A Guide to Theory of Change for Social Enterprises

Birdie Salva

Curiosity.

Curiosity is a *design research* agency that helps organizations build better services, programs, and experiences that *enrich the human experience.*

By combining the lenses of *anthropology, business and design*, we provide clarity on complex human needs and the local context that shape it.

We challenge *armchair assumptions* about how people view the world and live their lives. By participating in the everyday lives of people, we are able to *share their truths and empower them as co-creators* of their world.

Curiosity.

Our Clients

Organizations committed to delivering meaningful services to their stakeholders

- Alaska Milk Corporation
- Angkas
- Ayala Corporation
- Bayad Center
- BPI
- Cebu Pacific
- Centro Manufacturing
- Coffee Bean and Tea Leaf
- Facebook
- First Philippine Holdings
- Flying Bisons
- Generika Drugstore
- Globe Telecom
- ICON Clinical Research
- Johnson & Johnson
- Mars Wrigley
- Meralco
- Nestle
- Pascal Resources Energy
- Peerless Products
- Remitly
- Sun Life Financial
- Tasteless Food Group
- Viviamo Inc

- Art Provenance
- College of St. Benilde
- Cuso International
- Department of Tourism
- Design Center of the Philippines
- Forest Foundation
- Fred Hollows Foundation
- GIZ
- Gokongwei Brothers Foundation
- Hapinoy
- Jollibee Group Foundation
- National Anti-Poverty Commission
- ParentUp
- Peace & Equity Foundation
- Roots of Health
- Sari Software Solutions
- Skyeye Analytics
- USAID
- WeDpro
- Zuellig Family Foundation

Industries and Sectors:
- Banking
- Consumer Goods
- Disaster Preparedness
- Financial Literacy
- Food & Beverage
- Healthcare
- ICT
- Insurance
- Land rights
- Manufacturing
- Telecommunication
- Tourism
- Transportation
- Urban Development
- Women's rights
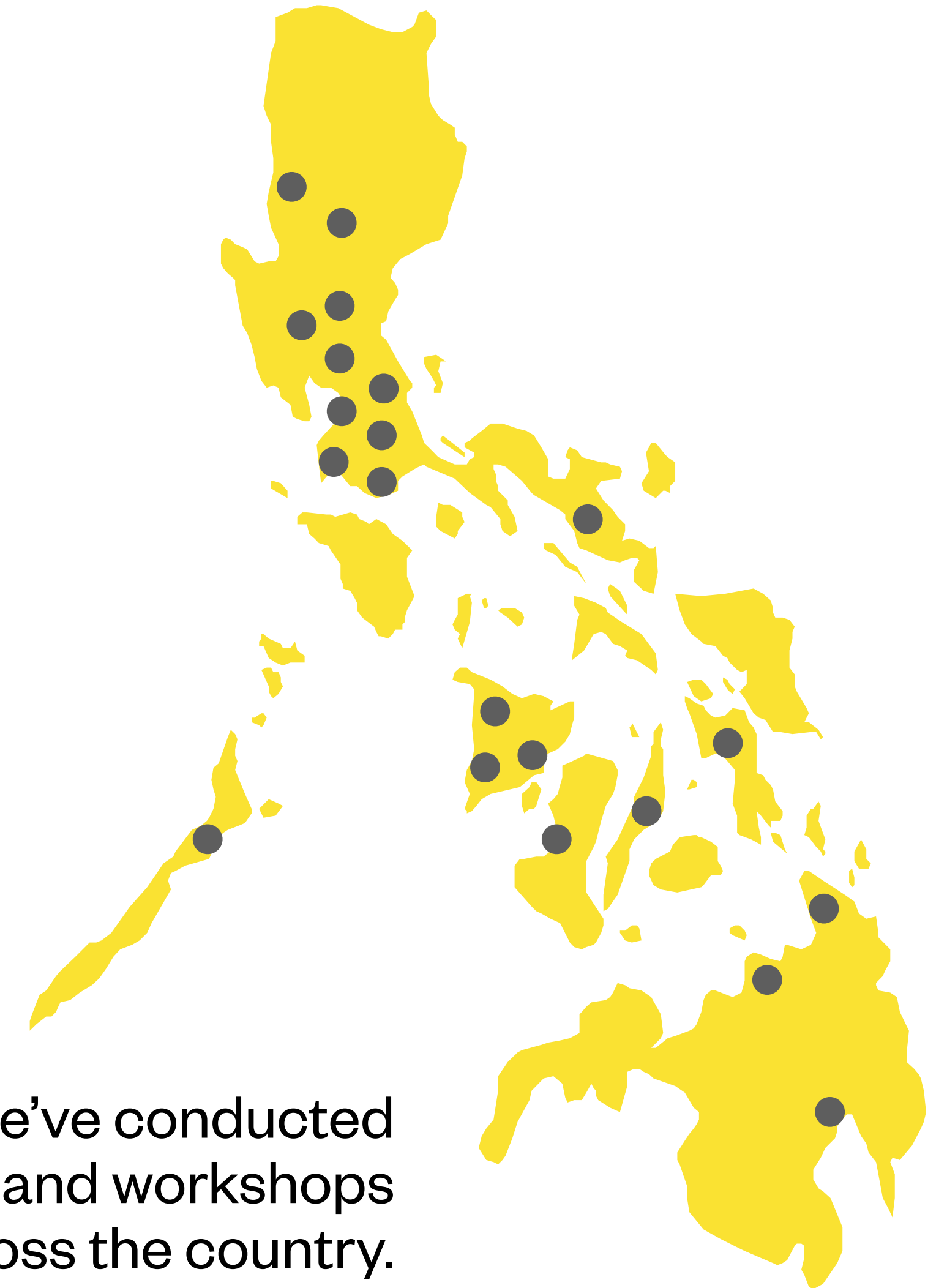
Since 2013, we've conducted research projects and workshops all across the country.

Our Research and Consultancy Services

User Research and Experience Audit
to clarify human needs and understand the local context that shapes it, and identify design opportunities.

Community Co-Creation
to engage communities as stakeholders in the service or programs that will directly affect them.

Service Design and Testing
to turn user understanding into design principles and actionable directions for iterations.

2019 seems so far away. What were we all concerned about then?

Decluttering with Marie Kondo

Planning our holiday travels

Strategizing around traffic

Now we're nearing the end of 2020, what is important to us now?

Staying safe and healthy

Managing our household needs
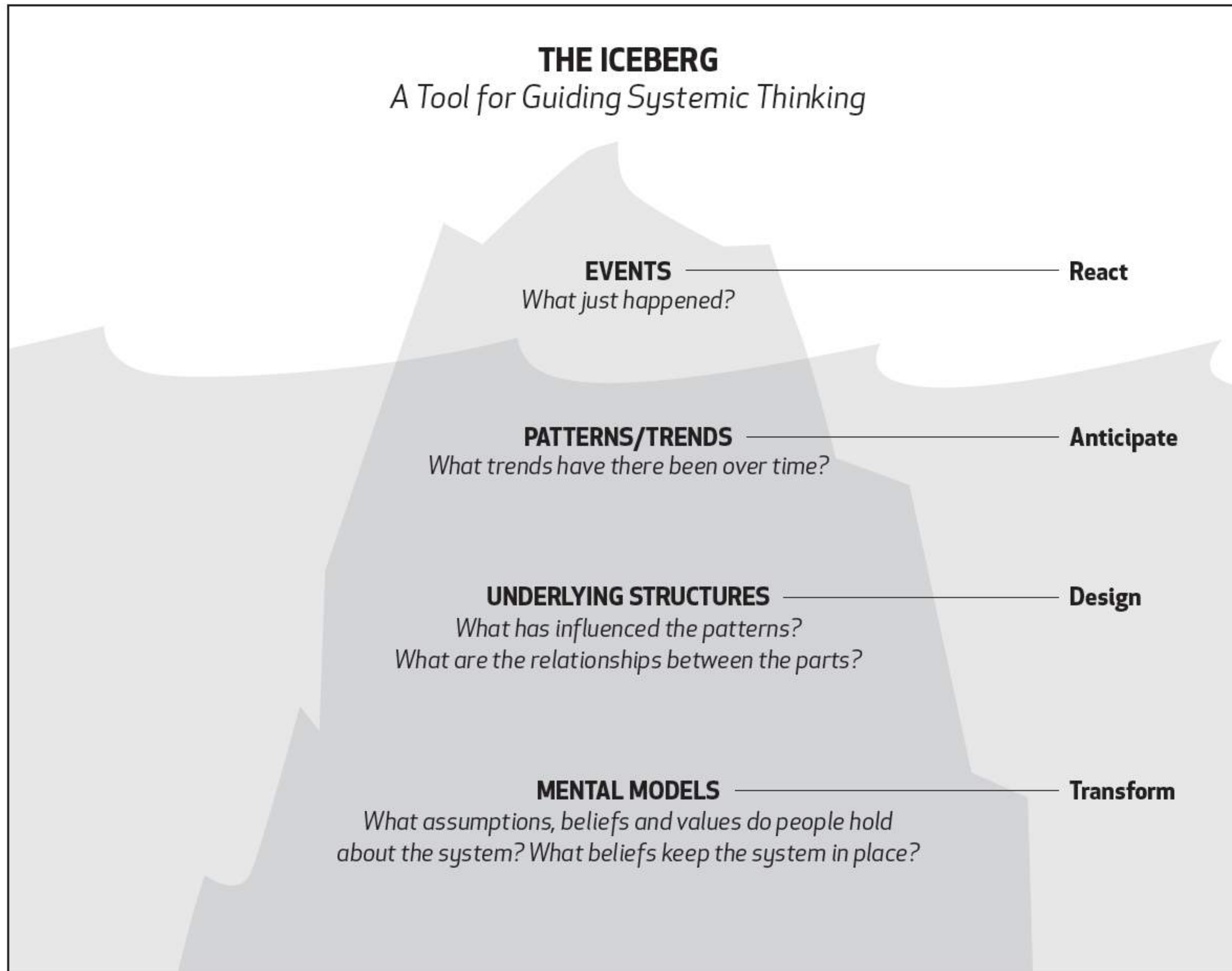
Ensuring our economic survival

How has your social enterprise adapted to the pandemic?

The COVID-19 Heat Map

COVID-19 induced economic disruption will disproportionately impact some industry sectors more than others

HIGH EXPOSURE
- Apparel
- Automotive Manufacturers
- Automotive Suppliers
- Consumer Durables
- Gaming
- Lodging / Leisure & Tourism (includes Cruise Lines)
- Passenger Airlines
- Retail (Non Food)
- Global Shipping

MODERATE EXPOSURE
- Beverages
- Chemicals
- Manufacturing
- Media
- Metals & Mining
- Oil & Gas / Oilfield Services
- Property Developers (China)
- Protein & Agriculture
- Service Companies
- Steel Producers
- Technology Hardware

LOW EXPOSURE
- Construction / Materials
- Defense
- Equipment & Transportation
- Rental
- Packaging
- Pharmaceuticals
- Real Estate, REITS
- Food / Food Retail
- Telecoms
- Waste Management

Global Covid-19 Impact Heatmap

Potential Positive Impact
Internet Service Companies, Retail (Online), Gold Mining

Source: Moody's, Covid-19 Impact Heatmap, Coronavirus hurts travel-driven sectors, disrupts supply chains

Moody's

What kind of impact do we want to achieve?

