



state of evaluation 2012

EVALUATION PRACTICE AND CAPACITY IN THE NONPROFIT SECTOR

Foreword

Nonprofit organizations and foundations hold great promise for developing new ideas to overcome old problems and for helping people the world over to live healthier, happier lives. But for all that promise, problems are still getting worse. In the face of ever growing need, funders and nonprofits need to use every tool at their disposal to maximize impact. Doing good isn't enough. We need to do ever better.

Evaluation is an often undervalued, overlooked tool for improving outcomes and maximizing impact. It is seen as a *nice to have*, not as a *need to have*. In State of Evaluation 2012 we report that more than two-thirds of organizations do not have the promising capacities and behaviors in place to meaningfully engage in evaluation. And 47% of organizations with annual budgets greater than \$5 million did not have at least one full-time employee dedicated to evaluation. In a sector where results matter, it is incumbent upon us all to evaluate, learn, and improve.

As we celebrate Innovation Network's 20th year of supporting the social sector, we take this opportunity to reflect on the great evaluation strides the sector has made. We are elated that the vast majority of nonprofit organizations (90%) did engage in evaluation. And we are encouraged by the fact that 100% of respondents reported using their evaluation findings. We are proud to be a member of the social sector, and thankful to have supported so many of your evaluation efforts.



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Note on Survey Data

Thank you to the staff of hundreds of nonprofit organizations throughout the United States who took the time to thoughtfully complete the State of Evaluation 2012 survey.

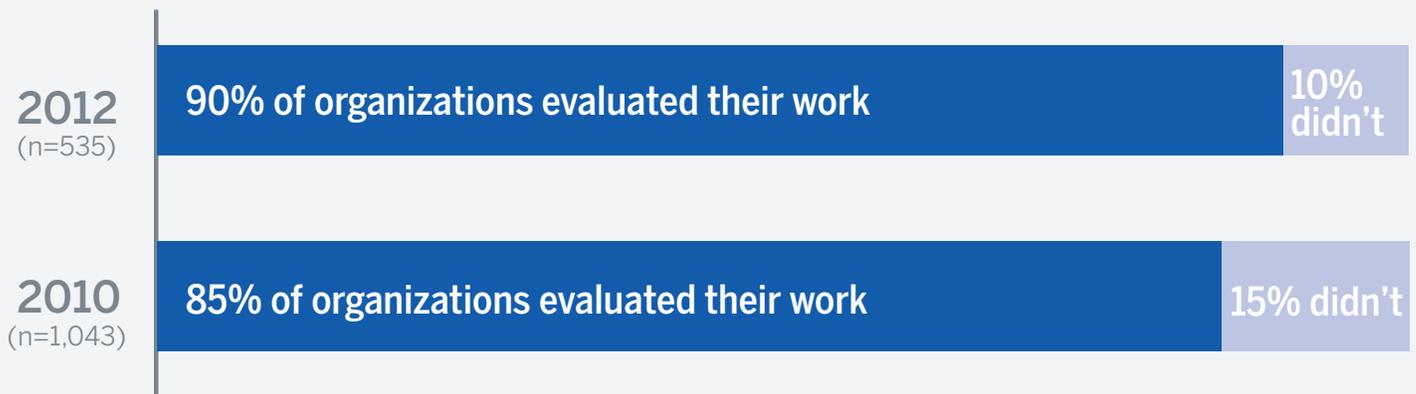
The data and findings in this report are drawn from a national sample of 546 501(c)3 public charities.

Throughout the report we break out statistics for small organizations (annual budgets less than \$500,000) and large organizations (annual budgets greater than \$5 million). We provide the contrast between small and large organizations when the two groups noticeably differ from the average.

The findings contained in this report are based on reported data for 2011.

STATE OF EVALUATION 2012

Evaluation is a critical tool for nonprofit organizations—evaluation helps organizations know what is working (and sometimes, what isn't). In 2012, much like two years ago when Innovation Network launched this project, most nonprofit organizations report evaluating their work.



Which organizations are more likely to evaluate their work?



Large organizations
(annual budgets of \$5 million or more) are more likely to evaluate their work than small organizations (annual budgets of \$500,000 or less).

94% of large organizations engaged in evaluation

vs.

78% of small organizations engaged in evaluation (n=534)

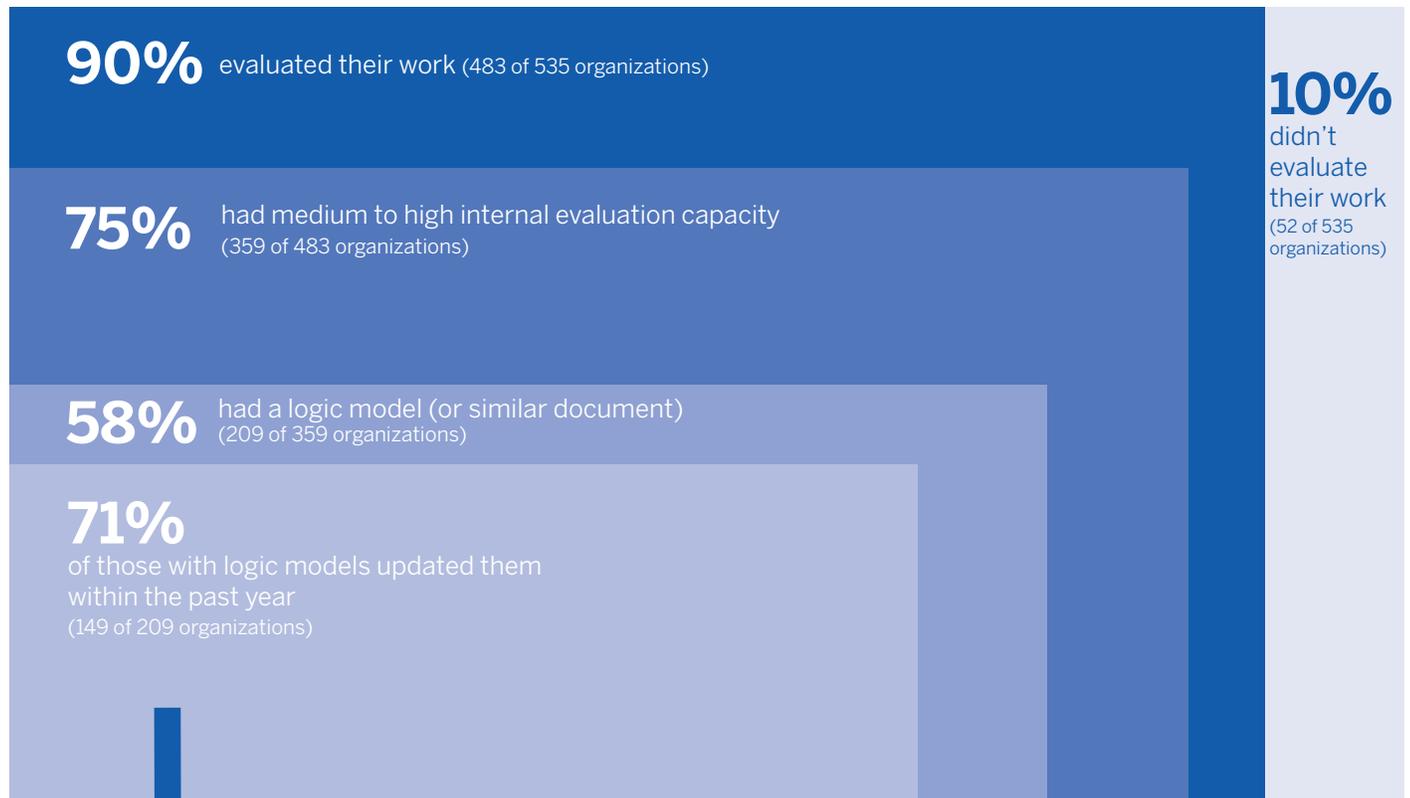
Older organizations
(that are 20 or more years old) are more likely to evaluate their work than younger organizations (1 – 5 years old).

90% of older organizations engaged in evaluation

vs.

80% of younger organizations engaged in evaluation (n=534)

A lot of nonprofit organizations (and funders) want to know what it takes to do evaluation right. Though there is no one-size-fits-all answer, there are some capacities and behaviors that are a good bet for the vast majority of nonprofit organizations.



