Outcome Thinking:
Theory and Applications,
Pitfalls and Prospects

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Preface

Anyone who has paid even casual attention to the field of corporate management over the last dozen years or so could not but help notice the thriving market of competing corporate management theories. Writers from Stephen Covey to Peter Drucker, from Tom Peters and Mikel Harry, to Spencer Johnson & Ken Blanchard have urged managers to rethink, reassess, restructure, reengineer and reinvent. From the pages of the Wall Street Journal and the Harvard Business Review comes even more management advice on a regular basis. Jim Collins, Larry Bossedy, Marcus Bickingham, Michael Gerber and Joan Magretta currently head the Barnes & Noble list of best-selling business authors, and they join a list of experts whose output seem to increase every week. Meanwhile Henry Mintzberg and John Micklethwait debunk a lot of what these other authors have to say.

Some might say that the billions upon billions of dollars that represent corporate earning and spending power warrant all this attention; and they would not necessarily be wrong. But the corporate world, for all its prodigious financial power is not the only sector comprising the American economy. The governmental and nonprofit sectors are also unquestionably powerful economic and social engines. Is management not a question that should interest them as well? Is there nothing that the management gurus have to offer the world of government and the nonprofits?

This question can be answered on two levels. The first is that there are a few writers who have focused attention upon these realms. David Osborne and Ted Gaebler pioneered a rethinking of the way government manages with their groundbreaking book Reinventing Government. Peter Drucker, meanwhile, turned from the corporate boardroom to its nonprofit counterpart long enough to write his book, Managing the Nonprofit Organization in 1990. But these and a few other efforts aside, the focus of leading management thinkers has not, by and large, been on the governmental or nonprofit spheres. This does not mean, however, that no one has been looking at these sectors or offering any advice; but it has been advice of a different sort. For instead of the profits, market share and strategic positioning that form the central focus of most corporate management theory, those looking at government and nonprofits have been asking a different set of questions that revolve less on how these organizations are run, and more on what it is they do. Rather than management, the discipline has evolved around a concept called Outcome Thinking.

Outcome Thinking is a way of planning, a way of managing. It is a way of evaluating and it is a way for demonstrating effectiveness in a compelling way, to investors, key stakeholders and to the public at large. Outcome Thinking is built upon the basic assumption that in the past, organizations might well have thrived by telling their supporters activity stories, but that times had changed. Where accounts of organizational efforts that centered on how hard they were working to solve a problem or achieve some human gain for their clients might have once sufficed, these activity stories no longer were enough. What governmental, philanthropic supporters and underwriters, and the
general public are increasingly interested in, is not how hard you tried or how busy you are, but what you have actually accomplished.

Much of this approach rests upon a shift in perspective for those underwriting human and social gain programs, a shift taking them from the role of mere funder to the role of actual investor. The difference? Funders are primarily concerned with distributing money, but investors seek a return! Outcome Thinking strives to show investors beforehand precisely what “benefit” they are buying. When used by implementers, it illustrates how to deliver that benefit, and it shows both parties how to verify and demonstrate that the benefit had, in fact, been delivered.

Over the past decade or so, several outcome models have been developed, taught and applied to both governmental and nonprofit settings. Yet, even as it is growing and spreading, several questions about the discipline remain. Among those are:

- What is the essence of an Outcome Thinking Framework?
- Where did it come from, and what were the shaping influences that might give us insights into its best use and application?
- What are the major Outcome models available today? How are they similar, how do they differ, and what makes one more suitable to a certain situation than another one?

Beyond these questions, however, within the Outcome “community,” among those thinking about the discipline, those doing the training and assisting in the implementation, there are several other important issues that must be addressed. Among these are questions regarding the relationship between funders and grantees, the degree to which funders can demand an outcome orientation from their grantees, and the degree to which these funders are clear about the outcomes or results they want. There are basic issues regarding the operating environments of governmental and nonprofit organizations and how these environments impact both the receptivity of these organizations to Outcome Thinking, and their success in adopting it.

These are issues the Outcome community must address. Additionally, this community also has questions regarding the various outcome models available today, especially at a time when essentially corporate models are being suggested to government and nonprofit organizations. Finally, the future of Outcome Thinking is still an open question. Have we gone as far with this theory as we can go? What’s next?

The idea of examining these issues led to this volume. It was written for those in government, charitable and philanthropic organizations, and nonprofit agencies, and is intended to help them answer some of these questions.

We start by describing what Outcome Thinking is, how it has been defined, what its purpose is, and how it has been used. We examine how Outcome models differ from
traditional thinking in management and funding, and define the terms in which Outcome Thinking is discussed and applied.

We have also taken a very thorough look at the origins of outcome thinking, and trace its development from its earliest roots in both corporate management theory and the field of program evaluation. In an extensive section, we take a critical look at the application of Outcome Thinking to the nonprofit and government sectors, exploring several of the major influences that impact its success in these areas. Finally we offer a survey of several of the major Outcome Thinking models in use by government and nonprofits today. We then wrap up by offering some thoughts about the future of the Outcome Thinking model.

Through all this, we have tried to maintain a conversational tone that will engage the reader at the same time that it informs. We hope we have been successful.
Introduction: A quiet revolution

There is a quiet revolution taking place across the land, a revolution that has gone largely unnoticed until now, but one that may completely change the face of government and the nonprofit world for decades to come. It is a revolution of accountability, a revolution of results. It is a revolution that has put countless organizations on notice of the fact that the old rules that governed their actions, their management and their funding—and even their thinking—no longer apply. It is the revolution of Outcome Thinking.

In the following pages, we will focus much more on the shape this revolution has taken then we will on why it is taking place. We will look at the essentials of Outcome Thinking, its formative genesis and its most widely used applications. We will ask the question, What is Outcome Thinking? and, we hope, arrive at some answers that transcend the differences between the ways in which it is used.

But at the same time, we think it is important to be aware of why this revolution is taking place. What has changed?

For decades, many nonprofits existed and even thrived, in an environment where their intentions, whether contained in mission statements or funding proposals, generally carried the day. They would tell funders, both governmental and philanthropic, what they intended to do, and this usually sufficed. Rarely asked were the questions of specifically how they were going to accomplish their goals, or whether, in fact, they accomplished anything at all.

Many of these nonprofit organizations (NPOs) were born in a completely different era, a significant number of them in the heady days of the Great Society, when money was plentiful and the national will seemed particularly attuned to addressing the many social ills that plagued the country. The tasks at hand would “generate little or no profit, demand compassion and commitment to individuals, require extreme trust on the part of the customers or clients, need hands-on, personal attention and involve the enforcement of moral codes and individual responsibility for behavior.” This was a role nonprofits were uniquely suited to fill.

The assessment of nonprofits and the work they do varies according to the source. Nonprofits themselves, through their national and state associations, tell a mostly positive story, a story of intervention in the lives of people who most need help, a story of lives positively impacted and communities changed, a story of immediate needs met and crises averted. And yet a nagging question remains: what, in fact, have these many and varied organizations really accomplished in the decades since their inception? Could they say that they had ended poverty? No, they could not. Could they say that they had significantly reduced the high-school dropout rate? No, they could not. Could they say that they had ended the problems of teen-aged pregnancies, domestic abuse, substance abuse or a host of other ills that bedevil their constituent communities? No, they could not.
Speaking specifically of the continued war on poverty, one observer said, “We’ve been fighting this war for thirty-five years, and not only haven’t we won it, but I’m not sure we have anything to show for it.” But increasingly, governmental and philanthropic funders alike are asking the question: *What do we have to show for all our efforts?*

What brought about this shift, why is this question being asked now, when much more forgiving standards have been applied for so many years? Micklethwait says that most management theory, from which Outcome Thinking significantly derives, is propelled by two primal human instincts: fear and greed. But he also adds that it is bound up with three revolutions that directly or indirectly effect all of us:

- The reinvention of companies and organizations
- The reinvention of careers
- The reinvention of government. ii

In the *Verification Guidebook*, we listed three reasons for the quiet but tenacious interest in outcome thinking during the previous decade:

- The “Reinventing Government” movement, and the passage of the federal Government Performance and Results Act (GPRA) of 1993. With GPRA requirements beginning in 1994, by the year 2000, performance standards – and the outcome focus they required- were a fact of life for most NPOs that accepted governmental money. iii

- Taxpayer and legislative movements, particularly at the state level, to define what the public is “buying” with resources allocated to persistent problem areas. Just as companies have been forced by competitors and shareholders to question how they manage themselves, so too have governments, prodded by budget deficits and taxpayer revolts. iv

- Restrictions on welfare programs, and the movement in health care to managed systems that looked to show results with less money.

While not suggesting that the influence of any of these reasons has diminished since we offered that original list, we also believe that several additional factors have contributed to the growing adoption of outcome thinking by NPOs in recent years:

1. The spreading recognition that Peter Drucker was correct in stating that “management” was not a dirty word, and that nonprofits need good management as much as for-profit enterprises do.

2. A larger on-going quest for the “science” of management, a search that has its roots in the work of Demming, Drucker, Kaplan and Norton, Covey and others, and that has spread from the limited tradition of business to a broader field of organizational theory that includes governmental and nonprofit enterprises as well.
3. A shift in the nature and background of many nonprofit CEOs, a shift that has seen an ability to achieve results replace “caring” as the essential quality by which these individuals are measured, a shift that has also seen professional managers replace founding directors in many nonprofits across the country. [This is it what is happening in nonprofits today. Should this section be expanded and moved?]

4. The reversal of the financial markets over the course of the last few years. The current economic downturn has had a significant negative impact on most of the funders that nonprofits depend upon. It has impacted not only governments, which have seen their tax revenues decline markedly from the budget surpluses of only a few years ago, but also the philanthropic community, which has seen its investment portfolio decline with the overall economy. To paraphrase NASA Administrator Sean O’Keefe, the days when either funders or nonprofits could say, “We have our mission, and it costs what it costs,” are over. With tighter budgets, more and more philanthropic funders are asking, “Where’s the beef?” This, in turn, has pushed an increasing number of nonprofits to measure, verify and demonstrate the results of their efforts in concrete terms. This has not been a seamless transformation, for either the nonprofits or for their funders, but it has been a growing wave that is increasingly sweeping up the various organizations in its path.

5. The growing number of “venture philanthropists,” who, unlike their traditional predecessors who simply wrote checks and then got out of the way, are demanding a more active role in the day-to-day operations of nonprofits: they want to be put on the board of directors. They want budget oversight. They want input on management hires. In the words of Kay Sprinkle Grace, author of the book *High Impact Philanthropy*, “Those people who create wealth…in companies, are looking for opportunities to create, not observe. These are not people who watch things happen. These are the people who make things happen. [They say to nonprofits], ‘I’m a 33-year-old gazillionaire – where’s your business plan? I want to know what your vision is. I want to know what your goals are. I want to know where you’re going and I want to know how you’re going to get there.’ ” Outcome thinking is the approach more and more organizations are utilizing to answer these questions.

All of these dynamics, and undoubtedly others, have led to the spread of outcome thinking.

As we have said, the spread of outcome thinking has not been seamless across the nonprofit world. More significantly, it has not taken place at one universal rate. There has been resistance, and it is due to several factors. Micklethwait states that wherever management theory has been introduced, fear and anxiety seem to have followed. Even if this is an overstatement, it is a common enough reaction that we have to ask why it is so. Perhaps most basically, it is generally acknowledged that many (most?) people resist change, particularly enforced change. The comfortable and familiar are always more reassuring than the new and the different, whether the change is new leadership, new technology or a new management concept. But beyond that, Micklethwait makes the point that since its wholesale introduction into the private sector over 20 years ago, new
management and accountability schemes, whether TQM or Outcome Thinking, have generally been associated with downsizing, dislocation, change and pain. As the governmental and nonprofit sectors generally lag behind the private sector in the introduction of new trends and ideas, workers in both these areas had more than ample time to absorb the lessons so painfully learned by their brothers and sisters in the corporate world. How else, for example, were public sector workers to react upon hearing politicians pledge to “trim the fat,” “do more with less,” and “run government like a business,” especially after seeing the corporate bloodletting that followed the introduction of the new management thinking into the for-profit world? Nor was the lesson lost on workers, administrators and program directors in the nonprofit realm.

In addition to these concerns, there are several dynamics peculiar to the nonprofit sector that further molded its initial response to management theories like Outcome Thinking. Perhaps the first, was that when the federal government, the states or localities initially introduced the notion of standards, it was the government that was taking that initiative, and many nonprofits had long viewed government as bothersome, even if necessary. Government and politicians are seen by many in the nonprofit world, as sleeping lions who are not to be awakened if life and limb are to be preserved. Government, and especially politicians, have also been seen as way too susceptible to popular whim—

There are also those who believe that the services they provide are not amenable to measurement. “Should we apply evaluative standards across the board to everything?” asks one woman who runs a program for underprivileged children. “No… we can’t because all of those things are diverse and different. We are not dealing with products, we are not out to produce a [tangible asset]. What we are after here is the process that a [client] goes through….”

Dr. David Hunter, of the Edna McConnell Clark Foundation, however, strongly disagrees with positions that holds that results standards should not be applied to nonprofit organizations or their work. “Saying that, ‘I am providing a service and that is all that counts,’ is idiotic. You are not being honest if you are valuing activity over results.” Instead, Hunter says, there is an “awesome ethical responsibility [for nonprofits] to provide results.” He bases this position on the fact that most nonprofits are serving the most fragile and disadvantaged populations, those who generally cannot do “comparison
shopping” between service providers. “If you look at it honestly, there is a great moral burden to be honest and really provide results for these people. It is an ethical issue.”

As for the “result targets” themselves, many observers and grantees feel that the funders, governmental and philanthropic, have been extremely unclear about the actual results they want. Citing the philanthropic funder community, for example, Professor Hall states that, “[Funders] are often unclear about what they want. They are unclear about their own missions, in realistic terms, and how that translates into the results they say they want. What outcome is the funder really trying to accomplish? They give little real guidance to grantees.”