THE ICEBERG
A Tool for Guiding Systemic Thinking

EVENTS
What just happened? — React

PATTERNS/TRENDS
What trends have there been over time? — Anticipate

UNDERLYING STRUCTURES
What has influenced the patterns?
What are the relationships between the parts? — Design

MENTAL MODELS
What assumptions, beliefs and values do people hold about the system? What beliefs keep the system in place? — Transform

Image from: https://ecochallenge.org/iceberg-model/

As social enterprises, we want to change the **root causes** of a problem.

It is not enough to just plant new trees, which will then be cut off again. Or to help 50 displaced families that will be replaced with more in the next typhoon because the systems that made them vulnerable have not changed.

If we really want to create **long-term positive impact at scale** to our communities, we need to direct our energies at **transforming the system and not just chasing after symptoms.**

How do we go about addressing complex problems?

Social problems are complex because they are **multifaceted, confusing and hard to define**. These are problems that are beyond the scope of any single organization to understand and respond to.

And **we cannot anticipate all effects** of available solutions. Your intervention can cause new problems later on or your solution today may no longer be acceptable tomorrow.
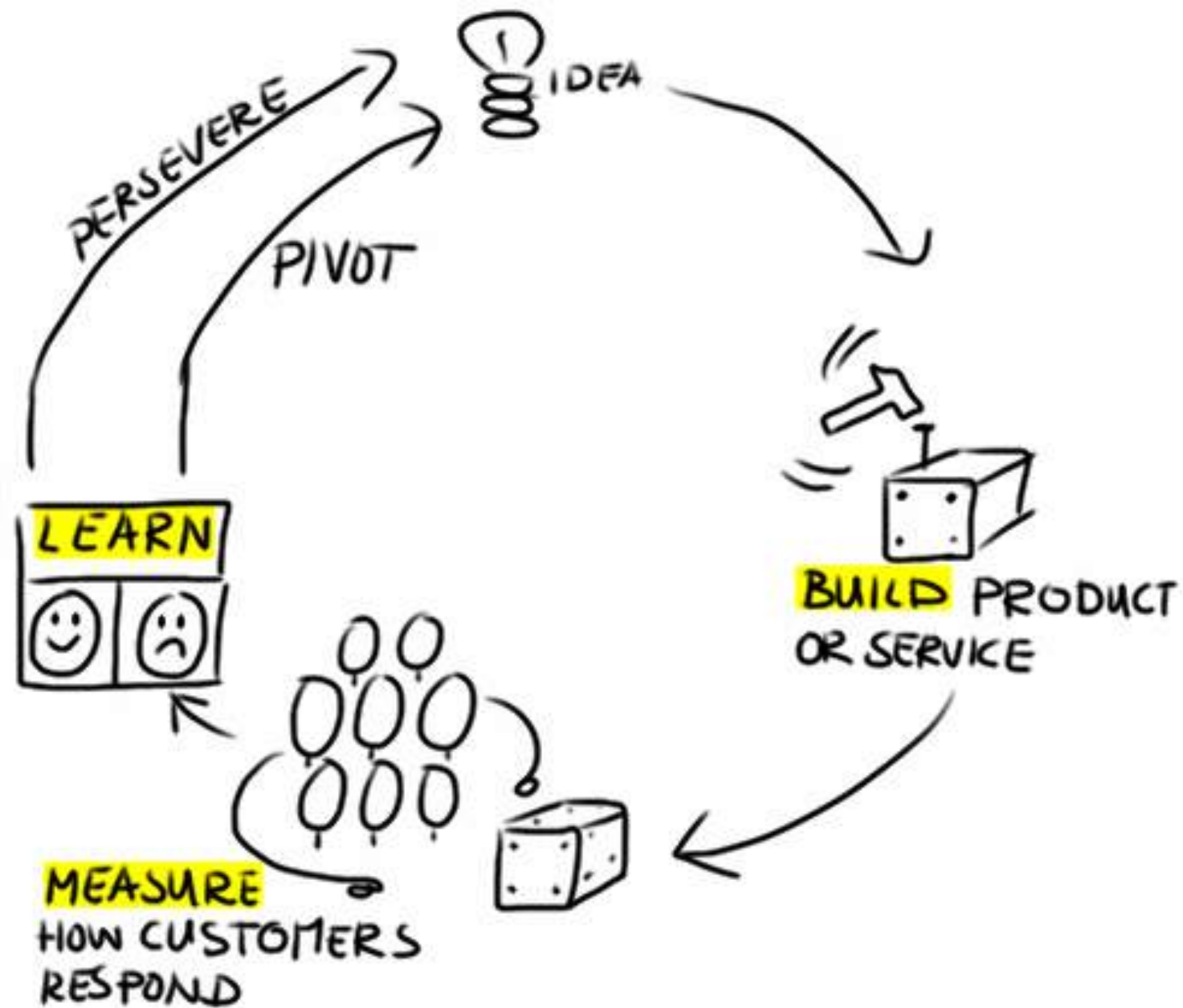
These problems can only be **addressed but not completely solved**.

What are your organization's frameworks for navigating the unknown?

Agile model for product-market fit
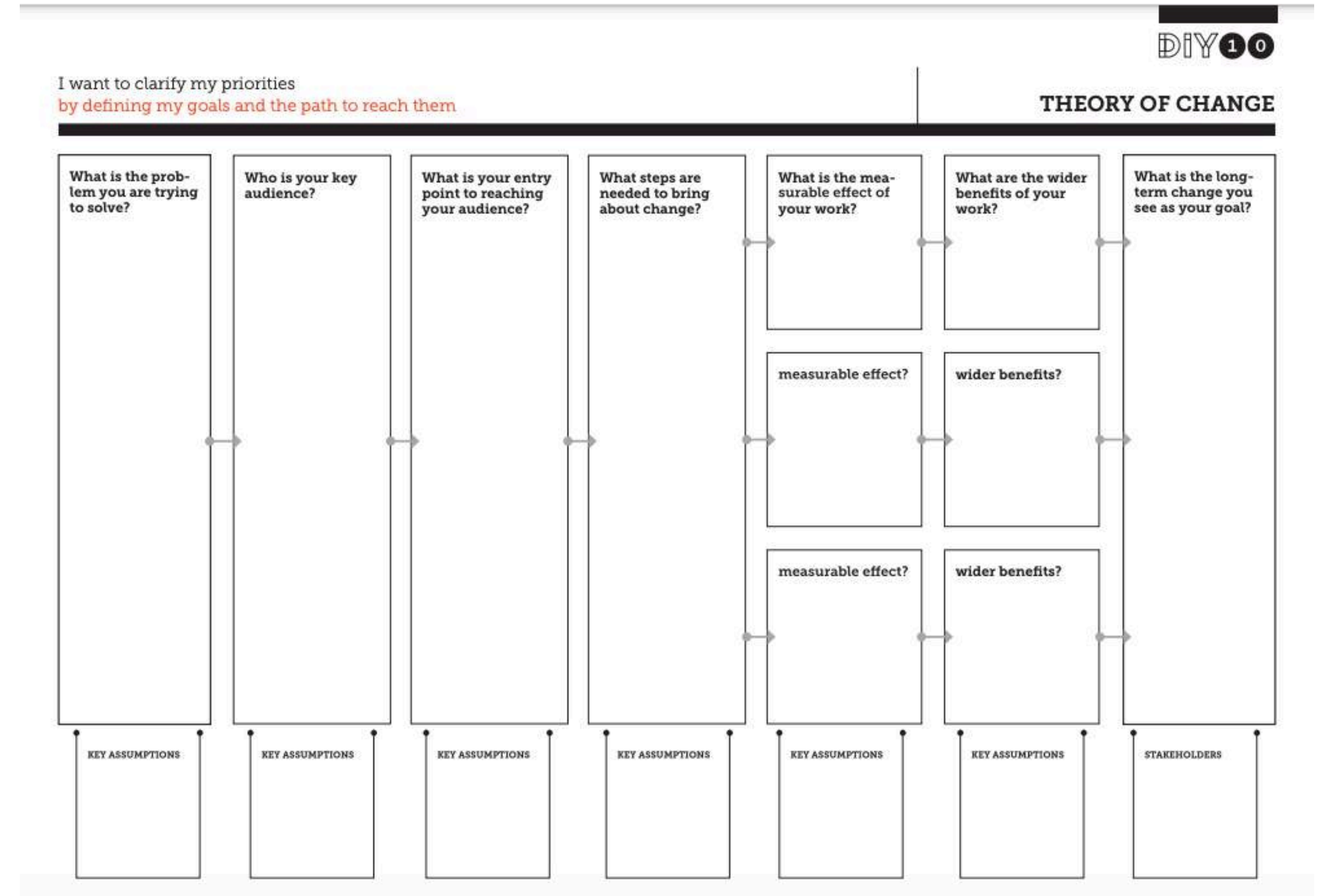
Theory of Change for achieving impact

Part 1:
What is a Theory of Change

What is a Theory of Change?

Let's say a person decides that they want to become healthier in a year's time.
How would they go about it?

What is a Theory of Change?

Let's say a person decides that they want to become healthier in a year's time. How would they go about it?

1. What is the **problem** that the person want to solve?
   - *Prevent illness, stop feeling lethargic, etc.*

2. What is the person's desired **long-term impact**?
   - *Feel stronger and healthier, less prone to illness, etc.*

3. What are the **measurable and observable outcomes** that must happen to achieve the long-term goal?
   - *Body mass index, less incidents of sickness, etc.*

4. What are the **inputs and activities** that the person needs to do to produce the outcomes?
   - *Change in dietary intake, exercise, etc.*

5. What are the **key assumptions** for each step that makes it possible to happen?
   - *Pre-existing health conditions, work-life priorities, accessibility of alternative food and exercise options, etc.*

Image from: https://www.tripzilla.ph/home-workout-tips/19688

# What is a Theory of Change?

A **Theory of Change** (ToC) is a description of why a particular way of working will be effective. It shows how change happens in the short and long term to achieve the intended impact.

ToC **acknowledges that change is complex** and is rarely linear and considers all the factors necessary for it to come about.

