



PARTNERSHIPS for STRATEGIC IMPACT

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An Uncomplicated Strategy for Unsticking the Social Sector



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THE SOCIAL SECTOR IS STUCK

The [social sector](#) is uniquely poised to address human needs which are not readily met by the private sector or the will of governments. Together, countless nonprofits and their funders provide a wide range of human services at the local level. These services are critical to addressing many societal and economic challenges impacting people from under-resourced or disenfranchised communities: **the social sector is critical to advancing social justice and building equitable societies.**

The social sector is varried and huge, and built on small organizations. [In 2020](#) the social sector had an aggregate revenue of \$3.7 trillion, including [1.35 million public charities](#), plus 130,444 private foundations and 352,038 other types of organizations. Most organizations (71%) had revenues under \$50,000. Another 22% (over 300,000 organizations) had revenues between \$50,000 and \$1 million. Most social sector organizations are small; 43% reported having no staff and 27% had between one and 10 staff.

Fully resourcing the work of smaller, local nonprofits is a persistent struggle, and [57% were struggling financially](#) in the three years before the pandemic. Their [annual budgets are often insufficient](#) and made up of ever-changing funding sources. Budgets rely heavily on a patchwork of [funding from foundations and individual donors](#). Because foundations define good investments as those which create community-level change, they often put [lots of limitations for how funding is used](#). This means **funders often dictate which services are valuable and how success is defined.**

Nonprofits' trying to meet requirements from multiple funders often leads to programming fragmentation, [insufficient overhead](#), and a [scarcity mindset](#). **The social sector is stuck because this funder-nonprofit dynamic can [severely limit the success](#) they are able to co-produce.**

Conversations about shifting this dynamic have been happening for [at least 15 years](#). Then, the 2020 [COVID pandemic](#), as well as massive protests for social justice and political upheavals, renewed the **urgent call for nonprofits to step in to help eliminate disparities and ensure equity.**

These crises [changed entrenched funding patterns](#) and reinvigorated **energy for unsticking the sector and increasing impact.** Conversations are emerging about [building authentic partnerships](#) between communities in need, local nonprofits, and foundations to achieve [longer-term goals](#) by building [nonprofit organizational vitality and flexibility](#).



INNOVATIVE SOLUTIONS

Champions of the sector are working to address this stuck dynamic.

A concrete step for shifting the dynamic has been to [reduce the administrative burdens](#) for grant writing and reporting to funders. This loosening of funder demands gives nonprofits more time to deliver services. Recently, there also have been national efforts to centralize data about [nonprofit vitality](#), [client demographics](#), and [impact](#).

Innovations in grant making practices and funding strategies that focus funders and nonprofits collaboratively on long-term success are likely even more meaningful ways to unstick the sector.

The relatively new innovation in grant making for [trust-based philanthropy](#) seeks to build mutually accountable, collaborative relationships rooted in the [values of advancing equity by shifting power](#). Shifting power promises more meaningful impact because nonprofits have funders' backing to be [flexibly responsive to the changing needs and priorities](#) of the communities they serve.

Funding strategies focused on breaking the scarcity mindset include, for example, a focus on providing [unrestricted general operating support](#) and [enterprise capital](#). [Up to 90% of foundations](#) gave flexible [general operating support](#) in 2022 (estimated at [21% before the pandemic](#)). Enterprise capital, which is used to build organizational infrastructure, human capital, financial reserves, and supports innovation by nonprofits, is on the horizon.

Enterprise Capital would be transformational for us—it would give us the capacity to do long-term strategy work and have a more powerful voice. The most frustrating part of our work is that we can't raise our voice as loudly because of the need to focus on specific project funding. That means we haven't been able to close the gaps in children's outcomes.

– [Jennifer](#), Nonprofit Deputy Director

But how do we manage the fact that local nonprofits are working with individuals and foundations are focused on community change? Are they even focused on the same things?

Less obvious than the need to unstick the sector, is that just **finding a common definition of “success” is essential** to the success of all these innovations.

TRYING TO DEFINE SUCCESS



In 20+ years of working with social sector partners, I've never met a single person who does not *really, really* want there to be a single number – like “profit” – that **nonprofits can use as a simple, clear indicator of success**.

Because we know using [evidence-based programming](#) is desirable, maybe scientific methods where **success is defined by statistically significant findings of (ideally long-term) benefits** will get us there.