Many in the nonprofit world also viewed the push for a results-orientation, particularly the governmental push for these results, as just the latest flavor-of-the-month, a policy that would probably whither and disappear with a change in political leadership or administration(s). This natural skepticism was certainly not helped by those professional nonprofit managers who had been paying attention to the dizzying succession of management theories that were visited upon the heads of corporate managers over the last few decades. One private sector manager, for example, was quoted as saying, “Last year it was Quality Circles….this year it will be Zero Inventories. One more fad and we’ll all go nuts.” Unmistakable echoes of this sentiment can be heard in the comments of a representative of a Midwestern community action agency, who put it this way:

“I’ve been in this business for over twenty-five years and I’ve seen it all. Every couple of years a new administration or the head of some department comes in with a new system and we’re all supposed to get on board. But then, a few years later, there’s someone new with his system, and it all starts all over. The flavor-of-the-month. A lot of people are still not convinced that…all this accountability is here to stay. Yeah, I know about Congress and all that, but a lot of folks still have to be convinced.”

Many nonprofit workers also saw the demands of the new accountability and outcome mindset as just more work. Not only were front line workers asking, “Am I going to get paid extra for this?” but program administrators were asking the same thing: “This [outcome] stuff is time-consuming and expensive. As far as funders go, if [they] REALLY want this info, they should pay for it. Sometimes, [the reporting requirements] attached to money make it not worth taking.” In short, the fact that the government was imposing what many saw as just another unnecessary burden did not surprise a good deal of the nonprofit community.

Another factor influencing the rate at which outcome thinking has spread was the fact that, for many nonprofits, their major sources of financial support were not governmental. As the head of an agency specializing in homelessness said, “I’ll be frank: the state doesn’t give us a lot of money. So why should we be overly accountable to them?” Rather than government, perhaps the largest number of nonprofits rely upon charitable philanthropies, organizations driven by a higher sense of mission, much like the nonprofit practitioners themselves. Surely, many nonprofits thought, these philanthropic funders...
understood the impracticality (some would say, blasphemy) of imposing performance standards on the work of the nonprofit world...even if the government didn’t.

But this too has changed.

Increasingly, as philanthropies come to see themselves more and more as investors and not merely as funders, they are also increasingly asking for documentable measures of return. In other words, they are asking for proof of results. In Pittsburgh, for example, three foundations that have traditionally helped fund the city’s public schools are now withholding that money because the local school system was unable to provide information that would show investors what had been accomplished with their grants.xvii

As a spokesman for the foundations said, “We were not getting the kinds of answers or the confidence that we needed in order to be assured that the programs we were funding were going to get the outcomes we needed to have.”xviii (emphasis added)

The foundations that were helping to underwrite the Pittsburgh public educational system wanted proof that the students were reading better, and that teachers were preparing themselves better. But this was information the city school district could not or would not provide.xix Yet is this not an isolated situation. In the current environment, more and more investors are demanding four things from their grantees.

1. More overall accountability
2. Proof of effectiveness: are grantees bringing about the changes they said they were targeting?
3. Cost effectiveness; is the grantee as lean an organization as it can be?
4. Customer quality and satisfaction
5. Sustainability of gains; are the changes brought about by the grantee lasting?xx

As Peter B. Lewis, Chairman of the Progressive Insurance Corporation said, “I want to do the best I can to make sure my money is well used. The reality of philanthropy is that people tell you whatever you want to hear until you write the check, and then you generally find out they meant almost none of it.”xxi In fact, Lewis says, nonprofits need help from businessmen like himself. He says he’s come to the conclusion that management in the nonprofit world is no better than management in the government – and maybe is not even as good as management in government. “My statement is, ‘if you want my money, you’ve got to tell me what makes you think you’re making an impact with what you’re doing. You’ve got to have a reason for why you think you’re having an effect. Tell me that reason and let’s start to measure it.’ And I explain that...I know whatever they’re doing can be measured or it ought not be done. I go through that routine… and [a lot of times] they walk away because they don’t want to deal with me. They’ll get their money elsewhere.”xxii

Beyond this, under the guise of demanding outcomes, philanthropic funders are also beginning to insist upon a say in how charitable money is to be used. This is being resisted in several circles. On the one hand, notes Professor Hall, there is an implicit
imbalance between funders and grantees. “Grantees and funders are not talking on equal terms. Funders think they know more than the nonprofit about problems and the solutions, they are not willing to thoroughly communicate with grantees. They make decisions about where the money should go [and then] they put out an RFP. The grantees reply, but have no input...the decision [on how the money is to be spent] has already been made. It is arrogance: money is power and it is [the funders’] money. I am bothered by the outcomes movement when the outcomes are seen as Big Brother grant officer telling little brother grantee ‘You do what you’re told.’ ”

David Hunter echoes these sentiments when he says that funders have “played a destructive role by paying for inflated prose that is never achieved” as real outcomes. The problem, he says, is that the system works essentially backwards. “Funders, he says, “should set out what they want to support and then go find organizations already doing that work…find the best and support them.” Instead, he continues, “funders make a lot of determinations before the RFP” and then dangle the money out there to attract grant applicants. The result, many observers agree, is a degree of dishonesty we shall discuss in later pages. “Proposals are geared toward the dollars, not toward the goal,” Peg Hall adds. This forces grantees into what she calls “the dance around the mission. But, the dance begins not at verification, but much earlier, at the application stages.” “It is better,” Dr. Hunter says, “to reward realistic thinking from the start.”

Dr. Hunter also feels that part of the problem is that this process pulls many nonprofit grantees off mission, and John Yankey, of the Mandel Center for NonProfit Organization at Case Western Reserve University, agrees, stating that many nonprofits feel torn between accepting money that has result expectations attached to it, and remaining free to fulfill their mission as they see fit, even if that means that the “results” they achieve stay nebulous. “There are real issues of control, of flexibility, of creativity that...need to be addressed. The concern is that the [funder] may have an agenda that [is] not consistent with the mission of the NPO. Obviously, [if you were the nonprofit organization] one could choose not...to accept the philanthropic gift. That [may be]...the best way to control your [organization’s] destiny and not have [funders exert] undue influence in your operations.”

Beyond the issue of control, Yankey also says, there are some fundamental difficulties with applying for-profit models of operation to NPOs. One of the most contentious debates the venture philanthropy model has brought to the fore is a basic business concept that many philanthropists say nonprofits have ignored for years, namely accountability.

Certainly, not all nonprofit practitioners resent or are resisting the movement toward verifiable outcomes. As the director of a Midwestern training program said, “We’re spending a lot of money...a lot of money. It’s only natural that at some point somebody was going to ask what that money was buying. Personally, I think we owe ‘em an answer.”
Still, this tension, between those who believe that performance results are antithetical to the nonprofit mission, and those who believe philanthropy is an investment that deserves a verifiable result, is at the heart of the debate over outcomes.

But what sort of outcomes are we talking about, and how should they be measured? We shall turn our attentions to that question next.

**The Shape of Outcome Thinking**

The best place to begin is at the beginning, so before we ask about outcomes themselves, we ask the most basic question first: What is **Outcome Thinking**?

While it might seem as though that question should have a simple answer, in the course of our research for this volume we learned that the answer is anything but simple. Similar to what happened with the word “strategic,” the expression, **outcome**, has been turned into something of a universal modifier meant to glorify and enhance whatever follows. Losing much of its original meaning, it has been subsequently applied to a wide variety of disciplines from sports and software, to personal time management and medicine. The term is particularly faddish right now, for example, in various self-help circles. Moreover, coupled with such words as **thinking**, **funding**, **research**, **living** and **management**, the notion of “outcomes” has been used to create a daunting number of hybrid specialties.

Even if we confine ourselves to the phrase **outcome thinking**, we find that it is used in a wide variety of ways by a dizzying array of practitioners. While some have taken the concept almost unrecognizably far afield, others retain more of the basic perspective that informs most true outcome thinking, even if they are applying it in non-organizational ways. More problematically, however, the term is often used without an explanation of the concept or what it is supposed to mean. Instead, it appears here and there, as though there is an assumption of a universally accepted sense of what it means. For that matter, there are definite strains of outcome thinking in models that do not even use the term.

Finally, references can be found to outcome thinking used as a planning device, a method of management, and as a retrospective evaluation tool.

But, it just may be that in this stew of meanings and uses we can find our first clue as to what **outcome thinking** actually is.

Author Stephen Covey offers the advice, “Begin with the end in mind.” Put another way, it simply means that you should have a clear idea of where you want to wind up before you get started. Too often, adds the Western Regional Center for the Application of Prevention Technologies, practitioners and funders “begin with a program, intervention, activity, or service that seems like a good idea and then [they] try to make it fit the situation or problem.” Outcome Thinking seeks to avoid this pitfall by
“beginning with the end in mind,” deciding upon the goal, and then deciding which program, intervention, activity, or service fits the need, and how to best apply it.

A broad analogy will help illustrate the point. Let’s say you are on the West Coast and want to get to the Atlantic. The most basic course of action would be to simply head east. Eventually, you will arrive somewhere on the East Coast. But you may not arrive where you want to be, or anticipate being. You may get there much later than you had wanted to, or you might not get there at all. The broad organizational analogy to this would be a community action agency that begins with the goal of “improving the lives of people in the community.” While this is certainly a laudable goal, and might even serve as a mission statement, it fails to specify precisely how those lives are going to be improved. Nonetheless, the organization may apply for funding, acquire office space, get the phones turned on, open its doors and begin to accept and process clients. They are busy, and from one perspective, they might even be making a sort of progress: every month a steady stream of clients enters and passes through the program. But this progress is much like the traveler who simply knows that he is heading east. Precisely where he is going, he doesn’t know. Nor does the organization in this example. But adding, visualizing or imagining a specific goal is not enough either. All you have then is a beginning and an endpoint. You do not have a plan. You do not have the crucial linkages between the beginning and the endpoint; and more importantly, you do not have outcome thinking.

It is by adding more details to the plan that the means of achieving the goal become clearer. It is also by adding more details that the plan begins to resemble outcome thinking.

What sort of details?

In the case of our community action agency, the board might say, “We want to improve the lives of people in the community by making families stronger, and the way we’re going to do that is by helping men in the community find jobs.” But success may still prove elusive. The agency might be frustrated by a lack of locally available jobs, or by jobs for which its applicants lack the required skills. Substance abuse problems amongst
its applicants or insufficient funding for the program might also derail the effort. The plan, in this case, was still not up to the task, and it still was not outcome thinking. A greater level of detail was still needed.

This greater level of detail begins to approach outcome thinking. Involving more than a defined goal and a generalized notion of how to get there, outcome thinking rests upon a detailed series of sub-goals, the achievement of which will greatly enhance the chances of accomplishing the ultimate goal. A model common to political campaigns will serve to illuminate the point perhaps more clearly.

A political campaign establishes its target, its strategy and its tactics in setting out to win an election. The target is relatively straightforward: to win at least 50%+1 of the total votes cast. The strategy involved to reach that total may target voters in certain geographic areas (central cities, suburbs, rural counties, etc.) or voters belonging to certain demographic groups (veterans, mothers between 27 and 35 years of age, new voters) or interest groups (sportsmen, transportation workers, teachers). Hence, the strategic statement is, “We will win the election by winning the majority of these targeted populations.” But the tactics, the part of the campaign that most voters see, are a different and crucial element: how will the campaign implement its strategy, getting its message out to and winning the votes of its strategically important voters? Tactics include not only the means of getting that message out -TV, radio, print ads, direct mail- but also the message: will it be a positive campaign, trying to give voters a reason to vote for the campaign’s candidate, or a negative one, trying to give voters a reason to vote against the opposition candidate?

Outcome thinking incorporates all three facets of this equation. It sets a target: improving the lives of people in the community, for example. The strategy, the means of achieving the target, might be strengthening families. One tactic in support of this strategy might be helping men in the community secure steady, meaningful employment. There may be other tactics required, and several of them may also require supportive, secondary tactics. These form the steps-along-the way that an Outcome-based plan accomplished as incremental to its ultimate goal. The central point, therefore, is that Outcome Thinking not only designates where and organization wants to go, what it intends to accomplish, but more significantly, it focuses upon the question of how it intends to get there and achieve its aim.

But even this is only part of the picture, because in the case of failure, outcome thinking will also show specifically where things went wrong. In other words, outcome thinking holds not only a greater promise of success, but the promise of learning, as well. The Kellogg Foundation states this most clearly when it says that the focus of an outcome framework should not be “only with specific outcomes, but also with the skills, knowledge and perspectives acquired by the individuals who are involved with the project. We encourage ongoing self-reflection and dialogue in order to reach increasingly sophisticated understandings of the projects” to which an outcome framework is applied.xxxvii (our emphasis)
What all this means is that outcome thinking is more than simply good planning. In whatever guise it is applied, true outcome thinking is a system.

Author Anne Warfield says that outcome thinking forces a individuals to have accountability, to learn the skills they need to reach their desired outcomes in life, whether it's at work, home, or in the community. (our emphasis)

Even though her focus is not outcome thinking within an organizational setting, if we take Warfield’s definition and focus on three central words, we find a key to much of outcome thinking in all its manifestations:

- Accountability
- Learning
- Desired outcome(s)

Accountability implies responsibility (as in taking responsibility for the achievement of a certain goal). All outcome models we have reviewed have this as a central tenet.

Learning is also strongly implied in all models, and has two facets: information must be gathered and, in some way, used. Therefore, learning implies that outcome thinking is focused on more than mere reporting. Something must be done with the collected data, it must be used in a way that both fosters and demonstrates an ability to capitalize upon acquired knowledge.

Desired outcomes refer to a specific target or set of goals. Desired outcomes are not the broad sweep that often describes mission statements; they are not, as Drucker put it, “a hero sandwich of good intentions.” Instead, they are narrowly focused, time delineated, achievable (with a stretch), measurable, and verifiable. But true programmatic outcomes are also substantially different than activities. A program that sets out to serve 500 clients within a given period of time has established a goal, but it is an activity goal, not an outcome. Covey touches upon this when he says, “It is incredibly easy to be very busy without being effective.” A true outcome goes beyond what an organization does, and rests upon what it accomplishes. An outcome is properly defined in terms of customer focus, what consultant Lucy Knight has called BACKS measures, changes in customer Behavior, Attitude, Condition, Knowledge, or Status. In other words, outcomes are not what a program does; rather, they happen because of what it does.

