



Clinic: Developing an Organizational Theory of Change

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Clinic: Developing an Organizational Theory of Change

Today's learning objectives:

- ✓ Understand what a *theory of change* is and how it informs strategic decision-making in organizations
- ✓ Identify several approaches to a *theory of change* process, and understand the advantages and drawbacks to each

Personal learning objectives:

What do you want to take away from today's experience?

Theory of Change: An Approach Not a Process



“Who are we now?” is a query that keeps us noticing how we are creating ourselves—not through words and position papers, but through our actions and reactions from moment to moment. All living systems spin themselves into existence because of what they choose to notice and how they choose to respond. This is also true of human organizations, so we need to acknowledge that we are constantly creating the organization through our responses.

To monitor our own evolution, we need to ask this question regularly. Without such monitoring, we may be shocked to realize who we've become while we weren't watching.

*— from “Bringing Life to Organizational Change”
by Margaret J. Wheatley & Myron Kellner-Rogers*

What is a Theory of Change?

A *theory of change* is a way to visually represent an organization's thinking about how it contributes to desired changes in the world. A theory of change represents a conceptual linkage among:

- ✓ an identified issue or problem,
- ✓ a set of desired changes,
- ✓ among whom the organization will focus its efforts,
- ✓ specific strategies that contribute to that change, and
- ✓ the underlying values that guide the organization's work.



Developing a *theory of change* helps stakeholders develop a commonly understood vision of long-term goals, identify the specific contributions that the organization will make toward those goals, and determine what will be used to measure progress along the way. Thus, it is a tool that reflects the most current sense of what the organization aspires to be and provides a strong basis for ongoing decision-making, evaluation, and communication with internal and external stakeholders. There are several benefits to using a *theory of change* as an anchor to organizational strategy formation:

- ✓ It re-orientes everyone to impact as the organizing principle rather than the preservation of a particular program mix.
- ✓ It gives everyone clarity—in just one page—about what organizational strategies they are supposed to be activating in all decision-making and program design.
- ✓ It keeps organizational values and guiding principles front and center and directly linked to organizational impact.
- ✓ It creates a rigorous framework for impact evaluation—moving away from solely counting inputs or client satisfaction, to measuring progress on anticipated changes.
- ✓ It stimulates learning and innovation, encouraging all staff to consider how they could refine existing programs to achieve even greater impact.
- ✓ It puts the organization's work in context since no one organization can solve the kinds of problems we are working on; this can lead to greater humility, clearer brand identity, and thoughtful partnership with allies.
- ✓ It serves as the screen through which all staff—including fund development staff—determine which opportunities are in fact aligned with the organization's approach.
- ✓ It is a bold, compelling way to recruit staff and board. (This is who we are; is this who you are?)

THEORY of CHANGE

PROBLEM or ISSUE STATEMENT

A concise and compelling description of the conditions we aim to change.

ORGANIZATIONAL STRATEGIES

The distinctive, cross-cutting approaches we take to our work.