It can be represented in a visual diagram, as a narrative, or both.
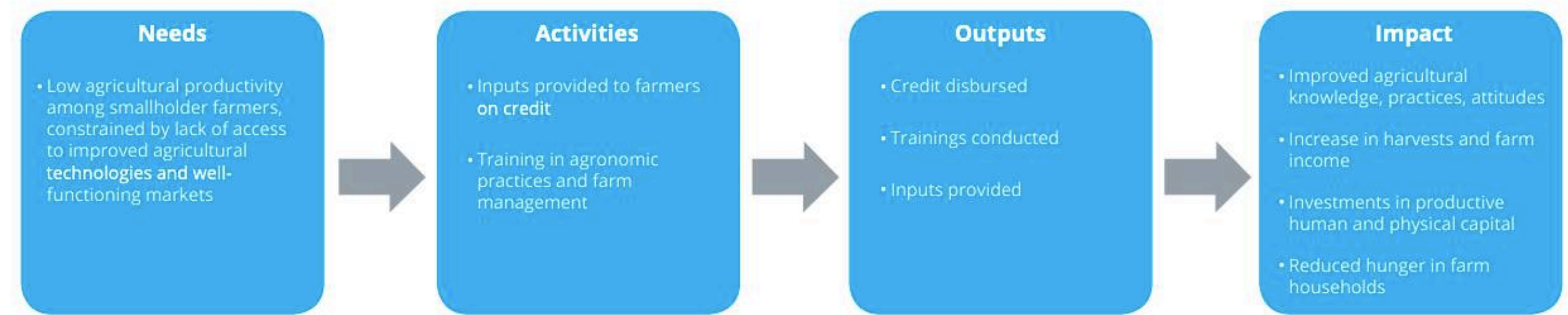
Simplified
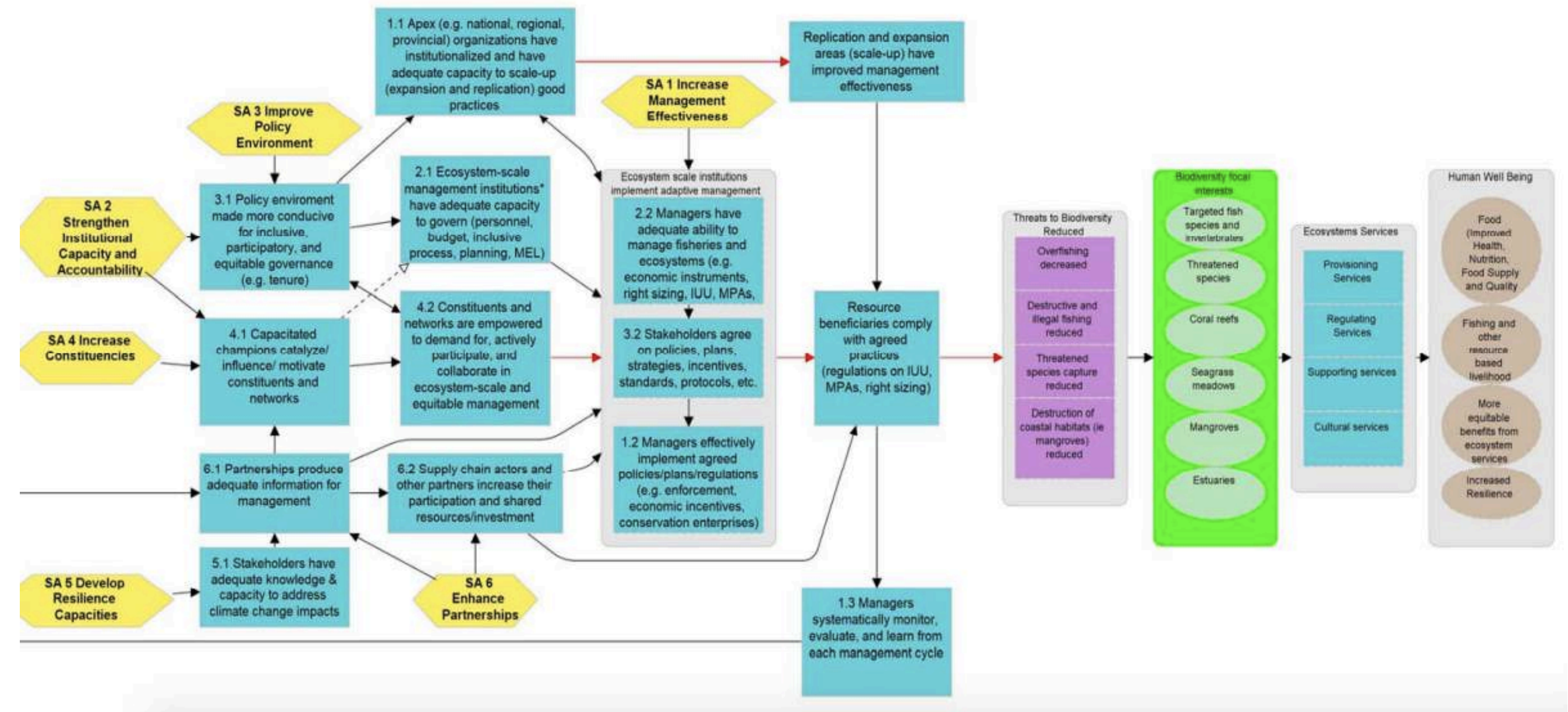
Comprehensive

Example: AHA Learning Center

Only **2% of public school students with poor profiles finish college**. They are at a disadvantage, having to deal with overcrowded classrooms, reduced learning hours, and sometimes, troubled home environment that impedes development.
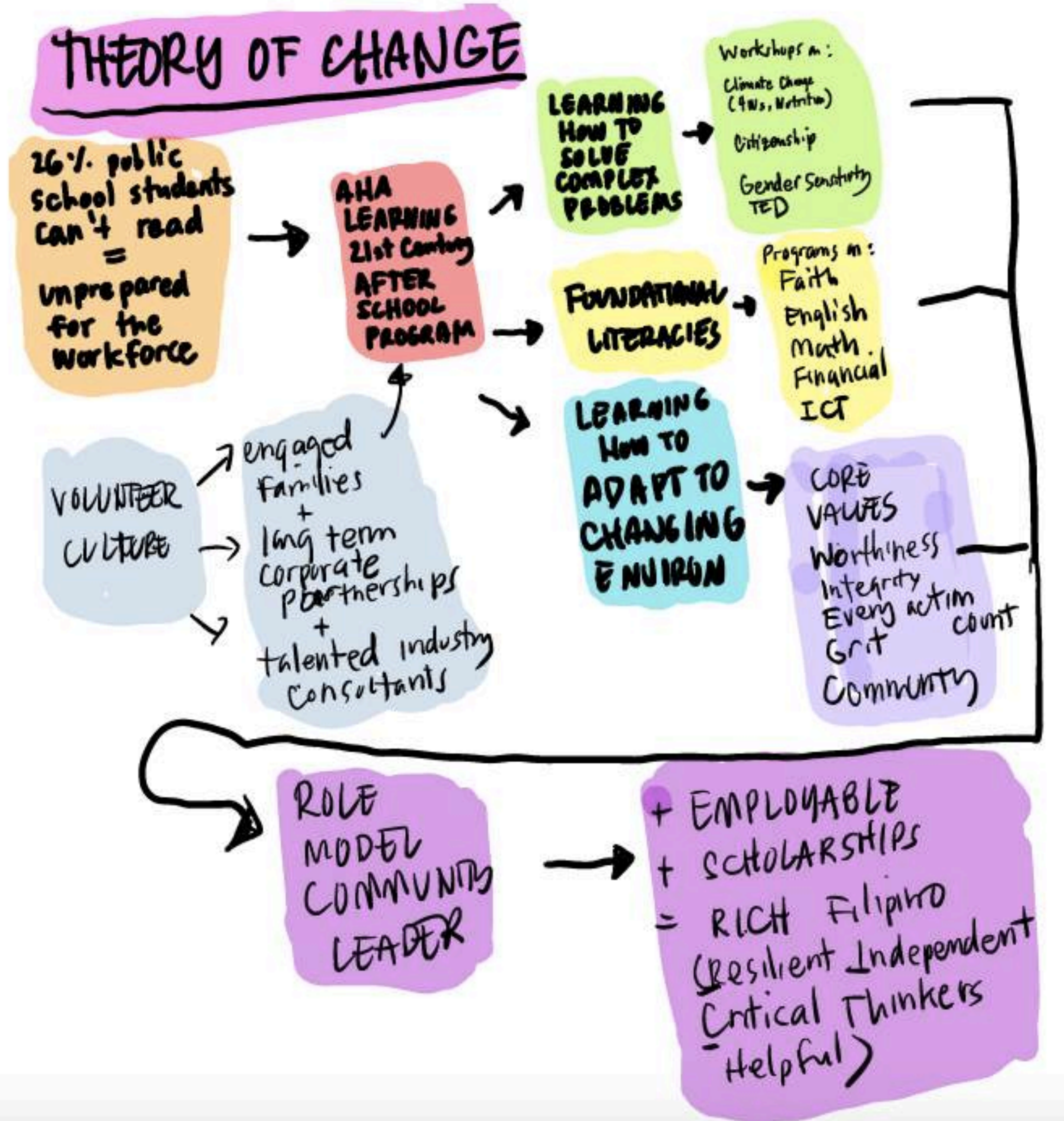
AHA! Learning Center serves public schools and communities with its **free after-school programs** that target children from grades 1 to 10.

Since 2009, AHA has served over 19,000 students- giving them the most number of free after school learning hours (6-8 per week, 200-300 hours a year) in the entire country.

They have directed their **interventions to the family unit**. They believe that the parents are our partners in helping our students not only lead themselves, but lead others as well. **They hope to inspire the next generation of role model Filipinos and community leaders.**

Image from: https://www.youtube.com/watch?v=63kJrK4HpvI
Image: https://aim.edu/news/mdm-stories-shaping-tomorrows-minds

Example: AHA Learning Center

Example: AHA Learning Center

Your Theory of Change acts as a compass to guide your team towards your long-term impact, especially when key assumptions have changed.

Example: AHA Learning Center

Teachers and parents are challenged with this new way of teaching.

The AHA Learning Center created **Tulong Eskwela** a program that educates teachers on how to use Facebook Messenger Free. It also gives practical advice to parents about distance learning.

AHA! LEARNING CENTER'S
IMPACT SINCE LOCKDOWN

PHP 500,000+
worth of assistance distributed to families (cash and grocery)

16,789 LEARNERS
of Eskwelang Pamilya Lessons

100+ HOURS
of educational tele-radio shows produced and aired on DZRJ 810 AM and Sky Cable TV Plus Channel 24

14 STUDENTS
learning Python programming in Barangay Coding

48,553 TEACHERS
trained for Tulong Eskwela

462 LESSONS
on COVID, Wellness, Games, Reading, Writing, and Devotions lovingly prepared

126 HOURS
of free daily Doctor Consultations through Messenger Classrooms

7 NGO PARTNERS
forming Eskwelang Pamilya Chapters

New input and activities, new outcomes, and hopefully towards the same long-term impact.
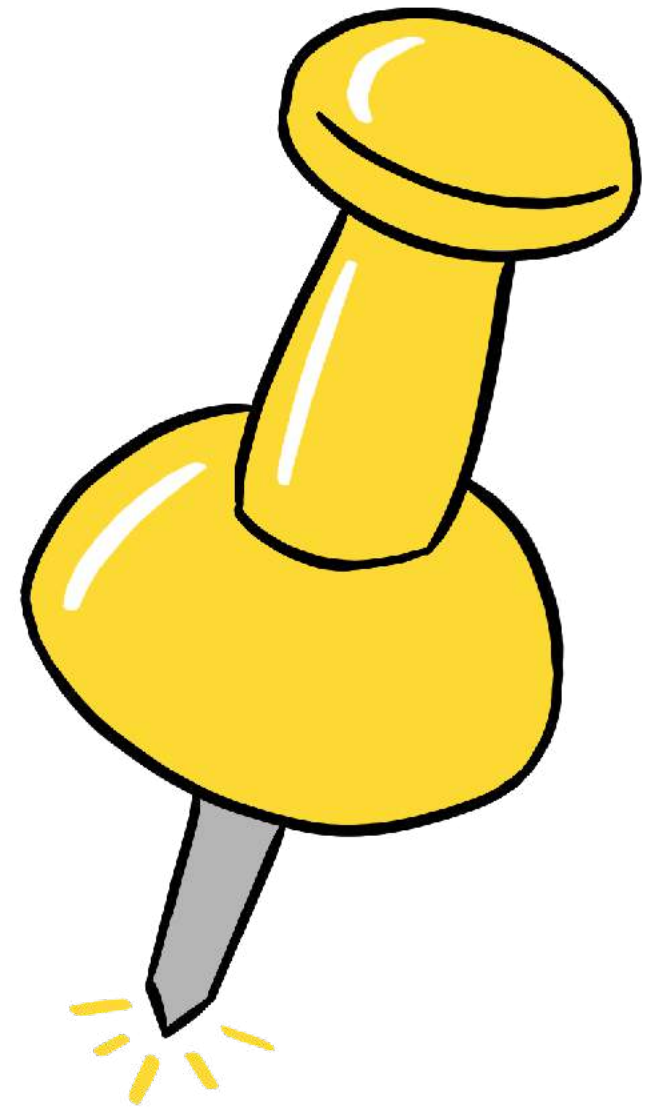
Your Theory of Change is <u>not</u> set in stone

It is a tool that your organization can use to guide you through complex challenges that you are trying to address. It should be treated as a living document that you revisit when needed.