Why is this distinction important? Because every outcome system has a set of terms associated with it. Some of these terms are unique to a specific model, other are widely used, although their meaning may differ from system to system. Either way, if you are going to accept any given system, you have to accept its terminology. In outcome thinking, there is a difference between a goal and an outcome, and there is a difference between an outcome and other types of results. Let’s look at this another way and try to clear up any confusion.
**Inputs, Outputs, Outcomes, and Beyond**

While the actual words used sometimes differ depending upon the organization in question and its operational environment, the most basic terms of systems analysis are **input** and **output**. Quite simply and obviously, **input** is what goes into a system, and **output** is what comes out of it. The **system** itself is the agent by which **inputs** are changed into **outputs**. These terms may be applied to physical, behavioral, environmental, political, sociological or financial processes, among others. Depending upon the perspective of the observer, though, these terms sometimes tell the whole story, and sometimes they don’t.

For example, if you were to ask about the inputs and outputs of smelting, the input would be ore and the output would be metal. If you asked about the inputs and outputs of a smelting **facility**, however, you would have to add fuel to the input column and waste products as additional outputs. Finally, were you to ask about a smelting **business**, you would have to add capital and labor to the inputs, and profits to the outputs. It all depends upon the perspective from which one begins.

In both the for-profit and non-applications of outcome thinking, however, we quickly learn that a simple dichotomy between inputs and outputs does not suffice to explain these systems, what goes into them or what they produce. Where in a simple **input/output** model, for example, do you account for the jobs the smelting business creates, or the economic stability those jobs create in the community? Clearly, something more is needed.

One step toward getting a handle on that “something” is the concept of **outcomes**, what happens after the activity ends, what happens after the **output**. To use our community action agency example again, the **inputs** are the people who enroll in the program and the expertise the program’s staff brings to the situation. The **output** could be described in terms of men successfully completing the program, the graduates. But this output, men with certificate in hand, is an incomplete result. The jobs the men obtain after completing the program is the target we are really seeking. We call these jobs, the program’s primary effects, **outcomes**.

Yet even here, we need a sense of the longer-term effects of programs and systems. Many things can produce immediate, tangible results. But we also know from experience that most things in life also have secondary effects. Our smelting plant may cause pollution that leads to acid rain falling hundreds of miles away and eventually killing all the fish in a lake. These “secondary effects,” these things that happen after and as a result of a system’s **outcomes**, are its **impacts**. The strengthened families our CAA was hoping to nurture, the community economic stability created by our smelting facility, even the dead lakes caused by the acid rain produced by the smelting facility’s waste gasses, these are **all impacts**.
For the purposes of this report, therefore, and to address the need to differentiate among different kinds of system or program accomplishment, we shall use the following three definitions:

**Output** We put into this category the direct end-point of a process or activity. For example, the output of a planning process is a plan. The output of a job-training program is graduations from the program. We could also include in this category the number of loans made by a Community Development Financial Institution and the number of housing units created by a Community Development Corporation. This is also the end of the system’s activity;

**Outcome** We include here the results of the output for human beings. The outcome of the job training completion is that people get and keep jobs. The outcomes of loans is that people do something value-added with the money they borrowed, such as creating a specified number of jobs, and then repay the loan. The outcome of housing units is that people live in the houses, stay current on the rent or mortgage, and may see rising asset value from the equity they build;

**Impact** By this term we refer to the results of the outcomes for people, families and communities. The impact of the housing program may be removal of visual blight, a reduction on crime due to more “neighborhood eyes” on a block, improved performance in school on the part of residents’ children, increased business activity or higher property values in a neighborhood. The impact of a series of loans in an area may be the revitalization of certain commercial centers, a more stable home environment for the children of employees hired by the enterprises that borrowed the money, or increased networking and self-esteem on the part of those borrowers.

Impacts may be viewed as secondary or even tertiary outcomes. They need to be accounted for, but at the same time they present two challenges for outcome thinking.

The first challenge is the question of causality. How far out can you reasonably measure the impacts of a system? It is a truism of life that all events, in turn, lead to other events. Thus a man who gets a job through our CAA may find his life more stable, and therefore he may spend more time with his kids. So far, that is probably a true impact. As a result of the extra time her father spends with her, the daughter of that man may do better in school. OK, we can probably accept that as a third-level outcome. But if the girl goes on to someday become a doctor, she may credit it all with the attention her father paid to her and to her education, but it cannot reasonably be cited as an impact of the program that helped the father get a steady job. Somewhere, even though our instinctive mind sees a
connection between events, a verifiable causality breaks down. This is an important limit of impacts, and we need to keep it in mind.

The second challenge for outcome thinking stems from this initial one. Outcome thinking may “hope” to achieve certain impacts, but the farther removed these impacts are from the system itself, the less control that system can have over them. In other words, the later they occur after the changes in customer behavior, attitude, condition, knowledge or status that the system brought about, the less they can be viably considered part of the plan. **An important lesson of outcome thinking is that it works best when applied to things that are under a system’s control.** Long-term impacts, may be desired, hoped for, or even intended. But they cannot be directly led to by the milestones that are Outcome Thinking’s greatest strength. No matter how appealing, they should not be thought of as part of the plan or as one of the outcomes it tries to achieve. Long-term impacts are rarely amenable to even the best management.

We *can*, however, manage outcomes; more to the point, that is, *precisely* what outcome thinking does.

Summing up, outcome thinking, then, is centered on specific, desired, achievable, customer focused targets. It implies the implementer’s responsibility for the achievement of those targets, and suggests that the people in charge of implementation want to learn, and *will* learn something from both success and failure in hitting the targets. In this opportunity to learn, Outcome Thinking offers a chance to see prospects for improvement that many other systems don’t. Drucker says, “most of [the] current reporting systems don’t reveal opportunities, they report problems. They report the past and…answer questions already asked.”

Outcome Thinking is more systemic, more exacting than planning, even so-called “strategic” planning. It often seeks to break a task down into all its component parts, so that each may be addressed as a milestone toward the overall goal. This break-out of sub-tasks allows more eventualities to be foreseen, more attention to be given to necessary linkages between steps, and also allows for incremental progress to be measured even in cases where the ultimate goal is not achieved. And, where failure *is* encountered, outcome thinking allows for program managers to look at where, specifically, the program broke down or ran into a roadblock.

But if these are the characteristics of outcome thinking, and even hint at its basic elements, is there a basic model that might suggest to us what it looks like in all its forms? What would such a model look like and contain?
Outcome Archetypes?

In our research into various outcome models, we located two examples that seemed to hold the essence of many other models at their core. In the confusing welter of outcome models applied to everything from organizational management to personality improvement, we offer these two examples that might be considered to contain the unadorned essentials of Outcome Thinking.

The first of these was developed by Dr. Alan M. Schwitzer, not as a planning or management tool, but rather as method of assessing student service outcomes within campus settings, it is called The Chain of Effects Framework. The second is used by the World Bank for assessing the impacts and outcomes of the programs it funds, and is referred to as the Pressure-State-Response Framework.

We make the distinction here between a framework and a model. In later pages we will survey several of the more well-known outcome thinking models, and we will see that they tend to be structured, often containing their own language, formats and processes. A framework, on the other hand, is more theoretical and applicable to a wider set of circumstances. Schwitzer’s analytical scheme fits this definition and we therefore refer to it as a framework.

Dr. Schwitzer’s approach, applying a chain of effects framework in college services settings, was adapted from Patton's “utilization-focused evaluation” model for evaluation research, and suggests a three-step method of planning for and assessing outcomes. It assumes that programs will operate on the basis of an explicit theory of action by which a logically linked "chain of objectives" can be achieved. More specifically, the Framework tells us that a program's theory of action, if it is to be successful, is based on the following combination of multilevel goals:

- immediate-level outcome goals that refer to implementing the program and the initial experiences associated with participation;
- intermediate goals that refer to specific changes in BACKS measures resulting from participation; and
- ultimate goals that refer to long-term positive changes, or even longer term impacts

Tying together this set of goals creates theoretical causal links that then create a hierarchical chain of objectives. According to the hierarchy, accomplishing implementation goals is necessary to achieve intermediate-level goals. These, in turn, are required to accomplish ultimate-level outcomes. This, then, is the "chain of effects."

Let’s put this another way, and use our example of the community action agency again to get a better feel for what Dr. Schwitzer is saying here.

If the CAA’s program is to be a success, it has to do certain basic things:
- It has to attract customers, get them in the door, make them feel as though the program holds something for them, and it has to generate within them a certain level of commitment to the rest of the program. Without success in these areas, the program has no hope of further success with the client. These are the Doctor’s immediate-level outcome goals.

- It has to begin clients on the road towards their ultimate goal of finding a job, by making sure that they are job-ready and have the necessary skills. This step may require remedial training or other supports. The program also has to match the candidate to the job. These are the milestones to which we referred earlier. They refer to changes in the client’s behavior, changes in his attitude or condition, changes in his knowledge or status. He worked toward his GED, learned a new skill, or learned to cope with a personal problem that had consistently derailed his job-search efforts in the past. Accomplishing these steps makes it that much more likely that the client will achieve the ultimate target. These are the Doctor’s intermediate goals.

- The program has to connect a job-ready client to an appropriate job. The long-term result might be a career or steady work history. Beyond this, a more stable family environment, more involvement by the client in his children’s education and, ultimately, better performance by those kids in school could also result from the changes brought about by the program. These are Schwitzer’s “long-term positive changes and even longer-term impacts.”

What does Schwitzer’s Framework say to us and to practitioners who might want to implement an existing outcome format or develop their own outcome thinking model?

We believe that it says, first and foremost, that outcome thinking, as we said earlier, is a system of interrelated parts, steps and expectations. Later milestones cannot be achieved unless preliminary ones are accomplished; ultimate success depends upon initial successes.

Similarly, Schwitzer’s Framework also tells us that true outcome thinking does not assume linkages between steps in a progression; instead, it accounts for and shows them. It asks –and answers- the little questions that exist in the gaps between the bigger questions that usually get the most attention. By way of our CAA example, real outcome thinking goes beyond a plan that calls for recruiting clients, processing/serving them and then placing them in a job. Instead, it looks at all the steps necessary for recruitment and client retention. It provides for the “extras” that might be entailed in serving those clients.

The Schwitzer Framework also tells us that at its best, outcome thinking keeps its eye on the target, in this case by also looking to place the right person in the right job, because the job itself is not the actual goal. In the example we used before, the real goal was strengthening families; the job was a vehicle, a means toward that end. Outcome
thinking, therefore, cannot end or be satisfied with, say, simply placing a person in a job. It must go beyond that. Outcome thinking does not confuse activity with achievement, nor does it, in the end, confuse the achievement of even the final milestone with the attainment of the true, long-term goal.

The World Bank’s framework was designed in response to the realization that too often in assessing its own projects, the Bank’s Environment Department had focused upon inputs and outcomes, centering attention too narrowly on the process of implementing projects rather than on their results. The Bank realized, however, that the ultimate assessment of the performance or success of a project should be based on the immediate and longer-term effects, since projects are not ends in themselves but, rather, are means toward an end. Seeking to assess the positive or negative effect of any action, the Bank determined that the relevant question is What immediate and long term impact is a given project going to have on causal factors (pressures) and the condition (state) of the problem? This perspective led to the development of the Pressure-State-Response (PSR) framework, in which project outcomes and impacts can be measured by looking at changes in pressure and state indicators. The PSR framework as applied to an environmental example is depicted in below.

![Figure 1. The Pressure-State-Response Model: A conceptual framework for Environmental Performance Indicators](image)

In this framework, rather than focusing upon traditional inputs, outputs, outcomes and impacts, three different aspects of problems are distinguished:

- the pressure that causes the problem
- the state of the environment that results from the problem; and
- the response to the problem
The *pressure* variable in this Framework describes the underlying cause of the problem. The *pressure* may be an existing problem or it may be the result of a new development. The closure of a plant, for example, that, in turn, causes a significant portion of a community to become unemployed, would be such a *pressure*. Whatever the cause, *pressures* affect the *state* of the existing environment and then may elicit *responses* to address these issues.

The *state* variable usually describes some measurable characteristic of the environment. Unemployment or poverty levels are common *state* variables. In our example, the *state* might also include such variables as the economic pressure such a large-scale drop in local employment could create on the local business climate, a breakdown in social and familial cohesion, and increase in certain variables such as crime, substance abuse and domestic violence.

The *response* variables are those policies, investments, or other actions that are introduced to solve the problem. They can affect the *state* either directly by way of remedial efforts or by acting on the *pressures* at work. In some cases, projects also seek to improve the *responses* to problems (for example, by increasing the institutional capacity to monitor problems and enforce applicable laws).

The PSR framework can be applied at the national level, sectoral level, community level, or individual organization level.

What does the PSR Framework tell us about Outcome Thinking?

Perhaps the most valuable concept it suggests, is that just as Outcome Thinking itself is a system, problems or situations to which Outcome Thinking is applied should themselves be viewed in a systemic way. Focusing on just one aspect of a situation, this perspective implies, will often lead to treating a symptom of a problem, rather than its root causes. The Balanced Scorecard Collaborative, for example, suggests that one of the benefits of Outcome Thinking is that it allows all components of a strategy, its objectives, measures and initiatives, to be linked and aligned. The PSR Framework strongly hints that viewed in a systemic way, problems are more apt to be solved and the seminal causes of the problem be addressed.

To look at this another way, many community action agencies for a long time focused upon what are called direct services. These might have been distributed in the form of the emergency food basket, emergency rent assistance, or emergency utility assistance. And, they have all been needed. Yet, by reacting to clients’ immediate needs, many of these CAA’s missed the larger systemic issues their clients faced. One high-level CAA interviewee put the issue this way:

“The people who come to us are all bleeding in one way or another. The problem is that we’ve been handing out a lot of band-aids that may have stopped the bleeding for the moment, but that did nothing to cure the patient. The patient is still sick and only comes back again. Maybe not
for the same band-aid, but for one just like it. In the end, you’ve just got to ask what you’ve accomplished for all the bandages you’ve handed out. We may be meeting the immediate need, but I can’t say that I know that we’ve been doing much to solve the larger issues that’re causing that need.”

