OutcomeMapping
LEARNING COMMUNITY

Discussion Summary

Topic: Monetising Outcomes

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We receive frequent requests to place a dollar value on the outcomes generated through the programs we support. The interest, on the part of funding sources and program leadership, is to include among program performance metrics something akin to a Return on Investment (ROI) score. Have you had similar requests?

This is a particularly challenging demand for several reason like

a) *the programs we support and evaluate produce wide-ranging and interrelated outcomes*, each of which equates to different social value for different program participants at different times;
b) *the benefit-cost literature is really scant in terms of publications that link specific outcomes to specific dollar values*; and
c) *all the concerns associated with outcome measurement are amplified when going this next step to assign monetary value to these results*

We have developed two complementary approaches in response to these requests. Both are based on the strategy of NOT attempting to assign value to the specific type of results achieved, but rather assigning value to the "quality of progress" made. These two approaches, used separately or in tandem, are generating interesting results; although not entirely satisfying.

Approach 1 (Program Status): Dollars are assigned annually to each program participant based on the status they have attained though program engagement. The base dollar value is $4000 assigned to an individual who has participated regularly over the course of the year. (We came up with this figure based on reviewing the benefit-cost literature and selecting a conservative value that was in line with much of this literature.)

If the individual's participation has led to observable, seemingly sustainable outcomes, the annual dollar value assigned to the individual is increased to $5000. If there are multiple outcomes resulting in a clear life shift, the value assigned is $6000. And if the participant has remained with the program and is serving as a role model, mentor, or in a staff position (a key to program scalability and sustainability), then $10,000 is assigned to this individual. Adding these dollar values across all program participants yields the social value of the program that year. (For individuals who do not participate regularly, but get a specific benefit (say free dental care), we assign a conservative amount linked to the market value for that service.)

Approach 2 (Lifetime Gains): Dollars are assigned annually to each program participant based on their movement up three developmental ladders each representing a key dimension of human growth. These ladders reach upward, in turn, toward self-realization ("being"), life-long learning ("doing"), and global citizenry ("relating"). These ladders remain relevant at any time in an individual's life (one can always aspire to be more self-realized, learn and do more, and relate better to others). We customize each ladder (currently using 15 rungs or levels per ladder) to the possibilities for participant growth during their period of engagement with the program. For some programs, we use a common set of descriptors for the ladders for all program participants; in other cases, we develop different ladder descriptions for different categories of participants (say young children versus high-performing adults).

[An example of the rungs for one version of life-long learning (these are abbreviated statements, the full versions make it relatively easy to rate or self-rate the best-matching for a participant at the time of measurement):
Level 1: Participant is experiencing strain and finding it hard to be present.
Level 2: Participant is being passive and conforming to how others are behaving.
Level 8: As successes are experienced, participant has been exhibiting a sense of pride in self and has found her/his voice.
Level 12: Participant has been open to pushing her/himself harder and taking on bigger challenges.
Level 15: Participant has had a self-expanding experience and perceives new possibilities.]

During the program year, each one-rung movement up any of the three ladders credits the program with $1000 of social value. The maximum possible dollars attributed to a single individual is $16,000. In practice, more modest gains of a few thousand dollars per participant are realized.

Summary of Responses

Fred Carden (Canada) responded to the outcome monetising model suggested by Barry by sharing his experience of outcome monetizing for a program focused on capacity building for policy relevant research. He reported that they are looking at organizational and institutional gains more than individual gains thus focusing on influence on organizational practice. He also suggested that going forward if they mapped out for lifetime gains, they may be able to adapt the second approach suggested by Barry, however implementing this at the end of a set of activities that have not had this mapping done would be a challenge now, so they are focusing on exploring where the new capacities have (potential) influence.