FOCUS of CHANGE

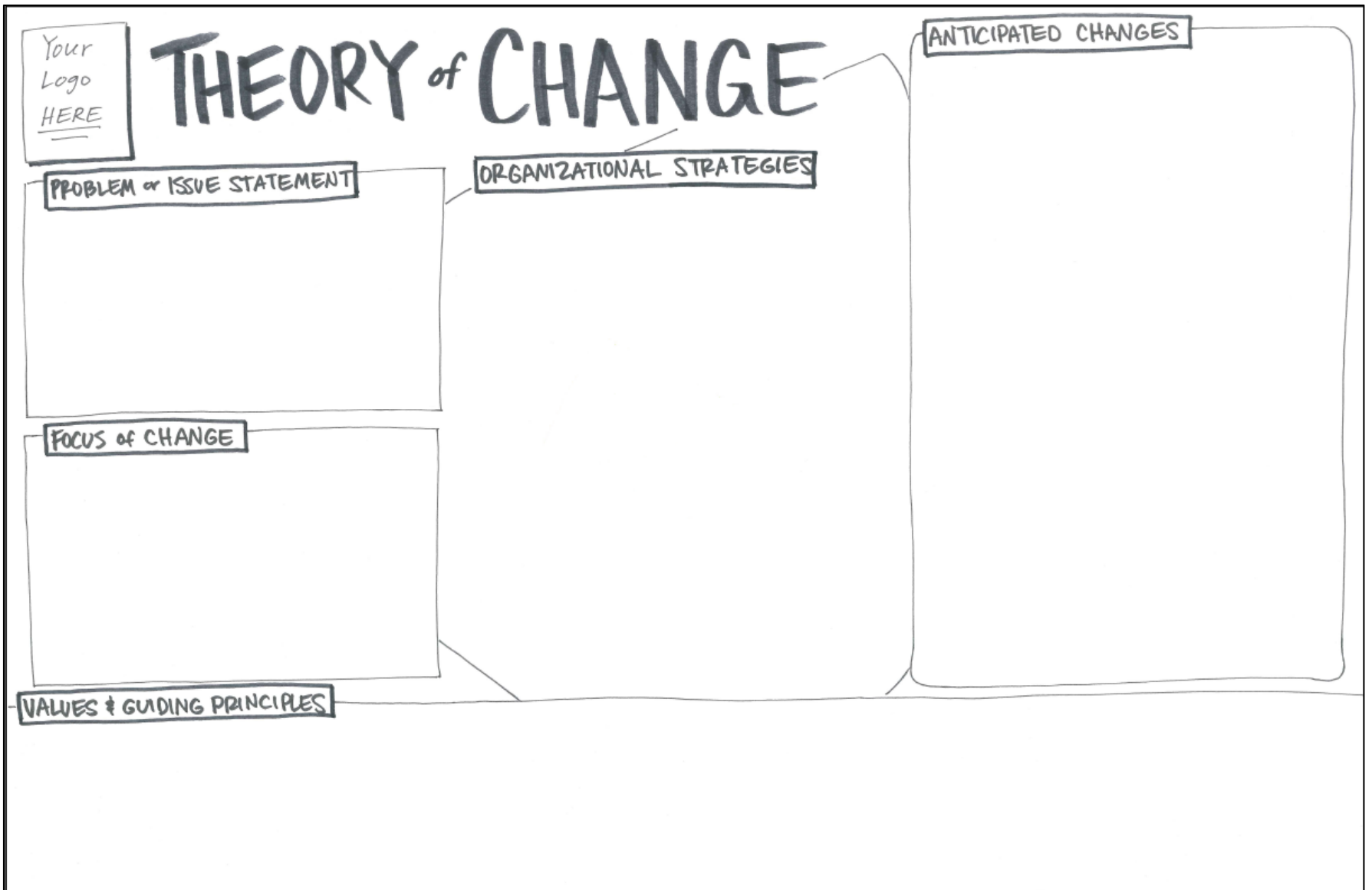
The people among whom we will focus our efforts and resources.

ANTICIPATED CHANGES

Specific, observable changes that indicate that the problem is being solved.

VALUES & GUIDING PRINCIPLES

- VALUES: Fundamental, intrinsic beliefs that guide the work.
- GUIDING PRINCIPLES: How the organization expresses its values; the organization's character in action. Guiding principles describe the way the values manifest on a daily basis.



Is a Theory of Change approach right for us?

A theory of change is not necessarily the right process to support strategic decision making in every organization at each stage of development. In our work, we've noticed some trends about when a theory of change approach is successful in catalyzing organizational impact and when it can fall flat. The table below identifies some of these observations.

