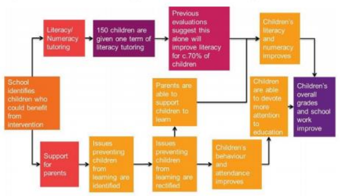
Should my charity be thinking about Theory of Change and Impact Measurement?

Theory of Change

Today, more and more charities are using theories of change, and more and more funders are asking to see them. So, what is a theory of change, and why is it so valuable?

A theory of change shows the change your organisation wants to make, and the steps involved in making that change happen. It is *your theory* of how you create change. It also depicts assumptions that lie behind your reasoning, which you can test by collecting data. Theories of change are often visual, but written descriptions are fine too.

Figure 1: Need: Children are falling behind at school because of problems at home



There are 3 main reasons a theory of change is useful:

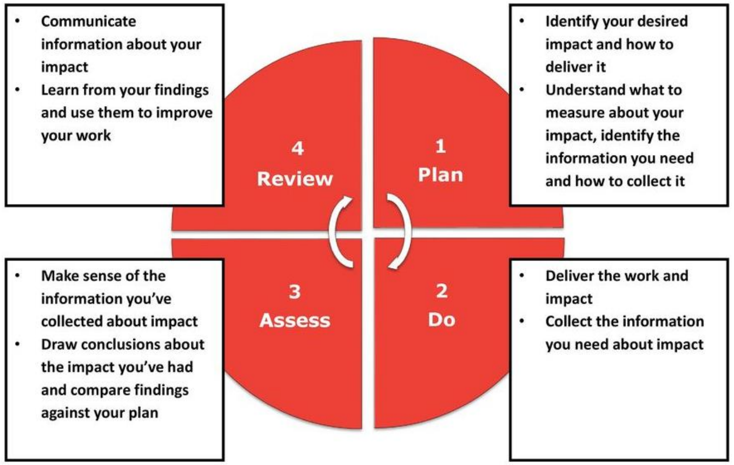
- **Strategy:** a theory of change helps you understand whether you are doing the right activities to meet your goals. It also helps you think about whether there are things you currently do that *do not* help you achieve your goals.
- **Measurement:** a theory of change provides a framework to start thinking about measuring your impact. Each of the arrows in a theory of change is an assumption which needs testing with evidence.
- **Your place in the wider sector:** which activities and outcomes can you achieve alone, and which need greater collaboration with other organisations to achieve?

A theory of change forces you to take a clear, simple view, crystallising your work into as few steps as possible to capture the key aspects of what you do. We have since produced practical guidance to help charities think through the process of developing a theory of change.

Impact Measurement

Measuring your impact will help you to make the greatest difference possible for your beneficiaries, help to attract funding, and, well designed, motivate staff and volunteers. Each step in a theory of change represents an assumption about the change you generate—measurement provides the evidence these assumptions are correct. But impact measurement should be proportionate to your organisation's size and resources. Don't measure everything—prioritise what is most important to you to measure.

Impact practice comes in four parts: **plan, do, assess, review**:



After choosing which outcomes you want to measure, you will want to select your sources and tools. At NPC we think about the 5 types of data you can collect to understand your impact: user, engagement, feedback, outcome and impact data.

Beginners step by step guide to impact practice

The Code of Good Impact Practice

Before embarking on impact measurement, take a look at the principles which underpin impact practice:

1. Take responsibility for impact and encourage others to do so too
2. Focus on purpose
3. Involve others in your impact practice
4. Apply proportionate and appropriate methods and resources
5. Consider the full range of the difference you make
6. Be honest and open
7. Be willing to change and act on what you find
8. Actively share your impact plans, methods, findings and learning

Step by step guide to impact practice

Plan what you want to measure (PLAN)

- Ask yourself: what do we want to understand about our work? Who is benefiting from our work? Write a mission statement (or reflect on an existing one) that sets out a clear purpose.
- Start the process of a theory of change, articulating the positive outcomes you want to achieve for beneficiaries.

Start collecting data (DO)

In your planning you will have articulated what you are trying to achieve. Next you want to gather evidence on how or why your work makes a difference against those outcomes. Make sure you communicate with everyone why you are collecting information from them and how this will be used. Always store data safely, respectfully and legally.

- Prioritise a realistic number of outcomes from your theory of change to measure – you don’t need to measure them all.
- Consider how best to evidence those outcomes – the most common tool is a survey.
- Test new tools with a small pilot – reflecting on whether the tool gives you the insights you’re looking for. Make appropriate changes to the tool.

Assess the data: what is it telling us? (ASSESS)

- Analyse the data to make sense of how and why changes occur for beneficiaries. If your data in quantitative, excel can be used to analyse (and YouTube is full of mini tutorials!)
- Look carefully at negative and unexpected outcomes as well as positive ones.
- Think about the other factors which may have influenced outcomes – it can be helpful to think about your contribution to outcomes, rather than your attribution.

Review your data (REVIEW)

Don’t stop here. It is important to learn from impact measurement, to make appropriate adjustments to your services to improve your impact. These can be simple tweaks.

- Share your findings openly with your organisation, beneficiaries, and other organisations, including information on how you collected the data
- Use the findings to think about how you might improve the way you deliver your work.