The PSR Framework, indeed, Outcome Thinking in all the forms we have been able to identify, strongly suggests that band-aids are not the answer…not to the problems of CAA clients and not to organizations that would serve them.

If we recap, we find that our definition of outcome thinking is growing, developing more detail. We began by saying that outcome thinking is a system, one that is centered on specific, desired, achievable, customer-focused targets. We know that it also requires the implementer’s responsibility for the achievement of those targets, and that it is a learning process, where the people in charge of implementation gain insights from both success and failure in hitting the targets. We have established that it is a system of interrelated parts, steps and expectations, where later accomplishments depend upon the ones achieved at the beginning. Finally, we have learned that the problems to which Outcome Think is applied, are best viewed themselves in a systematic way. In short, we have learned a lot. But our task is not complete, because we have still not fully distinguished outcome thinking from other, perhaps more traditional management tools.

How is outcome thinking different? What is the influence of the environment –public, nonprofit or for-profit- in which it is applied?

To properly answer those questions, we first must examine where outcome thinking came from and how it evolved.
In the Beginning…

If we trace back the genealogy of Outcome Thinking as we know it today, we find that it is the product of a decidedly mixed marriage between two vastly different sources: roughly 100 years of corporate management theory, and approximately 50+ years of evaluation. For these two branches of thought and learning, we will see, provided the philosophical chromosomes that largely guided the development of outcome thinking from its embryonic days to its current stage of maturity.

The Management Genome

When Peter F. Drucker argues that nonprofit institutions need management, that they must learn to use it as their tool and that it is necessary if they are to successfully concentrate upon their missions, he is not merely arguing that the concept of management is not and should not be totally alien to the nonprofit sector. Rather, he is also implying two essential truths, one concerning all successful organizations of whatever size, shape and purpose, and one concerning Outcome Thinking, which is growing to be perhaps the most widely applied management concept in the public and nonprofit sectors today.

The first implication of Drucker’s argument is that certain seminal concepts, among them the purposeful application of resources to well-defined goals, a recognized differentiation between activity and results, and the application of measurable standards of progress and effectiveness, are notions that would benefit any organization. At this quantum level, it makes little difference whether the organization in question is a private business, a charitable entity or a governmental agency. All organizations, Drucker is suggesting, ignore these basic rules at their own eventual peril. There is a universality of common-sense precepts at play here, hints that, at the organizational level, the divisions between the private, public and nonprofit sectors are more of form than substance, more of application than of essence.

The second implication of Drucker’s observation is that the acquired wisdom of one sector is not necessarily foreign to the other two realms. Ideas and developments in one area can be adopted (and adapted) for use in other areas. These ideas may evolve in the process, acquiring different trappings and even a distinct nomenclature (in some instances, as we shall see in later pages, these ideas must evolve if they are to successfully fit new circumstances), but the roots are nonetheless still traceable to the sector of the idea’s birth. One such set of traceable roots tie today’s Outcome Thinking to corporate management theories going back almost 100 years.

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“Every organization,” Drucker says, whether for-profit or nonprofit, “operates on [some] theory [or] set of assumptions as to what its ‘business’ is, what its objectives are, how to define results, who its customers are, what the customers value and [what they] pay for.” Strategy, he says, then converts this theory, this set of assumptions, into performance, to enable the organization to achieve its desired results in an unpredictable
environment. Management, therefore, could be defined as the tool or means by which
this strategy is implemented in the real world. In an organizational setting, there are three
things that might be “managed”: work, performance, and results.

The earliest forms of management focused on “work,” largely because manual labor
described the tasks at hand for the greatest part of human history. This manual labor,
even if it was skilled, comprised the vast majority of work in agrarian, pre-industrial and
even industrial societies. The “management” of people working on a farm, a shop or
even a factory, was largely the management of the work those people did. Evidence of
this is to be found in the centralism that was focused primarily on inputs, labor and raw
materials, and was long a dominant theme in American industry.

Frederick Taylor’s “Scientific Management” (initially called “Task Management”) in the
early years of the last century was perhaps the first real effort to analyze work in an
attempt bring about something unprecedented: increased worker productivity. Until
that time, the only way to increase worker output (the word productivity was not even
used in English to refer to work until 1898) was for workers to work longer, or harder.
The only recognized differences between workers at the time were between lazy ones and
hard working ones, and between strong ones and weak ones. But Taylor did not agree.
His insight was that there might be something about the work itself that could be
improved upon. Taylor’s management “method” sounded deceptively simple: first look
at a task and analyze its constituent motions. Record each motion, the physical effort it
takes and the time it takes. Motions not absolutely needed are then to be eliminated. The
remaining motions represent the simplest, fastest and easiest way to obtain the finished
product. Within a decade of Taylor’s initial work, the productivity of the manual laborer
began its first real rise in history, and continues to rise to this day. Henry Ford’s
legendary assembly line was merely an extension of Taylor’s principles, Ford’s
contribution being the limitation of one constituent motion (continually repeated) per
worker along the line. Taylor’s stopwatch-based Scientific Management had turned
laborers into automatons.

The next important evolutionary step in this chain towards today’s Outcome Thinking
came about as the post-industrial economy evolved. More and more “work” in this new
economy, involved less and less physical labor. Slowly, the accent of management
shifted from “work” to “performance.” To be sure, manufacturing processes that
required manual labor still required and received the attention of management thinkers,
but the accent had shifted from simply “more” (more flour milled, more yards of textile
produced, more widgets made) to “quality.” This was a key precursor to the perspective
that allowed for the eventual development of Outcome Thinking, because it was the first,
tentative step toward an examination of the nature and characteristics of the “finished
product.” Put another way, it was the beginning of an examination of outcomes.

For this shift to be complete, however, the starting point had to be a new definition of
“results,” for it was the results and not the work itself that now had to be managed. In
other words, if we want “better,” we must first define what “better” is. But we should
recognize at this point these “results” were not the same results as the outcomes or
impacts with which outcome thinking is familiar; it was still too early for those insights to have taken root. Rather, this early notion of results referred more to the *quality* of the output. This is an important distinction, for outcome thinking’s “results,” (outcomes and impacts) as we have stated, come about because of its outputs. In the earlier typology, however, results were seen as a *characteristic* of the output. Thus, in this earlier formulation, if a community agency’s output is a class of graduates with a certificate in their hands, the focus of a “results” inquiry would be the *quality* of training the graduates received, the degree of preparedness which that training actually attained. Outcome thinking, however, would view the jobs the graduates obtained and kept as the result. Again, this is an important distinction that should be kept in mind.

With this developing shift in perspective, W. Edward Deming began to supply the answer to the question of “better” with his concept of Total Quality Management. Initially, Deming followed Taylor’s analysis model. But around 1940 he added an underlying statistical theory and the result was a philosophy of management rooted in an understanding of the power and pervasiveness of variation, and how it effects processes. All systems, Deming suggested, are subject to an amount of variation, which leads to an eventual erosion of process and product. Understanding variation, therefore, is vital to managing change. Deming viewed “better” and “results” in terms of *quality*, and said that the customer, what he is willing to buy and what he is willing to pay, ultimately define this “quality.” For quality to be maintained, Deming insisted, variation must be reduced.

A central facet of the move toward this reduction of variation became a key contribution to what would eventually evolve to become Outcome Thinking. It occurred when corporate leaders began, for perhaps the first time in a systematic way, to focus upon measurement, or what has been called Management By Fact.

While basic profit-and-loss, asset-and liability, ledger information was always needed by even the most modest businesses, enterprises or organizations, in an earlier era even such industrial giants as Henry Ford and Thomas Edison often managed largely by “hunch.” Ford was well known for his autocratic management style that frequently flew in the face of “common wisdom,” and Edison built a life and a legend on ideas than most people thought would never work. In the management of their respective companies, “measurement” as we now know it was unheard of, and facts were quite often ignored. But as we have seen, the first thing Frederick Taylor did was measure, arriving at data that could be verified and repeated. In his statistical approach, Deming relied exclusively upon measurement and verification. “If we can’t measure it, we can’t know it,” increasingly became a credo of corporate management, and even today, experts agree that successful organizations rely upon “key measures that [allow] management by fact.”

“Measurement,” says Creech, “is crucial.” The Balanced Scorecard system similarly stipulates that “Management is the language that gives clarity to vague concepts.” And the Baldrige System, developed by the man many consider to be the world’s foremost authority on management, “demands management by fact.”
While some authorities occasionally deride TQM and the excesses in its implementation, the fact is that Deming spawned at least three distinct revolutions, the reverberations of which we are still experiencing today. The first is the continued popularity of such widely known systems as the Japanese “Quality Circle” and the internationally acclaimed Six Sigma, both built upon these essential concepts. Deming’s second influence can be seen in the notion of rooting out variation, an idea that has metastasized and spread to corners of the American marketplace Deming never imagined. By way of prime example, the reduction of product variation to absolutely nil is a central tenet of the McDonald’s Corporation. From one familiar chain store to the next, from franchise to franchise, the reduction in product (and atmosphere) variation has become the guiding principle of American consumer-oriented business. But it is Deming’s third influence, the ubiquitous spread of the reliance upon measurement that is of central importance to us. Largely thanks to Deming, we live in a number-driven world; the fact that Outcome Thinking calls for verifiable and measurable results is significantly reflective of his influence.

But the effect of Deming’s thinking went beyond just measurement. It entailed an entirely new way at looking at the sort of processes to which Outcome Thinking is today applied.

To use a common metaphor, it is very important to understand that Deming was not interested in building a better mousetrap. That was for the engineers to dream up. Instead, he focused upon the mousetraps that were already being made and essentially said, “Our goal is not simply more mousetraps coming out of this plant. But rather, more mousetraps that work the way they are supposed to work.” In other words, he by-passed the activity of making the mousetraps; he also ignored the number of mousetraps being produced, recognizing that this was mere output. Instead, he focused upon the results of the mousetrap-making process. He focused upon the outcome of mousetraps that would meet the customer’s need and satisfy him, and the impact of that satisfaction, which would prompt him to buy more of the company’s mousetraps the next time he had the need. Finally, recognizing the value of Taylor’s work, Deming sought to attain the desired impact by breaking down the manufacturing process into its constituent steps, and, through careful measurement, focusing upon each of these steps in turn.

Our point is the debt outcome thinking owes to the focus on quality that Deming began.

The linkages between these early management pioneers and today’s Outcome Thinking cannot be denied, should not be understated, and ought not be ignored. As with Deming’s work, Outcome Thinking bypasses simple activity; being busy is not a result, and outcome thinking is not about being busier. It also does not focus upon mere outputs; having X number of program graduates with a certificate in their hands is not a sufficient result, and outcome thinking is not best used to simply increase this number. Instead, just as Deming kept his eye on the real goal, ultimate customer satisfaction, outcome thinking centers upon achieving the desired outcome for the customer or client, what happens after and as a result of the output: did the certificates in their hands enable those graduates to get and keep jobs? And just as Deming accomplished his goal by
breaking the manufacturing process down into its constituent parts in an effort to reduce variation, outcome thinking often looks at the constituent steps, the milestones involved in a process or program, and seeks to assure the successful completion of each. Finally, carefully chosen, verifiable measures are used in Outcome Thinking to assess and evaluate success. Properly applied, Outcome Thinking is Management-by-Fact.

Other developments further shifted the focus of management from “work” to performance. Chief among these was the growing realization that quality is important even to the work of a file clerk.\textsuperscript{lxiii} No organization, the dawning epiphany implied, could succeed if only part of its activity had a quality orientation. This too has filtered from the corporate world to its nonprofit and public sector counterparts, as middle managers in both spheres have come to recognize that Outcome Thinking cannot survive in an atmosphere where either front-line staff or senior decision-makers remain divorced from and aloof towards the demand for measurable and verifiable results.

For the corporate sector, the changes required by an increasingly interdependent world economy, rapidly evolving computer and communications technologies and the fact that more and more work is now being carried out by what Drucker calls, “knowledge workers,”\textsuperscript{lxiv} have led its management theory onto evolutionary paths quite distinct from those in the public and nonprofit sectors. Many of its responses to these pressures have been notable, some laudable, some laughable and quite a few regrettable.\textsuperscript{lxv} But while the species links between management in the corporate world and that of government and the nonprofit sector have been broken, the common heritage remains and similar challenges to each branch of the diversifying family can still be identified.

Several questions remain, however. Two of the most compelling are whether corporate management theories have any applicability to the public and nonprofit sectors, and whether there are characteristics specific to these sectors that make any outcome- or results-based management theory an awkward fit.

We shall turn our attentions to those questions in following pages. But first we have to complete the task of examining the birth of Outcome Thinking, for if corporate management theory sired the concept, the discipline of evaluation surely provided its gestation. To this day, evaluation is still one of the most broadly utilized applications of Outcome Thinking, as evidenced by the use of the Logic Model, perhaps the most commonly recognized outcome framework today, as a central pillar of the Kellogg Foundation’s widely-hailed \textit{Evaluation Handbook}.\textsuperscript{lxvi} To complete our family portrait, therefore, we turn to the tangled web of early evaluation theory to trace the other half of the development of thought and insight that contributed to Outcome Thinking as we know it today.
The Guiding Influence of Evaluation

The original mission of evaluation was to improve the quality of social programs, but where early management theory was at first applied to manual work that predated it by hundreds of years, the thinking that led to evaluation found itself targeting efforts that were initially only about 50-60 years old.

While the organized social work of charities and religious institutions had begun in England in the second third of the 19th Century and in the United States a bit after that, it was with growing concerns with the public health in approximately 1874 that the first concerted efforts were made at collecting programmatic information regarding the effectiveness of public policies in the U.S. By 1926, a prescient Syndenstricker was writing that for either these policies or their assessment to be successful, however, objectives and methods needed to be clearly defined. Had government perhaps heeded his call, the development of evaluation would perhaps have proceeded more quickly and firmly. Unfortunately, not only did it take several decades for this message to sink in, but government’s forays into what we today understand to be planned social change had to also await a shift in national temperament.