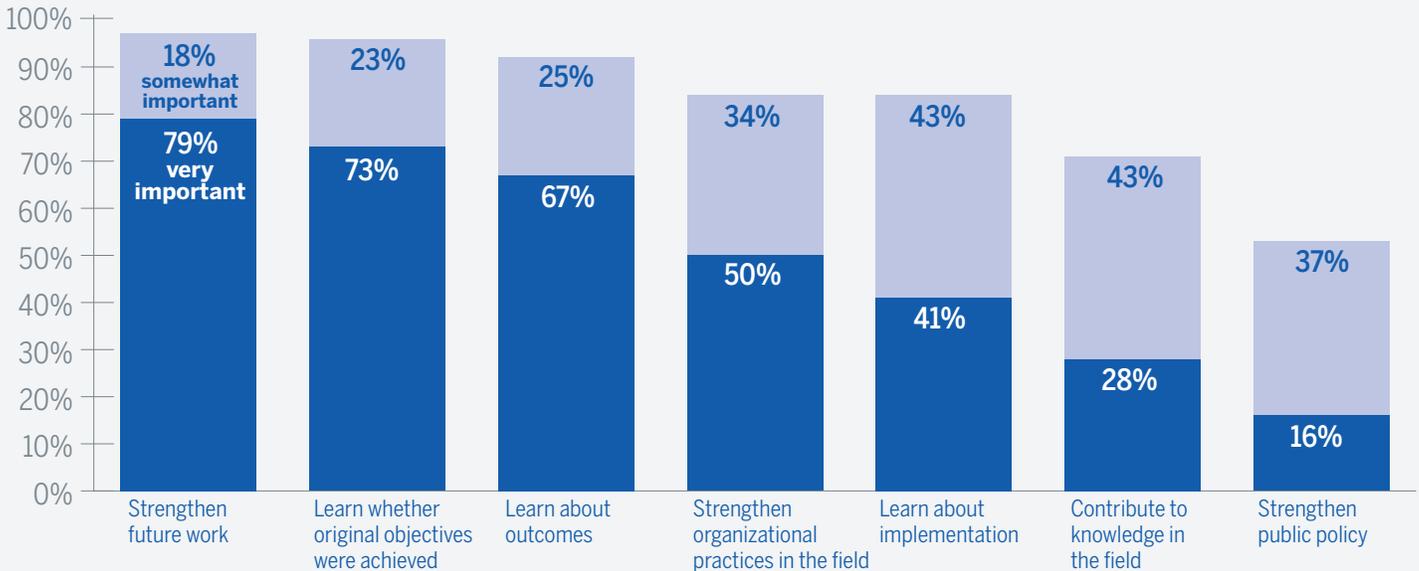
28% of nonprofit organizations have promising capacities and behaviors in place to meaningfully engage in evaluation (149 of 535 organizations)

Here we have defined promising capacity and behaviors by what we see as valuable in the nonprofit organizations we work with—some internal evaluation capacity, *and* the existence of some evaluation tools, *and* a practice of at least annually engaging in the process. Using these criteria, more than a quarter (28%) of organizations stack up. Certainly this definition could be even more restrictive to identify an even smaller population of nonprofit organizations that have *ideal* rather than *promising* capacity. Just throwing in the constraint of adequate budgeting for evaluation would be enough to sharply whittle down the pool. Talking about ideal capacity—while thought provoking—isn't a reality given the all too frequent resource constraints experienced by many organizations. But little by little we can hope to grow the number of organizations that collect data, learn about their work, and make improvements.

PURPOSE, APPROACHES, & RESOURCING

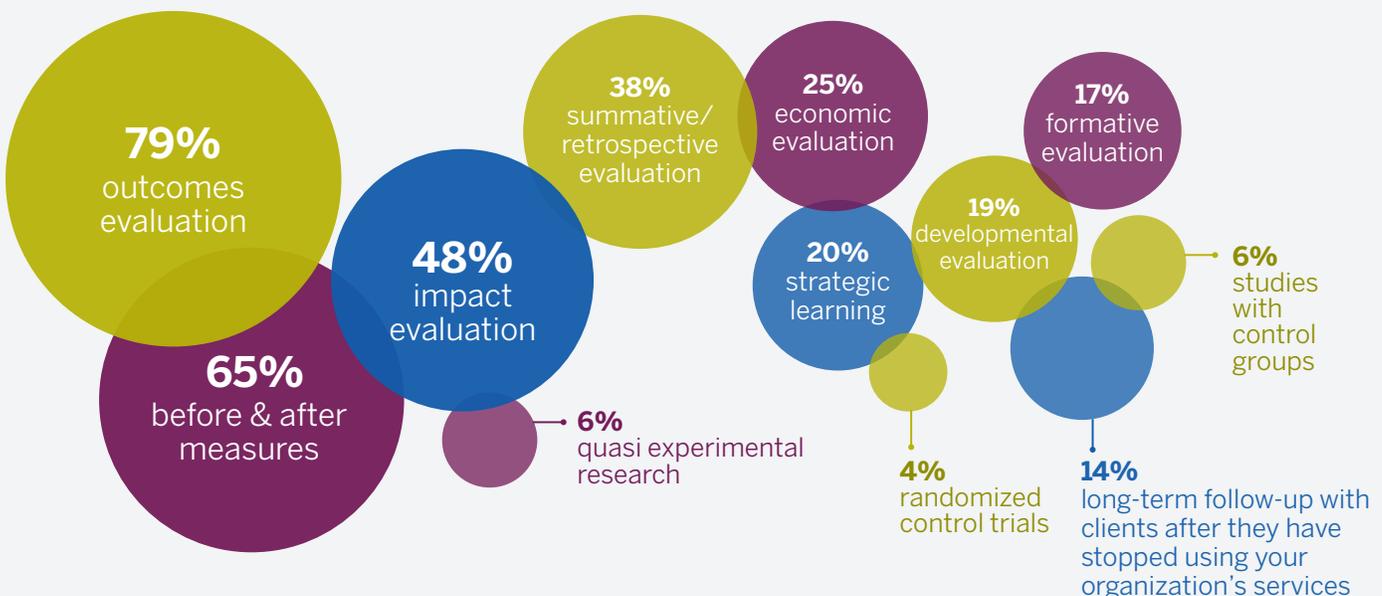
Evaluation can serve many purposes. It can be used to understand what is (or isn't) working. It can be used for accountability, to answer questions about how much work was done. It can also be a support for learning and improvement. Given these competing—but often complementary—purposes, how do nonprofit organizations stack up?

When evaluating your work, how important are the following?



Setting up an evaluation also requires choosing an approach. There is an ever increasing variety of evaluation designs. For example, in the two years since the last State of Evaluation, two new evaluation designs (**developmental evaluation** and **strategic learning**) have been gaining traction. Overall, though, the majority of organizations report choosing designs that speak to how nonprofit efforts contribute to improved conditions for individuals, families, and communities—designs such as **outcomes evaluation** (79%), **before and after measures** (65%), and **impact evaluation** (48%).

Common Evaluation Approaches



Budgeting for evaluation is tricky. There are some general guidelines, such as spending approximately 10% of a program's budget on evaluation. But what happens when the evaluation effort goes beyond a single program? Or focuses on the organization as a whole? Or one strategy employed by the organization? What then?

Our opinion drawn from experience is that **most organizations should budget from 5% to 10% of the organization budget for evaluation costs**. There are a variety of factors that can affect cost, but in general, this budget range suffices. Unfortunately, the majority of organizations are not allocating even 5%. The data matches up with our experience—too few organizations resource their evaluation efforts at a level sufficient to provide the desired breadth and depth of evaluation findings.

