

THEORY OF CHANGE

The beginning of making a difference

Angela Kail, Tris Lumley

April 2012

CONTENTS

Introduction	3
What is a theory of change?	3
How to create a theory of change	5
This report	5
Next steps	6
Using a theory of change for strategy	7
Focusing on the goal.....	7
Showing the causal links.....	7
Revealing hidden assumptions	7
Basing the strategy on evidence.....	7
Using the views of stakeholders	8
Using a theory of change for evaluation	9
Understanding all your outcomes	9
Making sure that outcomes are realistic	9
Understanding how outcomes are connected.....	9
Understanding progress towards the final goal	9
Using a theory of change to think about your place in the sector	10
Collaboration.....	10
Measurement for the sector.....	10
Conclusion	11

Introduction

At NPC, we find an increasing number of charities and funders are using theory of change to design and evaluate programmes. A decade ago, the term ‘theory of change’ meant little to the UK charity sector. Seen as a piece of American evaluation jargon, it did not conjure up much enthusiasm. But 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?

What is a theory of change?

Charities work incredibly hard, so it is no surprise that they can sometimes be so focused on their day-to-day activities that they lose sight of what they are trying to achieve. When they do try to think about their goals or try to measure their impact, they can struggle. A theory of change can help charities to refocus, weigh up their priorities and begin to measure their impact, ultimately getting more out of their resources to help more people.

A theory of change shows a charity’s path from needs to activities to outcomes to impact. It describes the change you want to make and the steps involved in making that change happen. Theories of change also depict the assumptions that lie behind your reasoning, and where possible, these assumptions are backed up by evidence.

A good theory of change can reveal:

- whether your activities make sense, given your goals;
- whether there are things you do that do not help you achieve your goals;
- which activities and outcomes you can achieve alone and which you cannot achieve alone; and
- how to measure your impact.

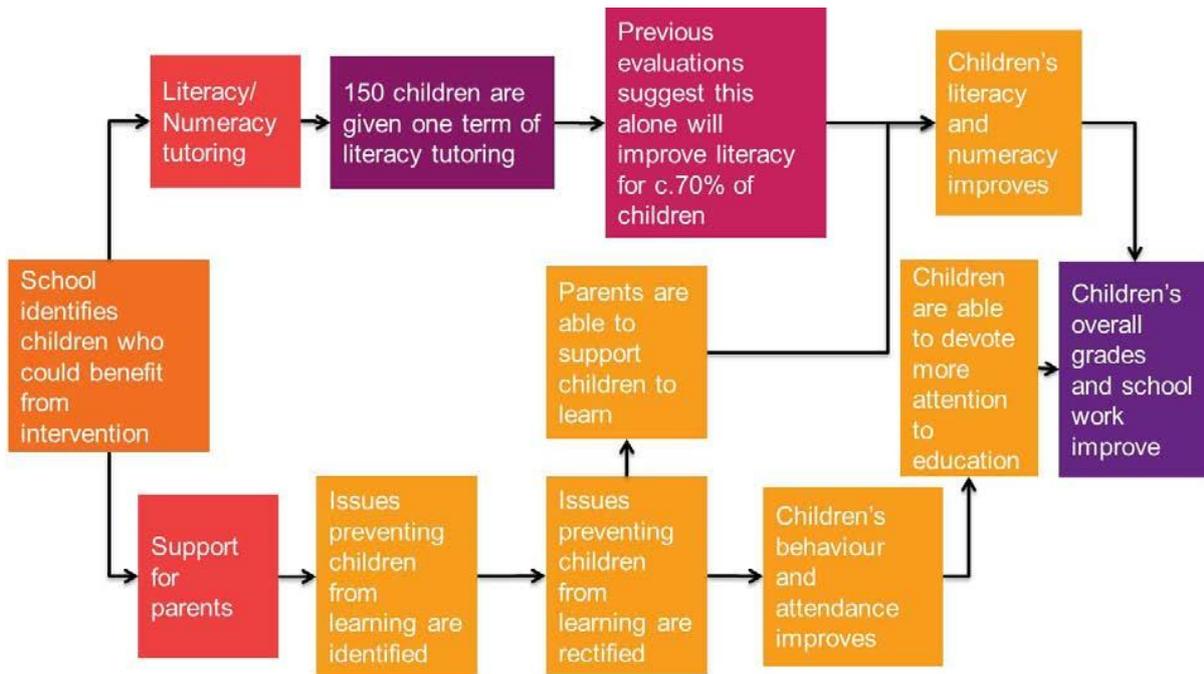
Theories of change are often shown in a diagram, allowing you to see the causal links between all the steps. Of course, the world that charities work in is in fact complex, messy and impossible to reflect comprehensively in a diagram. But that is where the theory of change approach has real value: it 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.