Fresh from earning a PhD in community and clinical psychology, I spent the mid-aughts helping nonprofits complete grant applications and promising to deliver evidence-based programming and clearly show their impact. Unfortunately, all too often there was **no evidence-based programming that met the specific needs of community in need**. When there were programs, the resources needed to fully put them into practice were often out of reach. What's more, the unstructured task of actually **gathering and analyzing the data to prove their impact was overwhelming**.

We got a grant to pay for the program developer to come across the country and teach us his evidence-based program. But the requirements for our staff, the intensity of the training, and the ongoing consulting we would need made us abandon our plans (and the funding). It was just too much and completely unrealistic.

– Mike, Nonprofit Executive Director

Oh, and no one knew statistics! Where was that simple, clear number showing success going to come from? I saw the struggle but felt certain I could find a way.

TRYING (AND FAILING) TO FIND THE WAY



This is young me. Super excited but trying to look casual.

In 2011, I excitedly became the founding Director for [Program Evaluation](#) and Community Consultation at [Youth-Nex, the Center for Positive Youth Development](#) at the [University of Virginia](#). Sixteen years in academic research and eight years working in the social sector made me a perfect fit for championing evidence-based programming. I was excited to evaluate how Virginia's youth-serving programs were successful, and to develop helpful data systems. I even created a clever tagline promising value and simplicity: "**Bringing science to life.**"

Nonprofits were getting pressure from funders to prove their impact,

and even to show long-term impact. I worked with many nonprofits to design evaluations and put them into place. But it was a ton of work and not something the nonprofit could sustain without me. Pretty quickly I had to come to terms with the fact that I wasn't going to bring science to life the way I had imagined.

Our funder is really focused on ensuring kids go to college. We help middle- and high-school students learn critical computer skills, which certainly helps their chances of success. But how can we prove it helps them get into college? Where do we find a comparison group?

– Kala, Nonprofit Executive Director

Nonprofit work isn't *just* hard, and it doesn't *just* have a lot of moving pieces. The work is happening in the context of a **constant flow of unpredictable factors that influence the strategy, timeline, and ultimate impact**. The scientific methods for formal program evaluation involve very specific rules for rigorous experimental design, objectivity, and statistical testing. **Even shoe-horned scientific methods are extremely hard put into place within the complexity of running a nonprofit day-to-day.** This can't be easily taught or bootstrapped; this kind of program evaluation, when it's even possible, takes a very specific kind of expertise, time, and money to do well.

I realized, like a family doctor, **nonprofits are practitioners, not scientists**. Success for small, local nonprofits couldn't be readily captured using (even shoe-horned) tools of formal program evaluation.



Now I knew I didn't just need to translate and simplify program evaluation, **I needed to transform how nonprofits and their funders define success.**

THE UNDENIABLE VALUE AND MYSTERY OF DATA

Nevertheless, and despite how hard can be, the value of [gathering impact](#) and [using client feedback](#) isn't disputed. Most nonprofits and funders *want* to collect and use data. Unfortunately, the majority, [82% of respondents in one sector survey](#), found it too resource intensive, expensive, and/or complicated.

Foundations, even those with staff specifically focusing on data, [rate their top three struggles](#) as: (1) capturing the complexity of impact, (2) identifying useful lessons for nonprofit grantees, and (3) finding meaningful insight for themselves.

[Fewer than 1 in 5 nonprofits](#) have the data they need and the ability to use it. When they do have data, most struggle because they don't have a guiding structure, the time, or the ability to identify actionable insights. What's more, small nonprofits – those closest to the most critical community needs – are twice as likely than their larger peers to have no access to data. None.

Typically, nonprofit capacity builders (such as Centers for Nonprofit Management or United Ways) are the go-to support for ensuring strong nonprofits and effective nonprofit-funder relationships. Their programming focuses on leadership development, staff and volunteer capacity, networking, and organizational growth and vitality. **Little, if any, programming is focused on tracking and using impact.**

Experience tells me all this is because “program evaluation” is all too often a sophisticated consulting service provided by an expert, external evaluator. It's also all too often experienced as **disruptive, unwieldy, sprawling, too vaguely defined, too expensive, and unsustainable.**

There isn't an elegant solution for nonprofits can use to track and then actually use impact that also gives funders straightforward ways for understanding progress toward systems change. **This shouldn't be a struggle.**

In addition to transforming how nonprofits and their funders define success, I needed to find a way to make **tracking and actually using impact data no more difficult than tracking and using a budget.**

How do we know what questions to ask of the data? How do we know what data to collect so we can answer our questions?