Percentage Of Annual Organization Budget Spent On Evaluation



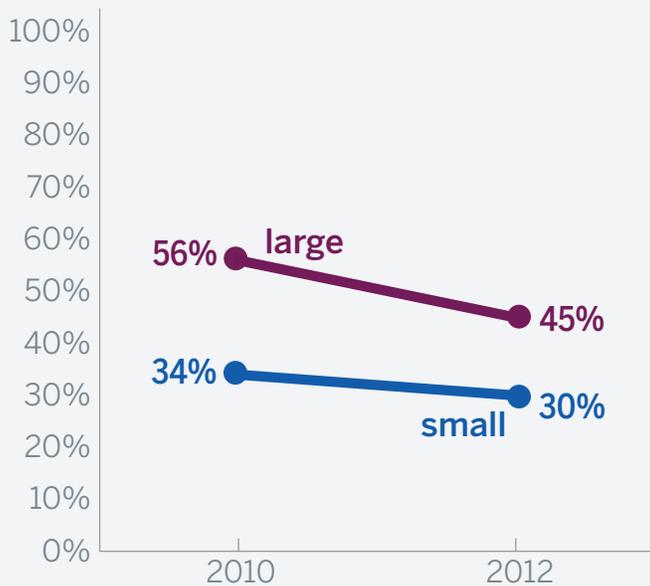
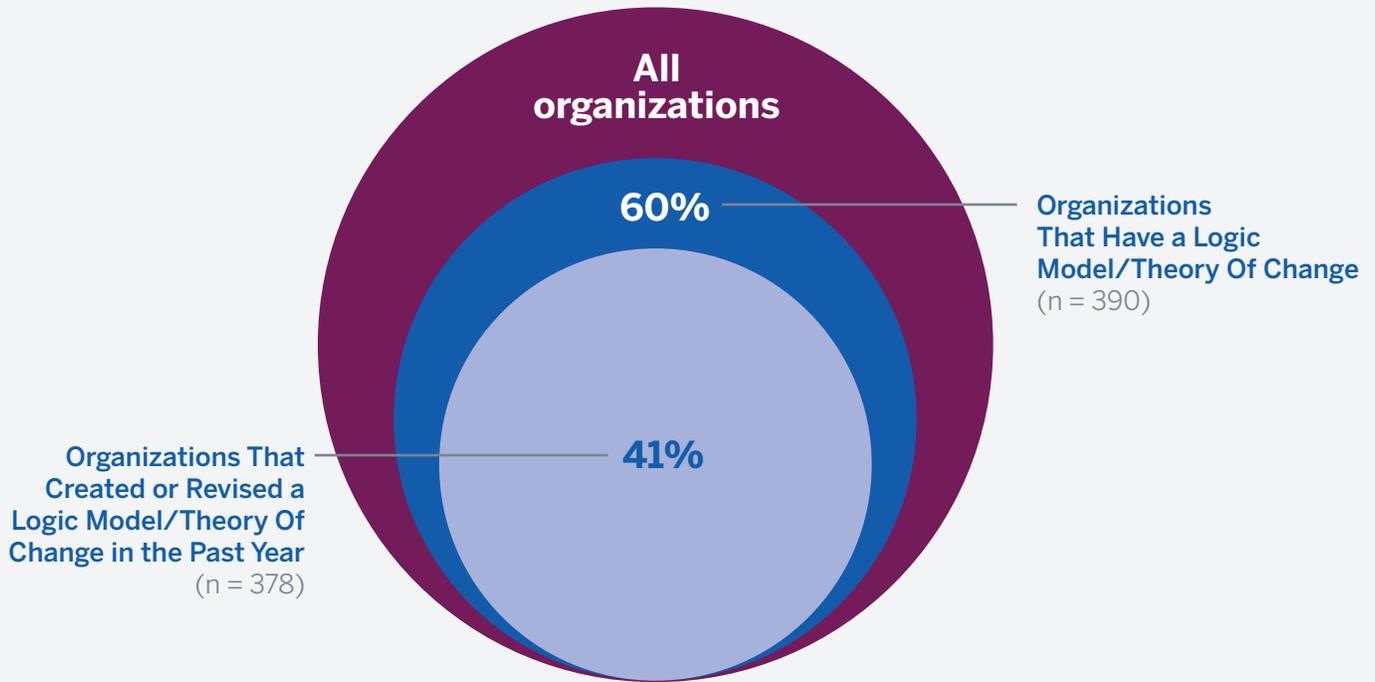
More than 70% of organizations are spending less than 5% on evaluation

Lack of funding for evaluation in the social sector is nothing new. Many critical functions of nonprofit organizations are chronically malnourished. Often constrained in ways organizations in other sectors are not, **nonprofit organizations are expected to “do more with less,”** cap executive pay, and exponentially scale services to eradicate overwhelming social problems. The evaluation funding picture in 2012 is virtually unchanged compared to 2010. In addition to under resourcing, few organizations are receiving support for their evaluation work: **38% of organizations reported that none of their funders supported their evaluation work** (compared to 36% in 2010).

Foundations and philanthropy are still the most likely source of funding for evaluation—32% of organizations reported receiving support from these sources for evaluation.

EVALUATION PRACTICE

Many organizations are **investing resources in planning** for their strategies and programs:

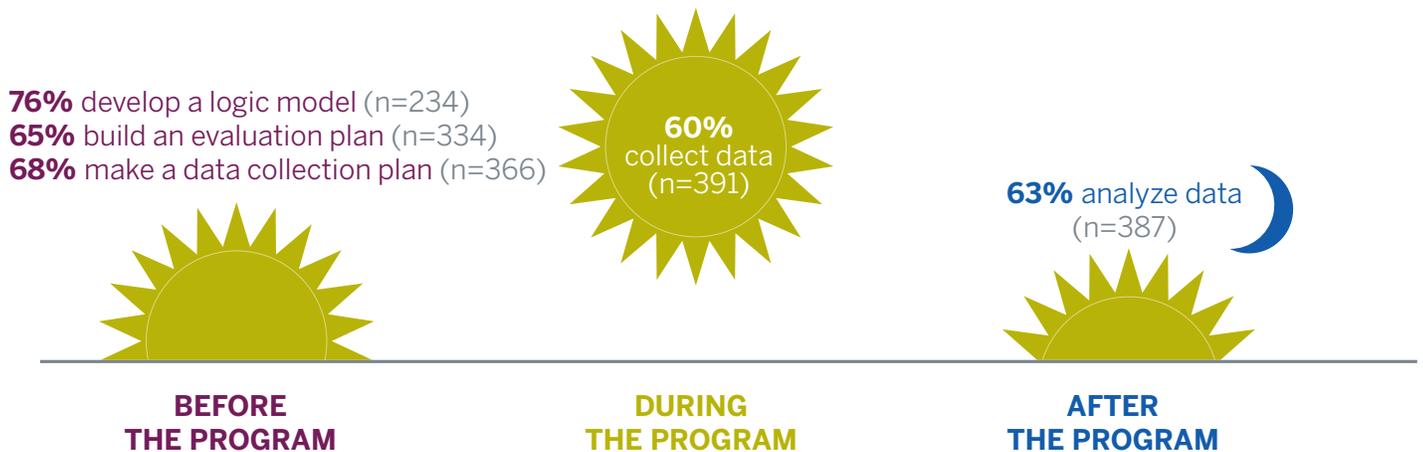


In 2012, 45% of **large organizations** had revised their logic model or theory of change within the past year (down from 56% in 2010).

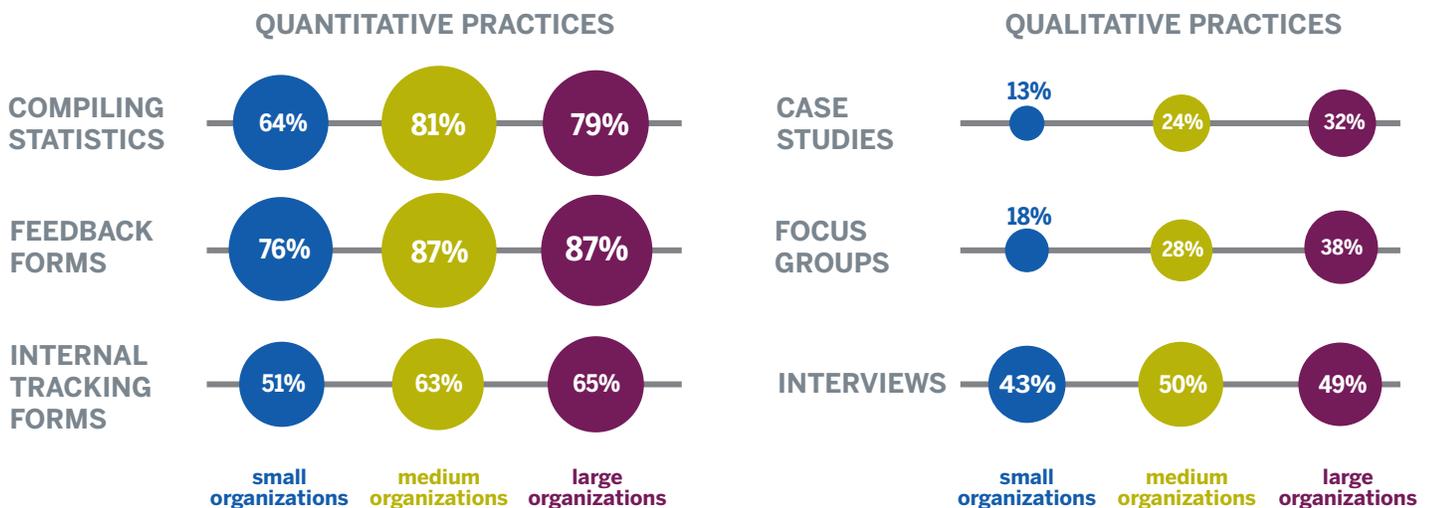
In 2012, 30% of **small organizations** had revised their logic model within the past year (down from 34% in 2010).