The origins of the theory of change

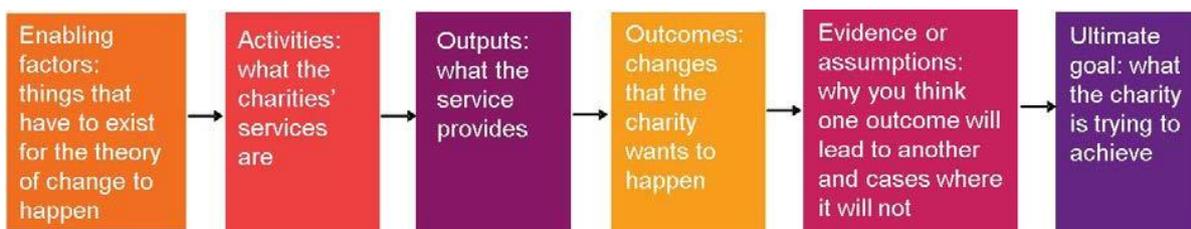
Theories of change grew out of evaluation planning techniques, such as logic models. They were originally used by community development charities. They were designed to be more helpful in planning complex interventions than other methods, because they show a more detailed causal model to explain why the intervention will work.

Figure 1 shows a simple example of a theory of change for a charity that intends to improve children’s grades and school work, with enabling factors, activities, outputs, outcomes and evidence. The charity identifies which children will benefit from the intervention, and it has two activities: literacy and numeracy tutoring, and support for parents. In the literacy and numeracy tutoring, 150 children are given one term of literacy tutoring, which evidence suggests will improve literacy for 70% of children. This is supplemented by support for parents, which will help the charity to identify why some children are struggling to learn, leading to children being able to devote more attention and the grades and school work going up.

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



Key



Theories of change can be simple or complex, depending on what they are being used for and how complicated the intervention is. They might include other agents who are working towards the goal, which helps the charity to understand which partnerships are needed to make the approach succeed. Or they might reference the evidence that already exists about the intervention, which helps the charity to think through what else it can do to measure the impact of its work.

How to create a theory of change

A theory of change should be informed by many different points of view to make it as thorough and robust as possible. In our experience, the best way of gathering these points of view is in a workshop involving trustees, management team, staff and stakeholders. The workshop needs to be facilitated so that everyone can question everything in the theory of change, regardless of position or hierarchy. This will result in a strong and useful theory of change. Charities often use an external organisation both to facilitate and to provide an objective perspective.

There are a number of stages in creating a theory of change.