He then shared two more project examples of how outcome monetisation is being envisioned:

i) The National Procurement Agency is changing the procurement legislation for research through the project influence; the previous legislation only allowed government to procure research from private sector entities and all research, from design through to reporting had to be done within 12 months. This significant change in terms of research quality will impact on all levels of government. Thus, this change with a potential effect/influence on the quality of research in the 500 Districts of the country, each with a research budget of $50,000, suggests that the project will influence $25million worth of research at the district level every year (and more at the provincial and national levels). To this effect, evidence can be provided that the project has influenced how the legislation has been re-written - but not how the districts have taken advantage of that.
ii) In another project with the Ministry of Technology, Research and Higher Education, the work influences how the Head of Research spends his budget in some concrete ways. He is spending through funds to universities and various research competitions, about $750 million per year. Again we cannot talk impact but we can provide evidence of the influence and why the areas we work on with him make a difference in how he spends these resources.

We cannot talk 'impact' which they would really like. This is the usual problem of capacity building and research programs - and why we avoid monetizing - but we are thinking about how to present the influence of what we have done with some monetization of influence because these are outcomes.

Barry Kibel responded that they have been faced with similar challenges in trying to gauge progress and results in programs aiming for organizational, policy, and environmental impact changes. Adding a monetary component on top of that brings another layer of complexity (and assumptions) into play.

He suggested that organizational practice changes need to translate to individuals in that organization (and ideally in partner organization) behaving differently and getting different (hopefully better) results. Likewise, policy and systemic changes need to translate to individuals (albeit at a large scale and difficult to track) changing their behaviours and getting different results. Thus responding to Fred's first example he suggested to set up a set of ladders with a few rungs each that indicate positive gains in the way research is conducted in these districts (e.g., new topics, collaborative approaches, influence of research on local decisions) and produce an interesting scorecard of changes across all the districts in these three dimensions. One could ask each district to rate their research on each ladder, say, each six months and give an explanation to justify the rating. The result might spur more impactful research and would be a fabulous database of the impact of the policy change (how much credit to give to the policy is another matter, but the explanations may help establish attribution).

Kerry Abbott responded that she dislikes the idea of monetization--not that it does not have merit in cases where one can demonstrate a new approach has led to more efficient use of resources (savings) or increased productivity, but how long before it becomes a standard expectation to prove the worth of an intervention? And how many of us will have to conjure up some figures to put forth a weak claim of value?

As for grading individuals on their progress, she can envision that in the criminal justice assessment of cost of crime, prosecution, incarceration, versus the value of someone who is contributing productively in society, employed, not needing public assistance. The institutional improvement is perhaps less problematic, and one can demonstrate the reach of an intervention and the range of potential impacts one could track through the work of partner agencies. Outlining the broader sphere of influence without suggesting it should be monetized could include the added value of specific research that has been implemented and proven to have measurable effects, some of which could be monetized.

Barry Kibel shared that over the decades of his research, they have produced hundreds of scorecards and dashboards to show participant progress moving up results ladders in often exciting and compelling ways. These efforts have invariably led to new thinking and to continual program improvements. Sadly these often fabulous results do not have lasting impact on most funding sources (after the initial that's great, but), whose decision rules are tied either to bottom-line numbers, the flavour of the month, or both. Rather than avoid monetization of outcomes, it seems prudent to start discussing the possible models.

Colin Mitchell **(South Africa)** added that Outcome Mapping (theory of change) filled a void that was missing in traditional evaluation (e.g. DAC criteria) but it did not, should not, replace it. There is a place and need for both. His experience is that a frontal approach to introducing the need and benefits of OM is unlikely to get traction in most institutional environments and that a counter-factual conversation is needed. This conversation would be about what is not being achieved rather than what is (and measuring it), followed by what can be done differently and how that impact could be measured.

Bob Williams **(New Zealand)** pointed to what he saw as a more serious danger in this trend. He reminded us that evaluators should be independent and that part of the professional approach they should take is to push back on their clients' wants and focus instead on their needs. If an evaluator feels they are being asked to do something which is dodgy then they should be able to say no to the client. In practice though, evaluators are guns for hire and tend to pander to clients wishes and that this is having a detrimental effect on the profession – to the point where it is difficult to call it a profession.

Heidi Schaeffer **(Canada)** also recognised a growing trend towards monetisation of outcomes, particularly in the philanthropic world. While she expressed concerns about this approach, she also recognised the need in some situations. She shared an interesting Social Return On Investment valuation work, about measuring the social impact of community investments and it includes proxies for interesting outcomes. For example, people feeling more included and able to rely on their friends and family for support (a key risk factor to reduce social isolation). http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach.

