, a Theory of Change is a jumping off point to:

- Chart a strategic direction, which guides the action of the organization and focuses limited resources.
- Prove the results your nonprofit is achieving.
- Attract more support.
- Achieve sustainable community change.

The Theory of Change serves as a fundamental building block in making that process happen, like this:



Because the Theory of Change is such a key first step in achieving sustainable social change, I believe that every nonprofit working toward social change should create one. Without a Theory of Change, you won't know what you are trying to accomplish, how you will get there, or whether you are moving towards it, and you certainly won't attract the funding necessary to get there.

A Theory of Change can strengthen your nonprofit in many ways:

- Guides your strategic planning process. If you understand your nonprofit's overall Theory of Change and what you exist to do, it is much easier to chart a future course.

- Helps revise the vision and mission of your organization, making them stronger and more compelling.
- Gives a framework to prove whether you are actually achieving results and creating real social change.
- Provides a filter for new opportunities as they arise. Do new opportunities fit within your Theory of Change? If not, perhaps you should not pursue them.
- Engages board members and other volunteers, friends and supporters in your work. If people understand the bigger picture, they will be more inclined to give more time, energy, and other resources to the work.
- Allows staff to understand how their individual roles and responsibilities fit into the larger vision of the organization. This can increase staff morale, productivity, communication and overall commitment to the organization.
- Provides the basic argument for a case for investment or other fundraising messaging. With a Theory of Change, you can articulate what you are working to achieve, in a compelling way.

A Theory of Change is so fundamental because you cannot chart a strategic direction if you don't know what you are trying to change. And you can't prove that you've changed something unless you have articulated what it is that you want to change in the first place. And you certainly can't convince funders, volunteers, and key decision makers to support you if you can't tell them what you are trying to change and whether you are actually doing it. So to truly create long-term social change you must start with a Theory of Change, which is why I encourage every nonprofit engaged in social change to create one.

So let's get started on your nonprofit's Theory of Change.

How to Use This Guide

This guide is organized around the 5 parts of a Theory of Change. In each section of this guide there are questions for you to answer. Your answers to these questions become the basis for your final Theory of Change.

To begin, gather board and staff together and go through the 5 questions (columns) of the Theory of Change. As you discuss the questions capture the group's answers. Once you've finished your discussion with the group, take away your notes, summarize them, and make your answers to the 5 questions more concise and compelling. Then have the group review and revise your compilation.

Keep in mind that the creation of your Theory of Change is an iterative process. Decisions that you make about one column of the Theory of Change may force you to change your answers in other columns. For example, as you refine your Short and Long Term Outcomes column, you may need to revisit your Target Population column and make changes there. Also remember that your Theory of Change is aspirational. So you do not want to describe what your nonprofit is doing today, but rather what you aspire to accomplish.

You are ultimately making an argument with your Theory of Change, so in the end, your Theory of Change should have a logical flow, as opposed to a series of answers to questions. Your nonprofit's Theory of Change cannot be developed in just a day, by one or two people. You will need to get feedback and insight from staff and board, and external stakeholders.

The final step is to have your full board, as your nonprofit's governing body, review, revise, and officially approve the Theory of Change. As a nonprofit, your Theory of Change clearly articulates what you exist to do and how, so you must agree, as an organization, to that theory.

Finally, your Theory of Change should be revisited and revised on at least an annual basis. When you use your Theory of Change as a fundamental building block to revise your vision and mission, to create a strategic plan, to prove results, to develop a case for investment, the Theory of Change itself will need to be revised. It is a tool for getting your nonprofit's board and staff to ask fundamental questions, make hard decisions and get much clearer about what your nonprofit exists to do. Therefore the Theory of Change will evolve as the organization's clarity and focus develop over time.

Sections

This Guide is broken down into 7 sections as follows:

1. Target Population
2. External Context

3. Activities
4. Short and Long-Term Outcomes
5. Assumptions
6. Final Theory of Change
7. Next Steps

So let's get started.

Section 1: Target Population

Your nonprofit's Target Population is the people or groups that you strategically work to serve. In this section you want to answer the question:

What people or groups are you seeking to benefit or influence?

For an early literacy program, the Target Population is the students the organization teaches. For a homeless shelter, the Target Population is the homeless adults and their families.

You will want to be as specific as you possibly can. Who exactly are you hoping to help? Don't just answer "clients," instead describe the particular type of people who make up your client base, for example "Kindergarten through 2nd grade at-risk students in Johnson City."

