Making the Most of Outcomes Data: Finding Funding for Non-Profit Agencies
by Ed Reid, Associate

You're the leader of a non-profit agency. Do you believe your agency has all the financial wherewithal it needs to continue functioning at top effectiveness? *Doubtful.* Are you, right now, trying to locate new financial support? *Probably.* What do potential funders of non-profit agencies want to know about your agency before committing resources to it? They want to know the numbers you serve, of course. But they also want to know how many lives have been improved, and in what specific ways. To find new ways of getting and keeping your funding, you should recognize the ways that sharing *client outcome data* can help.

Here are several questions you should ask yourself about finding financial support. The answers come from our experience evaluating and helping non-profits find funding.

Question #1: Funders only care about how efficient our services are, don't they?
For decades the name of the game in non-profit social services was *outputs* (i.e., how many clients does a program serve). But by the 'Eighties those who cared about how programs were managed were considering two things:
- Whether services were delivered with *quality,* and
- How *efficient* the services were.

Quality assurance (QA) procedures were installed to monitor how well programs adhered to professional standards of service. The "game" changed to program certification, employee licensure, and (in the 'Nineties) client satisfaction with services. Funders assumed that if the work was rigorous good things would happen. Although QA provides an important ingredient for ensuring success, it often falls short of defining what is happening to clients' lives. That's important because funders tend to relate to *people and their needs* better than they do to impersonal QA standards.

Financial professionals lean toward information on costs-per client or per service to guide their investments. At its simplest, the *efficiency* of a program is a ratio of the total budget divided by the number of clients it serves (i.e., the cost per client served). For example, let's say a program's total budget is $100,000. The program serves 100 clients per year. The program may be said to serve clients at $1,000 per client. How efficient that is depends on whether there are other programs that can serve more for the same money, or the same number for less money. Some other efficiency measures would include:
- Number of clients served per number of case workers (caseload ratios);
- Cost per trained volunteer;
- Average cost per day per shelter resident;
- Costs per day to settle a complaint;
- Cost per policy and procedure developed.

But efficiency measures still ignore the question: what results are obtained for the services, at a given cost? Efficiency measures either ignore effectiveness or assume that all programs are equally effective. Not good… Both QA standards and efficiency measures fail to pass the "bang for the buck" test. That brings us to client outcomes!

Question #2: What do client outcomes have to do with funding for agency *results*?[1]
Government agencies, private-sector entities like United Way, and many public-interest foundations today are going beyond *QA and efficiency* considerations to weigh *results* when making funding decisions. The *results* of a program are its *client outcomes* (i.e., the changes in clients' lives: new knowledge, skills, attitudes, behaviors or a change in condition, like safety or health). Funders want to know not just how hard programs are working; they want to know how clients' lives are changing. Is your agency in competition for limited community resources? If "yes," then you should be demonstrating your clients' outcomes. In the eyes of responsible funders, who are after all guardians of the public trust, the agency that can demonstrate *results* will win all "tie votes." For example, let's use the efficient program we discussed earlier, serving the same 100 clients at $1,000 per client. Of every 100 clients it trains to recognize the cycle of violence, 93% indicate in exit interviews that they learned something they did not know before. Funders would assume that this program is more effective than another whose self-reported learning outcomes are lower, say 90%. If the first agency also had data on client outcomes from other sources, such as scores on validated instruments that gauge coping skills, then funders would be even more impressed with that agency's effectiveness. When even one community agency or program is in possession of outcomes and other effectiveness data (e.g., certifications of assured quality or adherence to universal standards of performance), the balance of power shifts to it in the eyes of responsible guardians of trusts and estates.

Most programs are able to satisfy funders with data on the volume and quality of services. Some can describe their efficiency. Rarer still are those that have data on client outcomes. But eventually you will encounter a funder that also wants to know <u>how much these results cost</u>. *Cost-effectiveness data (*sometimes called *productivity)* provide the ratio of costs to the number of clients achieving specified outcomes (i.e., the cost per client outcome).[2] Example: If we assume the same program, clients and costs data as before, the cost per knowledge outcome would be $1,075 ($100,000 / 93). If the rate of clients reporting that they feel *safer* because of their involvement with the program is 90%, the cost per safety outcome would be $1,111 ($100,000 / 90).

Question #3: How can agency boards help an agency demonstrate its worth to potential funders?
Make sure your board is an *active* board! Good ones often include a board-certified trust attorney, a CPA who focuses on estate planning, or a member of a local family that has shown public leadership for your area of service. It wouldn't hurt to have a technology person involved, in case you need help making your presence known on the Internet. Where should agency leaders look for valuable additions to their boards? Don't overlook the composition of other local agencies' boards. (Many effective board members serve more than one board; some may find your agency a good "fit.") Your board members should *want* to be on your board because they believe in what you do!

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[1] <u>Managing for Results Guidebook. A Logical Approach for Program Design, Outcome Measurement and Process Evaluation</u>. Tennessee Office of Criminal Justice Programs, with Performance Vistas, Inc.. Nashville, Tennessee. June 25, 2001. page 12.
[2] *Cost-effectiveness* is different from *cost-benefits,* since cost-effectiveness analysis need not concern itself with causal relationships between the program (and its costs) and the specific outcomes of a particular client. *Cost-benefit analysis* should be viewed as a more rigorous examination of the actual costs of specific client benefits. Cost per benefit would require a rigorous, controlled study to determine the specific benefits produced by the program. Few non-profit agencies can afford this kind of research.

