

Communicating Outcomes With Donors

What Donors Are Thinking & What it Means for You

by

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CALVIN EDWARDS
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Maximizing the Good of Giving



What We Are About

Calvin Edwards & Company conducts research, analysis, and evaluation of nonprofit organizations to create highly-credible, written reports that remove barriers to generosity for major donors.



3 Core Donor Trends



1 Different styles of donors demand different types of information

Information type

- Personal story, anecdote
- Data, statistics, charts & tables

Content

- Ministry activity
- Beneficiary impact

Media

- Print, words—paper, email, social media
- Video, sound, & expression



2. Major donors are moving beyond good intentions & good results, to good impact

- Requires more than relationship & opinion—due diligence, research, scrutiny
- More information is readily available, more accepted to “examine”
- Focus on outcomes & their cost
- Wide variations in level of donor sophistication & expectations (“Joe Average” vs. large foundation)



Changing Means of Assessment

- Listen to “pitch” from ministry executives
- Check with peer donors
- Scrutinize ministry information (e.g., financials, annual report, website)
- Qualitative “investigation” (e.g., on-site visit, board member interview, vision trip)
- Analysis (e.g., calculate ratios, compare to other orgs, Charity Navigator)
- Research: detailed, written, using a professional
- Outcome/impact measurement
- Analysis of outcome data



3. Major donors are requiring verification— program effectiveness data

- Not merely good intentions, or effort, but quantified track record of performance
- Focus: program not organization
- No longer “**how much** the ministry did”
- Rather, “**what happened** when they did it”
- Focus change: from what the ministry did to effect on recipients
- Usually involves measurement—more than counting—some math/science



Maclellan Foundation Website

“Priority is given to those groups who have a clear vision of the results their programs are intended to realize and demonstrate the ability to **measure** the tangible **outcomes** of their efforts. Therefore, we seek organizations whose vision statements describe a **targeted change** over time. . . . in a well-defined target population. . . . the Foundation will award grant proposals that adopt an **outcomes-based approach**.”

Also, Festus Stacy & DeMoss Foundations



Diverse Donor Approaches



Levels of Assessment

- The organization: ***due diligence***
- A grant or funded project: ***compliance check***
- Program effectiveness: ***program evaluation***
- Long-term results: ***impact assessment***



Definition of an Outcome

“A change in the behavior, knowledge, attitude, skill, or situation of the person served.”

It is what is supposed to happen to people when you “do” your ministry to them.



A slice of the “mission pie”!

(The sum of the outcomes is the mission;
the mission subdivided into smaller pieces is the outcomes)



In the Rear View Mirror

- Organizational assessment as a proxy for program effectiveness
- Obsession with functional allocation ratios (program vs. management & administration vs. fundraising)
- “It’s all about relationships”
- Big reputation = trustworthy



Using Outcomes



Internal Use of Outcomes

The language of:

- **Planning:** use a logic model & reporting is “add a column”
- **Management:** assessing project progress
- **Culture building:** defining who you are
- **Celebration:** what you praise God for
- **Prayer:** what you want God to bless



External Use of Outcomes

The language of:

- **News items:** reference outcomes in touching stories
- **Purpose statements:** how you answer “Why do you exist?”
- **Donor solicitations:** what you want money for, not to do . . . , but to bring about this change . . .
- **Major donor grant requests:** quantitative support, “it works!”
- **Church/media/community:** the impact you are having



Understanding Donor Types



Three Types of Donors

- **Traditional:** think old family foundation or your aging rich uncle
- **Next Generation:** think Bill Gates, investment bankers, entrepreneurs, engineers
- **Up & Coming:** think Gen X, Millennials, & young families
- Substantial differences
 - Personal profile
 - Motivations
 - Style
 - Communication
 - Behavior



Definition: “Next Generation” Donors

Active donors, about 45-65 years of age, who give strategically & **intentionally**, who look for significant **impact** upon a social, health, or spiritual problem; with a mindset to **“invest”** in a solution (using a process like they would in their business), not “give” to a problem.



What They Want to Know

- Mission (expressed in terms of outcomes)
- Strategy (expressed in business categories)
- Evidence of success (expressed in qualitative & quantitative terms)



5 Reasons Why Outcomes Are Important & Donors Like Them



1 Outcomes Report the Results • for Which You Are Working

- Places focus/emphasis on your organization's mission, what you seek to achieve
- Aligns with the experience of the donor who is focused, intentional, quick to prioritize
- Enables estimation of "return on investment" since the outcomes are the return that donors seek



2. Outcome Data Is Usable at Multiple Levels

- Internally—board to field workers
- Externally—donors to media



3. Outcomes Move Reporting From Anecdotes to Statistics

- Results/impact not limited to testimonials & anecdotes
- Provides believable data, not “best possible” case, difficult to manipulate
- Enables per unit quantitative metrics/estimates, e.g.:
 - Cost per outcome achieved
 - “Return on investment”
 - Comparison among programs, populations, regions
 - Trends over time
 - Possibly, comparison with others’ programs
- Supports “evidence-based” decision making



4. Outcomes Rely on a Viable/Pragmatic Technique, Outcome-based Evaluation

- Simply measures how much of a goal is achieved
- Non-complex methodology, can implement “quickly”
- Not “scientific”
 - No control group (ethical issues)
 - Not RCT (randomized controlled trial)
 - Sample may not be random
- Open to variety of data-gathering techniques (not just surveys)
- Technology-based tools enable quick start, e.g., Survey Monkey, tablets
- Relatively inexpensive (move from consultant to DIY)



5. Outcomes Help to Facilitate a Change in the Organizational Culture

- OBE engenders a mindset of planning & “kingdom results” throughout the organization
- Shapes new product/service/program creation by asking, “What outcomes do we seek to achieve?”
- A key element in planning; it answers the question, “What outcomes do we want, & how will we get them?”
- Changes the nature/tone of fundraising communications



Overcoming Ratio Tyranny

- Ministry A: overhead is 15% ✓
- Ministry B: overhead of 25%

- Ministry A: 100 outcome units for \$10,000
- Ministry B: 125 outcome units for \$10,000 ✓

- “Wasted” \$1,000 on overhead generated 25 more outcomes!



Reporting Impact



Report Outline

- Name the program
- State the program mission/purpose, ***what problem are you solving?*** (optional: relate to org mission)
- Describe the program, ***what strategy are you using to solve the problem?***
- ***Quantify it*** using output data
- Describe impact using outcome data, ***verify that the strategy works to solve the problem*** (achieve the mission)
- Mention next steps, where you go from here



There's a Better Way . . .

- Meet needs of right brain & left brain donors
- Respect the desires/preferences of those God calls as your partners
- Do major donors really want a more high-quality, emotional video? "Regular" donors?
- Use variety of content type & media
- Once you have told the story well, trust God to bring the resources



Concluding Thoughts



Good News!

- Foundations & major donors are increasingly willing to fund evaluation services & capacity building
- A break with paying only for program services, now funding “overhead”
- Budget: 5-10% of grant/project
- Purpose:
 - Affect future grants
 - To strengthen org or “fix” things
- So, future investments are more effective



Implications: Actions

- Talk to donors in outcome, impact, & ROI language
- Don't *depend* on relationships; but have them
- Discuss with donors inclusion of evaluation services &/or capacity building within a grant
- Candidly discuss with foundations their **giving** objectives; leave out of that conversation ministry **getting** objectives
- Fully & confidently embrace the fundraising process; don't shrink back



Q & A

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