If your Target Population list becomes very long, that may be a sign that your nonprofit is trying to do too much or serve too many groups. You may want to take a hard look at the social challenges you are attempting to address and ask whether your organization should have greater focus.

At the same time your Target Population is not everyone who benefits from your programs and services, but rather those people or groups who you are strategically targeting in order to create positive change. For example, an afterschool program might provide ancillary benefits to the parents and young siblings of the students enrolled in their program, but those family members are not the target of the nonprofit's work. The Target Population is "at-risk children enrolled in public schools." If, however, their programs and services consciously work to change the lives of the family members of their students, then those family members would also be part of their Target Population.

This column of your Theory of Change forces your board and staff to ask hard questions about exactly who you should be serving in order to achieve the Short and Long-Term Outcomes (which are discussed below) you desire.

In the end, your Target Population column might look like this:

Target Population

- Kindergarten through 2nd grade at-risk students enrolled in public schools in Johnson City.

When you are initially filling out this section with board and staff present, feel free to include the entire laundry list of responses that the group provides. But over time as you revise and hone your Theory of Change encourage the group to winnow that laundry list to the true population(s) that your nonprofit will target in order to achieve your desired Short and Long-Term Outcomes (described later in this guide).

Section 2: External Context

This section forces you to look outside your organization's walls and understand the external environment in which you are attempting to create change.

Here you are ultimately answering the question:

What relevant trends in or changes to the external environment are occurring?

In answering this question, think about these issues:

- What social problem(s) exists in your community, region, state, or country that you seek to address?
- How can you quantify the size of this problem? Here is where you will need to gather some external data. For example, if you are running an after-school program for at-risk children, determine the size of the potential audience (students) for your program and whether it is growing or shrinking.
- Why would this problem get worse if no one addressed it? How much worse would it get?
- Why should someone not affected by this problem care about it?
- Why is this problem significant and important to people or groups outside of the organization?

Keep in mind, you are NOT talking about your nonprofit in this section. You are talking about the trends and problem(s) (outside of your organization) that you exist to address.

Your final External Context column might look something like this:

External Context

- 25% of school age children in our community are unsupervised from 3-6pm every day.
- 40% of juvenile crime happens in the afterschool hours.
- Crimes committed by juveniles rose 20% in the last 10 years.
- Juvenile crime currently costs our community \$10 million every year.
- 70% of juvenile offenders grow up to suffer significant economic and behavioral hardships.

Your External Context column must clearly and decisively define the social problem(s) your nonprofit is attempting to solve.

Section 3: Activities

In this section you will answer the question:

How and where are your core competencies employed?

In order to answer this question you first have to determine what your nonprofit's core competencies are. Core competencies are not strengths, rather they are things that your nonprofit does better than anyone else. They are the skills, knowledge, abilities or assets that your nonprofit possesses that are unique and not easily replicated.

So before you complete the Activities column of your Theory of Change, you should start by asking the group of board and staff what your nonprofit's core competencies are. Ask them, "What do we do better than anyone else?" Force the group to take an honest look at the organization. Resist the temptation to create a long list of things of which your organization is proud. Rather, be very clear and specific about the few things your organization does better than anyone else.

Once you have your list of core competencies you can figure out how and where your core competencies are employed -- this is your Activities.

In the Activities column, you do not want to list all of the programs and services your nonprofit delivers. Keep in mind that foundation funders will often ask for a program-specific logic model where you list every program or every program activity. That is not what we are doing here. Instead, we are creating an overall organizational Theory of Change. As such, we do not want to create a laundry list of every single program, initiative, and project that your nonprofit undertakes. Instead, summarize the key mission-related work of your organization in a few sentences or bullets.

The Activities column of your Theory of Change is very closely related to the mission statement of your nonprofit. However, do NOT simply restate your mission statement here. Instead, remember that your Theory of Change is aspirational. It is not simply articulating what your nonprofit currently does, but rather what you aspire to do. Therefore use this opportunity in the Activities column to articulate (in 2-4 bullet points) what activities your nonprofit must do in order to achieve your Short and Long-Term Outcomes (to come later in this Guide).

The final Activities column for an afterschool program might look like this:

Activities

- Provide one-on-one **mentors** 3 days a week to 3rd grade students who are at-risk for behavior issues.
- **Tutor** struggling 3rd-5th grade students in math and science.
- Provide **books** to at-risk 2nd - 6th grade children.