Simon Hearn **(UK)** pointed that many OM users who aren't independent evaluators but recipients of grants and funding agreements are often stuck between the desires of their funders and the realities of their partners and beneficiaries. They want to use OM because it meets their learning needs but it doesn't always give the funder what they would like. The need for economic justification is not going away, he added:

> "I've seen advocacy programmes having to defend their work by showing a dollar return on investment so as to avoid being cut in favour of more direct response interventions.
> As Barry says, we can't just hide from this, cross our arms and say no when we're asked to monetise outcomes; we may end up having to find a new job, or worse, our funders may stop funding the kind of work we think is important and just fund easy to measure stuff.
> For this reason, I think Barry, Fred and Heidi's work is important. Yes, there are plenty of problems with monetising and we should push back, but I think as a community we also need to have a sensible approach."

Karana Oliver added that it is rather common for my clients to ask for an evaluation of the program but also to indicate whether financial investments were sound.

Many NGOs and UN agencies place a monetary value on each person associated with an activity - for the food, transportation, etc. And that yields a figure. That figure is not associated with outcome but more with the activity. She mentioned that she sees so many activities that should have been avoided (mostly because they were not linked to any real progress markers and yield no social or other benefit) that she can make statements about the less than efficient use of funds. She can say that XXX amount would have been best served to focus on such or such an area.

Does that mean we can place a monetary value on outcome? To some degree, yes, it helps donors to understand that dropping a few dollars on a project and expecting photos and a trophy for their accomplishments is unrealistic. Progress requires commitment. That commitment comes with a price tag especially when it regards something that is not achievable in a 6 month or even a 5-year program. Giving a more realistic picture of the financial commitment needed to meet progress markets is and should be part of our job as evaluators.

Marcel Chiranov **(Romania)** responded by saying that it depends. There are situations where it is a good idea to try to connect the outcomes with some monetary values, and other when is not at all a good idea. It depends a lot of the strategic implications of such approach, and stakeholders understanding and willingness to implement sustainable activities, available resources to perform such an analysis in a coherent and professional way.

> *Good idea case:* In a labour market program we estimated Return on Investment for different program activities (professional training, professional counselling, establish a small business), using the unit cost per served person, and different taxes going back to the national budget after an assisted person get hired. Here we included salaries tax, social assistance and pension taxes, etc. We did this to demonstrate to the program sponsor the expenditure is making sense, it is a good investment and help them to select which activities they want to have. Definitely a good and appreciated idea.
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> *Not a good idea case:* Library program, where the library started to deliver alternative community services. One of them was focused on assistance to get a job. Following it, it was possible to do a similar estimation like above, to demonstrate how long it takes to get back the invested funds in the project, after someone get hired. The library manager was happy to see the figures, but avoided at any price to use it in public communication. She was afraid of short minded politicians, looking to rather place funds into the activities showing fast recovery rate, and totally cut funds for main library work, which definitely is much more difficult to quantify, and anyway has very long term impact.

Conclusion and Final remarks by Barry M Kibel:

I appreciate having had this opportunity to "think out loud with the OM community" about monetization. In initiating the discussion I had two aims: First, to get ideas for improving what I am being asked to attempt with several of our clients; namely to help them summarize the impact of their work with current and prospective investors and Board members in terms that speak to them. Second, to see if I might attract a group of methodologists or practitioners within the OM community to collaborate and explore how this might best be done across the fields of our mutual work.

From my first exposure to cost-benefit calculations several decades ago to the present moment, I have remained sceptical but intrigued. I have still to find a study using such calculations that do not have me shaking my head at the numerical assumptions at the root of the exercise. Still, the thought processes that go into building these models often reflect mature reflection on values, goals, results, and practices.

I fully appreciate the negative implications should this become an outcome evaluation standard with expectations that all studies include attempts at monetization. On the positive side, however, if approached with methodological integrity and shared learning, it might raise the bar for what outcome mapping can offer akin to what the shift from process measures and outputs to outcomes produced over the past decades.