– Mike, Foundation Board Chair

This database is a waste of time and money. Even though we dutifully enter all our data, there is still all this work needed to figure out our impact. I thought the database would tell us.

– Heather, Nonprofit Executive Director

We just don't have the in-house expertise to help nonprofits with program evaluation. We have a directory of consultants we point people to.

– Cindy, Capacity Builder Deputy Director for Partnerships, Consulting, and Impact

REVISITING THE NEED

Small, mighty, and on-the-ground every day, **local nonprofits** fill service gaps, provide hope, and help make communities more equitable. But limited evaluation resources mean **they consistently miss out not only on having impact data to communicate their success to funders and other stakeholders, but also to improve programming and support their staff.**

Foundations are increasingly wanting to level power and eliminate the scarcity mindset through trust-based philanthropy and innovative funding strategies. But they also **need to know when partnerships are successful and how their investments are making meaningful progress toward community change.**

The data need to work for the staff, not the other way around. How do we collect data that helps them do their job at the same time we're collecting data we need for grants?

– Mary, Executive Director

How can we capture the ultimate impact of our priority portfolios? How do we talk about the impact we are making? Can we even claim to be making a community impact?

– Scott, community foundation
Chief Community Impact Officer

THE WAY FORWARD

A vision has emerged to adequately resource nonprofits so they can be responsive to clients' changing needs, as well as to generate authentic partnerships between nonprofits and funders, focused on generating meaningful, community change. This audacious goal requires a straightforward and uncomplicated way for local nonprofits and their funders to collaboratively track and use impact.

To unstick the sector, we need a strategy that does the following:

1. We must establish simple, sector-specific definitions of success.
2. We must center partnerships on straightforward strategies for tracking impact.
3. We must create an uncomplicated process for using impact data to collaboratively understanding progress and making data-driven decisions toward goals.
4. All this must be doable, affordable, and sustainable for even the smallest nonprofits and their funders.

THE IMPACTSTORY™ STRATEGY

These days, I simply tell social sector leaders: **“Program evaluation is NOT your job.”**

By **working with, listening to, and learning from local nonprofits and their funders over the last 20+ years**, I created a strategy that does exactly this. **No complicated formal program evaluation needed.**

No More Trying to Prove Long-term Change

Nonprofit professionals are practitioners, not scientists. Just like your family doctor gives you medicine science shows will cure your infection, nonprofits should deliver programs for which there is at least some science to show they benefits people in the long run (e.g., children finishing high-quality preschool have skills that result in success in school).

Foundations successfully partner with nonprofits when they value the same individual benefits (e.g., the skills that result in success in school), and when those **benefits are aligned with the foundation’s vision for community change** (e.g., reducing poverty because [high-quality preschool has been shown to have long-term benefits](#) like being more likely to hold a job and have higher earnings by age 40).

Neither nonprofits nor funders need to re-prove programming results in people achieving long-term change; that’s already been done by the program evaluation scientists. It’s enough just to deliver the programming and then to show nonprofits were successful in delivering the programming.

No More Struggling to Define Success

There are **three key definitions of success**:

Definition of Success	Example
(1) the amount of benefit clients got from programming	✓ preschoolers got the intended skills by the end of the program
(2) clients plan to use what they got in the future	✓ preschoolers are going on to elementary school
(3) clients were satisfied with programming	✓ the preschool is a place parents want to send their toddlers

No More Mystery About How to Use Data

Basic math and a simple, **repeatable strategy for understanding data and putting it in context.** This is how you use data to gain knowledge about what needs to be improved so clients thrive.

There you have it. As straightforward to resource and use as a budget, the strategy facilitates collaborative learning and knowledge building. **Co-generated knowledge allows social sector partners to be responsive to community needs and effectively develop and improve programs on a path towards community change goals.**



Not the practice of program evaluation science, but emerging from it, the [ImpactStory™ Strategy](#) provides the structure, defined metrics of success, and intuitive language which allows nonprofits and their funders: to be **clear** about the specific impact they are working toward, to be **confident** in the data being collected and how to understand and use it, and to tell **compelling** impact stories that move people to action.



