OUTCOME MEASUREMENT IN NONPROFIT ORGANIZATIONS: Current Practices and Recommendations

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The Research Program at INDEPENDENT SECTOR promotes the understanding of charitable organizations by undertaking new research and analysis to define and chart the nonprofit sector and ways it can be of greatest service to society. It conducts empirical research and convenes forums with its partners to produce useful information for those who work in and support the nonprofit sector in the United States and abroad.

Launched in 1996, the Measures Project is a major initiative of the INDEPENDENT SECTOR Research Program. The long-term goal of the project is to measure the impact of the third sector on society. Building a body of knowledge about the roles and contributions of nonprofit institutions is a central component of the project.

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THIS REPORT provides a view of the state of outcome measurement as implemented in a number of private nonprofit service organizations engaged in outcome measurement. It provides examples of procedures that some organizations have been able to implement and use for outcome measurement. Managers, leaders, and staffs of nonprofit service organizations of all kinds are the primary audience for this report. The research community is a secondary audience.

Nonprofit organizations are increasingly being pressed to measure and report their outcomes regularly to funders and other constituents. Service organizations are increasingly recognizing that they need some form of regular feedback on their outcomes to help them improve their services. Outcome measurement is a process by which nonprofit organizations can help meet these needs. An *outcome* describes a specific desirable result or quality of an organization's services. (For example, an outcome relevant to an organization whose mission is to help keep teenagers in school would be a youth's completion of high school, rather than dropping out.) Outcome *measurement* involves the identification of outcomes; development of appropriate outcome indicators and data collection procedures; data analysis to better understand organization achievements; and user-friendly, regular reporting of the findings.

Outcome measurement is new to most private nonprofit organizations. Nonprofit organizations are more often familiar with monitoring and reporting such information as the number of clients served, the quantity of services, programs, or activities provided, the number of volunteers or volunteer hours contributed, and the amount of donations received. These are important data, but they do not help nonprofit managers or constituents understand *how well they are helping their clients*; that is, such statistics provide administrative information about programs, but not about the program's results. For program improvement, further examination of the reasons for good or poor results is needed.

A cautionary note: it will usually not be appropriate to conclude that an agency's program is *fully* responsible for the outcomes reported, whether the outcomes are good or bad, because many other factors usually contribute to service outcomes. Rather, outcome measurement enables program managers to have a running score of how their programs are doing and to identify areas where attention is needed. The extent to which the program has caused the outcomes can best be determined (if determined at all) by in-depth program evaluations. These evaluations, however, are generally expensive and will seldom be feasible for most service organizations, unless they are funded by an outside organization such as a government agency or a foundation.

For this effort, we selected a sample of organizations that responded to INDEPENDENT SECTOR's 1998 *Measures Survey*, specifically those that reported collecting outcome information on a regular basis. Our sample included only nonprofit organizations that provided services directly to clients (end services), not those whose primary function was to provide services to other organizations. We included organizations that provided human services (including vocational rehabilitation, employment training, youth services, housing and homeless services, and meals/nutrition programs) and health and mental health services (excluding hospitals), as well as environmental and animal protection organizations.

We conducted telephone interviews with, and reviewed documents from, thirty-six organizations. Four of the organizations were not in INDEPENDENT SECTOR's *Measures Survey* but were recommended to us because they had strong outcome measurement practices.

The following sections detail our major findings and recommendations. Findings are organized by topics covered in the report: (1) types of outcome information collected by nonprofit organizations, (2) data collection procedures for measuring outcomes, (3) analysis of outcome information, and (4) reporting and use of outcome information. Because the organizations whose outcome measurement efforts we

examined are not a representative sample, statistics presented here should not be assumed to represent nonprofit organizations generally. Rather, they provide a picture of nonprofit outcome measurement as it is being practiced by nonprofits that are more experienced in this area.

KEY FINDINGS
Types of Outcome Information Collected by Nonprofit Organizations

Approximately 83 percent of the nonprofit organizations examined regularly collected and tabulated data on at least some outcomes related to results achieved, including client condition after service provision. While most organizations collected information on client condition shortly after completion of services, eleven organizations of various types sought information on the condition of clients at some period *after* services were completed.

Slightly more than half of the thirty-six organizations collected client satisfaction information from clients, indirect customers, or other stakeholders. Some organizations collected information on overall customer satisfaction only; others sought information on such aspects of service quality as timeliness of service provision, helpfulness of staff, and so forth.