What is a Theory of Change?

Key takeaway:

A Theory of Change is a tool to help you document the causal links between **inputs**, **activities**, **outcomes, and impact**. It also identifies the underlying **assumptions** that makes each step happen.

Part 2:
How to create a Theory of Change?

Step 1: Mission

What you're trying to accomplish?
- The **ambition** of the organization.
- The mission is the "**what**", not the "how".
- Sounds generic, but is specific in the outcome.
- If we pull off the mission, we succeed. If not, we fail.

Guide to creating a mission statement:
- A phrase with **eight words or less** that contains:
  - a verb
  - a target population
  - an outcome that you can measure

One Acre Fund
Get African farmers out of extreme poverty

Step 1: Mission

Living Goods

Save African kids' lives

Lucky Iron Fish

Reduce iron deficiency
of people with anemia

D-Rev Firefly

Prevent jaundice in babies
from poor families

Step 1: Mission

What are we trying to accomplish?

- Prevent deforestation? no evidence
- Prevent CO_2 emissions? marginal
- Saved labor? confusing
- Saved money? sometimes
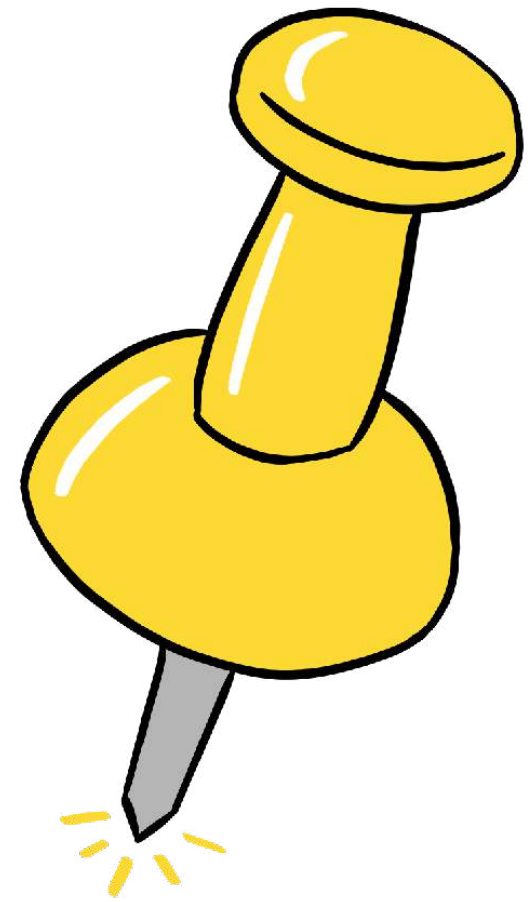- Improved health? expensive

How to create our Theory of Change?

Inyenyeri Fuel and Stove
Eliminate death and disease caused
by household air pollution in Rwanda

How to create our Theory of Change?

Step 1: Mission

Guide to creating a mission statement:

- A phrase with **eight words or less** that contains:
  - a verb
  - a target population
  - an outcome that you can measure

If things are getting confusing, ask yourself:

"Why do we want to do this in the first place? What is the point of it all?"

Step 2: The Big Idea

What is your central, distinctive idea on how to accomplish the mission?

- This is the idea that will be **the core of what you do**.
- Distill your idea down to one sentence.
- This will help you keep the idea simple and easy to communicate.

One Acre Fund
Instead of giving handouts, we supply smallholder farmers with the financing and training they need to grow their way out of hunger and poverty,

Step 2: The Big Idea

Living Goods
We train digitally empowered community health workers in every community who can deliver on-demand, life-saving care to families in need.

Lucky Iron Fish
We provide fish-shaped cast iron ingots to provide dietary supplementation of iron to anemic individuals.

D-Rev Firefly
Design affordable and appropriate phototherapy machines for developing countries that don't have access to standard machines.
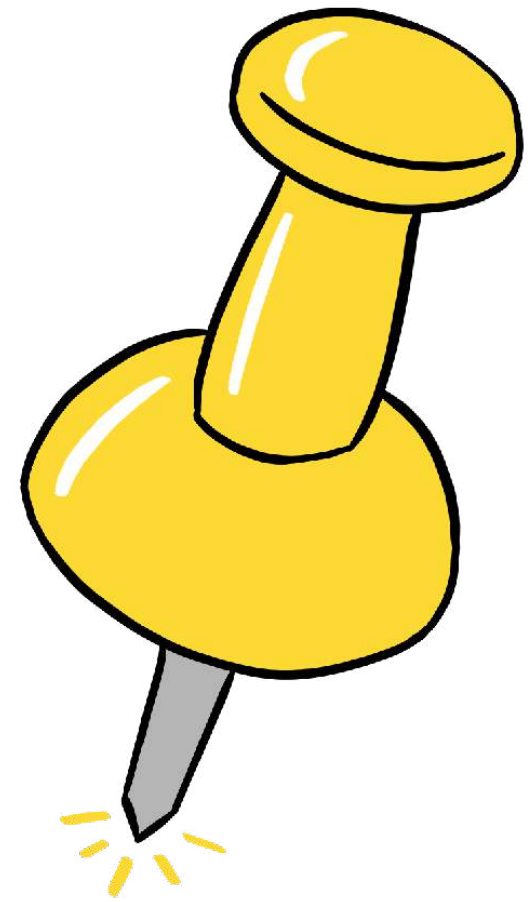
How to create our Theory of Change?

Inyenyeri Fuel and Stove
We provide the cleanest biomass
cookstoves that is built on inclusion—
even for the rural cashless, landless poor.

Step 2: The Big Idea

What is your central, distinctive idea on how to accomplish the mission?

- This is the idea that will be **the core of what you do**.
- Distill your idea down to one sentence.
- This will help you keep the idea simple and easy to communicate.

Step 3: Impact

What is the key outcome that fulfills the mission?

- Identify the single best **outcome**. Not input or activity.
- Just **one** thing.
- Theoretically **observable and measurable**.
- What has to **happen**, or else we failed.

One Acre Fund
Increased income from crops

How to create our Theory of Change?

Step 3: Impact

Living Goods
Reduced child mortality

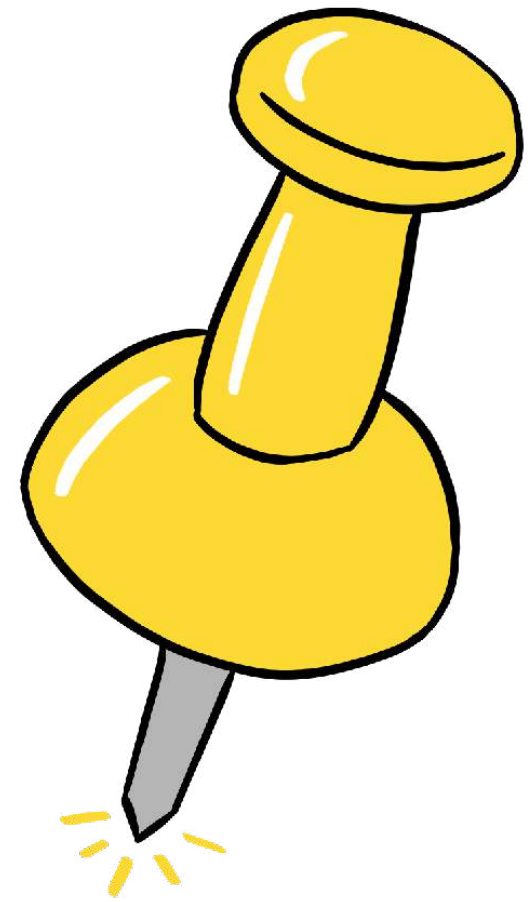**Lucky Iron Fish**
Increase in blood quality

D-Rev Firefly
Death and disabilities averted

How to create our Theory of Change?

Inyenyeri Fuel and Stove
Cardiorespiratory disease prevented

Step 3: Impact

What is the key outcome that fulfills the mission?
- Identify the single best outcome. Not input or activity.
- Just one thing.
- Theoretically observable and measurable.
- What has to happen, or else we failed.

Don't worry about any actual number or target to hit.

And don't worry about the other outcomes. They are also important and you will go back and tackle them later on.

Step 4: Behavior Mapping

Who needs to do what differently?

- Only by those **you can't fire**.

- List down most critical **behavior changes** that must happen to achieve impact.
  - "Farmers **adopt** new set of farming practices"
  - "Teenagers **practice** safe sex"
  - "Island communities **guard** reefs"
  - "Teachers **show up** for work"

- **Nothing between the ears** (attitudes, thoughts, awareness)
  - e.g. knowing, willing, understanding, accepting, familiarizing, etc