Timing of Evaluation Activities

Organizations carry out many different evaluation activities during the cycles of their programs and strategies. Of the organizations that engage in these activities, a majority complete a **logic model, evaluation plan, and a plan for data collection before** the program or strategy begins. Most organizations carry out **data collection during** the program or strategy's implementation, and most **analyze this data after** the program or strategy draws to a close. Note: Fewer organizations answered this question than the more general question of having or updating a logic model/theory of change. To compare between the data in this section and the data on the preceding page, compare the N values. For example, 233 organizations had a logic model/theory of change, versus 179 organizations reported developing a logic model before implementing a program.



More commonly in the sector, data collection is carried out using quantitative practices rather than qualitative practices. However, the **use of qualitative practices has increased** from 2010. Overall, quantitative practices still reign supreme. For funders and evaluators looking to build on what works, this may be the place to start.



STAFFING FOR EVALUATION

Evaluation capacity varies among nonprofits. Capacity within nonprofit organizations can range from being able to carry out entire evaluations in-house, to having difficulty tracking basic program data, and everything in between.

Most nonprofits rate themselves as having **moderate or high internal evaluation capacity**.



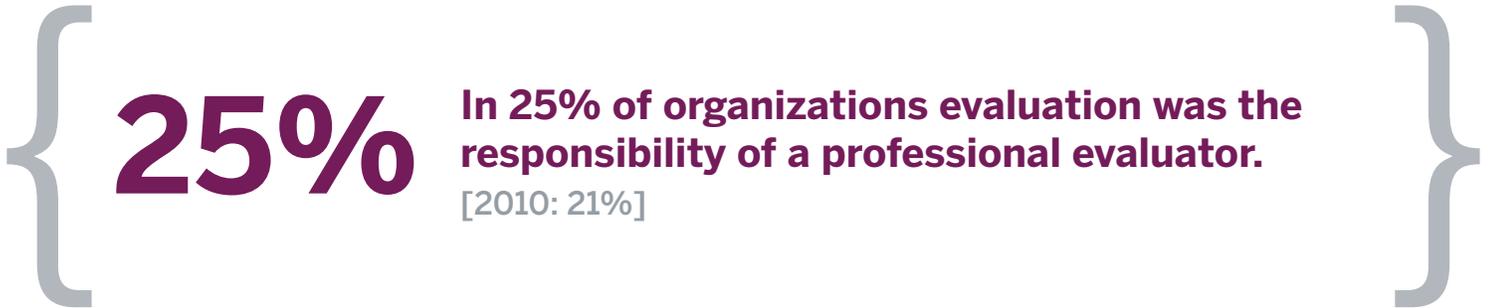
How does this self-assessment of capacity compare with the promising capacities and behaviors defined earlier? In the tree map on page three, self-reported evaluation capacity was but one element—and in the end, only 28% of organizations met the requirements. Here, the question is only about self-reported capacity. Digging deeper into organizations that reported high and moderate evaluation capacity, a large percentage (42%) did not report having a logic model or similar document, and fewer still reported updating the document within the past year. Clearly these are important pre-cursors to meaningful evaluation engagement. While self-assessments of evaluation capacity are informative—such as the data in this visualization—perhaps given the myriad different views on what constitutes evaluation and good evaluation practice, multiple data points may point to a more nuanced, well-rounded appraisal.

In 2012, **only 18%** of organizations had a full-time employee dedicated to evaluation.

[2010: 13%]



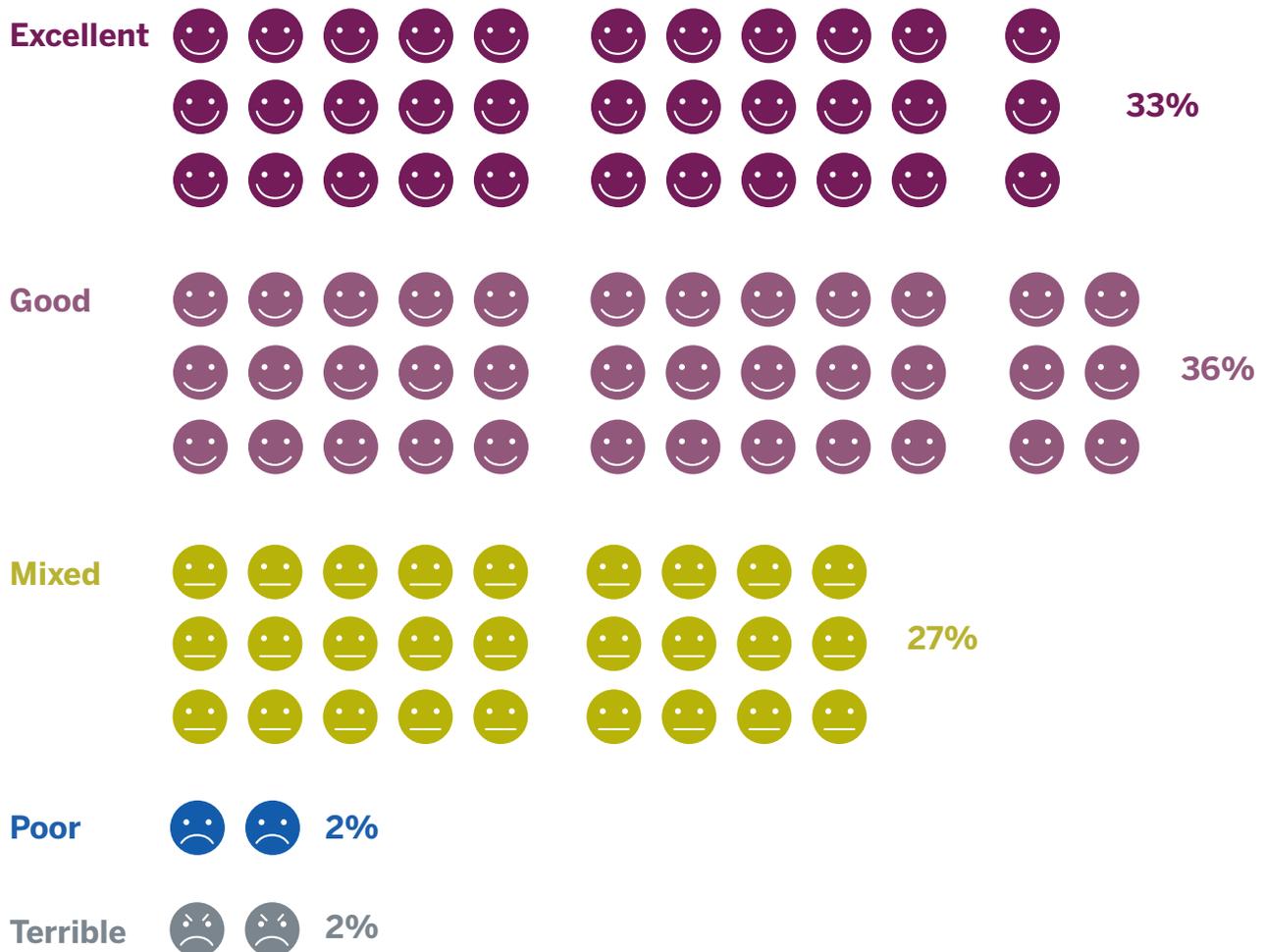
Organization size dramatically influenced staffing for evaluation—and logically so. Evaluation is a staff position that becomes feasible once an organization reaches a certain size. Up until that point, evaluation might be one of many responsibilities for a staff person, or supported by a part-time evaluation consultant.