Data Collection Procedures for Measuring Outcomes

Twenty-eight organizations conducted some form of survey of clients, family members, or others, about either client outcomes or satisfaction with services. Sixteen organizations asked only about satisfaction with the service and did not ask about the client's condition. Youth and human services organizations were more likely than other organizations to use client surveys to collect information about client outcomes.

Twenty-three organizations used agency record information to construct outcome information. Environmental, health and mental health, and vocational rehabilitation services organizations relied more on administrative records for constructing outcome indicators than did other types of organization.

Only a few organizations applied other methods of data collection, such as knowledge tests (usually with pre- and post-test administration) or trained observer ratings, or used special equipment to obtain data.

A small number of organizations used volunteers to help with their data collection efforts. Volunteers were most commonly involved with assessing environmental conditions through activities such as drawing water quality samples.

Eleven organizations that collected post-program data on outcomes did so at intervals ranging from three to twelve months. Six organizations surveyed clients as long as twelve months after completion of services. Organizations reported that maintaining contact with clients after they leave services can be difficult. Follow-up requires extra effort and staff time to collect and update contact information, as well as budgeting for the cost of mail surveys and added staff time.

A small number of organizations followed up on client drop-outs. Such former clients are an important group to reach because they can provide insights into service areas that need improvement.

Most nonprofit organizations did not use sophisticated data collection techniques. For example, only three organizations reported using sampling procedures to survey a portion of their client base. (If done properly through randomized selection, sampling can provide organizations with a more efficient and less expensive means for measuring outcomes.) Only two organizations attempted to provide comparison group data.

Seven organizations tracked their survey response rates; each of the seven had achieved response rates of at least 30 percent, and a few obtained rates over 40 percent. Two organizations achieved response rates of 60 percent. Two organizations used incentives to encourage responses to data collection activities.

Most organizations were not able to provide the cost of their outcome measurement activities. Apparently most organizations did not treat their outcome data collection activities as separate budget items and thus could not identify the costs associated with them. In some cases, collecting data for outcome indicators was closely linked to service provision, as, for example, when program staff administered pre- and post-tests or surveys to participants during the initial and final sessions of the program. In such cases, costs of outcome data collection were apparently viewed as negligible and as part of the overall cost of service provision. This was also the case for information routinely collected in individual client records by organizations that provide counseling, health care, and other human services.

Analysis of Outcome Information

Nineteen organizations undertook some form of data analysis to help in making program improvements and reporting results. Some organizations did not conduct data analysis because they were in the process of developing outcome indicators or had only recently begun collecting data.

Most organizations used some type of comparison to analyze outcome data. Eleven organizations indicated that they were comparing outcome levels over time, a traditional way to monitor progress. Five organizations compared their outcome data to prior targets they had set. Six organizations compared outcomes across different organizational units. One agency reported comparing its customer survey outcomes to those of other organizations that used the same customer survey questionnaire.

None of the organizations appeared to have disaggregated outcome data by client demographic characteristics, a method commonly used to help identify variation in outcomes among different types of clients and to identify potential needs for modification of services. Only four of the thirty-six organizations tabulated their outcome data by program type or geographic location.

Three organizations used statistical procedures to analyze outcome data. Six organizations provided explanatory information in their reports on outcomes. Identifying reasons for outcomes, particularly those that are not as good as anticipated, can make staff and other audiences aware of internal or external factors that are believed to have affected performance.

Reporting and Use of Outcome Information

The most common audiences for outcome reports were the organizations' boards and funders, including government agencies (federal, state, or local). In some cases, funders required organizations to report outcomes. Certain organizations, primarily health, mental health, and vocational rehabilitation organizations, reported outcome data to accrediting organizations.

Few organizations reported outcome information to clients, volunteers, or the general public. However, some organizations reported outcomes in annual reports, newsletters, or program brochures, which could reach these audiences.

In general, organizations' presentation of outcome information made limited use of presentation techniques that make data interesting and user-friendly, such as bar charts and other graphic presentations. However, we found several examples of skillful outcome data presentation used by a variety of organizations.

Sixteen organizations reported that they primarily used outcome data for program improvement. Fundraising was another common use of outcome information (reported by ten organizations in our sample).