- Start with the **outcome** and work backwards.
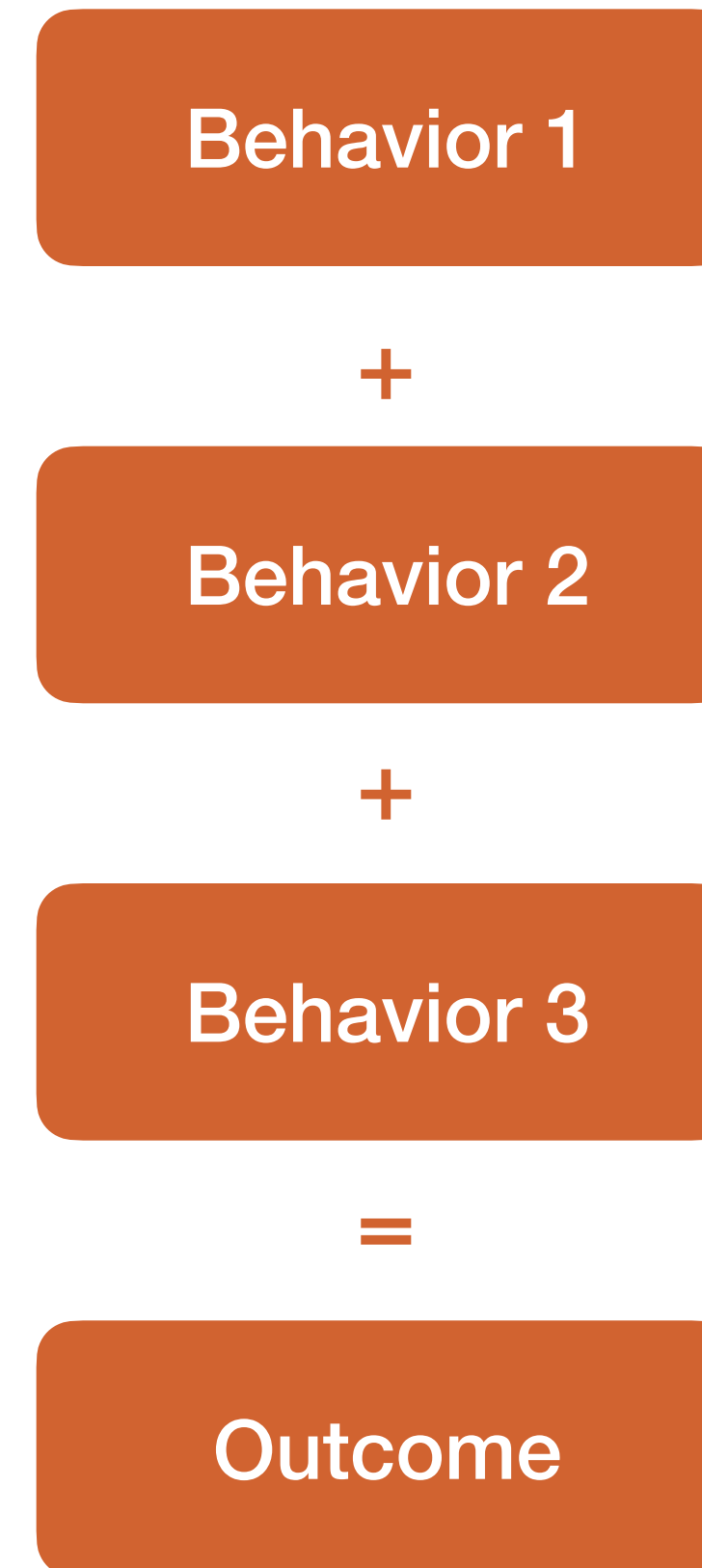
Behavior 1
+
Behavior 2
+
Behavior 3
=
Outcome

Step 4: Behavior Mapping

<u>Families must:</u>

- **Get** a smokeless stove

- **Get** the smokeless fuel

- Use it **exclusively** (stop using charcoal stoves)

- Start the stove **outdoors**

- **Ventilate** enough while cooking

- Get it **fixed** (if it breaks)

- **Outcome**: Cardiorespiratory disease prevented

Step 4: Behavior Mapping

The miller must:
- **Get** the device (cement mixer)
- **Obtain** nutrient powder
- **Use** device to mix flour with nutrient powder

Parents must:
- **Buy** premium flour
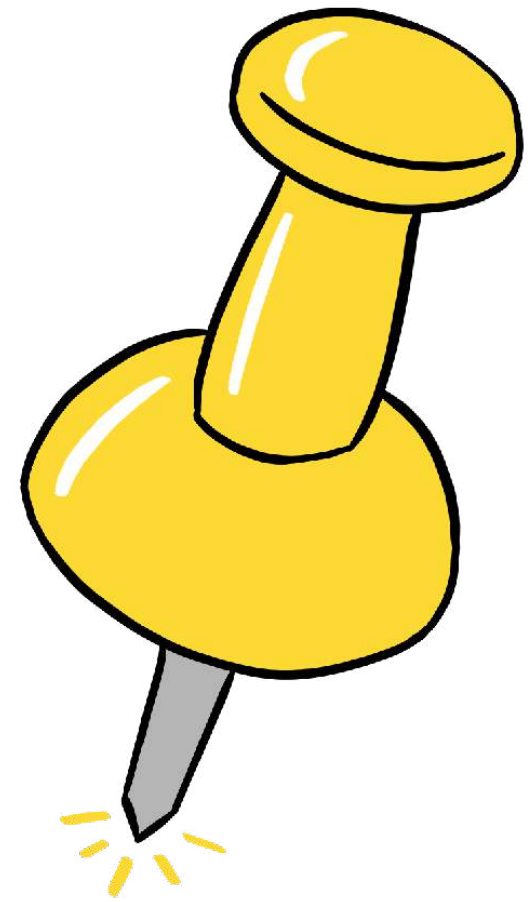- **Feed** premium flour to kids

Kids must
- **Eat** enriched flour

Healthier kids (Outcome)

Conclusion:
Behavior change needed
is too difficult!

Step 4: Behavior Mapping

Who needs to do what differently?

- Only by those **you can't fire**.

- List down most critical **behavior changes** that must happen to achieve impact.

- **Nothing between the ears** (attitudes, thoughts, awareness)
  - e.g. knowing, willing, understanding, accepting, familiarizing, etc

- Start with the **outcome** and work backwards.

Changing people's behaviors is very difficult. The more behaviors you need to change, the more complicated and unscalable your solution may be.

Step 5: Interventions

What you have to do to make the behavior map happen?
- What are the **conditions** so that the behavior **can happen**?
  - How can you make the behavior **easy to accomplish**?

- What are the **incentives** so that the behavior **will happen**?
  - What can you do to make people want to do things?

- Are these conditions and incentives **sustainable**?

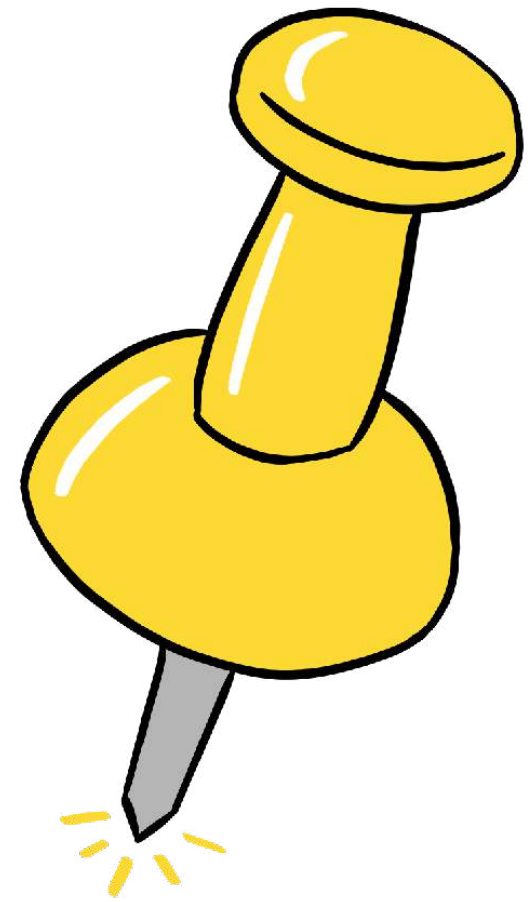|	
Intervention 1	Behavior 1
	+
Intervention 2	Behavior 2
	+
Intervention 3	Behavior 3
	=
	Outcome
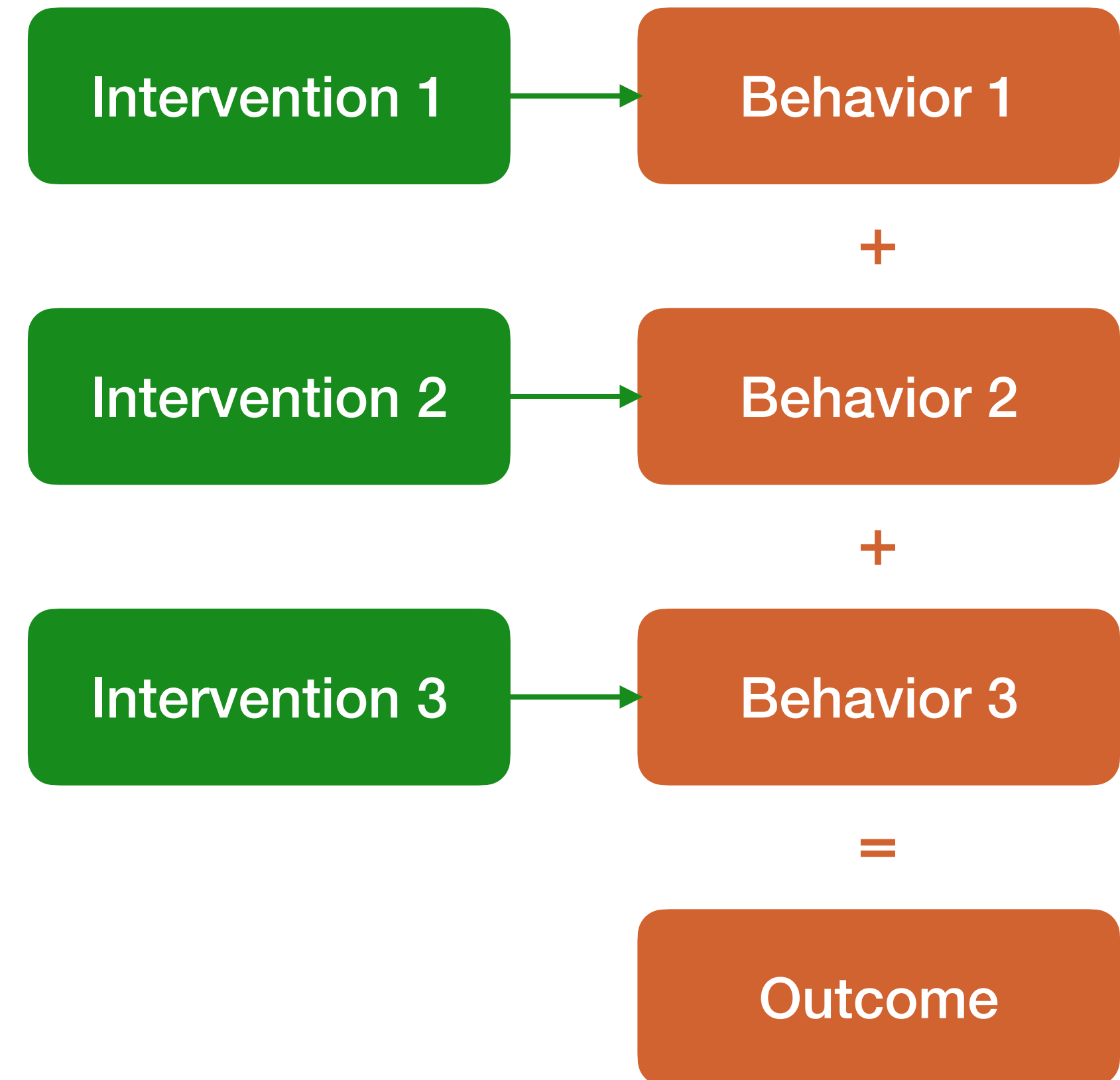
Step 5: Interventions

<u>Families must:</u>

- **Get** a smokeless stove. **Give stove for free**

- **Get** the smokeless fuel. **Build pellet distribution center close to community**

- Use it **exclusively** (stop using charcoal stoves). **Give families more than one stove**