Ratings of Experience Working with External Evaluators

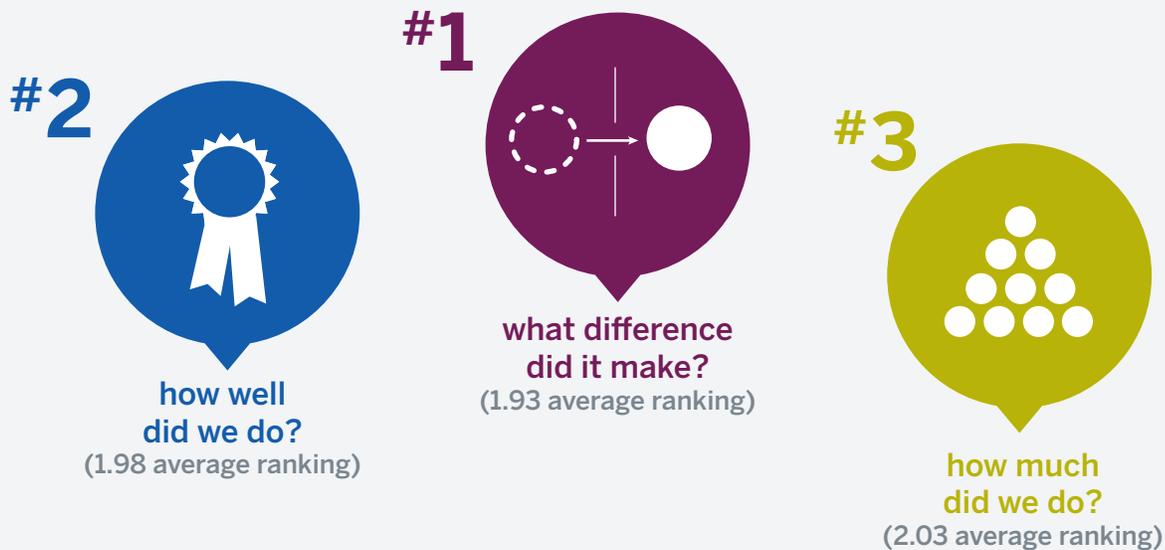
Organization size also affected the likelihood of working with an external evaluator. Of large organizations, 42% worked with an external evaluator compared to 17% of small organizations.

Similar to 2010, organizations that worked with an external evaluator were strongly positive about the experience (n = 128).

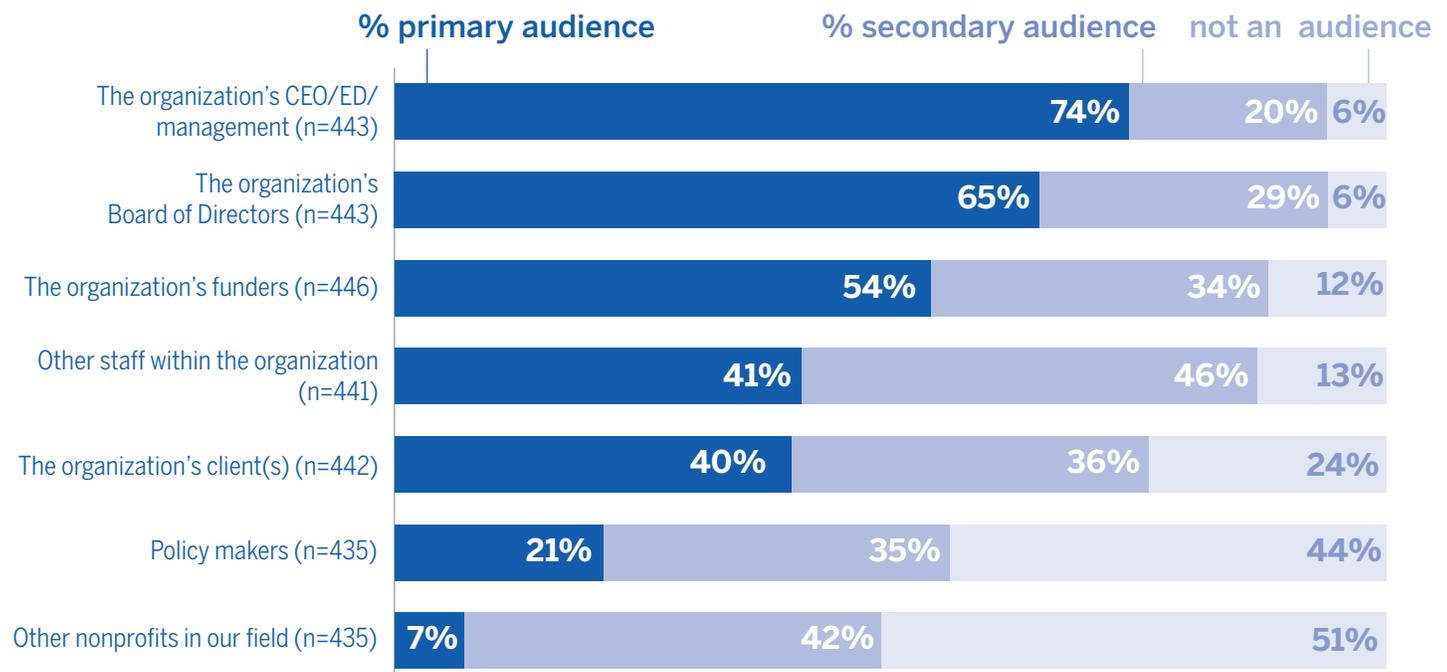


AUDIENCE & USE

Once again, nonprofit organization identified the question of **“What difference did it make?”** as their top choice of evaluation focus compared to **“How well did we do?”** or **“How much did we do?”** (In fact, this is the exact same ordering as we found in State of Evaluation 2010.) All three of these are important questions to ask. Answering the question of **What difference did it make?** informs nonprofits about their outcomes or impact. Answering **How well did we do?** provides information about quality and satisfaction. And knowing **How much did we do?** gives a sense of scope and quantity. Taken together, answers to these three questions provide nonprofit organizations with a fairly detailed picture of work and accomplishments.



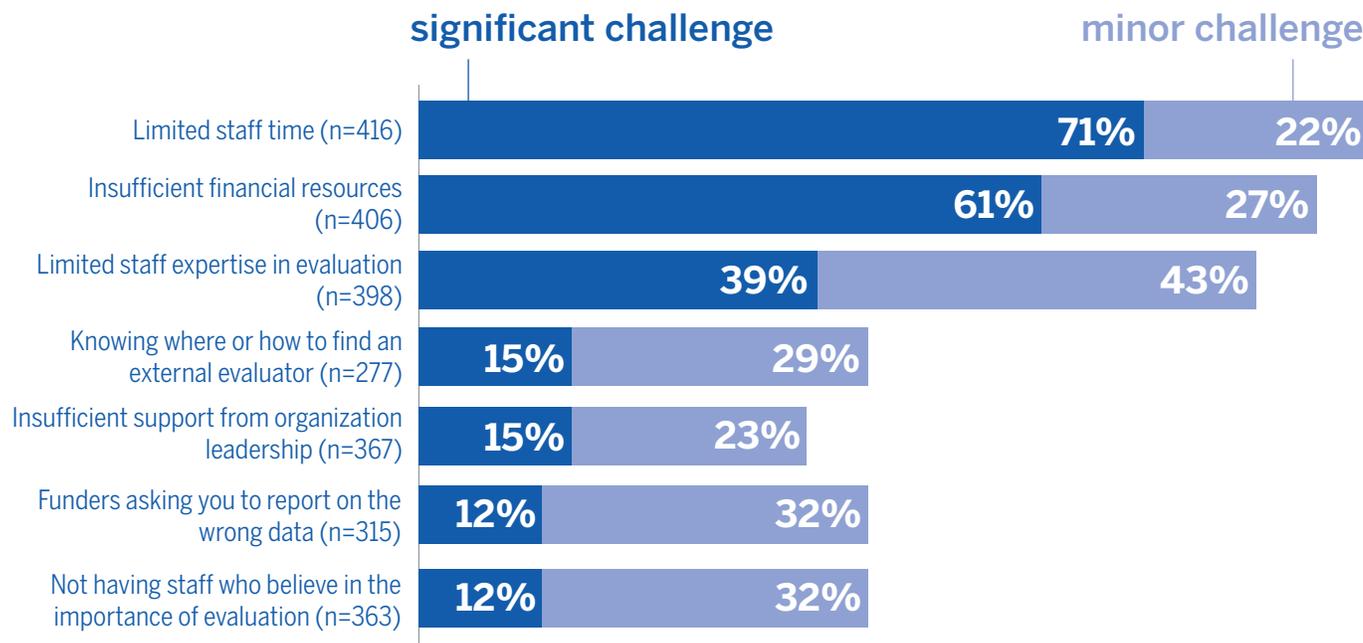
In State of Evaluation 2010, funders were named the highest priority audience for evaluation. In State of Evaluation 2012 we asked the question a little differently—instead of picking the top audience respondents were asked to indicate whether the audience was a **primary audience, secondary audience, or not an audience**. This year, although 54% of organizations reported that funders were a primary audience for evaluation, even more organizations—74%—said that the organization’s CEO, ED, or management was a primary audience.





