Clarifying the How and Why of Your Enterprise, Using a Success Equation

By Andy Horsnell

Background

A "Success Equation" is a simple, one-page tool that anyone can use to clarify and confirm the impact that their social enterprise, nonprofit program, or initiative will make.[1] It has at least two critical uses:

- **Internal planning and alignment** - As an internal planning tool, the success equation can help a team to literally get (and stay) on the same page regarding the most important aspects of their shared initiative. Teams will often put an enlarged printout of their success equation on a wall in their workspace, to provide a ready reference-- "This is why we're doing what we're doing!".

- **Engaging stakeholders** - Whether enlisting the board of directors, senior staff, or any of a number of external stakeholders (funders, community partners, the media, elected officials, et al.), the success equation can be an invaluable tool for simply and clearly conveying the initiative's value to the community.

The success equation presents four key elements related to how an initiative creates value for its community:

1. **Impact** - the results you are ultimately trying to accomplish in your community; how things will be better or different if you are successful. Impact generally is stated in high-level terms of a change in status or condition of your community (e.g. be employed, healthy, safe).

2. **Priority Outcomes** - the three (maybe four) changes that you will seek to make in your community that will *most* drive the achievement of your desired impact. Priority outcomes are generally stated in terms of new skills, knowledge, attitudes, or behaviour on the part of your community members. Generally, priority outcomes serve the purpose of being performance measures for your intended impact.

3. **Performance Measures** - up to three metrics you will use to measure the achievement of each of your priority outcomes. Performance measures are generally framed around numeric values, percentage changes, or rating scales where each value on the scale is clearly defined (i.e. criterion referenced). In some cases, you may need to define direct performance measures for your intended impact (in addition to your priority outcomes).

4. **Strategies** - those activities that you will undertake that will *most* drive the achievement of your priority outcomes and impact. Often, you will define specific strategies for each priority outcome, but it is possible that certain strategies will drive the achievement of more than one outcome.

See the figure 1 on page 5 for a sample success equation for a home care service.

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[1] The success equation described in this article is described in Jason Saul's book, "The End of Fundraising", published by Jossey-Bass in 2011.

Completing Your Success Equation

The process of completing your success equation is presented below, in the recommended sequence.

1 Define Your Intended Impact

Defining the intended impact of your initiative is done in three parts, outlined below:

- **Define who or what your community is.** In the example presented in figure 1, the community is defined as "elderly and others requiring assistance in Cumberland county". If you were running a river clean-up program, you would define the geographic boundaries of the watershed. You should try to be as specific as you can, defining that part of your community on which you are really focusing, and so that a community member would clearly see themselves. In terms of geographic scope, you want to be bold and push things out as far as you can, but be narrow enough that it fits within your sphere of influence.

- **Define how things will be better for your community.** In figure 1, the impact statement says, "live happily, safely, and comfortably in their own home". For the river clean-up program, you might say, "be a healthy ecosystem, free of debris and pollution, and rich in biodiversity". A member of your defined community should read this statement and see it as being inherently positive and something that they would wholeheartedly support. You will notice that our focus at this stage is squarely on your community, and how it will be better, not what you will do (you will get into this in the "strategies" section). At the level of impact, we are looking for higher-order changes--things like changes in living conditions or ecosystem health (versus knowledge or skills). As with defining your community, you want to be bold in defining the ultimate impact, but it should be defined in terms that your initiative can actually influence.

- **Define why it matters to your community.** Hopefully, if you've done the first two steps correctly, it should be clear why your community should care that you achieve this impact, as is the case in figure 1. Usually, you won't need to add a separate statement about why it matters. But, one way or another, make sure that, anyone could read your impact statement and see it's inherent value and worth.

2 Define Your Priority Outcomes

As stated in the previous section, the priority outcomes are those three (sometimes four) changes that you will seek to make in your community that will most drive the achievement of your intended impact. Narrowing it down to just three outcomes might seem like a tall order, especially with a large and complex initiative like, say, a community-based energy program. We're not trying to define *every possible* outcome, but rather the three that are *absolutely essential*; that, if you were to remove one, you would severely limit your ability to achieve your desired impact.

Priority outcomes, being subordinate to the desired impact, tend to be framed as lower-order changes, like the development of new skills, knowledge, or attitudes, or access to certain resources, or the change in some important supporting condition.

In the provided example, you will see that the team determined that the three most critical outcomes linked to community members living safely, comfortably, and happily in their own home were: 1) a clean, tidy, and safe home; 2) consistent access to nutritious, delicious food; and 3) dependable, ongoing access to a social safety net / companionship. The team deemed that, if you were to take away any one of these outcomes, you would severely limit the chances of achieving the desired, long-term impact.

3 Define Your Performance Measures

Good performance measures have three characteristics: 1) validity - they actually measure what they purport to measure, 2) reliability - different people using the same measure will get similar (if not the same) results, and 3) practicality - you'll be able to get the information you need with a reasonable investment of time and money. I recommend that you identify the best (up to) three measures you can for each priority outcome. There probably will be more than three, and you'll be tempted to add a fourth or fifth measure. But the more complicated you make things, the less likely you will actually collect and use the information you need. Limiting to three measures forces a disciplined clarity--what *really* are the *three best* measures? You can only answer that question if you really have taken the time to understand your outcomes.