KEY RECOMMENDATIONS
Types of Outcome Information Collected by Nonprofit Organizations

1. Regularly (at least annually) collect and tabulate data on at least one outcome for each program or service. It is usually preferable to collect data on more than one outcome. Aggregate the data in the form of numerical indicators by expressing the outcome indicators as the number or percent of a specific measurement. Aggregating data across clients makes data more useful, for example, by enabling organizations to track changes over time. Aggregated data is also easier to communicate to external audiences.

2. Attempt to collect information on the condition of clients both at the end of services *and* some time after services have been completed in order to track a program's results over time. Clients, family members, staff, or trained observers can often provide information on client condition. Organizations should also consider following up on clients who have dropped out of their programs.

3. Collect information on outcomes that reflect customer satisfaction with overall services and with specific aspects of service quality.

Data Collection Procedures for Measuring Outcomes

1. For most health and human services organizations, client surveys should be considered a primary means of obtaining information on both client condition and client satisfaction with services.

2. When surveying clients, organizations should take steps to encourage response in order to achieve adequate response rates. Common practices to improve response rates include multiple mailings of questionnaires, multiple follow-up phone calls, and provision of incentives for completing the questionnaire. A 50 percent response rate is adequate. To obtain adequate representation, organizations should survey all of their participants or a reasonable random sample.

3. Data collection instruments should be tested when they are new or when they are being used with a new type of respondent for whom the instrument may not have been designed. Use a pilot test to determine whether respondents similar to the target audience understand the wording of questions, as well as whether the questions measure the outcomes that the organization is attempting to measure.

4. Organizations providing direct services to clients should, when possible, maintain records on each client, including demographic characteristics, types and amounts of program services provided, beginning status or condition levels, progress made during the program, and outcomes after the program. This will enable the agency to develop outcome information that can help the agency continually assess the outcomes achieved for different types of clients and for each of its service approaches.

5. Organizations seeking to make long-lasting improvements should collect post-service information on clients or environmental conditions three, six, nine, or twelve months after program completion. Twelve-month (or later) follow-ups are preferable because they provide better evidence that the organization's help was enduring. Post-service condition information should, when possible, be compared with similar information obtained at clients' entry in order to obtain indicators such as number and percent of clients whose condition improved substantially. To make follow-ups feasible, organizations may take such steps as keeping contact information for clients up-to-date (for example, by verifying the information each time the client is in contact with the agency) and placing more emphasis on client "after-care" so that client status is monitored periodically.

6. Use volunteers or contributed time of professionals to reduce labor costs associated with various aspects of outcome measurement.

7. Use mail survey questionnaires for client surveys, when feasible, rather than telephone or in-person interviews. Mail surveys, even after multiple mailings, are an inexpensive way to collect information about changes in client conditions and about satisfaction with services.

8. Keep questionnaires and other data collection instruments simple, especially when beginning outcome measurement. Organizations are often tempted to continually add data items to be collected, but doing so may reduce client response rates and overly tax an agency's ability to process and analyze the data. Wait until the agency has gained experience and has resources available to handle the extra information before adding items to data collection instruments.

9. Take appropriate steps to maintain client confidentiality. For data collection procedures that require participation by clients, especially when information on sensitive topics is sought, or when data are obtained from children, it may be necessary to obtain consent from clients or their parents.

Analysis of Outcome Information

1. Organizations should examine their outcome data for (a) time trends, (b) differences among major categories of clients (such as gender, age, race/ethnicity) as appropriate, (c) differences among similar service units or service procedures within the agency, (d) differences among similar organizations, and (e) differences from targeted values. Client groups whose outcomes are worse than others should be highlighted for possible action, as should units with outcomes poorer than those achieved by similar service units.

2. Analyze program outcomes by reviewing information from more than one data source. Programs often survey multiple stakeholders or use multiple measures to assess similar outcomes. For example, youth development programs may survey the youths served, their parents, and their mentors to assess youths' progress in a program. Data from each of these sources should be analyzed.

3. Someone on the agency staff should be responsible for providing an interpretation of the outcome data contained in each outcome report. Indicators whose values are substantially improved or better than expected should be highlighted. Values that are worse than expected should be examined for potential reasons and be identified as needing improvement. Provide explanations, even if only conjectural, as to the reasons for disappointing outcomes and for those that were unexpectedly good.