The dominant public ideology of the Guilded Age, roughly 1870-1900, had been Social Darwinism. Its advocates had argued that social progress required the survival of the fittest, with little or no interference by government with the “natural laws of the marketplace.” In a society so organized, the ablest would succeed, the feckless would fail, and the unhindered process of elimination would ensure progress. By the turn of the century, however, coinciding with the presidency of Theodore Roosevelt, “Americans increasingly came to feel that society needed…to ensure that everyone had a decent chance.”

The Progressive Era that followed (~1900-1915) focused upon the tragedies of slum tenements, the corrosive influence of political corruption, the depredations of the trusts, the abuse of laborers, the despoiling of the environment and threats to public health. Thinkers and reformers not only came to see society’s ills as reflecting social, and not individual failures, but they also designed and put into place a host of programmatic responses across a wide array of fronts. The government stepped in to protect natural resources and the quality of the food supply. Social welfare organizations like the Salvation Army spread to and across America. Fraternal organizations like the Odd Fellows, the Freemasons and the Knights of Columbus extended their influence. Religious inspiration, self-improvement and civic engagement were closely intertwined throughout this period.

However, at the same time, three characteristics worked against the development of successful evaluation of these efforts. The first (and especially if we cast our sights farther, into the New Deal) was that they often heavily relied upon legislative fiat or executive order. From temperance to health, these efforts sought establish rules for general behavior, rather than seeking to change individual behavior. A second factor was their one-size-fits all nature. Programs were designed to address problems, not
necessarily their causes. To the extent that they targeted people, they did so as a class or group: immigrant mothers and workers, laborers, residents of a certain region or area. Finally, there existed a faith in the effectiveness of these programs that required little or no “proof.” Programs typical of the latter years of this period, programs like the Tennessee Valley Authority, the Social Security Administration and the GI Bill, addressed massive issues on a massive scale. Their “effectiveness” was measured in terms of the number of rural homes electrified, the number of applicants they had or the number of dollars they disbursed. Both their outcomes and their impacts were thought to be readily apparent. Evaluation, as such, was not thought to be necessary.

Nonetheless, authorities in the social sciences, in education and clinical psychology would continue to advance the thinking that led to our modern understand and use of outcome frameworks. Knutson, for example, argued the importance of defining program objectives more specifically. Contributing two crucial ideas to the eventual development of Outcome Thinking, he called for a hierarchy of objectives, and the determination of intervening conditions that might be necessary for the achievement of the ultimate objective. Ciocco, perhaps mindful of the growing reliance upon strict measurement in the corporate field of management theory, meanwhile stressed the importance of using indices of “known reliability and validity.” So we see here several important ideas that would later characterize modern Outcome Thinking, measurement, milestones and a scale of objectives.

As late as 1969, the same year the Urban Institute completed an extensive study of the evaluation federally-sponsored programs and concluded that such evaluation was “almost non-existent,” Suchman would also observe that “what passes for evaluative research [today] is…a mixed bag at best, and chaos at worst.” Too many program objectives, Suchman complained, “are grandiose, but usually vague statements of intent and procedure…based upon largely untested or even unsound assumptions whose validity rests primarily upon tradition or common sense and not upon proven effectiveness.” To address this problem, Suchman, suggested an essential “test of the validity of the ‘cause-effect hypotheses in social action,’” the terms in which the social experiment was beginning to be seen in his day. Suchman’s suggestion comprised four steps, and here we find strong early hints at the form Outcome Thinking would eventually take:

1. separating out the underlying assumptions of programs and initiatives;
2. questioning those assumptions;
3. subdividing objectives into intermediate steps;
4. introducing criterion of performance instead of effort

While evaluation was still in its formative stages and the idea of impacts beyond program outputs and outcomes was still some years away, Suchman began this train of thought when he stressed the evaluative importance of intervening variables. It is not enough, he argued, for evaluators to look at either mere outputs or a program’s primary intended intervention into a situation. There could be ripple effects unforeseen by program designers, he suggested, and discerned outcomes could also be the product of multiple variables. He unwittingly suggested what might be considered an early prototype of the
Logic Model when he offered the following diagram to clarify his thinking on the importance of what he called Intervening Variable Analysis:\textsuperscript{xcii}

![Diagram](image)

Additionally, and quite importantly, Suchman applied the cause-and-effect work of Chapin by suggested an evaluative approach that explained successive events in terms of antecedent-consequent relationships. In other words, Suchman was saying that programmatic gains were sequential in nature and the success of later ones depended upon the successful attainment of earlier ones. This was a clear forerunner of one of the essential tenets of modern Outcome Thinking.

At the same time that Suchman was making these suggestions, a parallel shift was taking place in the thinking revolving around social problems and the programs designed to address them. While certainly not placing the onus of responsibility for these problems upon those impacted by them,\textsuperscript{xciii} the new thinking sought “public cooperation for self-help programs and those that sought to change individual attitudes and behaviors.”\textsuperscript{xciv} The accent was no longer to be upon sweeping programs and legislative initiatives like the ones of the New Deal, but rather “planned social change through behavior modification.”\textsuperscript{xcv} This was a crucial shift, because it not only changed the focus of efforts from “classes” or general populations to individuals, but also suggested that measures of program success could not be and should not be mere client totals. The growing demand was that “some attempt be made to determine the effectiveness of…programs.”\textsuperscript{xcv} Implicit in this change, was the notion that evaluation had been further hampered by a reliance upon gross numbers; perhaps separate initiatives should be examined, rather than overall programs…

This is not to say that bean counting and “compliance” would not long remain a tried and true “measure” of program success. Unfortunately those would remain ingrained tendencies through the Great Society and beyond. But for our purposes it is important to recognize the seeds of Outcome Thinking contained in Suchman’s suggestions and the evaluative shift from mere program participation to changes in behavior and attitudes.
In 1975 Claude F. Bennett gave the world of evaluation and the development of modern Outcome Thinking three significant boosts when he suggested the type of hierarchy Khutson had called for twenty years earlier. Beginning with the clarifying statement that “evaluation is not an end in itself [and] is only worth doing if it helps in making decisions about program continuation, priorities and modifications,” Bennett introduced the notion of utilizing this emerging discipline as a management tool. A year earlier, Pamala Horst and her colleagues had noted that one of the major stumbling blocks to effective and useful evaluation was the fact that most evaluations were not designed to support decision-making, were not geared toward decision-makers, nor were they adequately communicated to them. Then why were they being done? Bennett asked. His implication was that evaluation divorced from management was little more than judgment, and of little value to programs, implementers or funders. Also implicit was the notion of a learning process.

In opening pages of this work, we stressed the importance of this facet of Outcome Thinking, the opportunity it affords for learning from both success and failure. Prior to Bennett, however, the accent (such as it was) in evaluation had been on accountability, upon the need to demonstrate (to funders and to the public) that programs worked. This became especially true in the face of the intractability of many of the problems these programs were designed to address: if poverty, crime, substance abuse and a host of other ills remained in spite of billions of dollars expended upon their eradication, of what use were these programs? This question was at the heart of the “nationwide accountability movement” cited by Stefflebeam and Webster. Bennett recognized this need, but also cautioned that merely evaluating programs to see if they “worked” was not enough. Rather, the data should also be utilized for “modification.” In other words, let’s see if mistakes were made, and if so, let’s learn from them. This was an invaluable contribution to the eventual development of Outcome Thinking.

Beyond this, Bennett expanded upon Suchman’s use of Chapin’s work by offering a hierarchy based upon a 7-step chain of events. Like any system analysis, Bennett’s hierarchy began with inputs. These are utilized through activities. These activities lead to the involvement of people. The combination of activities and people involvement will elicit as series of responses, both pro and con. These responses will lead to changes in certain variables. When these changes are fully adopted, they become practice changes. Finally, the application of these “practice changes” to the original situation (the “problem”) leads to the program’s end results.

The significance of Bennett’s work lay in several areas. The first was his delineation of discrete steps in a problem-solving process. Suchman had commented upon the “cause–and-effect hypotheses” in social action, and described it as the belief that “if we do this, it will have that impact upon a given problem.” But Bennett was arguing that this was too simple a scenario. Ultimately, he was suggesting, this intervention may have that impact upon a problem. But, between the intervention and the ultimate result there are several steps that must be successfully accomplished and during which the wheels might fall off the cart. Thus we can see at least two notions that went on to become foundations
of Outcome Thinking; an expansion of Chapin’s concept of antecedent-consequent stages in problem solving, and the concept of an inherent logic linking these stages together.

Bennett also gave a name to the types of changes upon which the new behavior-modification social planning depended. He called them the KASA changes, alterations in Knowledge, Attitudes, Skills and Aspirations. The basis for Lucy Knight’s BACKS measures, mentioned earlier, can clearly be seen here. By focusing upon alterations in these variables, Bennett opened the door to a much wider consideration of End Results than was possible under the type of evaluation that had been based upon raw numbers representing miles of electric line the TVA strung, the number of applicants in the Social Security program or the number of graduates the GI Bill had produced.

Joseph Wholey and a team of Urban Institute researchers added several crucial pieces of the puzzle in the mid-70’s when they, like Bennett, asked some basic questions about the evaluations that were going on at the time. “We asked, If we want to learn certain things,” Wholey explains, “what questions should we be asking and where would you get the data that would lead to answers?” It was the thesis of Wholey’s team that proper evaluation was necessary if debates over policy were to rise above the level of the polemic. Perhaps reflecting Bennett’s call for evaluation to be a tool of program modification, and no doubt mindful of the fact that available evidence suggested that there was little to show that evaluation was leading to more effective social programs, Wholey’s group also asked a second seminal question: Why were those in charge of programs and those who were evaluating programs unable to join their efforts in a way that lent more frequently to significant improvement in program performance? The team’s goal was to suggest ways to make evaluations more likely to be useful in making programs better by helping program managers.

Horst describes a significant breakout of two distinct dynamics involved in the use of evaluations:

1. the interface between evaluators and users of evaluations; and
2. the interface between evaluators and the programs being evaluated.

The significance of this recognition was that it clearly began to separate the audiences towards whom evaluations were being geared. Program managers, it was being realized, did not necessarily need or benefit from the type of information that evaluations were providing to funder and policy-makers. But was the information managers needed available? Wholey’s group suggested that it was not.

Developing a concept of “Program Evaluability,” Wholey would argue that many programs were not designed to be conducive to meaningful evaluation. The following reasons were suggested to support this assertion:
- **A lack of definition**: the target problem, program interventions, expected outcomes and desired impacts were often not sufficiently defined as to be measurable. The problems addressed by many social programs were almost never stated so that institutions, people or relevant conditions could be classified according to the degree to which they are effected. Adding to this was the common practice of describing programs in an “elegant but elusive language” that often amounted to little more than “vaporous wishes.”

- **A lack of clear program logic**: the logic of assumptions linking an expenditure of resources, the implementation of an intervention, the anticipated outcomes and the predicted impacts was often not specified or understood clearly enough to permit effective testing. What, beyond wishful thinking, really linked A to B in these programs?

- **A lack of management**: those in charge of programs often lacked the understanding, ability and authority to act on evaluation measurements.

Bennett had stated that there should be an inherent logic linking the steps or stages of an evaluation hierarchy. Now Wholey and Horst would go farther and suggest that this logic should be determined and applied *before* the evaluation stage, which usually came after a program was in place. If we are to evaluate to any degree of success and validity, they were saying, we must plan along lines that make evaluation possible and meaningful. In a vastly significant contribution to the eventual shape of Outcome Thinking, they offered a pre-evaluation design, a sort of proto-Logic Model, that called for the following questions to be answered *prior* to program implementation:

1. Are the problems, intended interventions, anticipated outcomes and expected impacts sufficiently well defined so as to be meaningful?

2. Is the program’s essential logic, the assumptions linking investment to intervention and then to results, laid out clearly enough to be tested?

3. I anyone clearly in charge? Who? What are his/her operating constraints? What range of actions might he/she personally take?

The evolution toward modern Outcome Thinking was almost complete. Chen and Rossi would help define the terms, and Bickman made a powerful contribution when he focused the attention of thinkers and practitioners alike on the need for program theory. “All too commonly,” he would write, “programs seem to grow from notions and ideas,” rather than from a sound, testable theory. In fact, he would add, “many programs [completely] lack an explicit theory, or the theory they espouse [is] implausible.”

Instead of this vacuum, Bickman urged the adoption of program theory that would be “the construction of a plausible and sensible model of how a program is supposed to
work. What would this program theory ideally contain? According to various sources, it would:

- Clarify the set of cause-and-effect relationships within a given situation, and provide the rationale for a specific programmatic intervention;
- Include scientific explanations, implicit theories, models of inputs, processes and outputs, and policy statements;
- Identify resources, activities and outcomes of programs and the causal assumptions connecting them.

Bickman was making a powerful argument for the application of Outcome Thinking before a program or intervention was implemented…and way before the evaluation stage. For a discipline that had grown as a means towards better, more useful evaluations, this was a revolutionary call for the use of outcome frameworks as a planning and management tool. In the absence of theory preceding implementation, Bickman noted, the evaluator was often forced to construct such a theory post-hoc. Bickman’s clear implication was that this was putting the horse decidedly behind the cart.

Alkin would later point to impacts beyond outcomes by noting that, for both planning and evaluation, there were two kinds of systems, those that were narrowly focused with discrete outcomes, and those that were broad-scaled in which outcomes were often more elusive or not clearly definable. With each of these contributions the development toward what we recognize as today’s Outcome Thinking would proceed. Weiss would add much and Williams, Webb and Phillips would refine the notion and add an entirely new dimension by introducing the notion of Outcome Funding. But beyond this, one central tool remained to be added.