In the provided example, you will see that the team defined the measures for the "Dependable, ongoing access to a social safety net / companionship" outcome as: "the number of social outings per week, the number active friendships, and the variety of active friendships".

You may be tempted to use a measure of your strategy's activity--e.g. how many people attend your workshops--as one of your performance measures. This is *at best* only a very rough proxy measure, and fails the "validity" test (it's a measure of activity for *your* strategy, not for the desired change in *your community*).

This all said, "not everything that matters can be measured, and not everything that can be measured matters." Wise words from Albert Einstein. So, you may run into a situation where you have a priority outcome that lacks good, direct measures of performance. Do the best you can, use a proxy measure if you must, and talk to an evaluation expert if you really get stuck

4 Define Your Strategies

Finally, you get to talk about your initiative, what you will actually be doing to achieve your outcomes and impact. This part is usually the easiest, because it's about you. That said, there are at least two factors to consider: 1) attribution - the degree to which the strategy actually has a direct, significant, and causal link to one or more priority outcomes, and 2) practicality - your ability to reasonably undertake the strategy (or strategies) with your limited time and resources.

In the provided example, you will see that the "Dependable, ongoing access to a social safety net / companionship" outcome is supported by one primary strategy: 'Door-through-door' driving service to enable participation in social activities.

This is not about laying out *every possible* strategy that you might undertake but, rather, highlighting those strategies that are *absolutely critical* to achieving your priority outcomes and impact. You will want to balance this with making sure that each of your priority outcomes are supported by at least one strategy, if not more.

In Summary

You will discern from this article that a good success equation highlights only the most critical aspects of your impact model. Being concise forces a discipline and clarity on your thinking; what are you *really* trying to do? And most of the success equation --the top three of four levels, in fact--is focused on your community and how it will be better as a direct result of your efforts. And finally, you can likely see how a well-defined success equation will provide an excellent basis for funding proposals, press releases, articles, and action plans.

If you've got questions, suggestions, or concerns about anything in this article, I'd love to hear from you. I'm at andyhorsnell@gmail.com
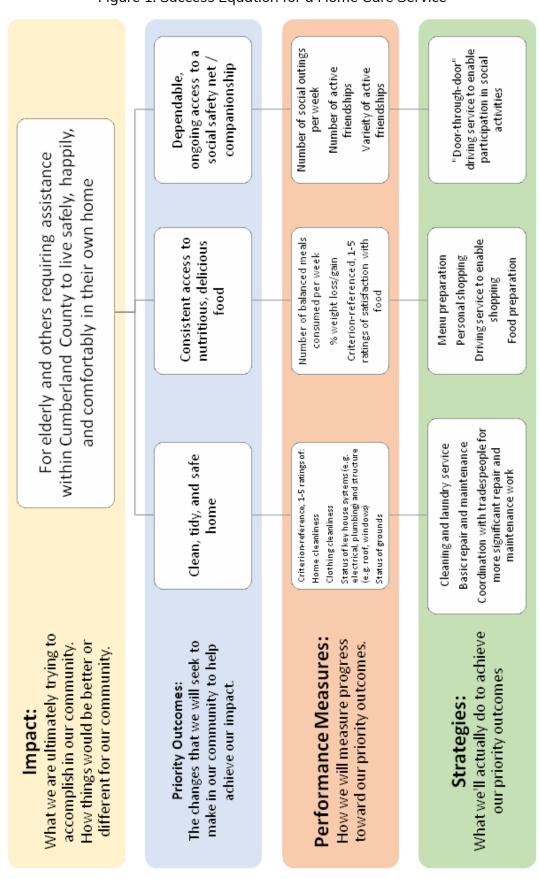
Figure 1. Success Equation for a Home Care Service

Impact:
What we are ultimately trying to accomplish in our community. How things would be better or different for our community.

For elderly and others requiring assistance within Cumberland County to live safely, happily, and comfortably in their own home.

Priority Outcomes:
The changes that we will seek to make in our community to help achieve our impact.

- Clean, tidy, and safe home
- Consistent access to nutritious, delicious food
- Dependable, ongoing access to a social safety net / companionship

Performance Measures:
How we will measure progress toward our priority outcomes.

- Criterion-reference, 1–5 ratings of:
  - Home cleanliness
  - Clothing cleanliness
  - Status of key house systems (e.g. electrical, plumbing) and structure (e.g. roof, windows)
  - Status of grounds
- Number of balanced meals consumed per week
- % weight loss/gain
- Criterion-referenced, 1–5 ratings of satisfaction with food
- Number of social outings per week
- Number of active friendships
- Variety of active friendships

Strategies:
What we'll actually do to achieve our priority outcomes

- Cleaning and laundry service
- Basic repair and maintenance
- Coordination with tradespeople for more significant repair and maintenance work
- Menu preparation
- Personal shopping
- Driving service to enable shopping
- Food preparation
- "Door-through-door" driving service to enable participation in social activities