1. **Identify a realistic and definite goal.** This goal is the end point of the theory of change—the ultimate aim of the charity or programme. It is important that the goal is as clear and realistic as possible. If it is not clear, the theory of change will tend to descend into every possible activity and outcome that could happen, which it is not helpful for thinking about the appropriate strategy. If the goal is not realistic, it will be impossible to build the causal model of how to achieve it—although it should be ambitious enough to stretch the organisation. For example, in Figure 1, the goal is ‘Children’s overall grades and school work improve’ rather than something like ‘Children have a better standard of education’. The first is more concrete as it shows exactly what the standard is. Education outside and after school are not within the remit of this charity.
2. **Work backwards from the goal to work out the intermediate outcomes.** The participants in the workshop have to work through each step backwards asking, ‘*What has to happen in order for this to be achieved?*’ This process generates all the intermediate outcomes required in the intervention, and ensures that the focus is on what has to be done to achieve the goal, rather than on what the current activities are. For example, in Figure 1, in order to improve grades, children need to improve their standard of literacy and numeracy, and in order to do that, they need to be able to devote more attention to their education.
3. **Establish the links between outcomes, and their order, by working out causes and effects.** It is important to go through the links in detail, questioning whether one outcome really leads to the next, and the reasons for believing that. In our example in Figure 1, the charity is confident that this intervention will work because evaluations of previous work show that literacy interventions improve literacy for 70% of children.
4. **Work out which activities lead to which outcomes.** This is generally quite straightforward. In our example in Figure 1, we worked out that in order to find out which issues are preventing children from learning, and to rectify these issues, the charity needs to support parents and teachers.
5. **Identify what else is needed for the intervention to work.** A good way to think about this is to work out what would completely derail the intervention. This can reveal important enabling factors, such as which stakeholders have to be on board.

This report

The three sections of this report show how a theory of change can be useful in three important ways:

- for strategy (Section 1);
- for evaluation (Section 2); and
- for thinking about your place in the sector (Section 3).

Next steps

If you are a charity or a funder and you are interested in developing a theory of change, contact Alex Van Vliet at NPC (alex.vanvliet@thinkNPC.org) to find out how we might be able to help you. For further information, read our detailed theory of change guidance, attend one of our theory of change [training sessions](#), or explore the resources listed in the box at the end of this report.

Using a theory of change for strategy

A theory of change is an excellent basis for a strategic plan because it works methodically through the path from the need you are trying to address to the change you want to achieve.

Thinking about your organisation's theory of change at the start of a strategic review can help staff and trustees to focus on the goal. It makes sure that causal links, supporting evidence and different stakeholders' viewpoints are considered, and instead of becoming fixated on what the charity is currently doing, it draws people's minds to the activities that are needed to achieve the goals.

Focusing on the goal

The process of developing a theory of change starts at the goal of the charity or programme, then works backwards through the steps that are needed to achieve it. The charities that we work with are not always used to this backwards mapping, as they tend to think in terms of the activities they already do. However, backwards mapping is important because it means that everything that is needed to achieve the goal is contained within the theory of change, not just the charity's current activities. This can open up new opportunities, such as discussions about how to work more closely with others, or even whether to consider merger.

Showing the causal links

By developing a theory of change, charities can understand how different aspects of their work fit together to achieve their final goal. For example, when we looked at one charity's plan to use music to help children do better at school, it became clear that the outcomes that the charity was most interested in stemmed from increasing self-esteem and well-being. The charity therefore started to think about how it could measure the well-being of the children it helped, to make sure that it was having a positive impact.

Good strategies involve considering the alternatives and only discounting an option on the basis of evidence. A theory of change provides a coherent framework in which different strategies can be looked at and the evidence for and against each can be weighed up. This is brought about through the two processes of backwards mapping and thinking through the causal links, which can help the process for determining the right course of action. This allows management to think about how important each of the activities is, and what resources should be invested in them.

Revealing hidden assumptions

Working through a theory of change can reveal assumptions in a charity's strategic plans that otherwise might go unnoticed. For example, a charity that works with children for a school term to improve their literacy might question whether a term is really the right length of time for the intervention to work. How did that time limit come about? Was it based on evidence or on another constraint, such as funding? If it was based on a constraint, is that constraint still in place, or might it be possible to change the time limit and maybe improve outcomes? Once assumptions are revealed through this kind of questioning, it is easier for staff and trustees to think through whether they are right and therefore whether what they are doing is likely to work in the best possible way.