Developing a theory of change effectively catalyzes organizational impact when...	Developing a theory of change falls flat when...
<p>Leaders throughout the organization are actively grappling with questions about how the organization's work is connected to broader social change goals. This can show up as a hunger for clarity about intended impact, a sense of the ground shifting, or other indicators that the organization needs to evolve to meet the changing needs of its constituents or the field.</p>	<p>There is a desire to codify the organization's existing approach and justify current programs. There may be a sense that "it's time for strategic planning" and we want to do it a bit differently, but not a willingness to or interest in actively questioning the organization's work and its role in contributing to larger social change outcomes.</p>
<p>Leaders with positional authority and other types of power recognize, value, and want to engage the collective wisdom of the organization's stakeholders and are willing to be influenced by voices not otherwise heard in the organization's existing decision-making processes.</p>	<p>Positional leaders are strongly attached to their own ideas about the organization's work and may not be looking to meaningfully share power and decision-making throughout the organization.</p>
<p>There is an interest in and desire to develop a culture that engages in ongoing strategic reflection and decision making rather than episodic planning.</p>	<p>People are attracted to the theory of change as a "one-page framework" because it seems simpler than a traditional strategic plan.</p>
<p>Leaders recognize and embrace dissent as part of the necessary work of social change and organizational development.</p>	<p>Positional leaders are not willing to authentically engage in dissent and critique about the organization's work.</p>

Questions to consider in assessing an organization's readiness for a theory of change approach:

Are we—staff, board, constituents—fully aligned in how we think about the organization's work? It's very possible, even common, for people to work together in service of a common mission with very different ideas about why the work is important and what success would look like. This kind of unresolved dissonance can create frustration and dilute the organization's efforts toward clear outcomes.

Are there significant contextual forces at play that may threaten or enhance our current approach to our work? These may be internal (such as organizational growth or contraction, transition in key leadership roles, etc.) or external (such as significant changes in policy or public perception, other organizations' successes, growing momentum in social movements, etc.).

Are positional leaders and others with formal and informal power in the organization willing to surface—and actively engage with—questions that might challenge our current thinking? A theory of change approach requires that leaders hold humility, curiosity, and trust throughout the process and are energized by the possible organizational culture shifts that it can yield.

Reflections:

Getting Grounded: Core Values

Values Defined: *Fundamental, intrinsic beliefs that guide an organization's work*

Guiding Principles Defined: *How the organization expresses its values; the organization's character in action. Phrases that describe the way the values manifest on a daily basis.*

*“Core values cannot be set;
they can only be discovered.”*

-- Jim Collins

“You do not create or set core ideology. You discover core ideology. You do not deduce it by looking at the external environment. You understand it by looking inside. Ideology has to be authentic. You cannot fake it. Discovering core ideology is not an intellectual exercise. Do not ask, *What core values should we hold?* Ask instead, *What core values do we truly and passionately hold?* You should not confuse values that you think the organization ought to have – but does not – with authentic core values. To do so would create cynicism throughout the organization. (‘Who're they trying to kid? We all know that isn't a core value around here!’) Aspirations are more appropriate as part of your envisioned future or as part of your strategy, not as part of the core ideology. However, authentic core values that have weakened over time can be considered a legitimate part of the core ideology – as long as you acknowledge to the organization that you must work hard to revive them.

Core ideology needs to be meaningful and inspirational only to people inside the organization; it need not be exciting to outsiders. Why not? Because it is the people inside the organization who need to commit to the organizational ideology over the long term... You cannot impose new core values or purpose on people. Nor are core values and purpose things people can buy into. Executives often ask, How do we get people to share our core ideology? You don't. You can't. Instead, find people who are predisposed to share your core values and purpose; attract and retain those people; and let those who do not share your core values go elsewhere.¹

¹ “Building Your Company's Vision,” Collins & Porras, Harvard Business Review, 1996.