- Start the stove **outdoors. Usage training**

- **Ventilate** enough while cooking. **Usage training**

- Get it **fixed** (if it breaks). **Free replacement at distribution center**

- **Outcome**: Cardiorespiratory disease prevented

Step 5: Interventions

What you have to do to make the behavior map happen?
- What are the **conditions** so that the behavior **can happen**?
- What are the **incentives** so that the behavior **will happen**?
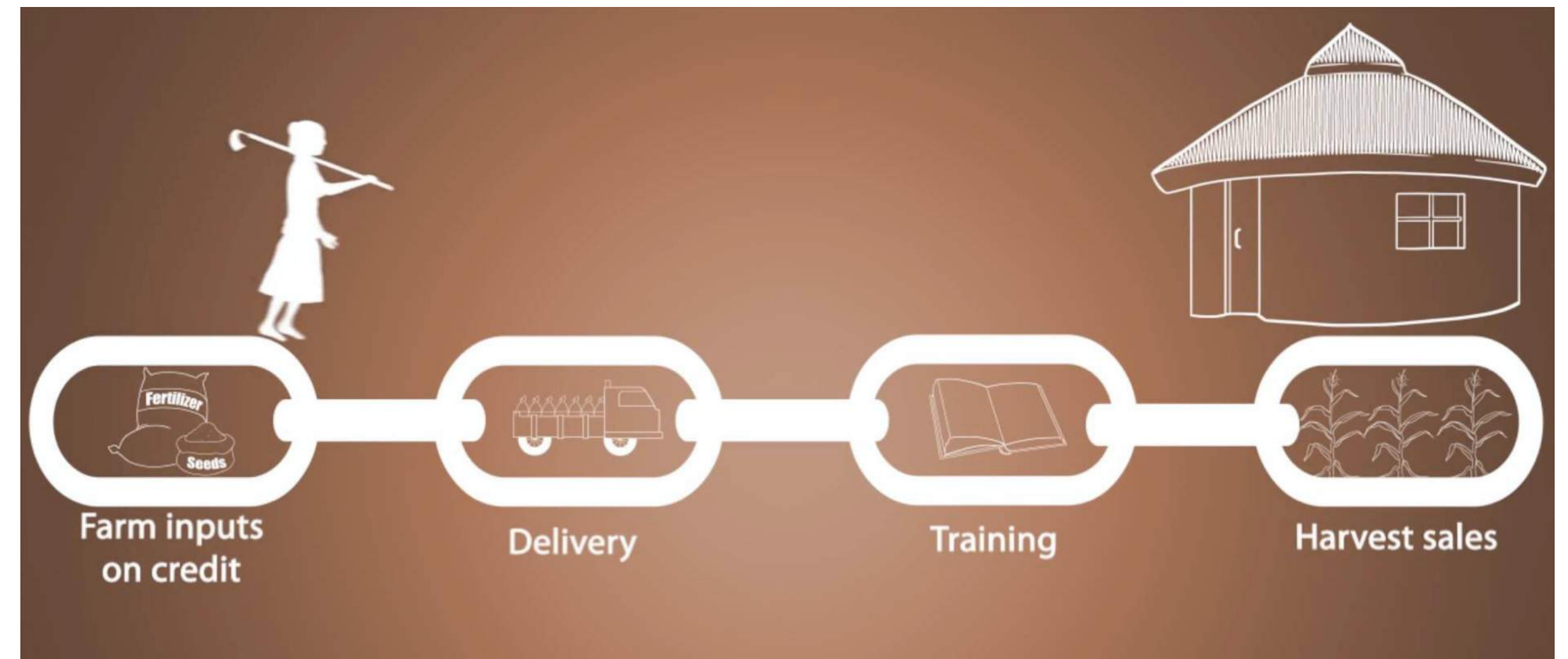- Are these conditions and incentives **sustainable?**

Each intervention is an entire program or service from your organization that will require time, money, and manpower to execute (Input + Activities)

Step 6: The Doer Model

What is your replicable, scalable process?

- This is a systematic, operational model that your organization (and any other doer) will follow.

- **List all of your interventions** and integrate them into a minimal number of discrete steps.

- You can make a list or a flow diagram. There's no prescribed form.

One Acre Fund

How to create our Theory of Change?

Recruit farmer groups
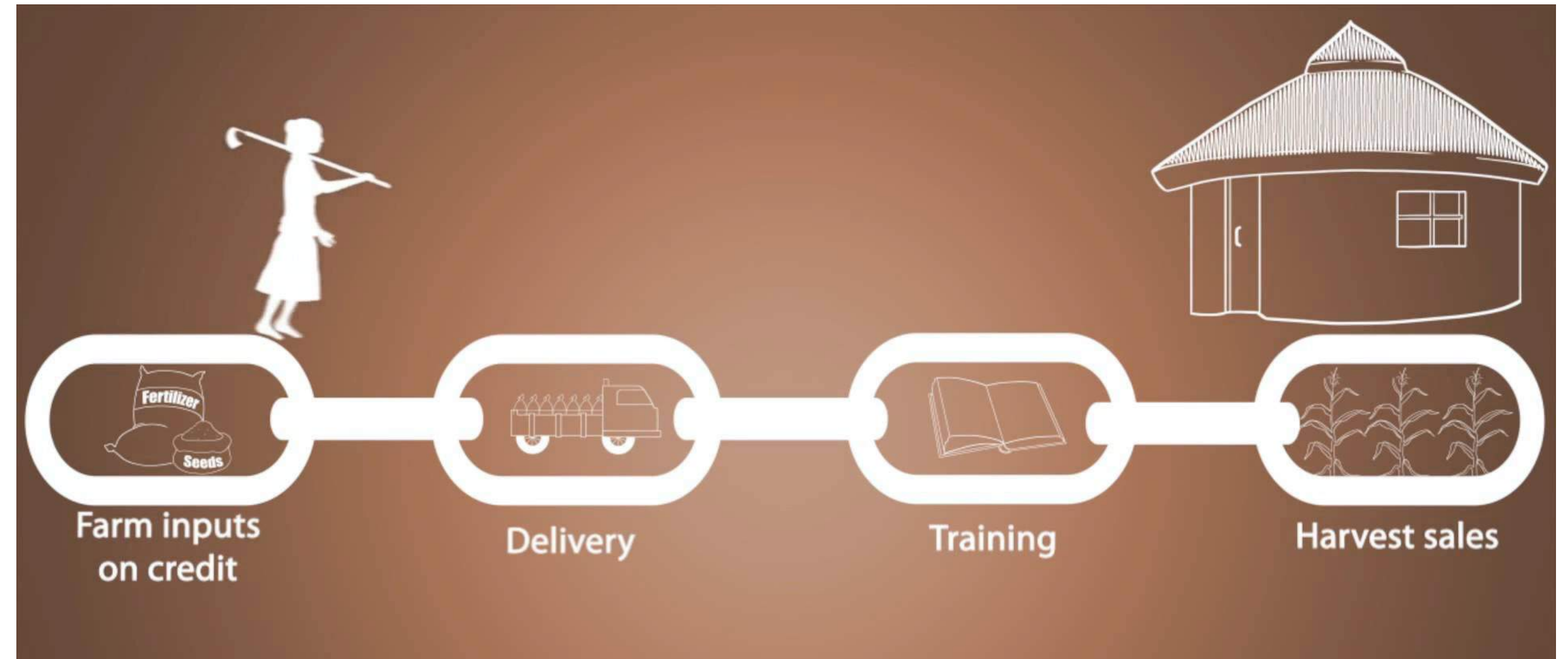
Sign up farmers for loans

Train the farmers

Distribute inputs

Support throughout cycle

Buy farmer's produce

Collect loan payment

One Acre Fund
Increased income from crops

How to create our Theory of Change?

Step 6: The Doer Model

What is your replicable, scalable process?

- This is a systematic, operational model that your organization (and any other doer) will follow.

- **List all of your interventions** and integrate them into a minimal number of discrete steps.

- You can make a list or a flow diagram. There's no prescribed form.

Imagine the steps you would take if you went to implement your model in a new location.

Step 7: The Scaling Strategy

Who will replicate and who will pay for your model at scale?

- How do you get to a **million**? (e.g. millions lives, million kids, million farmers)

- Who's the **doer**? Who is going to replicate the model you created at scale?

- Who's the **payer**? Who will fuel the model with resources?

Step 7: The Scaling Strategy

Doer

- There's only four choices.
- **Choose one (your best guess):**
    - **You:** running an NGO or business that gets to scale through growth or leverage
    - **A lot of businesses:** replicating your model
    - **A lot of NGOs**: replicating your model
    - **Governments**: delivering your model through programs and policies

Payer

- There's only four choices.
- **Choose one (your best guess):**
    - **Customers:** revenue from product sales
    - **Taxes:** revenue from government
    - **Big Aid**: revenue from rich government to poor government
    - **Private Philanthropy**: from big foundations or individual donors

Step 8: Scalability Audit

Assess the scalability of your model

- Does it **apply** enough?
    - Can your model adapt to settings with different conditions?

- Is it **simple** enough?
    - Can your doer replicate your model at a high quality to recreate the same impact over and over?

- Is it **cheap** enough?
    - Can your payer afford to pay for this?

Part 3:
Validating Your
Theory of Change

Validating Your Theory of Change


Image: https://science.howstuffworks.com/environmental/green-tech/sustainable/playpump1.htm

Validating Your Theory of Change

Image: https://www.kickstarter.com/projects/unchartedplay/soccket-the-energy-harnessing-soccer-ball

Validating Your Theory of Change

Your Theory of Change is based on a lot of assumptions:

- You are assuming that you have a clear understanding of the **needs and specific requirements** of your customers or beneficiaries.

- You are assuming that you have a clear understanding of the various **internal and external factors** that influences every step of your beneficiaries behaviors and your intervention.

- You are assuming that that your **interventions are effective** in directly bringing about your intended outcomes.