4. Consider experimenting to find ways to improve outcomes, perhaps by using different service delivery approaches or by implementing small pilot programs and monitoring changes in indicator values against an unmodified program. When experimental changes are successful, make similar modifications throughout the program and monitor for positive results. If they are not successful, consider conducting additional experiments.

Reporting and Use of Outcome Information

1. Prepare regular written reports on outcome indicators. Reports should be clear and user-friendly. Avoid presenting data in formats that make information difficult to read. Do not crowd too much information on a page, especially in reports for external audiences. Make selective use of graphic presentations such as bar charts and line graphs. Clearly define each indicator where the data for it are presented, and identify the source and date for all data used and presented. Present explanatory information to help readers understand why some data are disappointing and to put unexpectedly good outcomes in perspective. Avoid using technical jargon.

2. Distribute outcome data regularly to all personnel who are in a position to affect services. Provide at least quarterly reports for internal use. Hold "How are we doing?" meetings between managers and staff to discuss the data and identify reasons for indicator values, particularly those that are especially high or low. Use these meetings to brainstorm possible program modifications to help achieve better outcomes.

3. Develop and implement action plans aimed at resolving problems indicated by the most recent outcome reports. When reviewing later outcome reports, assess whether the

actions taken appear to have helped and make modifications as appropriate. Use breakouts (by key client demographic characteristics) and comparisons recommended in chapter four to help identify where programs are working well and where not so well.

4. Promote accountability by reporting outcome information at least annually to customers, the general public, funders, and government agencies with responsibility for services the agency provides. In this way organizations can document the progress they are making, as well as ensure donors that their resources are being well spent. Including outcome information in an agency's annual report is one way to promote widespread distribution of outcome data for accountability purposes. Make sure the reports are easily accessible to the general public, perhaps through local libraries.

5. Web sites and other electronic media use for inexpensive dissemination of outcome information. However, not all populations have equal access to the Web, so it should not be used as the sole means of report dissemination. Web site reporting allows organizations to use colorful presentations, such as multi-colored bar charts, that are often prohibitively expensive in printed documents.

6. Exercise caution before making major changes based on outcome information. Double-check data for accuracy and look for explanatory information. In some cases, there may be errors in the data, the data may have been collected inappropriately, or data may not accurately reflect the desired outcome. For example, one youth services organization discovered that the lack of improvement in scores on its pregnancy prevention post-tests appeared to be related not to the program's effectiveness in providing relevant information but to the low reading skills of many participants.

OBSERVATIONS

Clearly, even for the nonprofit organizations we examined, which were somewhat experienced in outcome measurement, regular outcome measurement is a recent activity. Most organizations performing outcome measurement are just beginning to become comfortable with it and to use the information to improve programs and support other activities such as marketing or fundraising.

The capacity to perform reasonably valid outcome measurement, especially for following up on clients after they have left services, remains a major issue for many private nonprofit service organizations. A number of these organizations were clearly making progress in this area, however.

On the whole, it appears that few organizations have been exposed to a significant amount of training in implementing outcome measurement, analyzing it, and then using the resulting information. Exceptions appear to be some United Way organizations, which had received training in outcome measurement, and organizations for which a national association (such as Boys and Girls Clubs of America or Girl Scouts of the U.S.A.) had provided written instructional materials. Much more in the way of training and technical assistance is needed.

We believe that more substantial progress can be made if technical assistance is provided to these service organizations, especially the smaller ones. Such assistance might come from national associations, local community foundations, and local governments that either provide funding support for technical assistance or provide direct assistance.

Funders of nonprofit organizations should promote outcome measurement by the organizations they fund. Currently, some funders restrict spending to direct service provision, or otherwise limit the use of funds so that they cannot be used for outcome data collection and analysis. Allowing organizations to use some of their grant money for these purposes, or even setting aside some funds for outcome measurement, would facilitate outcome measurement. Funders can promote agency accountability by asking—or even requiring—that organizations they support provide outcome information to the funder and to the public.

A learning curve is inevitably associated with any new endeavor. Organizations are likely to encounter some frustrations and setbacks with any new activity, whether it is a new service, modifications to an existing service, expansion to serve different types of clients, or new computer software. Similarly, some challenges and problems will likely be encountered in introducing outcome measurement to an agency. These should diminish with experience. The rewards of having useful outcome information that enables managers and constituents to track how well they are doing and helps improve their services to clients is well worth the effort.