Basing the strategy on evidence

A good strategic plan should be based on evidence and revised as more evidence is collected about whether or not the charity's approach works. The theory of change process lays out all the evidence that an intervention is based on. Ideally, charities should start with a theory of change based on evidence that is revised as the work continues. If there is no evidence to start with, it becomes even more important to review the theory of change regularly. A charity's theory of change should therefore evolve from being based mainly on assumptions about what works (assumptions made when the charity was founded), to being based more on evidence about what works.

Using the views of stakeholders

A theory of change is only as good as the views of the people who build it, which is why we usually develop theories of change in participatory workshops that involve lots of people. This allows people with diverse experiences to think through whether the outcomes and causal links are right. One charity NPC worked with was trying to work out why their advocacy for change in a sector was not effective. The different experiences and perspectives of the people in the room provided several possible reasons and therefore different avenues they could explore.

Using a theory of change for evaluation

Many charities are keen to measure their impact, but struggling to know where to start. A theory of change is a crucial basis for measurement, because it provides a theoretical framework that can be used to assess whether an intervention is working as planned and how it can be improved.

Understanding all your outcomes

For an evaluation or measurement framework to be successful, it has to measure the right things. Because a theory of change shows what a charity is trying to achieve and how it is planning to get there, charities can work out whether they are achieving their intended outcomes. If measurement is not based on a theory of change, it risks not measuring the most important things and therefore wasting money.

A theory of change can identify key outcomes that absolutely have to be measured. These might be intermediate outcomes that lead to lots of other outcomes, or they might be outcomes that make this intervention different from the usual practice. In the example in Figure 1, improved attendance and behaviour at school is a key outcome that makes this intervention different from the normal practice of numeracy and literacy tuition.

Making sure that outcomes are realistic

Many charities have grand aims, such as 'the alleviation of poverty'. But aims like these are too large for a charity to achieve on its own, so it is not sensible to think about how to measure them. A theory of change helps charities focus on concrete, defined aims and outcomes, which are potentially measurable.

Understanding how outcomes are connected

Charities that base their measurement on a theory of change can understand how change is happening as well as whether it is happening. This means that outcome measurement can feed into the charity's strategy, to make sure that resources are allocated well. It also means that charities can adapt their programmes according to what works, and predict what will happen as a result of their activities.

For instance, going back to the example in Figure 1, the charity thought that adding parental and teacher support would produce a better outcome than just having literacy and numeracy tuition. To make sure that this extra resource is worthwhile, the charity needs to be sure that the parental support does in fact help to identify and address issues that are preventing the children from learning, and that is leading to improved grades. If the charity just measures whether the grades are improved, it will not know whether these improved grades are caused by the literacy and numeracy interventions, by the parental or teacher support, or by a combination of both.

Understanding progress towards the final goal

Some charities' final goals cannot easily be measured. They involve change that happens too gradually or change that happens in the lives of people who are difficult to track. Because theories of change show all the intermediate steps that lead to the end goal, they can help charities work out whether they are making a difference towards that end goal, by measuring the intermediate steps.

The theory of change provides evidence for why these intermediate outcomes are a good way to achieve the long-term goal. This can reassure funders that the charity is making progress and can help charities to work out what they can attribute to their work. This is particularly useful for charities that are involved in campaigning or advocacy work.

Using a theory of change to think about your place in the sector

Theories of change are useful for individual organisations and programmes, but they can also be used to think more broadly about how different organisations with a sector are working together, thereby helping all the charities working in a particular field to achieve greater impact.

Collaboration

The process of developing a theory of change helps charities think about collaboration: in working out which outcomes have to be achieved to reach your ultimate goal, you will come across some outcomes that your own activities do not achieve. The next step is to think about who is achieving those outcomes and how closely you need to work with them to ensure that the outcomes happen. Sometimes it is enough just to be aware of who is doing this work. At other times, you may need to work together very closely.

Groups of charities that use theory of change in this way are better able to build common strategies to increase their impact, to think about weaknesses and to identify where new approaches need to be built.