If you want, you can highlight the key word in each bullet (as I've done above) to help you further focus on exactly what your nonprofit does and what your points of leverage are in creating social change.

Section 4: Short and Long-Term Outcomes

In the past, a nonprofit may have reported their results as a series of “outputs.” They might say that they provided a certain number of meals, or worked with a certain number of children, or provided a certain number of books. But increasingly outputs are not compelling enough to donors, government funders, ratings agencies, and board members who are more interested in how lives or systems are changing because of the work of the nonprofit, i.e. “outcomes.”

Which brings us to the next column of your Theory of Change, Short and Long-Term Outcomes. This is the most important part of your Theory of Change because it articulates what your nonprofit exists to accomplish.

The Short and Long-Term Outcomes column answers the question:

What changed conditions do you believe will result from your Activities?

In doing the work of your nonprofit, you hope that some sort of change happens to your Target Population and, perhaps, to larger institutions or systems. These changes are called “outcomes.”

When you articulate the Outcomes you hope to achieve, you want to make sure that they are measurable. You can measure Outcomes in various ways (for example: pre and post client surveys, school data, census tracking). You don’t necessarily have to be currently measuring these Outcomes, but you must, at least, have plans in place to begin tracking whether the Outcomes articulated in your Theory of Change are actually occurring. Do not include Outcomes that you have no hope of ever being able to measure.

You may want to split your answers into a “Short-Term” and a “Long-Term” list. Short-term Outcomes are those changes that will occur a few months to a few years from now; Long-term Outcomes might occur several years down the road. You might also want to organize your list of Outcomes by Target Population(s), and then larger institutions (schools for example) and systems or communities.

For example, an afterschool nonprofit may serve at-risk children and their parents. So the nonprofit might want to create two lists of Outcomes, Short-term Outcomes and Long-term Outcomes. Within those two lists they may want to organize the Outcomes by those for the children and those for the families. In addition, there may be Long-term Outcomes for the schools that the children attend and the communities in which the families live.

The Short and Long-term Outcomes of your Theory of Change are very closely tied to your organization’s Vision statement. Your nonprofit’s Vision describes what you hope

the world will look like in the future because of the work your nonprofit does. It is in many ways a compelling summation of your Short and Long-Term Outcomes column.

Be careful not to make your Outcomes too broad so that they could be the Outcomes other nonprofits are working towards. Some examples of Outcomes statements that are too broad are “stronger economy,” or “healthier community”. Instead, you want to be specific about the system-level changes your unique solution is working toward.

The Short and Long-Term Outcomes column for an afterschool tutoring nonprofit might look like this:

Short and Long-Term Outcomes

Students in our programs:

- Increase standardized test scores by 20%.
- Increase school attendance by 50%.
- Are promoted to the next grade at a rate 3x their peer group.
- Graduate from high school at a rate 5x their peer group.

The families of students in our programs:

- Increase attendance at school conferences and events by 60%.
- Demonstrate an increased awareness of higher education opportunities for their children.

Our schools have:

- High school graduation rates at least 30% higher than other schools in the district.
- Higher test scores than other schools in the district.
- 35% fewer disruptive behavioral issues than peer schools.

When you complete the Short and Long-Term Outcomes column you may need to return to previous columns (Target Populations, Activities) of your Theory of Change to make sure they are consistent with the Outcomes you want to achieve.

Section 5: Assumptions

In the Assumptions column of your Theory of Change you uncover what your organization assumes about how the world works, and why you believe that your Theory of Change is likely to happen.

In this section, you are answering the question:

What evidence do you have that this theory will actually result in change?

This section is an opportunity to uncover, examine and articulate the assumptions that are baked into your model. Your assumptions should be based on research (third-party or your own research) and help to prove that the Activities your nonprofit does will result in the Short and Long-Term Outcomes you have articulated.

For a mentoring program, their Assumptions might include things like:

- One-on-one mentoring is the most effective lever to change the cycle of poverty and increase economic and social mobility.
- An effectively mentored child can improve the lives of her family members.
- 3rd grade is the best time to start mentoring at-risk children.
- At-risk children need long-term, one-on-one relationships in order to stay in school and be successful.
- An at-risk child without adequate family support won't stay in school and graduate without long-term, one-on-one support from another source.

This column can sometimes be difficult to complete because your assumptions are so inherent to the way you do your work that it can be difficult to articulate them. If this is the case, you may want to ask the group to act as a disinterested third party and ask challenging questions about your model. This may help to uncover the assumptions you have baked into your work.