Sample Core Values:

An LGBT Pride Center:

Community

Creating safe welcoming and accepting spaces for our LGBT people

Individuality

Embracing people for who they are and letting their talent and passion shine

Visibility

Publically advocating and providing platforms for our community members to do the same

Diversity

Our strength is best achieved when all voices within our community are a part of the discussion

Accountability

We must hold ourselves and our partners to the highest standards possible and hold the public accountable for their role in supporting or denying equality

An affordable housing and immigrant rights organization:

Resilience

finding strength in individual struggles gives rise to transformative change

Solidarity

shared experiences create connections that build power for common struggles

Inclusivity

all people have intrinsic value and make contributions to our neighborhood and city

Dignity

those who are the most marginalized by our society have a right to build community and access resources for a healthy life

Redistributed Power

people most affected by inequity should lead the efforts to create solutions for the problems they face

An arts organization:

Relevance

engage emerging conversations and larger social movements

Assumption Shattering

challenge norms so new ideas emerge

Transformative Expression

learn from the web of differences that enrich our work

Inclusion

advance equity by elevating underrepresented voices

Responsive Innovation

continually adapt our work in response to changing artistic and community needs

EXERCISE: Values Storytelling

Think about a time when you felt deeply engaged in your organization’s work. What values – personal and/or organizational – do you think were being expressed in this moment? What is distinctive about how this value lives within your organization?

Our Analysis of the Current Context: Naming the Problem

We believe that strong strategy rests on getting clear and concise about the *problem* the organization exists to resolve. At first blush, this can seem perfunctory: *Of course we know what we're here to do, just read our mission statement.*

But if behaving strategically as an organization is about making and acting upon a clear set of choices, we need a deeper analysis to ground the work. Within the big umbrella of the problem (domestic violence, environmental degradation, and educational inequity, for example) what are we actually trying to achieve and how well are we doing that? We have seen this kind of inquiry net deeper insights and create a more profound look at programming in the context of the specific results we are trying to achieve.

Underlying this work is an understanding that:

- ✓ Problems are dynamic and change over time – both as the *conditions* around us change, and as our *understanding* of the issues change
- ✓ Having a shared analysis of the problem helps focus our efforts
- ✓ Clearly articulated, compelling problems can be motivating and inspire people to collective action

WHY IT MATTERS

In considering the utility of this exercise, think about the example below. A Habitat for Humanity affiliate could decide to align their work around any of the following different perspectives on the problem of affordable housing, each of which would be “on mission” but would have radically different implications for organizational structures, policies, partnerships, and strategies.

EXAMPLE: Habitat for Humanity

Different Problem Statements	Different Implications
<p>The lack of affordable, homeownership housing fuels gentrification and creates housing insecurity.</p>	<p><u>Structures</u>: Board (raising \$\$\$)</p> <p><u>Policies</u>: Pricing/Affordability of housing</p> <p><u>Partnerships</u>: For-profit developers</p> <p><u>Strategies</u>: Dramatically increasing the production of homes.</p>
<p>Critical physical structures in neighborhoods are deteriorating, threatening our community’s ability to thrive.</p>	<p><u>Structures</u>: Board (Community relationships)</p> <p><u>Policies</u>: Volunteers hours</p> <p><u>Partnerships</u>: Neighborhood groups</p> <p><u>Strategies</u>: Repairing homes and renovating key community hubs.</p>
<p>Injustices around wealth accumulation opportunities for people of color severely deepens economic inequality along racial lines.</p>	<p><u>Structures</u>: Board (Structural analysis of racism and economic oppression)</p> <p><u>Policies</u>: Inheritance</p> <p><u>Partnerships</u>: Financial policy makers</p> <p><u>Strategies</u>: Asset accumulation and financial empowerment for POC.</p>

EXERCISE: What's the problem?

Most problem statements can be expressed in a variety of ways, depending on our assessment of the current context, our understanding of the needs of our constituents, and where we are best positioned to focus our efforts as an organization.

Problem Statement Defined:

A concise and compelling description of the conditions we aim to change.

Strong problem statements should:

- ✓ Represent our current analysis of the problem we aim to address, not the need we work to fill.
- ✓ Excite and motivate people to rally around the issue and/or provoke conversation and thinking for internal and external stakeholders.
- ✓ Name conditions that an organization cannot solve alone– but that it is actively contributing to resolve.
- ✓ Be grounded in facts – but might also be argued against.
- ✓ Be concise, powerful, and accessible in language with a minimum of qualifiers and clauses.