BARRIERS TO EVALUATION

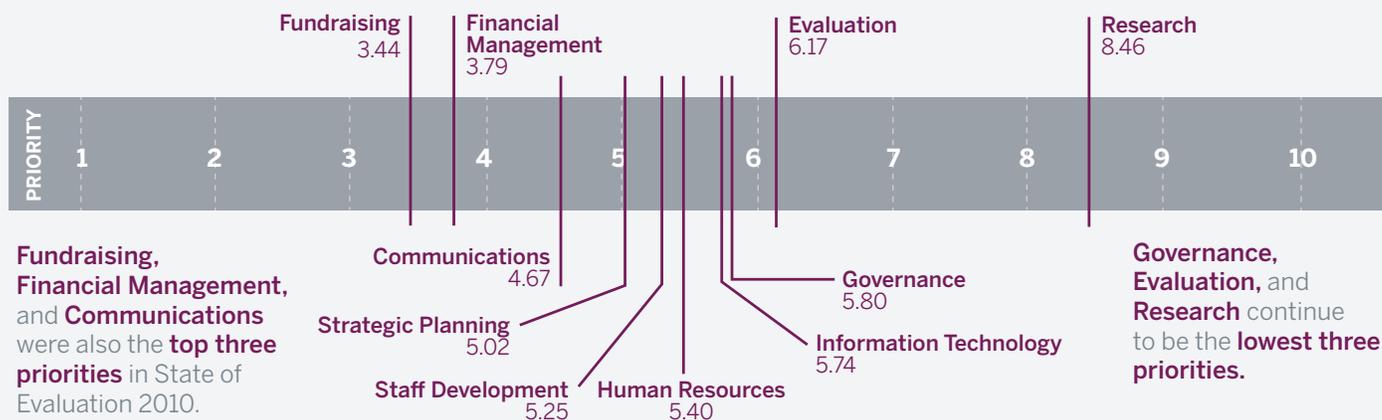
Limited staff time, insufficient financial resources, and limited staff expertise in evaluation are significant barriers to evaluation across the sector. These are the same top three challenges named in State of Evaluation 2010.



Notable differences:

- 28% of large organizations named “funders asking you to report on the wrong data” as a significant challenge, compared to 12% overall
- 21% of small organizations named “knowing where or how to find an external evaluator” as a significant challenge, compared to 15% overall

For all of these reasons and likely many others, evaluation (and its close relation, research) continue to be the lowest priority for many nonprofit organizations.



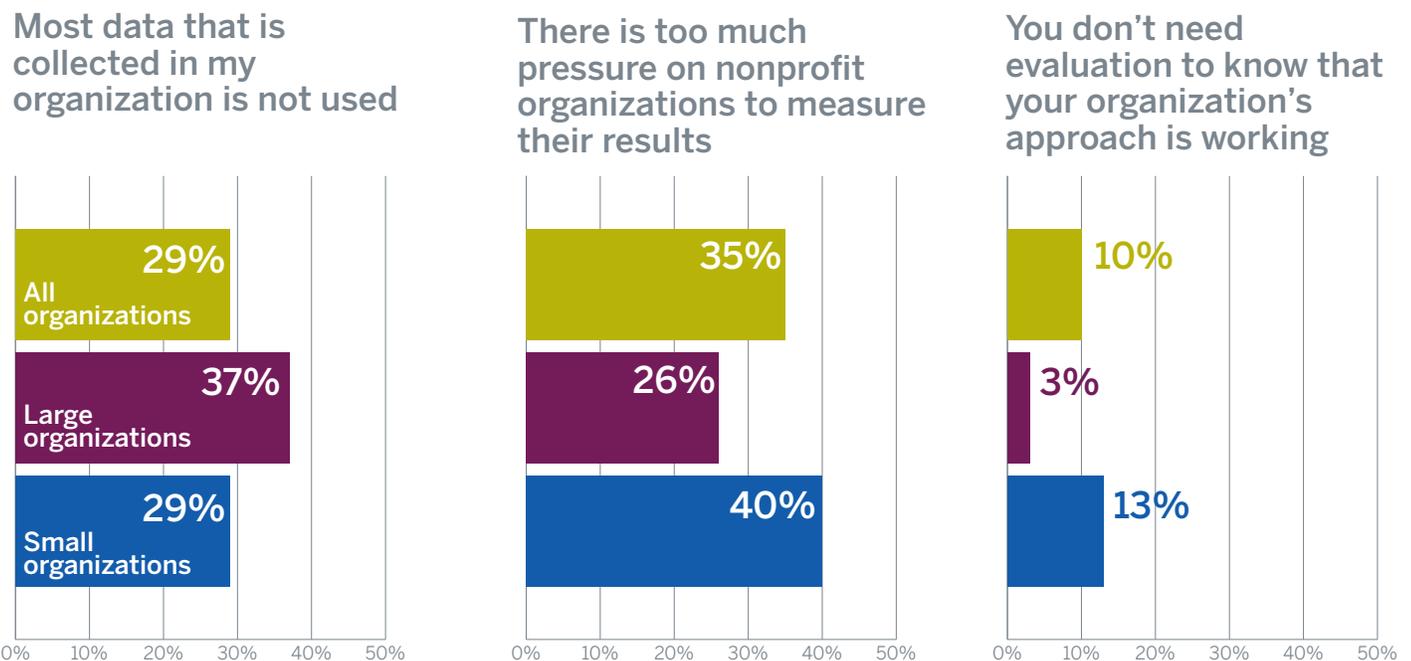
From the Source: Nonprofit Staff Opinions

We asked survey respondents—nonprofit staff, volunteers, and board members—for their opinions on a number of evaluation-related statements. The results were generally positive. For example, **82% of respondents agreed that discussing evaluation results with funders is useful.** On the other hand, only **37% of respondents agreed that funders are accepting of failure as an opportunity for learning.** These generally upbeat opinions seem to be a signal that the nonprofit sector is largely open to evaluation and all that it has to offer.

Percentage of staff who agreed or strongly agreed with the statement:



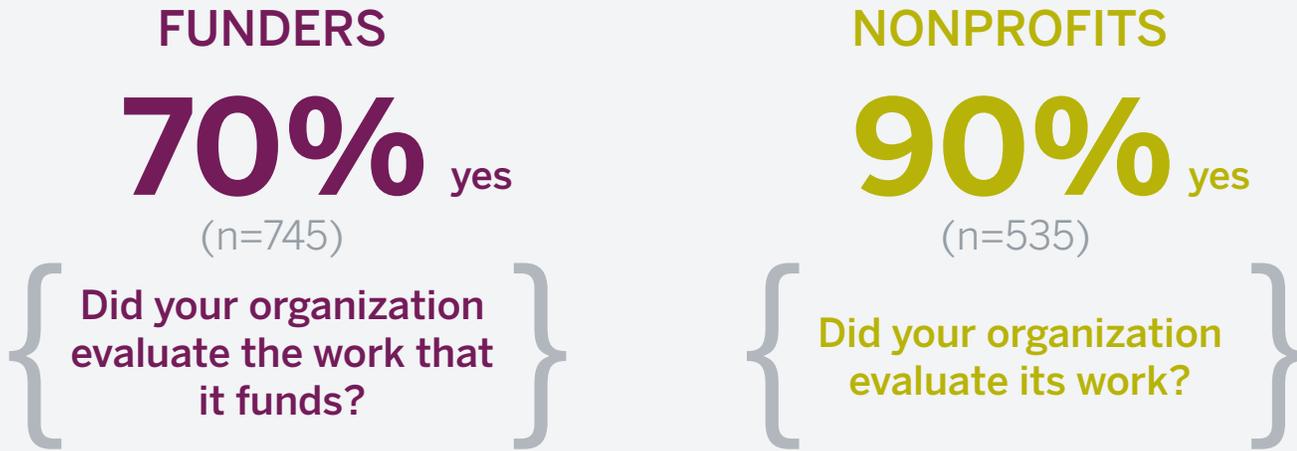
On some statements, staff from small vs. large organizations responded differently:



SOCIAL SECTOR COMPARISON

The social sector is made up of two primary groups—**nonprofit organizations** (often the “grantees”) and **funder organizations** (often the “grantors”). Social sector organizations are united in being mission-driven—orienting resources and efforts toward accomplishing broad-scale, long-term improvements.