McClintock notes that the use of models to simplify key dynamics of complex systems had long been a tool in public policy. By the early 1980’s, this idea was being applied to the discipline of evaluation. Causal mapping, as it was called, sought to identify concepts and elements that were thought to be part of a given problem domain, graphically display them, and use connecting lines to link concepts that were thought to be causally related, with plus or minus signs being added to the lines to depict positive or negative linear corelations.

A classic early representation of this notion appears below in McClintock’s illustration of forces involved in rising medical costs:
This notion of graphically displaying the variables of a situation, their interplay and their results, was eventually added to the developing field, resulting in the familiar Outcome Thinking graphic typified by the United Way chart below:

It has been our intention in this section to trace the roots and the evolution of Outcome Thinking as we know it today. What we have seen is that the concept did not have one clear line of development, and neither did it have one clear progenitor, or even one champion. Early thinkers in corporate management opened the door by asking questions regarding results and performance. Twenty years into the last century, observers of
social programs began to shed light on the need for a clear definition of objectives if these questions were to be answers in regard to those programs. The need for sound, testable logic linking assumptions to actions was recognized as more experience was gained. The concept of applying tests to this logic before program implementation was a major leap. Finally, the idea of graphically depicting the logic, linkages and steps of a program changed the emerging notion of Outcome Thinking from an abstract accessible only to a few into a tool that could be utilized and applied by decision-makers and program directors across a great spectrum of capacity and effort.

Where is the discipline today? It has grown, in the words of Cook and Shadish, from a simple input/output, “black box” model, to a way to peer inside the box, a way to try to understand what goes on in the box. It has grown from a simple way of describing, to a potential way of managing. That is its promise.

Having traced these developments, however, we are still left with several fundamental questions. There are numerous varieties of Outcome Thinking available to organizational decision-makers today. As we might expect from the roots we just explored, all are forms of management theory. But this is a discipline that is usually associated with the corporate world, not the government or nonprofit sectors. Nonetheless, numerous observers, Drucker primary among them, have called for these very nonprofit and government institutions to emulate their corporate counterparts by adopting modern management for the good of their own survival. In essence, these organizations are being increasingly told that management theories like Outcome Thinking are the wave of the future. We therefore must inquire into the essential applicability such theories to these sectors. Beyond this, we must also ask whether there are characteristics specific to these sectors that make any outcome- or results-based management theory an awkward fit. We turn out attention to these questions next.
Knowing that there are numerous varieties of Outcome Thinking available to organizational decision-makers today, and aware that all of them, from Outcome Funding to the Balanced Scorecard, are essentially forms of management theory, there are several questions we must ask. The first is whether, in spite of Drucker’s opinion, there is really anything about management theory that recommends it to the government and nonprofit worlds. Has the corporate world benefited unequivocally from the many theories of management foisted upon it over the last twenty-to-thirty years? The second question upon which we should focus is whether the types of management suggested for the corporate world really do hold essential applicability for government and nonprofits. The third question we should ask whether there are characteristics specific to these sectors that make any outcome- or results-based management theory an awkward fit. Finally, we should ask is whether Outcome Thinking itself is free of problems.

These are crucial questions for the Outcome Thinking community to ask because government and the nonprofit sector are our primary customers. If we ignore these issues, gloss over them or insist that they have should have no impact upon the our clients’ chances for success, then we are doing those clients a great disservice. To paraphrase David Hunter, we have a moral obligation to be aware of and address the realities of our clients’ operating ecologies. We cannot simply prescribe and walk away, satisfied that we have done our job. And so, the next section.....

**The Corporate Experience**

The answer to the first question we asked concerning the success of management theory in the corporate world, is that not only has the experience of the business world with modern management theories been decidedly mixed, but that there are those who hold that most of this theory is, in fact, nonsense. Few critics have been as pointed–or engaging–as John Micklethwait.

In the opening pages of his book, *The Witchdoctors*, Micklethwait poses a paradox and asks a basic question. The paradox is that management, whether in the public, private or nonprofit sector, matters, and yet we really know so little about it. In spite of–perhaps because of–the plethora of books, articles, lectures and whole schools devoted to it, there still does not exist for management a corpus of indisputable fact upon which everyone can agree. Instead, as Micklethwait notes, competing theories reign, often leading to confusion and worse. Even if we accept that management is one of the softest of the “soft sciences,” Montreal-based management expert Henry Mintzberg, charges that as yet there is little real science in managerial work. Generally, he says, managers do not work according to procedures prescribed by scientific analysis. “Management scientists,” (such as they may be) and their methods have had little impact on how the manager of today actually works; in essence they work today as they always have. Meanwhile, referring to the top management experts, even Drucker admits that “People use the word guru, because they don’t want to use the word charlatan.” The clear implication is that many, if not most, of these “gurus” do not know what they are talking about and
exist largely because people let them get away with it." What is it about management that draws its critics’ particular ire?

Using a well-known street term, Micklethwait describes the private view of many involved in the management industry, businesspeople, publishers and consultants themselves. Discuss management theory with these people, Micklethwait says, and sooner or later this word appears. Put more politely, the accusation is that management theory is mostly poppycock and twaddle, peddled by snake oil salesmen upon a gullible business world desperate for answers. Specifically, critics claim this “theory” suffers from four main defects:

1. It is intellectually flabby in that it does not encourage rigorous self-criticism, its most influential trends are immune from peer review, and it very often by-passes the traditional distribution system of ideas (such as respected professional journals) and foists itself upon its public directly through bookstores, TV and the Web.
2. Its terminology usually confuses, rather than educates
3. It rarely rises above basic common sense
4. It is faddish and riddled with contradictions that would not be allowed in more rigorous disciplines.

To this might be also added a fifth charge, that many of the field’s leading voices, those producing the most popular management books and giving the lectures, have no real credentials to back up their claims to insight and expertise. “They spring suspiciously from the ‘great university of life,’ rather than from any orthodox academic discipline,” says Micklethwait.

The author offers numerous examples to illustrate these points, including an amusingly ponderous example of doublespeak offered by two of the more well-known management gurus. Clearly having fun with his subject, he suggests none-too-subtly that the deliberately confusing jargon is intended to mask the distinct lack of eloquence and depth of the theories themselves, the verbal equivalent of the Wizard’s thunder, smoke and lightening before Toto pulled away the curtain to reveal the simple country con artist at the controls.

It is not within the scope of this work to defend the broad field of management theory, its numerous and industrious disciples, or the excesses to which the field is occasionally subject. We do note, however, that many leading management observers insist that most of the problems stemming from management theory over the course of the last few decades were the result of faulty application. Management theorist James Champy has claimed that only 1 in 10 organizations undergoing reengineering, for example, were doing it right.

In addition, it has been argued, too many organizations, in both the public and private sectors, approached the new management thinking as a sort of smorgasbord from which they could select those aspects that suited their fancy, heedless of the contradictions built
into any effort to mix and match among these systems. The three most popular management fads of recent years, downsizing, reengineering and TQM, are for example, on many points of substance mutually incompatible. Downsizing, by way of illustration, argues that employees are expendable, while TQM sees them as an invaluable asset.

The basic problem here is that there is no one “management theory.” Rather, there are competing theories, the fundamental tenets of which very often cancel each other out. But if this issue and the confusion it generates bedevil the corporate world, if the business and popular media are full of stories about the bloodletting and chaos that have followed the implementation of various management theories, what does this say to those who suggest that the nonprofit world needs to learn and adopt “management,” and that “government ought to be run like a business”?

**Prescribing the Wrong Medicine?**

In 1990, Peter Drucker devoted an entire book to the notion that it was high time that nonprofit organizations adopted the management practices, insights and acumen that has long characterized the business world. ‘There is a ‘management boom’ going on among…nonprofit institutions, large and small,” he claimed. Similarly, David Osborne and Ted Gaebler, in their landmark book, *Reinventing Government*, suggest that a new way of discharging the duties of the public sector is taking hold in the federal government, and within state, county and local governments across the country. In addition to the countless politicians who have gotten themselves elected claiming that they would run City Hall like a business (By gum!), advocates of this position point to a number of positive developments in this realm. Among these are the Government Performance and Results Act (GPRA), the work done by former Vice-President Al Gore in spearheading the effort that resulted in that Act, and the various experiments with results orientations by smaller governmental units, to name a few. The question is, whether these prescriptions are a good fit.

Mintzberg strongly contends that they are not, and suggests that the *Harvard Business Review* be packaged with a skull and crossbones, and the stern warning “Not to be taken by the public sector.” Mintzberg’s perspective is that the emerging governmental focus on efficiency, tangible results, and some bottom-line analogy is bringing government into conflict with all that has traditionally been best in the public-sector ethic. It is a commonplace that public sector employees usually earn less than their private sector counterparts do. A corollary to this statement is that public sector employees seek and gain a certain satisfaction from the work they do –serving the public good- that makes up, in their own personal value calculus, for the financial loss. Mintzberg argues that under a results-oriented management system, traditional civil service values are undermined, and the only values that matter are financial. The desire to do a good job at a task, the greatest outcome of which is the “public good,” Mintzberg suggests, is severely undermined when the task and the employee are reduced to budget items susceptible to results-oriented judgment and a results-driven reassessment. By imposing a more corporate-style evaluation of programs -and by
implication, of employees—he strongly hints, we are undermining the very ethos that makes government service to the public good possible.

Mintzberg’s more fundamental argument is that there are such differences between the public and private sectors that management theory from one will never be applicable to the other. Thus, he essentially calls into question the entire notion of applying a concept like Outcome Thinking to governmental circumstances. He completely dismisses the notion of citizens as customers, for example, noting that government has a monopoly on many services, and that the citizen cannot opt out of the social contract and generally can’t “take his business elsewhere.” “In government,” adds Chris Reis, Field Services Supervisor for the Ohio Department of Community Development’s Office of Community Services, “we tend to disregard customers because they can’t get to us directly. There are only elections for [the public] to use to express its dissatisfaction…and even then, it is the elected officials who catch the brunt of the anger. In the bureaucracy, we’re insulated and that goes a long was toward killing the idea of ‘customer service.’” Echoing this point, Anthony Carvelli, Finance Commissioner of Oneida County, New York, asks, “Who in the public sector cares of the phone rings 7 times or 12 times before it is answered? The answer is, no one. In the private sector, you value customer opinion; so you make sure that phone is answered quickly. But in a governmental agency, the most you can do is make it an office policy; you really can’t enforce it. There’s no civil service rule covering customer satisfaction.”

More pointedly, Mintzberg notes that the private sector managers are answerable to just one dictator: the bottom line. The public and nonprofit sector manager, by contrast, is answerable to a far greater number of interests. As Shadoh has written, “multiple stakeholders thwart significant change,” and, as we shall see in a later section of this work, the multiplicity of stakeholders in the public and nonprofit sectors does have a significant impact upon their operating culture.

In sum, Mintzberg has several specific problems with the notion of applying concepts such as Outcome Thinking to government, but they can be distilled down to the statement that “government” and “management” are not interchangeable concepts. Each has a purpose, he contends, and they are not necessarily the same.

Anthony Esposito, former President of Capital Cablevision, past Chairman of the Capital District Transportation Authority, and currently a member of the boards of several nonprofit organizations, has worked in all three sectors. He sees several obstacles to applying a results-oriented management system to anything but the private sector. “Government exists to serve,” he stresses, “not to be #1, not to make a profit and probably not even to be efficient. If we were after efficiency, we’d have to close down half the programs government runs.” As for the nonprofit sector, Esposito says, “I understand the idea of a results orientation. But look at the tasks most nonprofits undertake. These are very often the kinds of things for which ‘results’ are continually elusive. Beside which,” he adds, “a focus on results is a luxury many nonprofits cannot afford. When you spend all your time, hat-in-hand, chasing the next buck, it is awful hard to have the time, resources or energy to chase ‘results’ at the same time. Keeping your head above water is an all-consuming task for most nonprofits.”
These opinions, and the replies of Carvelli, Esposito and others force us to ask whether there are inescapable characteristics of the nonprofit and governmental operating cultures that mitigate against the easy application of systems like Outcome Thinking. *Are* there things of which we, as Outcome practitioners, ought to be aware and that we should be addressing in our thinking, writing and training of the subject? We turn to that question next.

### The nonprofit and governmental sectors: a different culture

In his discussion of the differences between for-profit and nonprofit organizations, Drucker implies that, while it is occasionally carried to absurd and self-defeating extremes, the profit motive gives for-profit organizations at least one clear-cut goal everyone can understand: the reason we are here is to make money! For government and nonprofits, however, the single compelling reason they are there is often less clear; indeed, it is often unclear whether there is a *single* such compelling reason. Different motivations, needs, demands and interests constantly tug at both the governmental and nonprofit manager. Now, into this mix, add the demands and requirements of a results-oriented system like Outcome Thinking. What do you get? Let us examine the nonprofit world first.

#### The nonprofit culture

“Every program,” Chen and Rossi tell us, “has [an operating] theory. Unfortunately,” they add, that theory may also “be implicit, fragmented and not well conceptualized” or articulated. In other words, the driving raison d’être of many nonprofit programs, these authors believe, is not well defined from the outset, making the accomplishment of concrete outcomes all the more problematical. Worse still, they add, “often enough…rogram designers’ [operating] theories are likely to be the current folklore of the upper-middlebrow media.” A strong connection between an analysis of a problem and a program designed to address that program, these authors suggest, is often more wishful thinking than pragmatic assessment and planning.

As early as 1974, Horst identified several problems that continue to vex many nonprofit organizations—and their programs—to this day. Among these were:

- a lack of clear definition of terms and expectations;
- the lack of a clear logic connecting assumptions linking expenditure of resources, the implementation of an intervention, the expected outcomes and the anticipated impacts; and
- a lack of competent management.