Section 6: The Final Theory of Change

Once you have captured the discussions your board and staff have had in completing your Theory of Change, take some time by yourself or with one or two others to refine and hone the answers. Simplify, categorize and revise the Theory of Change until you feel that it accurately and convincingly articulates your Theory of Change argument. Then bring that revised version back to the group for their continued revisions. Over the course of 3-5 iterations a final Theory of Change will emerge that you can then take to your full board for their final approval. But again, remember that your final Theory of Change should still be reviewed and revised (if necessary) on at least an annual basis going forward.

Your final Theory of Change will look something like the example below. This is for a fictional arts organization.

“Create ART” Theory of Change

Target Population:

- Visual artists in southern Virginia.
- Visual arts organizations in southern Virginia.
- Southern Virginia adults interested in the arts.

External Context:

- Only 40% of southern Virginians express an interest in the arts.
- Only 35% of artists in the southern Virginia region are able to support themselves financially, without the aid of an additional non-arts related job.
- City arts funding has decreased on average by 25% in the last 10 years.
- Art museums and exhibitions on average have experienced 10-20% decreases in audience attendance over the last 5 years.

Activities:

- Create exhibitions to showcase artists' work
- Provide funding to arts organizations and artists
- Advocate for local government support of the arts and artists
- Connect artists and arts organizations to larger audiences

Short and Long-Term Outcomes:

Short-Term

Artists:

- Increase annual revenue by at least 20%

- Increase the number of people exposed to their art by 50%
- Increase their networks by 25%+

Exhibition Visitors:

- Increase their self-expressed interest in and appreciation for the arts
- Increase, by at least 20% annually, the amount of art and artists to which they are exposed

Long-Term

Southern Virginia:

- Increases the number of artists sustainably working in the area by 25% by 2025.
- Directs 35% more city and state dollars to arts organizations by 2025.
- Enjoys 25% more economic activity due to the presence of the arts by 2025.

Assumptions:

- A vibrant arts community directly contributes to a region's economic vitality.
- People who are exposed to various arts experiences will increase their interest in and appreciation for the arts.
- An increase in the number of citizens exposed to arts will translate to more public funding for the arts.
- Increasing the exposure of an artist's work translates into greater resources for that artist.

Your final Theory of Change will, for the most part, be an internal document, although you may at times feel compelled to share it with foundation funders or savvy individual donors. The true purpose of your Theory of Change is to find consensus among board and staff about what your nonprofit exists to do and how you do it. It will become a fundamental building block to:

- A long-term strategic plan.
- A demonstration of the results your nonprofit achieves.
- A compelling case for investment to share with potential donors.
- And much more...

It can also be quickly summarized into a compelling statement about the critical work your nonprofit does that you can share with potential donors, key decision-makers, advocates, volunteers, even your board and staff. For example, the above Theory of Change could be summarized as:

“Create ART connects, supports and advocates for artists and the arts, giving artists a sustainable livelihood and making our community more creative and connected.”

Section 7: Next Steps

Once you have developed your nonprofit's Theory of Change, a whole world of opportunities opens up to your nonprofit. You can now develop a strategic direction for your organization, better articulate to funders why they should invest in your organization, get your board and staff excited about your work, and much more.

After you have completed this guide, here are some things you can do next:

- If you got stuck and would like some help to get back on track, email info@socialvelocity.net.
- If you want to translate your new Theory of Change into a Case for Investment to secure more donor support, download the [Craft a Case for Investment Guide](#).
- If you are ready to create a strategic plan you can read what the Social Velocity [Strategic Plan](#) process looks like or go to the [Clients](#) page of the website to read about nonprofits that created a bold, engaging strategic plan.
- If you want to check out the other Social Velocity Step-by-Step Guides, Books and Webinars available go to the [Tools](#) page.

I hope you found this Guide helpful. As always, I welcome your feedback or questions about any Social Velocity tool. Please email info@socialvelocity.net with questions, comments or feedback.

Good luck!

This guide was designed to help you transform your nonprofit. If you want a more customized approach, or need help engaging more board, staff and donors in the change process, call (512) 694-7235 or email info@socialvelocity.net to schedule a free consultation with Nell Edgington.

Social Velocity is a management consulting firm that helps nonprofits become more strategic, sustainable, engaged, invested and above all, more effective at creating social change.

