PARTNERSHIPS for STRATEGIC IMPACT

Real Life. Real Results.

What ROI means in Social Sector? **updated May 2021**

Short answer – not much. Return on investment (ROI) is not sufficient for making good decisions about what programs to invest funding in. ROI is an important marker of efficient and effective deployment of resources. *So, how should decisions about investing be made?* **Funding partners should invest in organizations and programs most likely to succeed in helping people.** Understanding what is helping people is a **data-informed and value-driven process.** Funding partners help drive success when they **truly partner with the programs they are funding** to understand what works and where there are opportunities for growth and deeper impact.

Understanding What Data Can and Cannot Tell You

- **Immediate impact reflects what people walk away with** that they did not have before programming. This is usually knowledge, skills, abilities, and achievements they did not have before. Additionally, people should be satisfied and happy with the services they received. Not all immediate impact is measurable, which does not mean it is not important.
- **The vast majority program impacts are not directly comparable.** For example, is it *more important* that clients are in stable housing or have meaningful employment or are happy in their lives? It's only occasionally that one statement of impact is clearly 'more important' than another, for example – your life being saved in the ER is probably always *more important* than whether you liked the ER doctor.
- **Statements of impact are not necessarily 'good' or 'bad' because the number is going up or going down.** For example, are more calls to Child Protective Services *good* because more abused children are being identified that otherwise were getting overlooked, or *bad* because there is more child abuse in the community?
- **Statements of impact are not necessarily 'better' or 'worse' than each other because one number if higher or lower than another.** For example, if Organization A achieves 80% success and Organization B achieves 50% of success, A is not necessarily *better* than B. A may be tackling an easier issue; A or B might need more meaningful measures of success; B might be a newer organization and still working out how to best keep clients engaged but have an objectively better program; B might have lost their director or star staff mid-year or A might have hired amazing new staff mid-year; the economic or policy priorities in the community may have changed for one organization and not the other resulting in changes in funding or referrals.

Making Data-Informed, Value-Driven Funding Decisions

- ✓ Funding partners should **invest in programs addressing real needs in the community**. This needs assessment may be data-driven, values-driven, or both.
- ✓ Funding partners should **invest in programs which are high quality and likely to produce results**. This involves making sure the program is being managed by a vital organization, with strong, stable leadership, doing value-driven work. The programming must also (a) be clearly shown to be effective by research (aka evidence-based), (b) expected to be effective based on what we understand from science (aka evidence-informed), or (c) demonstrated to be effective in other communities (aka best practice).
- ✓ The program's **immediate impact must align with the values and goals of the funding partners**, and they must be clear, focused, and measurable. Very often immediate impact is best captured by simply asking people what knowledge, skills, abilities, confidence, and motivation they got from the program.
- ✓ Funding partners must value the **immediate impact as being meaningful and sufficient in the context of the complexity** of (a) the lives and needs of clients being served, (b) the vitality and maturity of the organization, and (c) the community context in which it happens.