- You are assuming that your interventions are not creating any **unintended negative outcomes.**

Maybe we should build a boat instead...
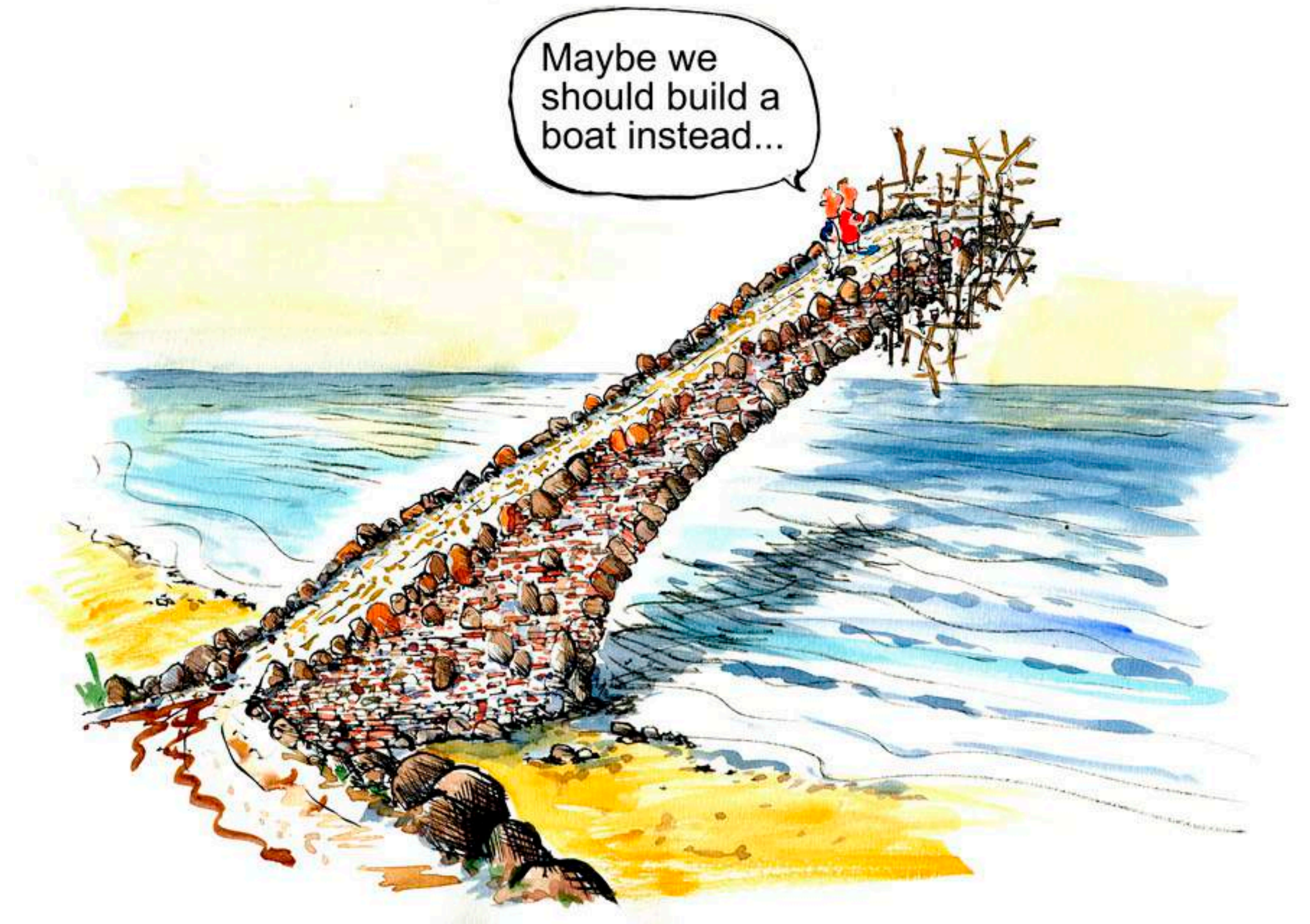
Validating Your Theory of Change
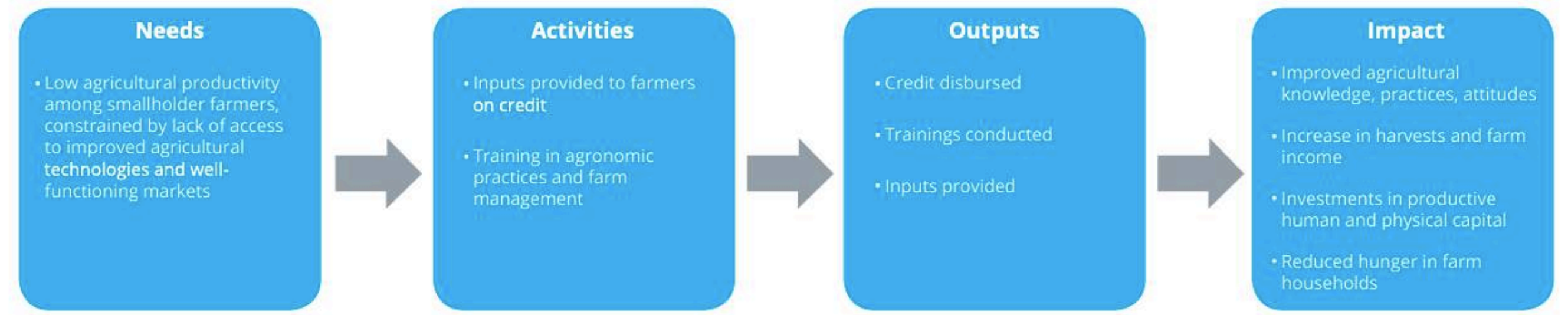
Your ToC must be able to show the **direct connection** between your inputs and activities to your organization's impact performance.

	Needs	Activities	Outputs	Impact
	• Low agricultural productivity among smallholder farmers, constrained by lack of access to improved agricultural technologies and well-functioning markets	• Inputs provided to farmers on credit • Training in agronomic practices and farm management	• Credit disbursed • Trainings conducted • Inputs provided	• Improved agricultural knowledge, practices, attitudes • Increase in harvests and farm income • Investments in productive human and physical capital • Reduced hunger in farm households

	2016 Actual	2017 Actual	2018 Actual	2019 Actual
Scale Farm families served	445,630	614,800	809,800	1,004,700
Scale Full-time staff (95% rural jobs created)	5,400	6,600	7,300	8,280
Impact*** $ gain in farmer income (annual + asset impact)	$114	$140	$91****	$96 ****
Impact*** % gain in farmer income (annual + asset impact)	56%	53%	42%****	44%****
Sustainability % loan repayment	99%	98%	97%	97%
Sustainability % field sustainability	73%*	69%**	71%	73%

Image: https://oneacrefund.org/impact/
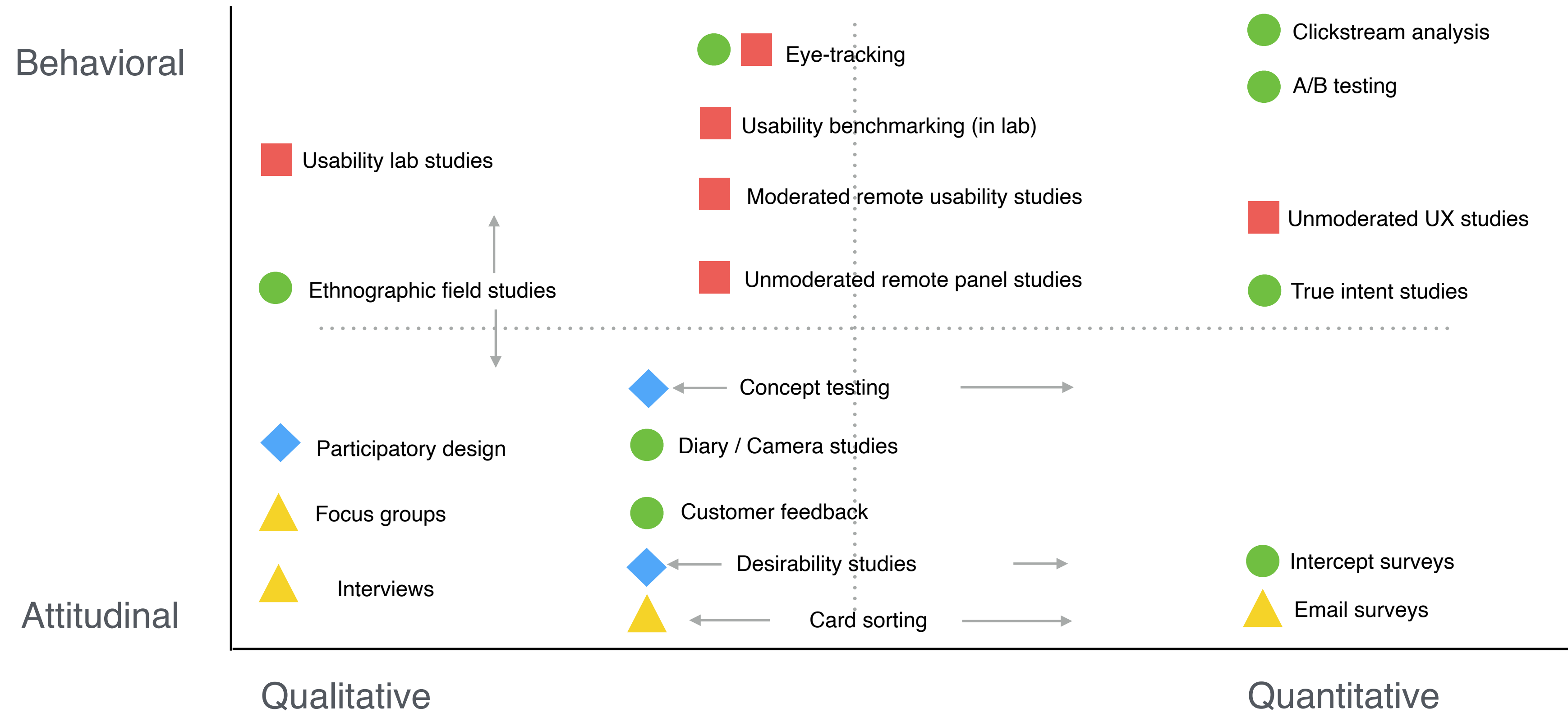
How to Validate Your Theory of Change

"Qualitative research strives to see people as **complete human beings** acting within a broader community rather than just as isolated *"users"* of our products and services.

Beyond product refinement and testing, research seeks a broad exploration of a group of people and their **beliefs, values, and desires** so that those findings can be a jumping off point for innovative and life-changing products." - Code for America

How to Validate Your Theory of Change

A landscape of User Research Methods

Behavioral

- Eye-tracking
- Clickstream analysis
- A/B testing
- Usability benchmarking (in lab)
- Usability lab studies
- Moderated remote usability studies
- Unmoderated UX studies
- Ethnographic field studies
- Unmoderated remote panel studies
- True intent studies
- Concept testing
- Participatory design
- Diary / Camera studies
- Focus groups
- Customer feedback
- Desirability studies
- Intercept surveys
- Interviews
- Card sorting
- Email surveys

Attitudinal

Qualitative — Quantitative

Key for context of product use during data collection

- Natural use of product
- De-contextualized / Not using product
- Scripted (often lab-based) use of product
- Combination / Hybrid

By Christian Rohrer

Research to Validate Your Theory of Change

In-Depth Interviews

- Usually one hour conversations with research participants to understand their experiences and perspective, and the reasonings and emotions behind their behaviors.

- Very useful when you are trying to build a broad understanding of the context of a particular user group and their experiences.

- Also valuable when you are trying to understand the effect of your product/ service in their lives.