So what does evaluation look like across the social sector?



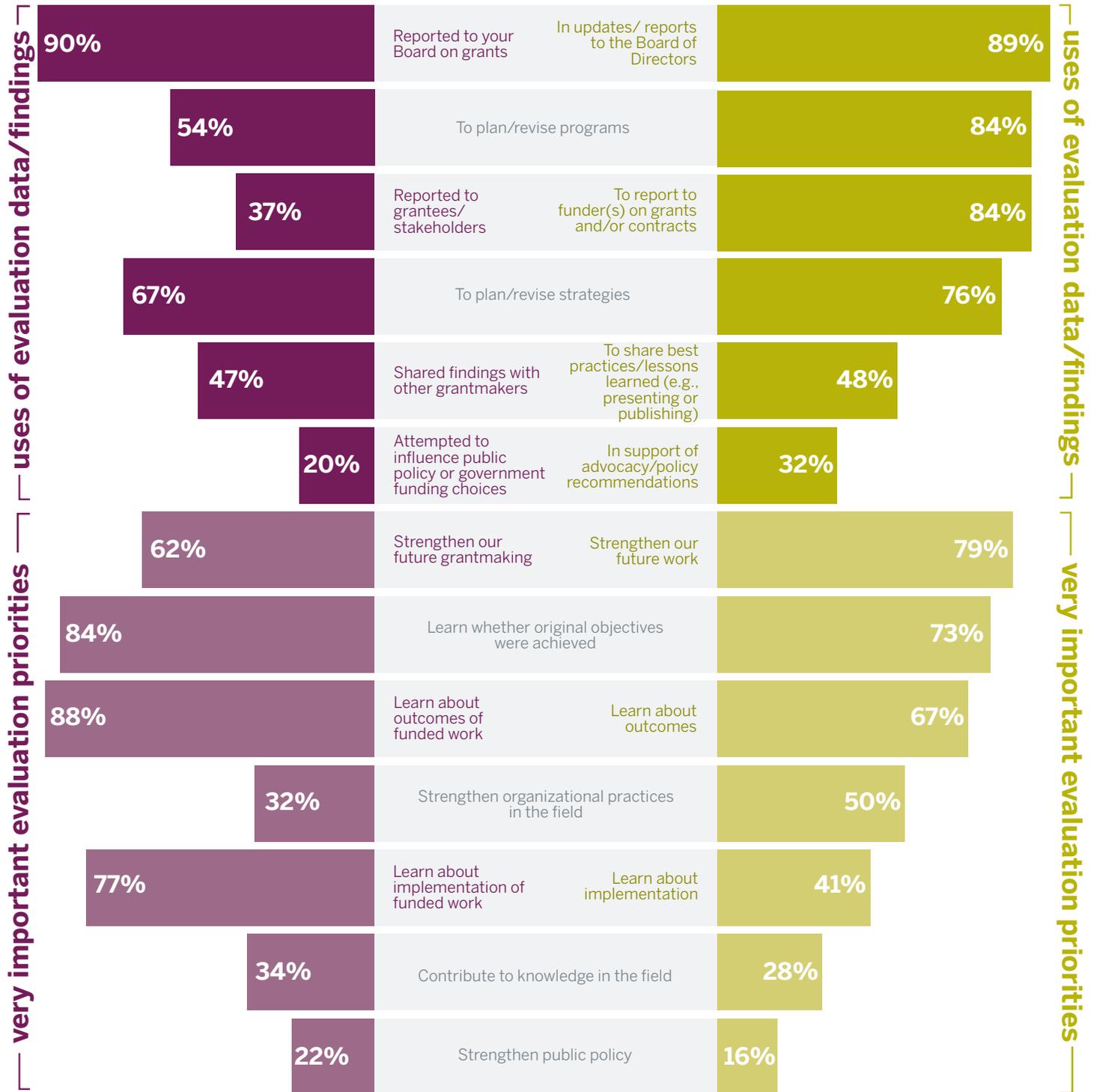
Funders and nonprofits generally ranked primary evaluation audiences along the same lines. **The top two audiences were internal**—for nonprofits it was the organization’s CEO/ED/management and Board of Directors, and for funders it was Board of Directors and organization staff. As a mid-tier audience, funders ranked grantees as their third audience (out of five total), and nonprofit organizations ranked funders as their third audience (out of seven total). **For funders and nonprofits the policy maker audience was a relatively low priority audience**—ranked last and second to last respectively.

PRIMARY EVALUATION AUDIENCE RANKING (with 1 being most important audience)		
	Nonprofits	Foundations
The organization’s CEO/ED/management	1	-
Board of Directors	2	1
Funders	3	-
Grantees	-	3
Organization staff	4	2
Clients	5	-
Policy makers	6	5
Other peer organizations	7	4

How do funders and nonprofits compare in their uses of evaluation data and evaluation priorities? Both funders and nonprofits use evaluation data in similar ways. For example, 90% of funders and 89% of nonprofits use evaluation data to report to their Boards. In some areas funders and nonprofits differed: for example, 77% of funders want to learn about the implementation of funded work compared to 41% of nonprofits want to learn about implementation.