The uncomplicated, three-steps of the innovative [ImpactStory™ Strategy](#) includes all the tools and resources needed to create and sustain impact tracking and storytelling processes that lead to informed action. The Strategy ensures social sector partners *always* have quality metrics to reflect on, structures in place for turning data into powerful action, and **their impact stories at their fingertips**.

Map Out Your Strategy CLEAR

1

A Solid Framework

A [Strategic Impact Map™](#) elegantly connects your mission to immediate impact and then to your vision for systems change.

All the links are clear.

Programs that Work

An [Impact Statement](#) clearly show why your programming is expected to result in short- and long-term success for the people you serve.

Everyone is on the same page.

Gather the Pieces CONFIDENT

2

Smart Surveys

Tracking achievements, plus smart [surveys](#), result in efficient data collection. You can be responsive to clients and track how you're meeting your mission.

Clients co-define success.

Painless Data Analysis

Understand your data will only a [handful of Excel formulas](#) and two graphs. An [Learning from Impact Team](#) is the structure for turning data into action.

Co-generated, actionable knowledge.

Tell Your Story COMPELLING

3

Masterful DataViz

Creating engaging graphics and dashboards people *want* to look at are essential for each of the four types of impact stories.


Data people want to understand.

Powerful Impact Stories

Pulling it all together: marrying client narratives and meaningful, contextualized impact produce connection and credibility.


Stories that move people to action.


When the Strategy is fully implemented, social sector leaders are unstuck, and the following opportunities materialize:


 The [solid framework](#) creates **clarity around what a nonprofit does**, what they don't do, and **why what they do is expected to work in the long-term**. This helps manage mission-drift and focus resources. This is the basis of a **strong case** for sustaining investments because it is clear what long-term changes clients gain the ability to make. Funders are similarly able to use the solid framework for **guiding value-driven investments aimed at community change**.




A video of me now. Considerably older and wiser.

 Confidently collecting defined metrics gives social sector partners the ability to talk about real and immediate **returns on investment**, know where additional resources are needed, and how new investments are expected to additionally improve impact.

 Meaningful impact data **builds trust** with the [communities served](#), as well as [between partners](#) and other stakeholders. The process of identifying insights and co-creating knowledge is the **process for leveling power** and having productive conversations about program improvements and growth.

 When staff have access to data, they become more **motivated to set and reach goals**. Data helps supervisors and grants managers alike ask the right questions and provide the right support.

 The Strategy results in valid, meaningful knowledge to **guide decision-making**. Unmet goals become priorities for growth, including potential realignment of resources and programming. **Social sector opportunities are unlocked.**

WHAT IT TAKES

Not unlike establishing an accounting system, the strategy does take some time and effort to set up. But unlike an accounting system, impact tracking must evolve as programming changes.

However, once the strategy structures are in place, **impact tracking, data-driven decision-making, and powerful storytelling simply become part of the fabric of the organization.**

Isn't it time you had your impact story at your fingertips?

ACCESSING THE STRATEGY

- (1) The **ImpactStory™ Strategy Toolkit** is the focus of the live, on-line [ImpactStory™ Academy](#). The 9-week Academy orients **nonprofit leaders** to all parts of the Strategy, gives them a chance to start building their systems, and includes all the tools for putting it fully into place.



Uncomplicated sustainability is the promise, so Academy participants also get forever access to a me, as well as a community of like-minded peers for ongoing support and resource exchange. A **funders-only** Academy is available upon request.

- (2) Many nonprofits and funders simply do not have the staff capacity to actualize the Strategy, even with all the knowledge, structure, and tools in hand. The **Impact Specialist Partnership** is an innovative model of partnership which provides **just the right amount of ongoing staff capacity** for embedding the ImpactStory™ Strategy within a nonprofit-funder relationship.

The Impact Specialist Partnership supports a thriving, strengths-based, growth-oriented, and actionable data-culture for both **nonprofits** and **funders** by:

- ✓ building uncomplicated, sustainable structures needed to ensure high-quality metrics are always available at nonprofits and foundations, and
- ✓ on-going support of high-quality data collection, expert guidance in capturing insights for turning data into action, and capacity for contextualizing data and weaving in client narratives for powerful storytelling.

When uncomplicated, sustainable, and right-sized strategies are in place for defining, tracking, and using impact, social sector partners have access to powerful knowledge that can dramatically increase the vitality, agility, and visionary impact of the whole sector.

Partnerships for Strategic Impact® seeks to use impact to promote democracy, social justice, equity, and activate the power of those who have been disenfranchised.

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