Research to Validate Your Theory of Change
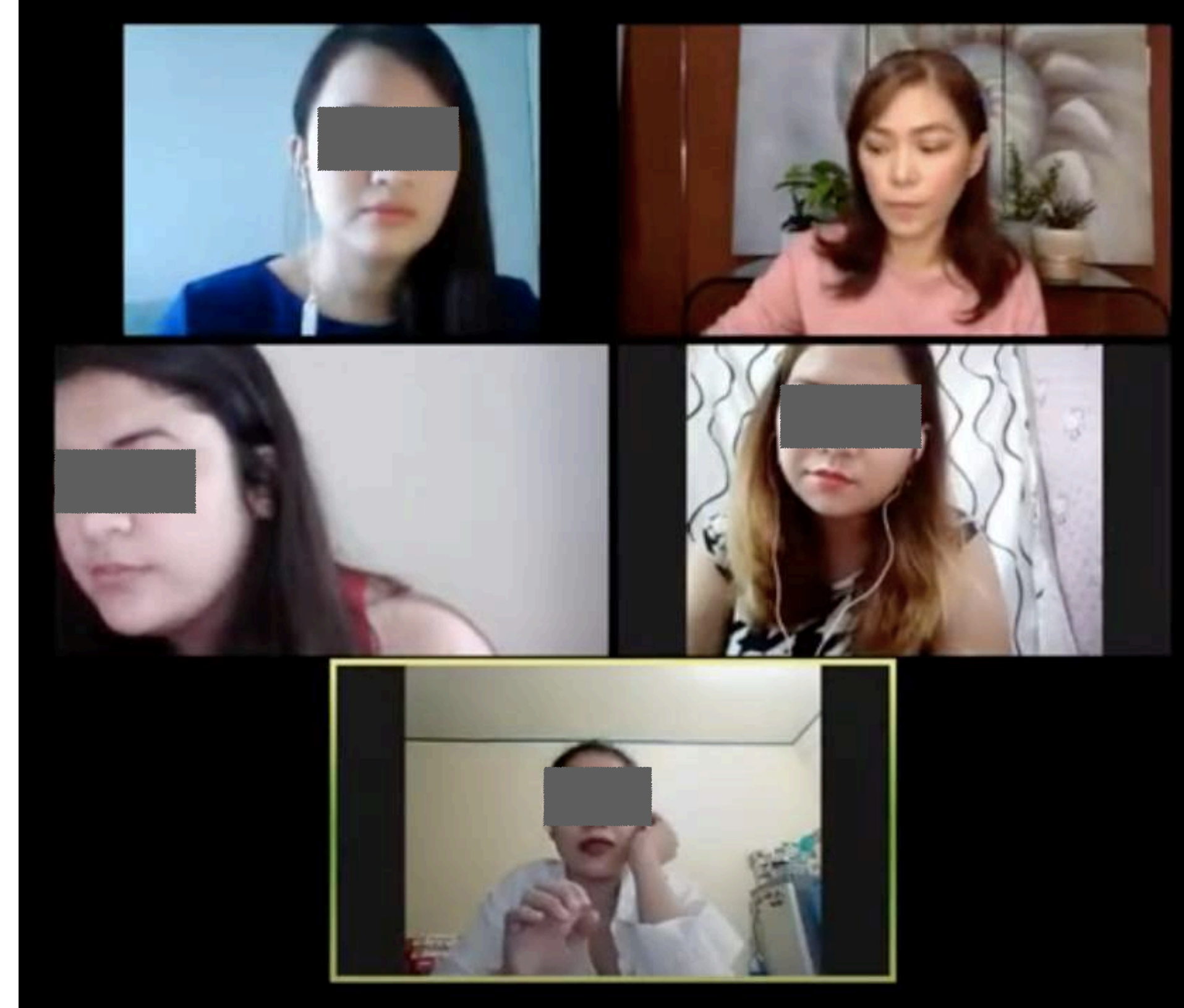
Focus Groups

- Useful for comparing the shared experiences of people with each other see. This also lets the researchers to discover patterns among the experiences and opinions shared across different user profiles.

- Can also be done online but with limitations on physical activities and digital access of participants.

Research to Validate Your Theory of Change

Participatory Design Workshops

- Participants are given design elements or creative materials in order to construct their ideal experience in a concrete way that expresses what matters to them most and why. Can be discussed, illustrated, role-played, or built with craft materials.

- Again , can be done online but with limitations on physical activities and digital access of participants.

Research to Validate Your Theory of Change
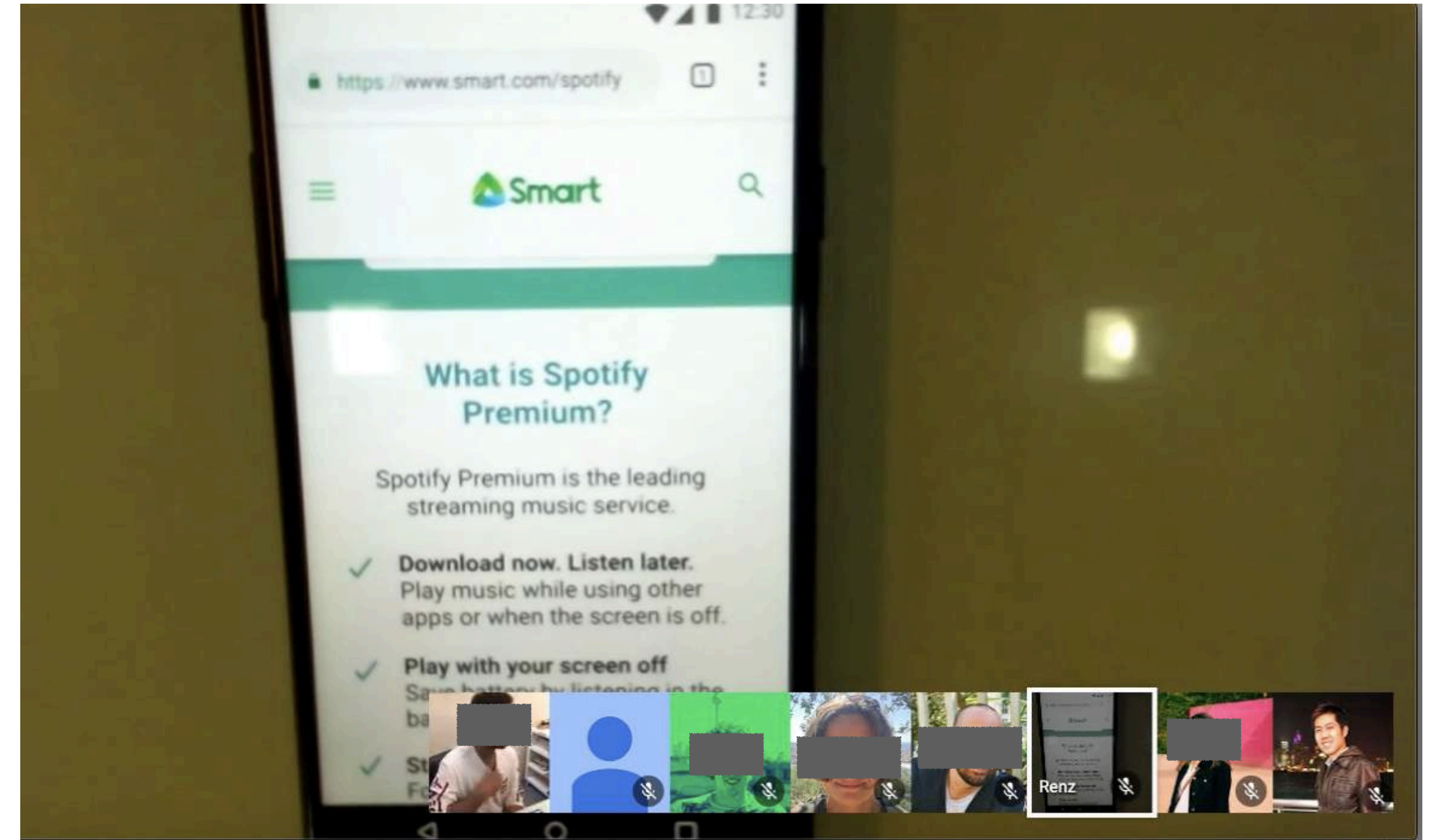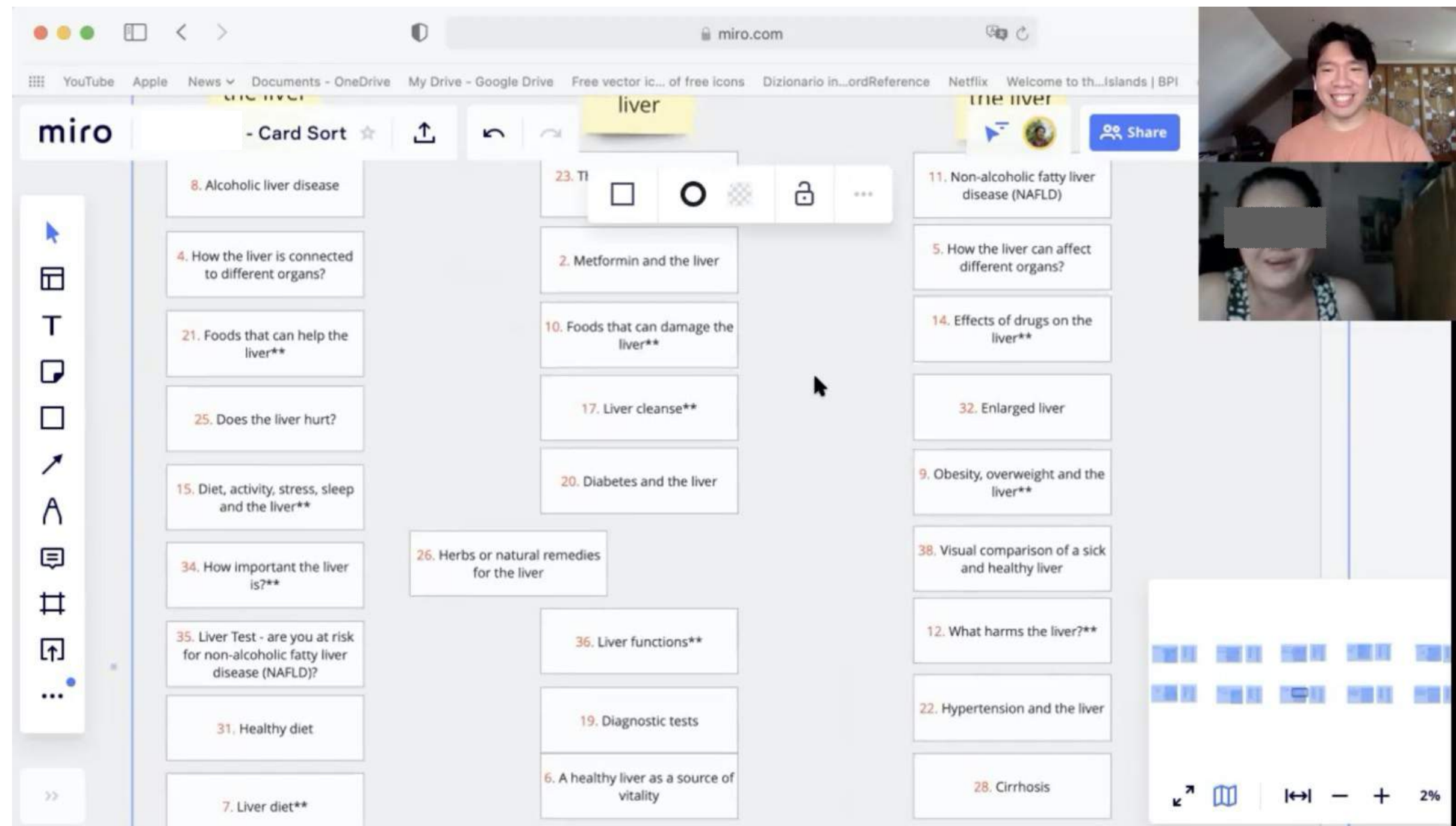
Remote Online UX Research

- **Card Sorting:** Participants can group together meta cards to see how they classify things.
- **Usability Tests:** participants are given a set of scenarios that lead to tasks and usage of specific interest within a digital product to evaluate ease of navigation, comprehension, and usability.

Only the curious have something to discover

I would appreciate you referring me to your networks :)

Birdie Salva
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