FUNDERS

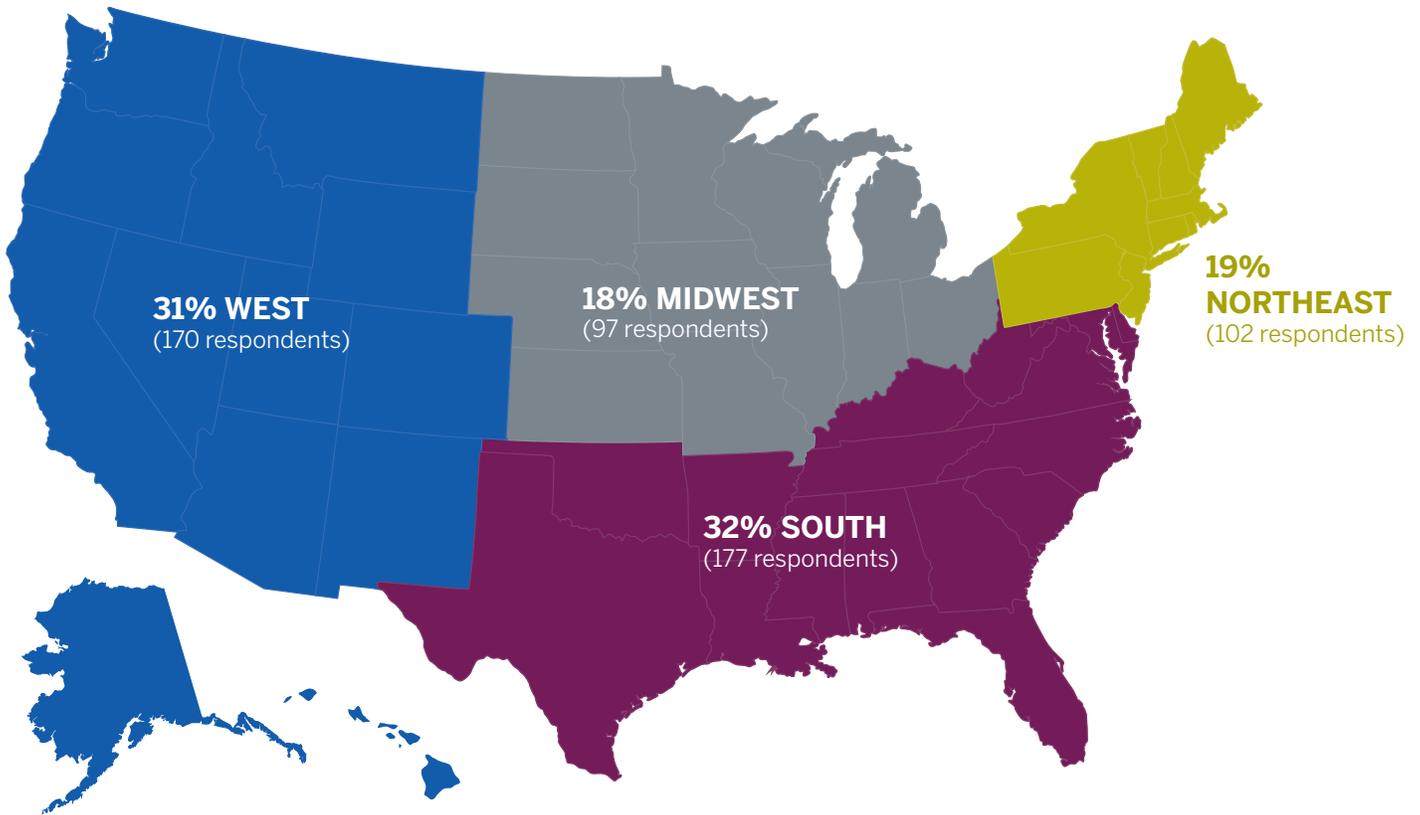
NONPROFITS



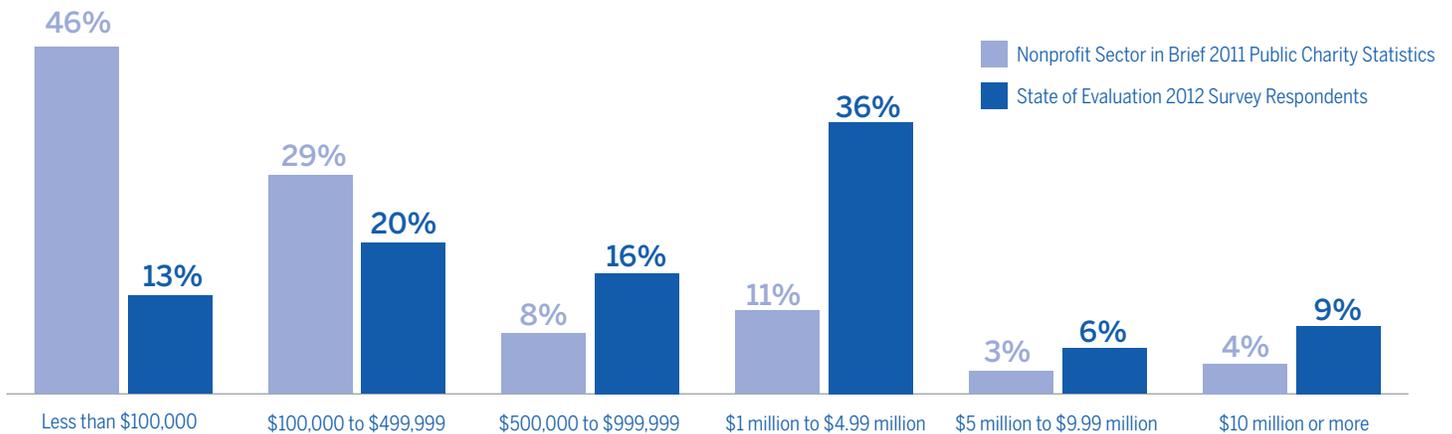
Funder data in this section is used with permission from Grantmakers for Effective Organizations and TCC Group, *Patterns and Trends in Grantmaking: A National Field Study of Grantmaker Practices* — 2011 (Washington, D.C.: GEO, 2011). To access the report, visit http://www.geofunders.org/storage/documents/2011_field_study_full_data.pdf.

METHODOLOGY

In 2012, 546 representatives of 501c3 nonprofit organizations responded to the State of Evaluation 2012 survey. Respondents were from across the United States.



The State of Evaluation project is the first nationwide project to systematically and repeatedly collect data from U.S. nonprofits about their evaluation practices. The project was launched in 2010 and endeavors to resample nonprofit organizations every few years to develop a rich data set. Like we did in 2010, we compared our sample to the most recent analysis of Urban Institute's National Center for Charitable Statistics data. Again, respondents to our survey were, on average, from larger organizations than is the national average.



Source: Roeger, K. L., Blackwood, A., and Pettijohn, S. L. (2011). *The Nonprofit Sector in Brief: Public Charities, Giving, and Volunteering, 2011*. Urban Institute, National Center for Charitable Statistics. <http://www.urban.org/publications/412434.html>

Primarily,
executive staff
completed the survey:



The majority of
organizations focus
on the **local level**:

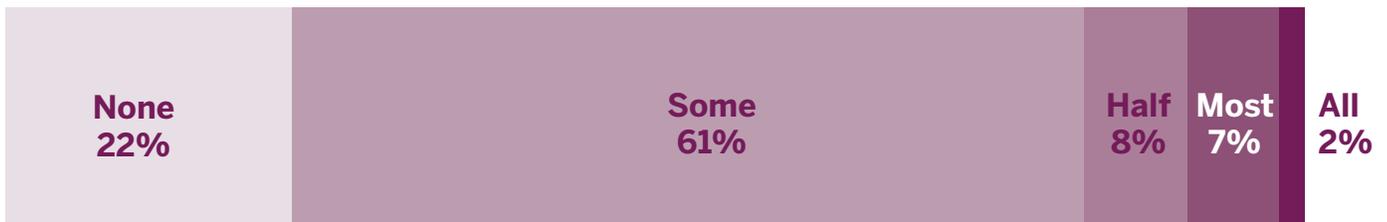


More than half
of the organizations were
more than 20 years old.



Engagement in advocacy

Approximate percentage of organization work
(based on budget) that is advocacy (n=534)



CONCLUSION

In many ways, the picture painted by the State of Evaluation 2012 data is remarkably similar to the first iteration of the report produced in 2010. **Evaluation is being used throughout the sector by many organizations for a variety of amazingly good purposes.** On the other hand, many of the same challenges remain: an important percentage of organizations are not engaged in evaluation (especially small organizations), incredibly useful qualitative data collection and analysis practices are scarce, and evaluation continues to be a low organizational priority.

So what is the overall State of Evaluation in the nonprofit sector for 2011? Again, we would choose to judge it as “fair.” Going a step further to ponder the broader social sector (including funder organizations), this capacity would also likely be “fair.” There is room for both nonprofit organizations and funders to use evaluation more to collect data, learn about their work, and make improvements.

While it is unclear what the future holds, it is our hope that in the next iteration of the State of Evaluation we are able to see meaningful movement toward an increasingly robust evaluation future. **We believe evaluation is within the grasp of all nonprofit organizations.** To that end, we are excited to continue our own work of building the capacity of nonprofit organizations, providing free evaluation tools and resources through our website, and being a voice for evaluation in the sector.

STATE OF EVALUATION 2012: Evaluation Practice and Capacity in the Nonprofit Sector

October 2012

Researched and written by Johanna Morariu, Katherine Athanasiades,
and Ann Emery

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#SOE2012



TRANSFORMING EVALUATION FOR SOCIAL CHANGE

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A word cloud featuring various terms related to program evaluation and outcomes. The words are arranged in a dense, overlapping pattern. The largest words, shown in a dark blue color, are 'program', 'evaluation', 'outcomes', 'goals', 'process', 'effectiveness', 'performance', 'assessment', 'measuring', 'work', 'impact', 'based', 'mission', 'clients', 'results', 'progress', and 'success'. Smaller words, shown in a purple color, include 'services', 'project', 'organization', 'review', 'data', 'staff', 'activities', 'improvement', 'qualitative', 'mission', 'clients', 'effectiveness', 'progress', and 'success'. Other words in various sizes and colors include 'measurement', 'desired', 'information', 'meeting', 'evaluations', 'defined', 'areas', 'value', 'strategic', 'time', 'organizational', 'research', 'board', 'quantitative', 'help', 'number', 'use', 'students', 'objectives', 'individual', 'surveys', 'measures', 'against', 'met', 'whether', 'analysis', 'improve', 'looking', 'satisfaction', 'using', 'determine', 'financial', 'client', 'agency', 'year', 'define', 'track', 'service', 'quality', 'change', and 'determining'.