Sample Problem Statements:

Women still lack equitable power in all aspects of our lives.

Decision-makers do not hear the voices
of low and moderate income residents in San Joaquin County
and make decisions that do not address their needs.

Due to historical legacies and pervasiveness of racism, patriarchy and xenophobia,
there are structural and institutional barriers
that deny day laborers and domestic workers
equal protections and economic equality.

Your First Problem Statement Draft:

Your Revised Problem Statement Draft:

Our Intended Impact: Identifying “Anticipated Changes”

Anticipated Changes answer the question, “We will know this problem is being addressed when...” These include specific, observable changes that indicate that the problem is being resolved and help us orient our work toward contributing to the change we seek in the world.

While these statements do not generally include specific numeric targets, they indicate an organization’s orientation toward a specific outcome, or change, in the world. In some cases they can be used to develop even more quantifiable program targets and evaluation metrics to provide focus and direction for the organization’s work.

Sample Anticipated Changes:

Housing policies and funding decisions prioritize people struggling with poverty in San Francisco.

There is a pool of diverse, resilient leaders positioned to catalyze change for LGBT people.

There is a large network of aligned voices advocating for reproductive justice.

There are more women in traditionally male-dominated fields (tech, media, politics, etc.).

REFLECTION QUESTIONS:

- ✓ What will look, feel, sound different in the field or movement if our organization is successful in contributing to resolving this problem?
- ✓ What are we holding ourselves accountable to in this work? How will we know we’re successful?

EXERCISE: Anticipated Changes

Given the problem as you have defined it, how will you know it's being resolved?

Anticipated Changes Defined:

Specific, observable changes that indicate that the problem is being resolved.

Your Draft Anticipated Change(s):

Our Specific Contribution: Focus of Change and Strategies

Focus of Change Defined:

The people among whom we will focus our efforts and resources.

The problem you identified probably has a number of stakeholders—people directly affected by it, others working on the problem, and decision-makers of various kinds who can influence progress on the problem. In the focus of change, you identify which stakeholder(s) your organization will focus its efforts upon. This is, of course, a very strategic question, and when answered carefully can provide an important decision-making screen going forward in terms of assessing the potential of new opportunities or partnerships. You are not identifying everyone the organization works with, but rather, among whom your strategies are designed to create change.

Sample Focus of Change:

Women and girls in the Central Valley

Legislators and leaders

Faith leaders

Community members close to the pain

Decision makers

Reflections:

Organizational Strategies Defined:

The distinctive, cross-cutting approaches we take to our work.

Organizational strategy is not about what you do (the core mission-specific and fund development programs you are currently operating). Strategy is how you do it – what is distinctive and cross-cutting about how you approach this problem and contribute to the changes you have identified.

Sample Organizational Strategies:

Build the power of marginalized populations and encourage them to raise their voices.

Link women and girls to broader movements for change.

Draw on peoples' faith values to inspire and unite communities to act to shape a positive public narrative.

Unite divergent ideas to create bi-partisan local solutions.

REFLECTION QUESTIONS:

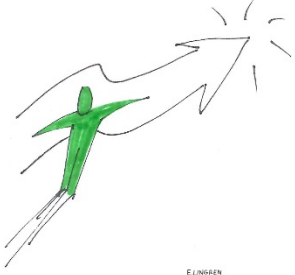
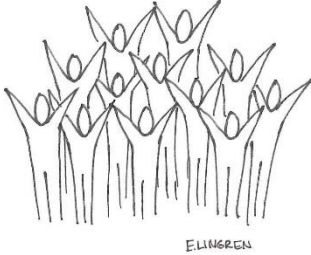
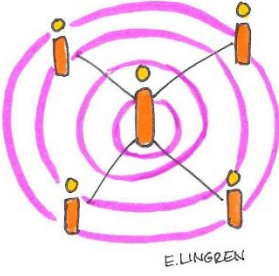
- ✓ When you look across your programs, what distinguishes your approach from other organizations with a similar mission?
- ✓ Do you have a particular methodology that cuts across two or more programs and is essential your impact?