What then of the mission statement? Does it not serve as the guide to the single or most compelling reason for the organization’s existence? Does it not serve as a valuable guide to why certain programs are undertaken?
Yes, Drucker tells us, all nonprofits have some sort of mission statement, but this often not enough. A common key failing, he says, “is when no one specifies what actions or behaviors follow from a statement of mission.” This lack of specificity of action can lead to the mission drift that often plagues NPOs. It can also very often lead to unfocused activity, whereby being busy substitutes for the achievement of real results. David Hunter agrees with Drucker, in part. But the real problem, Hunter says, is in defining the results by which progress can be measured. The corporate world has profit, dollars and stockholder value. “There are relatively few long-term outcome goals in any corporate structure, along with some intermediate outcomes. They are fairly easy to identify and to pursue.” Hunter says, “The problem in the nonprofit world is that there are so many legitimate outcomes that need to be achieved to make society a better place.” It is, he says, overwhelming, and occasionally results in NPOs running in several different directions at once and not really accomplishing anything. “Are these organizations doing what they think they are doing?” Hunter asks, “Too many are fundamentally unable to answer that question.”

Adding to this problem is the language in which many organizations state their goals, and in which many programs are described. Programs characterized by “an elegant, but elusive language of goals, characterized by undefined terms, and immeasurable delineations of progress” are not exactly a rare occurrence according to a number of observers. Too often these are accompanied by “jargon-packed definitions” that rarely prove to be useful measures or norms, and definitions that are long on describing process, but come up woefully short in the description of results. Horst writes, “all too often, what at first seems clear evaporates when the test of measurability is applied.” The language turns out to be ambiguous, precisely when and where it should be specific to be useful.

In the end, Horst cautions, many a program “may be deceptive, in that it has enough content to allow it to be described in the media, lobbied into existence and [funded],” yet still be badly enough spelled out [so as] to not allow it to succeed or be evaluated to any worthwhile degree. Again, as Hunter observes, too many organizations cannot answer the question of whether they are actually doing what they think they are doing.

The ability to answer that question is clearly a goal of Outcome Thinking and argues powerfully for its adoption. But simply prescribing a tonic of Outcome Thinking — “take one of these and call me in the morning” — is insufficient to the needs of the nonprofit world, and does not address the difficulty these organizations sometimes have with taking the advice. What are the sources of some of these difficulties? Let us begin by taking a look at the operating ecology of the nonprofit world.

What, beyond the absence of a profit motive, distinguishes the nonprofit world? Kaplan takes note of the “impersonal, bottom-line values of the corporation.” Such values, however, are seen as antithetical to the nonprofit world, whose entire raison d’être is to serve, or, as David Hunter puts it, “the desire to make the world a better place.” The terms of reference for the corporate and nonprofit worlds are just incredibly different, so perhaps we should start there.
The performance measures of the corporate sphere are fairly straightforward, not only for organizations, but also for divisions and programs within those organizations. But having no clear “bottom line” against which all other considerations are measured, Drucker contends, too many nonprofits are unwilling to say, “if this doesn’t produce results, then maybe we should direct our resources elsewhere.”

Debra Houghtaling, of the Chicago Community Loan Fund, adds, “It is easier for the corporate world to figure out what the standards should be: ‘You lost lots of money; you’re gone.’ In our world, it’s harder, less clear. For one thing, if you get 10 people in the room, you’re going to get 10 different sets of standards; and that’s the crux. Who is defining what acceptable, and is the standard? Money is an easier bottom line, and, really, who can argue with that? We [by contrast] live with confusion.”

While cutting a non-productive product line is never pleasant for any business organization – budgets are cut, staff is cut and careers are threatened – corporate enterprises quite regularly do exactly that. Thanks to “downsizing,” “outsourcing,” “reengineering,” and similar employee-reduction programs hidden behind a host of other neutral-sounding euphemisms, 43 million jobs were eliminated in the U.S. between 1979-95. In fact, one critic stated that firing people had become “trendy” in corporate America, as a way to burnish a company’s image of being lean and all-business. At the same time, however, wielding a results-oriented scalpel to activities within nonprofits appears to be a significantly more painful experience. The head of one community action agency said that as a sector, nonprofits are “not very good at looking at an activity and saying, ‘it’s not producing…let’s shut it down.’ Strains of this concern can be heard in the comments of another project director:

“People asked why the way they’d been doing things for years is no longer sufficient. This new sense of ‘accountability’ undermines the…work a lot of people have been doing all along. They were providing services…and now [things] have shifted. So where does that leave them and the work they’ve been doing? This devalues those people and their work. It goes against our grain and is not something we are comfortable with doing.”

Houghtaling adds that the nonprofit world may also, in some cases, be more forgiving than its corporate counterpart. “Certainly not for all organizations, and not as a broad brush statement, but I think that in some organizations, the mission is simply to be present. The idea of some [hard results] in a given period of time is [foreign] to some organizations. Maybe a goal will take ten years [to achieve]…maybe it will never be achieved…it doesn’t matter [to them]. It differs organization by organization, leader by leader, Board by Board, but it is there.”

Others comment upon the internal dynamics of for-profit enterprises compared to NPOs. “In the corporate sphere,” Hunter says, “there is no choice. No one is paying for activity any more…you either work for outcomes or you don’t work.” The strict hierarchy, the almost military atmosphere of corporate decision-making, is strongly implied in Hunter’s statement. While Creech may say that TQM and other changes must be “humanistic” to be successful, no one is suggesting that corporate management
necessarily needs its employees’ approval to set new standards. Those manning the desks and offices of most for-profit enterprises usually have to get with the program or get out. In the NPO, however, there may be certain different circumstances at play.

Lee Bishop, of the Stark County (OH) Community Action Agency, began to outline some of these differences: “For most corporate managers, the notion and ever-presence of The Competition is a constant of career life and perspective. In business,” Bishop says, “you expect to be in a competitive situation. Looking over your shoulder at what the other fellow is doing is a regular part of the game and helps keep you sharp.” But for the nonprofit manager, Bishop adds, competition is an alien concept. “[Nonprofits managers] don’t want to contend with each other, they don’t want to compete. So they make believe the competition isn’t there. But it is. They are competing, for scarce funder dollars and, in many cases, they are competing for customers. But by making believe the competition isn’t there, what they really [may be] saying is that they don’t want to be held accountable.”

Bishop, therefore, suggests that one difference between applying Outcome Thinking to for-profit and nonprofit situations, is the implication of competition and accountability it brings to both: in the for-profit world these concepts are accepted parts of the firmament, in NPOs they sometimes appear jarringly out of place.

However, Bishop continues, these notions should not necessarily be unfamiliar to the nonprofit world or seem to be hostile to its goals or its culture. “What we’re dealing with here is the difference between reality and the perception of reality, and [that difference] is [based upon] the fact that people ‘think’ there is a difference, a magic morality, conferred upon nonprofits and the people who work in the field. On the one hand, the reality is human beings existing and operating within an organization. It makes no difference whether that organization is for-profit or nonprofit. But, the perception is that people in nonprofits are more caring and self-sacrificing. This is a dominant theme in our society and it works for those organizations we call nonprofits. This leads to the notion that these [more caring and self-sacrificing] people…should not be held accountable. But not only does the public say, ‘I’ve been taught not to hold you accountable,’ but nonprofit managers also have this view of themselves and their staff.”

Another observer echoed Bishop’s comments, saying that it is “a specious argument to say that these people are somehow ‘different’ and come into the NPO world for ‘higher reasons.’ That’s heart stuff, not mind stuff [and] we’ve existed that way for far too long.”

But this deeply seeded attitude, Bishop says, is “powerful stuff,” and it gives many nonprofits a reason for resisting the application of systems like Outcome Thinking. However, he concludes, “there really should be no difference between the nonprofit and for-profit sectors” when it comes to Outcome Thinking. In the end, he does not believe that there is anything special about NPOs that should exempt them from successfully adopting Outcome Thinking or being able to demonstrate concrete results. That position is shared by many.

Jed Emerson, Senior Fellow of the Hewlett Foundation points to the increasing blurring of the lines of strict demarcation between for-profit and nonprofit organizations. By
implication, he is saying that the concept of a distinct nonprofit culture and way of doing things is, at best, obsolete, and at worst the cause for lower performance standards within the nonprofit culture. “The problem is,” Emerson says, “that we’ve structured the game so that we recognize only one value: unless there is a financial element we don’t take it seriously.” Emerson’s implication is that, under the cover of their “culture” and “the way we do things,” many nonprofits have essentially gotten away with not meeting the demands of a results standard.

Similarly, when asked candidly whether or not a nonprofit culture existed and whether it had an impact upon the success or failure of Outcome Thinking and similar management tools, several interviewees were extremely blunt. “Of course, there’s a nonprofit culture,” one well-known critic said, “But it is a culture that operates on values different than being efficient…it accepts failure.” A second observer added, “The metrics of the nonprofit culture are [misleading] and are usually just poster children for its mission and its fund-raising.” Another comment described the nonprofit culture as “a mafia of folks who are in the business of giving away money that other people made. That’s part of the problem.”

In probing more deeply for the perspectives behind these replies, it quickly became apparent that the criticism centered around three points: the nonprofits’ sense of their mission and their internal values, their management, and the fact that the tenets of Outcome Thinking often seem to be foreign to and imposed upon nonprofit organizations.

Drucker says that nonprofits are too often “prone to consider everything they do to be righteous, moral and serve[ing] a cause.” This, according to critics, leads some organizations to “continually focus on the far-away horizon” at the expense of examining “the ground under their feet.” It can also, as Bishop observed, wrap even failure within a cocoon of “higher purpose” that deflects inquiry, criticism and objective assessment by providing a sense of accomplishment even in the absence hard evidence. “I don’t have to measure,” the director of one nonprofit housing program said, “I know the good we’re doing.”

“A lot of people do think that ‘taking it on faith’ is sufficient” agrees Harry Hatry of the Urban Institute. Moreover, some of these people actively resist the notion of the standards that would otherwise apply in other sectors. The nonprofit culture, says consultant Mark Friedman, often doesn’t ask the question of what accountability looks like. Gary Walker adds, “Too often in the nonprofit world, just the notion of doing good, and the grantees’ [veneer] of moral superiority substitute for really doing something. Many funders [also], are in the habit of funding charisma, passion and commitment. [This attitude] blinds them to…the important questions. As a result things get sloppy.”

“For many NPOs,” Walker says, “the idea is often that the external world is ‘out there’ someplace, and that being concerned with its kind of standards takes you away from the moral high ground.” He points out that in the for-profit sector, by contrast, organizations
cannot afford such blinders. “Do that in the corporate world,” he says, “and you go out of business…”

Closely related to this is an issue we have already touched upon: the lack of a nonprofit norm analogous to the corporate world’s bottom line. While David Hunter insists that the nonprofit world does have a profit analogy (i.e.: making the world a better place,) most other observers do not agree that it is a valid substitute. Walker puts it most succinctly when he says, “The biggest difference between these two worlds is that the for-profit sector has an inescapable bottom line, while the NPO world has no inescapable standard by which survival and success are judged. In the corporate world, failure has a price. In the NPO world, it doesn’t.”

While a host of examples could be suggested for the ways in which these differences play out, they can perhaps best be typified by the divide between stockholder and stakeholder. Carvelli observes that “in the corporate world, management answers to stockholders. In the government and nonprofit worlds, we answer to stakeholders, and those are two very different groups. Stockholders’ overriding interest is the money they’ve invested and the dollar value of their stocks. The corporate task is to maximize stockholders’ wealth and to protect the stockholders’ money. Not only do we have no profit motive, but the values of our stakeholders are very different.” One profound difference between the two groups, Carvelli says, is the equity interest of stockholders. “Stockholders buy into an organization and what it is doing; stakeholders just announce their interest. You…may not agree with the interest they say they have, but you often can’t argue with it either.”

This is certainly not to say that in the corporate world organizations have not have stakeholders, some willingly sought out and others perhaps more reluctantly accepted, and these stakeholders do have a growing influence. But their overall influence is far less than in the government and nonprofit worlds. “[In the corporate world] in a battle between stockholders’ interests and stakeholders’ interests, the stockholders better win or management will be looking for new jobs,” Carvelli says.

Put another way, Carvelli’s point is that the reference points for excellence differ not only between the corporate world and its governmental and nonprofit counterparts – “the measurement focuses and goals are completely different,” Carvelli observes- but between stockholders and stakeholders as well. “A company strives to be ‘the best,’ however that may be defined,” Carvelli says. “And the understood assumption is that by being the best, the value of the stockholders’ investment will rise. This enables management to make its case, get the stockholders’ support, and move toward the goal. But in the governmental and nonprofit worlds, stakeholders are not necessarily interested in the organization being ‘the best.’ They have other interests…perspectives and demands. Maybe they want all outside contracts to go to local businesses. Maybe they want all hires to come from the community labor pool and reflect the diversity of the local community. These may all be valid arguments, but many of them directly impact the efficiency of the organization and many of them work against excellence in the organization.”
This is an important insight, because the implication is that the dynamics Carvelli describes directly impact the ability of governmental and nonprofit organizations to implement Outcome Thinking. We have already quoted Shadoh to the effect that “multiple stakeholders thwart significant change.” But within the context of Carvelli’s remarks, we should also be mindful of the point made by Connell, that many programs and initiatives are “constantly changing and evolving to meet the needs and priorities of a variety of community stakeholders.”

Outcome Thinking and other management theories are programs for organizational excellence. But if stakeholders are defining organizational service and success in ways that are inimical to efficiency, effectiveness and excellence, this will not only divert the organization’s attention from those goals, but must also have an impact upon the receptivity of management and staff to these concepts. Moreover, it may be that these dynamics help sustain a culture that views the results orientation of Outcome Thinking as often irrelevant to the activities and purpose of both NPOs and governmental organizations.

The management of nonprofit organizations is also cited by some critics as a reason for the differential between the way the NPOs approach Outcome Thinking and the way the corporate world seem to embrace a succession of novel management theories. Lee Bishop, for example, believes that “management in nonprofits is often not as sophisticated as for-profit management.” Horst, too, found that the “lack” of good management was a serious issue for many nonprofit programs and organizations. Many nonprofit management personnel, it is true, often come up through the ranks of nonprofit enterprises, and the implication is that these people have received different training and accumulated different experiences than their for-profit counterparts throughout their careers. Micklethwait estimates that government and the nonprofit world are usually about five years behind the private sector in implementing new ideas. Another interviewee pointed to technology as an example, and suggested that the reason nonprofits and governments do not move faster in this area is that “they probably don’t have the money for new technologies.” However, he continued, the real issue goes beyond a question of dollars and the latest gizmos, bells and whistles. The lag in technology, he said, “is symptomatic of the way [many] nonprofit managers ignore a lot of what goes on in the for-profit world. They’re just usually not up on new ideas the way people in the corporate world have to be.” And this, he insisted, includes new notions of management.

