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Organizational Development

Demystifying the Theory of Change Process

Why the process of creating a theory of change matters, and a five-step guide to success.

By Kathleen Kelly Janus | Sep. 15, 2017

The idea that nonprofits should develop a theory of change has been widely embraced in recent years, and funders have helped drive the momentum. In fact, many funders now require that nonprofits submit a theory of change document with grant requests for all the reasons Paul Brest outlined in his seminal article, "The Power of Theories of Change."

But what is a theory of change exactly? It's an articulation, whether in the form of an explanatory memo or a diagram, and often combining both, of precisely how an organization is going to achieve its objectives. A good theory of change details the causal links between an organization's vision and its own programmatic activities.

Theories of change are popular with funding organizations, because they powerfully and efficiently explain why programs will lead to strong, measurable results. But funder demand is certainly not the only reason to engage in the process. Developing a theory of change really is a means of assuring that your organization is actually doing the right things in the right ways. I was reminded of this when I helped facilitate a theory of change workshop as board chair of Accountability Counsel, a San Francisco-based human rights organization. The process of tracing our programmatic activities to the ultimate outcomes we wanted to see helped us develop a clear set of key performance indicators that would allow the organization to determine whether what we were doing was actually making a difference.

The problem with the theory of change process is that many organizations don't do it well. As a result, it doesn't produce the kind of robust critique of programs and insights about improvements to make that it should. In my interviews of more than a hundred social entrepreneurs for my forthcoming book, *Social Startup Success*, I learned that many leaders struggle with the process. My research shows that to assure the process is as fruitful as it can be, organizations must set aside the time to hold a workshop

(ideally an off-site) and bring a dedicated focus to the theory of change development. These five steps can help ensure that the process is successful:

1. **Engage outside stakeholders.** Organizations often fail to solicit the opinions of the full range of stakeholders in their mission. Beneficiaries, donors, nonprofit partners, and various kinds of experts, such as academics or practitioners, can offer vital input about how to make programs more effective. Engaging them also helps to generate support and buy-in for your programming. Organizations can facilitate participation by hosting workshops, and reaching out by phone or email. At Accountability Counsel, we couldn't bring our global partners together to meet in person, so we enlisted board members to make calls to get their input. We then collated the feedback into a memo that we shared in advance of our workshop with local participants.

2. **Include your board and staff.** Founders and executive directors often craft their theory of change without the input of staff or board members—the very people who know the most about what your organization is doing and have made strong commitments to furthering your aims. Founders may be particularly reluctant to ask board members to participate in the process, due to fears about exposing weaknesses or seeming too demanding of their time. But my research showed that the more engaged an organization's board, the more quickly the organization scaled. The theory of change process is a perfect opportunity to engage the board through one-on-one meetings or workshop. It gives you an opportunity to tap into their ideas more formally than in board meetings, and to educate them about your program and the challenges it faces. This, in turn, allows them to be more effective contributors.

3. **Bring in an outside facilitator.** The beauty of outside facilitation is that it helps level the playing field. It allows founders and their leadership team to participate rather than run the show, which helps assure staff and other participants that their input is genuinely desired. For our Accountability Counsel workshop, we recruited an executive from Intuit who enjoys helping nonprofits with their strategic planning on a pro bono basis. Other organizations I interviewed solicited the help of funders such as Arbor Brothers, a supporter of second-stage organizations that starts each of its partnerships by helping its grantees develop a theory of change. Board members or advisors can also make great facilitators.

4. **Clearly define the outcomes that will spell success.** Starting a workshop by projecting forward to what kind of outcomes your work will have is a flawed approach, because it starts with the assumption that what you're doing is working. Arbor Brothers solves this problem by discussing the end results an organization hopes to achieve. They ask the basic question, "How will you know if you're successful?" This helps them "design with the end in mind."

The Coalition for Queens (C4Q), a nonprofit founded based in Queens, New York, successfully used this approach. The organization's flagship program, Access Code, is a ten-month software development course that trains high-potential adults from underserved populations to become programmers. Early conversations with Arbor Brothers forced C4Q to get much more specific about the outcomes it hoped to see, which allowed it to clearly map the causal links between its work and its goal: a more robust Queens tech ecosystem. Rather than just setting a goal to increase participants' starting salaries, it did extensive research to figure out living wages and starting salaries for engineers in New York City so that it could set specific targets. Today, C4Q can say with specificity that 85 percent of its participants will graduate and that within six months of graduation, 70 percent will secure a technical career-track job earning a minimum of $85,000 per year.

5. Track your results rigorously. I found that while most organizations are tracking some data, many are not tracking the right data or tracking it vigorously enough. You should use the theory of change process to help you craft a detailed dashboard for tracking outcomes. Allowing all staff members to access and update the dashboard leads to a richer understanding of the outcomes you're achieving and areas that need improvement, and to greater transparency about your successes and problems. At Accountability Counsel, we went from trying to measure our progress with a lofty but vexingly intangible goal—to create a more-level playing field in disputes between grassroots communities and large corporations and institutions—to tracking a set of specific performance indicators in a dashboard on Google Docs that each staff member helps update. To really clearly highlight results, we use color-coding: green for indicators that are on track, yellow for slow progress, and red for no progress.

Theories of change can be an incredibly effective tool for refining your mission and your means of working toward it, as well as measuring your impact and proving your impact to funders and other stakeholders. It also helps ensure that you are maximizing your organization's precious resources. Putting the time into doing it right is a wise investment that will serve your organization well for years to come.

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