Your Draft Organizational Strategies:

Making it Real: Operationalizing the Theory of Change

*“Strategy execution, as we define the term, consists of **seizing opportunities that support the strategy while coordinating with other parts of the organization on an ongoing basis.**”*

*-- from “Why Strategy Execution Unravels – and What to Do About It”
by Donald Sull, Rebecca Homkes, and Charles Sull (Harvard Business Review, March 2015)*

What we'll do	Why it matters	How we'll do it (EXAMPLES)
<p>Setting Priorities:</p> <p>What are the <u>3-5 most important things</u> we need to tend to now as an organization to advance our theory of change?</p>	<p>Right direction</p> 	<ul style="list-style-type: none"> ✓ Annual reflection and priority setting at staff retreat. ✓ Each person identifies one personal commitment that contributes to one of the priorities.
<p>Recruiting and Developing Talent:</p> <p>How do we attract and support staff, board members, and volunteers who are deeply committed to the articulated impact?</p>	<p>Right people</p> 	<ul style="list-style-type: none"> ✓ Share and discuss the theory of change in recruitment processes. ✓ Set professional development goals and budget to support targeted ongoing learning.
<p>Developing Systems:</p> <p>How will we refine or create processes that will direct our attention to where it's needed and encourage behavior change?</p>	<p>Right process</p> 	<ul style="list-style-type: none"> ✓ Redesign the process of how we identify and select who participates in our programs. ✓ Embed regular check-ins on personal connections to the theory of change at supervisory and/or team meetings.

What we'll do	Why it matters	How we'll do it (EXAMPLES)
<p>Making Decisions: How will we effectively seize opportunities that are aligned with our theory of change?</p>	<p>Right action</p> 	<ul style="list-style-type: none"> ✓ Identify the types of decisions that matter in activating strategy and routinely ask: <ul style="list-style-type: none"> ○ How does pursuing this opportunity allow us to activate one or more organizational strategy? ○ How does pursuing this opportunity allow us to contribute to one or more of our anticipated changes?

Reflections:

Process Planning: Reflections and Considerations

After each section, take some time for individual reflection on each component of the process. What might you consider when bringing this process back to others at your organization?

<p>Core Values: Fundamental, intrinsic beliefs that guide the organization’s work. Guiding principles: How the organization expresses its values; the organization’s character in action. Guiding principles describe the way the values manifest on a daily basis.</p>	
<p><i>Personal reflections:</i></p> <p>How resolved or unresolved do I feel about this component of the process? Am I clear about what I think? What do I want to reflect on further?</p>	
<p><i>Team reflections:</i></p> <p>How aligned does the team seem? Where are the areas of dissonance that we need to further explore? What didn’t we discuss today that might need to be acknowledged or addressed?</p>	
<p><i>System reflections:</i></p> <p>Who else in our system – constituent, partner, staff, board, etc. – would have important insight on this? How might we want to engage them in this conversation? What might we be missing if we don’t?</p>	

<p>Problem Statement: A concise and compelling description of the conditions we aim to change.</p>	
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Anticipated Changes:

Specific, observable changes that indicate that the problem is being solved.

Personal reflections:

How resolved or unresolved do I feel about this component of the process? Am I clear about what I think? What do I want to reflect on further?

Team reflections:

How aligned does the team seem? Where are the areas of dissonance that we need to further explore? What didn't we discuss today that might need to be acknowledged or addressed?

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Who else in our system – constituent, partner, staff, board, etc. – would have important insight on this? How might we want to engage them in this conversation? What might we be missing if we don't?

Organizational Strategies:

The distinctive, cross-cutting approaches we take to our work.

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Closing Reflections and Next Steps:

A large, empty rectangular box with a thin black border, occupying most of the page. It is intended for the user to write their closing reflections and next steps.