Thinking carefully through the assumptions behind a theory of change can help you work out if it would be possible to work with another organisation. For example, if you are campaigning for a change in behaviour, you might think that it is important to persuade the general public of your point of view and give them incentives to change their behaviour. Another organisation might think it is more important to campaign for a change in the law. These different approaches might make it difficult to work together.

Measurement for the sector

In the same way that a theory of change is a good basis for a charity's impact measurement, it can also be used to help a group of charities in a particular sector to think about how they might measure common outcomes together. This means that organisations can share the cost of developing measurement techniques, and can make it easier for funders to understand and compare charities' outcomes.

NPC is actively developing the shared measurement agenda, working on shared measurement approaches in a number of sectors. Our Journey to Employment (JET) framework, for example, was published as part of our programme of work for Inspiring Impact. The JET framework is designed to help charities think through how their work contributes to young people's employability, and plan approaches to evaluation using principles from theory of change and shared measurement.

If you are interested in shared measurement in your sector and believe there may be an opportunity to develop the approach with a group of charities and funders, please contact Tris Lumley on tris.lumley@thinkNPC.org.

Conclusion

NPC has worked with numerous charities, funders and public sector bodies in this area. We were commissioned by the Youth Justice Board to deliver theory of change training throughout England and Wales to youth justice practitioners in local authorities and secure establishments. This formed part of a drive to improve the use of evidence in effective practice. We helped Mind—the leading mental health charity—to develop a theory of change, which it not only used to establish an evaluation framework but also to reformulate its strategic plan. The charity's funders have since said that they find the new version of the strategic plan much clearer and easier to understand now that it is based around outcomes working towards an ultimate goal.

Our work with funders included a project with the Prince's Regeneration Trust using theory of change to develop an outcomes measurement framework for their social enterprise fund. The fund aims to work with local community groups to adapt and re-use derelict at-risk locally important buildings in deprived areas and bring them back into use for local people.

Trustees like theory of change because it provides a framework in which to think about some big issues, such as whether to merge or how best to achieve their charity's mission. For example, NPC delivered a theory of change workshop to Together for Short Lives after the merger of Children's Hospice UK and ACT, the Association of Children's Palliative Care. After the session, Heather Wood, one of the trustees said,

'The newly merged board was still new to working together at the start of the process, and the opening session allowed us all to share our personal commitment and thinking. Our future discussions will benefit from this.'

Staff like it because it can simplify problems that they are dealing with, such as how to measure their impact. One of the charities we worked with is SolarAid, which takes renewable energy to poor parts of the world. According to Katie Bliss, the charity's programmes manager:

'The theory of change process has transformed the way we plan and measure our impact at SolarAid. It offers a practical and realistic method of mapping out the change you are looking to bring about, helps identify any potential issues, and provides a clear road map for all staff, donors and investors.'

At NPC, we believe that clear, simple theories of change are the foundation of every charity's ability to achieve impact. Without them, it is hard to work out how well a charity or sector is doing and how to improve. They underpin successful strategies, form the building blocks of good evaluations, and help charities to work out their place in their sector.

NPC can help you develop your theory of change. We offer a range of options, from facilitating workshops to providing theory of change training. We can also analyse your theory of change to test how feasible and practical it is. Contact Alex Van Vliet (alex.vanvliet@thinkNPC.org) for more information.

Further resources

The following resources can help you to create your own theory of change:

New Philanthropy Capital *Creating a theory of change*

ActKnowledge [Theory of change](#)

Keystone Accountability (2009) [Developing a theory of change](#)

Charities Evaluation Services (2011) [Making connections: using theory of change to develop planning and evaluation](#)

Grantcraft (2006) [Using a theory of change](#)

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

New Philanthropy Capital
185 Park Street, London SE1 9BL
020 7620 4850
info@thinkNPC.org

Registered charity No 1091450
A company limited by guarantee
Registered in England and Wales No 4244715

www.thinkNPC.org