Question #4: What are some successful approaches for finding new funding?
Some estimates place the total weight of the estate of the World War Two generation as high as $12 trillion.[3] Many of those elders are looking for a place to invest their inheritance. Many of these people love the cause your agency serves. But how can you find people with assets to invest? Here's what we see agencies doing:

- Many agencies are investing volunteers' energy into developing agency web sites, where important information can be posted for interested parties. Most are including their program's design (i.e., its logic model), along with its QA, outcomes and cost-effectiveness data. They also explain *how to give* and what gifts the agency accepts. One of the best examples of "how and what to give" can be found on the National Multiple Sclerosis Association Society's website. See http://www.nmss.org/   Others are placing the agency's brochure online so that it can be downloaded and printed.

- Legal, banking and accounting professionals who are in business to advise on estate planning need a way of distinguishing among programs in need of resources. They want to know what kind of "bang" they are likely to get for their "buck." So, some agencies are preparing materials (pamphlets or brochures packaged for desk display) for briefing trust lawyers, bankers, and CPAs. These agencies conduct media campaigns to place these valuable materials in the right hands. The key? Agencies should be able to point to current, reliable and meaningful data on client outcomes and costs, on the numbers of clients served, and on other measures of quality (e.g., certifications, audits, associations, etc.). The data should support a professional's ability to "benchmark" a given program against other programs or agencies of the type.

- In much the same way, non-profit agencies have been approaching civic groups like the Kiwanis, Rotary and Lions Clubs to share their stories. They are making outcome data part of their presentations! Good managers are getting their board members involved in these presentations, as well, because agencies need the members of civic groups to identify with the agency and its leadership.

- Agencies with board members experienced in charitable trusts have used that experience to help organize contributions to the agency. Philanthropic people who are planning their estates, as well as people who have few liquid assets but own land, need to know about your agency's purpose – and how to bequeath their estates to that purpose. Charitable trusts are one flexible way to do so, if you have access to the legal expertise. Lawyers and CPAs can help the agency to apply for grants, as well.

- Some agencies have developed partnerships with local churches. Even if a children's Sunday School class can afford only $25 per week, some of those children will grow into responsible supporters one day. Similarly, a church may only be able to contribute dry goods and clothing during quarterly campaigns, but each contribution is a statement of support that can be used as an in-kind match by agencies using government grants like VOCA and STOP Violence against Women. Regardless of the size of the contribution these partnerships are valuable sources of referrals and community awareness.

Question #5: Do you have any other ideas for raising funds for non-profits?
If your fund-raising experiences have left you less than enthusiastic about trying it again, consider making a better plan for future efforts. Why not use the same thinking approach

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[3] The Holston Conference. The United Methodist Church. Knoxville, Tennessee. 2003.
 http://www.holstonconference.com/foundation.giftplanning.html.

you used for defining your program's design assumptions? *Prepare a logic model to guide your fund-raising initiative.* Clarify your agency's purpose for the fund-raiser, its resource needs, its major steps or tasks, and its milestones for measuring success. Funders that generate multi-year grants may not have cash available for contributions in mid-cycle. Find out when the new cycle begins, and have your grant proposal ready! Consider the economy when planning: the condition of today's stock market makes it difficult for some contributors to raise their levels of giving, but the market will rebound. Be ready when it does! And make sure you are ready to present your outcomes data as well as your service output data when you finally get an audience… Here are three more ideas:

- Never under-estimate the willingness of celebrities to get behind a special project. Almost everybody in the field knows an agency that has had huge success with a celebrity sponsor who discovered the agency's focus matched his or her family's history. Other agencies have found success with golf tourneys and legislator roasts; get the local banks and other charities to sponsor.
- Are you wondering how much time a leader should expect to spend on fund-raising? The answer is "it depends on the size of your agency, the community's history of giving, the other issues and challenges facing your program, and your level of experience." In some cases the right board member can be the best fund-raising chairman and take a real load off the agency director.
- Oh, and another thing: Don't let your experience with little or no training in these matters trickle down to your eventual replacement! Start mentoring a young person with talent in this area to take your place. Begin today!

Question #6: What are some examples of the kinds other information that can be useful for approaching potential funders for financial support?
Not all the information on your program needs to be concrete, tabular data. Consider sharing case scenarios that illustrate your success stories. (Protect confidentiality, of course.) Describe these stories in ways that help contributors identify with the agency and its clients. When Dave Thomas of Wendy's fame told his story he did more to bring adoption to the forefront than any celebrity had done before him.

Never under-estimate the power of having an absolutely clear program design! The better your agency's funders understand the problems you have focused on, the needs that drive your design, the key service processes you deliver, and your measures of success – the better they are able to envision a way to help. Be as starkly clear as you can be about your agency's mission, vision and values. Funders are using these constructs to lead their own operations, and will appreciate the professionalism of your leadership, too. Consider taking it another step: Revise your agency's name, logo, brochures, web site and other identifying information to match the logic model. This may seem a radical step that smacks too much of private-sector marketing, but if you are serious about developing supporters you will consider the impacts of agency name recognition.

We welcome your comments on this article. We would also appreciate any non-profit agency "war stories" you are willing to share. Write us to describe creative funding approaches, obstacles to successful funding campaigns, or additional questions raised by this dialogue. You may reach us at www.PerformanceVistas.org.