While “talent” is not commonly cited as a factor dragging down the performance potential of NPOs, at least some critics believe it plays a part in the overall equation. “Our world has a tough time attracting the best people,” one interviewee said. “It is a matter of dollars and cents. Maybe the big philanthropies can compete for the best and the brightest, but for the average nonprofit, compensation is a big issue: we simply can’t attract the talent.” Others argue, however, that money is often not a driving factor for even the top corporate performers. “Look at Fred Smith, the founder of Federal Express, or at Jack Welch (of General Electric), or Bob Nardelli (formerly of GE Power Systems and now CEO of Home Depot). What they accomplished wasn’t driven by money, but
by the *challenge*. We have to attract better people by making the challenge more interesting.”

Katie Pritchard, of The United Way of America also sees the orientation of many nonprofit managers as working against the success of outcome frameworks. “Many of these people,” she says, “have no background in this kind of thinking. It represents a complete change in their accustomed service model and the way they’ve learned to do things. It is a scientific approach, and that is *not* generally part of their world. So you are asking them to learn to appreciate measurement when that is not at all their perspective, especially when a lot of them have made specific [career] choices to avoid that sort of thing. They see it as interfering with the direct delivery of service. They went into [nonprofit work] not to measure, but to help. They don’t necessarily see this as *helping*.”

Anthony Carvelli, however, argues that it is not a matter of sophistication, desire, orientation, or the best people, but rather a matter of operating realities. “Look, we all went to the same schools and learned the same things about management, new ideas, new approaches and new technologies. The difference is that the corporate guys have the freedom to put those things into practice and the rest of us don’t.”

Finally, a number of observers believe that part of the problem NPOs have with concepts such as Outcome Thinking is that they are, at least to some degree, being imposed upon them by the outside. Many nonprofits, says Peg Hall, view results measures, whether foist upon them by government or philanthropic funders, with an attitude that says, “I don’t believe your standard will adequately measure my outcomes. I don’t trust you to understand the essence of what I do, and I think your measures are only partial, anyway.” And, so, Hall says, “grantees resist.”

David Hunter believes that in many cases, NPOs are overwhelmed by the results orientation of systems like Outcome Thinking. “They get defensive and they lock you out. They are defending themselves against their own helplessness and despair.”

Ann Boyer, Acting Commissioner of Youth Services for Westchester County, New York, points to a situation at the juncture of the governmental and nonprofit worlds that illustrates the challenges for Outcome Thinking in both of these realms. It is not at all unusual, she says, for a governmental department or agency to be faced with a poorly performing nonprofit, community-based organization that must, for political reasons, continue to receive funding and be asked for advice and “input” for decisions in their area. Whatever the calculus that goes into the decision to continue funding such an organization, “excellence” does not appear to be a variable. The organization, therefore, clearly has little impetus for improvement. The governmental agency, for its part, has been similarly given the message that excellence can very often be less important than other considerations. Where then is the drive for the agency’s own excellence supposed to come from?
This raises the question of government’s ability to adopt Outcome Thinking. If the factors we have been discussing challenge the ability of nonprofits to adopt Outcome Thinking, what of government?

**Government Issue**

If result-based systems like Outcome Thinking sometimes don’t match well with the practices, attitudes and culture of the nonprofit world, they just as often ignore the realities of the governmental world.

As previously noted, in *Reinventing Government* Osborne and Gaebler, argue that a new way of approaching the duties of government is being adopted by jurisdictions across the country. Their core belief is that industrial-era government, with its large, centralized bureaucracies and standardized, one-size-fits-all services, are not up to the challenges of an information-based society and a knowledge-based economy. In the abstract, they are undoubtedly right. The mechanisms of governmental service that we have today, and the models upon which they are based, are largely the products of the circumstances and conditions of the 30s through the 60s. They are cumbersome, clunky, and often unresponsive.

As we have stated, Osborne, Gaebler and others are also correct when they point to a number of positive developments in this realm. We mentioned the Government Performance and Results Act (GPRA), the work done by former Vice-President Al Gore in spearheading the effort that resulted in that Act, and the various experiments with results orientations by smaller governmental units, to name a few. At one level, all of these are signs that change may be in the wind and that the future will, as Osborne writes, replace the idea that government doesn’t have to respond, with the idea that it exists for a purpose and that that purpose has to be maximized. It may even be that Osborne’s notion of entrepreneurial government, of government that regularly shifts resources out of areas of lower productivity and yield, and into areas of higher ones, will eventually prevail.

This hope, however, must be weighed against the perspective of the current government employee, the person who views Outcome Thinking within the context of his or her real-world operating environment. One of these employees recently stated that formulas like Outcome Thinking were “designed in an ivory tower by people who really don’t know the everyday realities of what we do.” What are those realities; or at least, how are those realities perceived by those in the front line trenches of government? Is Carvelli typical in his belief that there is little long-term hope for the ultimate success of plans like Outcome Thinking in the public sector? Should Outcome Thinking and other management theories, as Henry Mintzberg suggests, be packaged with a skull and crossbones?

There are several perspectives on this issue. The first, championed by Osborne and his partisans, is that government, if it is to remain relevant, must overcome the three-part problem that typifies its efforts today:
1. People working on tasks that are not worth doing
2. People filling out forms that never should have been printed; and
3. People and organizations following regulations that never should have been written.

This, Osborne, writes, illustrates the tyranny of outdated ideas. To break this stranglehold, he prescribes a regimen of “entrepreneurial government,” focused not on inputs, but upon outcomes and performance measures. Key to this, he insists, is a clean break between management functions and delivery functions. A new perspective is in order, he believes, one that stops creating and running programs designed to “collect clients,” and instead focuses on programs designed to solve problems. He suggests that one significant first step in this transformation is the adoption of the private sector’s customer-based view of its mission.

The very term “customer” implies choice and autonomy, while the concept of “client,” particularly in the “ghetto of human service delivery,” is condescending and paternalistic. Customers demand service and satisfaction. This relationship pushes deliverers to concrete, tangible results and customer satisfaction. Clients, by contrast, “are people who are dependent upon and controlled by their helpers…[they] are people who understand themselves in terms of their deficiencies and who wait for others to act on their behalf.” This relationship implies not only helplessness on the part of the client, but a monopoly on power, wisdom and solutions on the part of the deliverer. Clearly, nothing could be more inimical to the notions of tangible results and customer satisfaction. Government can be run more like a business, Mr. Osborne, Mr. Gore (and even Ross Perot) have insisted, and it ought to be.

A second perspective, as we have seen, is that the very focus on efficiency, tangible results and the bottom-line is threatening to destroy all that has traditionally been best in the public-sector ethic, and that management and government are inherently different aims.

This notion, however, does not take great root among many public sector managers. Rather, they see public sector management as different from private sector management, vastly different in many regards, but comprising “management” nonetheless. Carvelli is one such manager.

“To say we don’t ‘manage’ is wrong. But we manage under very different circumstances, and that is why systems [like Outcome Thinking] don’t fit well. We can’t hire who we want, we can’t fire who we want. We don’t control our budgets, our income levels or our expenditures, past what is allowed in the official budget. We can’t select vendors freely, we can’t buy products or services based upon the best value or the best reputation of the vendors. Most importantly,” Carvelli says, “we can’t invest in our people and we can’t reward good performance. “Training dollars, “Carvelli claims, “ are at an extreme minimum. They are seen, by those who make our budgets, as a luxury we can’t afford. This means that even if there is a better way of doing things, I usually can’t
get my people trained. But even if I did get a new system introduced, what does a civil service employee get for doing a better job?"

“If I have two employees,” Carvelli explains, “one a top performer and the other a slouch, if they have the same job classification and the same pay grade, the good performer gets no more for doing his or her job well than the other guy gets for barely doing it at all. There can be no bonuses, no comp time, no extra days off...nothing. There can’t even be a raise without a monumental bureaucratic effort to jump that person’s pay grade out of sequence.” This, Carvelli asserts, works against the implementation of an Outcome system because it presents no incentive for people to do things a new way, take on more work, or aim for anything more than the minimum the system will accept.

Focusing on the public sector, both Carvelli and Esposito point to facets of the leadership issue raised by Mintzberg. “In the corporate sector,” Esposito explained, “I answered to national management and to stockholders. In the public sector, I had stakeholders…and everybody else. [That meant] that if I was putting up a building, a local group might come along and demand a daycare facility in there, under the theory that the building was being constructed in their neighborhood and should contribute something to the community. They had to be dealt with, but this is exactly the sort of thing private sector managers never have to deal with. When you are talking about a ‘results-orientation’ in the public sector, you have to take these things into account. It isn’t as simple as coming in and saying ‘OK...from here on out we’re going to work toward outcomes,’ because the first thing you know you’ll be forced by politics to do something that takes away from those outcomes.”

The profile of the public sector consumer is also an issue for many public sector managers. “They say that government ought to be run like a business,” said one source, “OK...let’s take transportation. If you were running an unregulated transportation system, you’d only go where the customers were and you’d charge whatever it took to provide a certain level of service and make a profit. But if you’re running a public transportation system, you have to serve the whole territory, not only parts of it, or else officials from areas you don’t serve won’t vote for your operating funds. That’s essentially what happened to Amtrak. In an urban system, you can’t charge whatever the traffic will bear because you are forced to consider the transportation needs of the poor. And, if the legislature decides that you have to run the system 24 hours a day, 7 days a week, you have to do that too...even if it loses you money. If you’re running a public health system, you can’t turn away those patients who don’t take care of themselves and have habits that negatively impact their health. In public education, you can’t shut out those who won’t or can’t learn. This is why the whole “results” orientation is a bad fit for government, because it has to do things the private sector won’t do, under conditions the private sector would never accept.”

The press also plays a part according to Carvelli. “In the private sphere, a company really has to screw up to make it off the business pages...and even then, unless there is some criminal offense, the story usually disappears in a matter of days. But we are an always-available target. Even if there is no story, or if the facts completely justify the
decisions made, we can often find ourselves hung out to dry in the press. You take an idea, any idea,” says Carvelli, “even something as positive as Outcome Thinking, and there’s going to be somebody out there against it and a reporter willing to write a story about what an awful idea it is. This makes people, especially legislators, very wary about doing anything new or different.”

“Changing leadership,” Carvelli adds, “is also something public managers have to contend with on a regular basis. In the corporate sector, it made no difference whether Jack Welsh or somebody else was the head of GE…the object was still the same: make money. But in the public sector, every election holds the potential for a 180° change in direction. The current administration may want to hold the line on taxes. The next may want to cut taxes and say ‘do more with less’…or it may completely reverse [course] and decide to increase services and raise taxes. You tell me today that we’re going on an outcome or results basis. Fine…but what happens when the next election brings in somebody who wants all new outcomes or just doesn’t care about them? All of this is a powerful incentive for just doing things the way they’ve always been done. New ideas face an uphill struggle.”

Finally, Carvelli, Esposito and Micklethwait all take note of the influence of legislation and the legislative system on the public sector. “Public sector managers,” writes Micklethwait, “live in a world of rules and regulations that limit their freedom.” When private sector managers are brought in to redesign part of the public system, they are repeatedly shocked to find that they must meticulously obey laws and regulations and that they are answerable to the legislature for their actions. The freedoms to which they have become accustomed in the private sector simply do not exist in the public sphere. It is the result, says Esposito, of “decades of auditing, scandals and scolding.” Beyond the regulations and rules set into law, Carvelli says, the public sector also has to be aware of the often-conflicting agendas at play among those who make fiscal and policy decisions. “We can’t go too far out in front, because our ‘masters’ are usually divided.” Echoing Micklethwait’s reminder that civil servants have to walk a fine line between serving the party in power without becoming partisan functionaries, ever mindful that a large number of people did not, in fact, vote for that party, Carvelli cautions that governmental departments cannot serve only the executive. “We have the legislature, which can often be controlled by a different party with a different agenda…and they are the ones who control our budgets.” Even if the same party controls the legislature and the executive branch, Carvelli says, it is a mistake to think governmental agencies can ignore the party in the legislative minority. “We answer to all of them,” he says, and this adds to the agencies’ inertia. It also works, he adds, against an outcomes approach, because “there is absolutely no clear agreement on how to define these [outcomes] or how to pursue them.”

Thus, while Outcome Thinking might seem to outsiders as a clearly beneficial approach to government, to those inside government it is often seen as simply another initiative that has to be balanced in the world of realpolitik against other initiatives being pushed by other interests. Horst and her colleagues identified this problem when they noted that one of the reasons for the failure of many programs was that those nominally in charge
lack “the motivation, understanding, ability, and authority to make the changed necessary for the program’s success.” In the end, Carvelli adds, systems like Outcome Thinking face a decidedly uphill battle in the public sector because the rigid parameters in government encumber all results-based management plans. “The Feds and the funders want to set performance standards without leveling the playing field or allowing me to change my operating environment. That being the case…I am not interested or motivated.”

Yet while these problems do undeniably exist for many governmental units contemplating an outcome-based approach, for creative managers within the public sector there are answers and ways around these problems.

Joseph Filc is Senior Consultant with Black & Veatch, a Big-8 engineering firm that also carries a very extensive public management portfolio. When asked about some of the issues raised by Micklethwait, Carvelli and others, Filc initially acknowledged four central problems faced by public sector managers. “They usually don’t have the most basic tool in place, and that is an employee evaluation system,” he said. “A results-based or performance-measures system only works if you can hold employees accountable. Too many civil service systems don’t have one, so they are stuck if they try to implement a results or outcome framework.”

Exacerbating this problem, Filc admits, is the common public sector issue of patronage, bad appointments and managers often forced to make bad hires. Thirdly, Filc acknowledges that governments can’t offer financial rewards to employees. Finally, the basic civil service system of grades and steps often works against a results-based reorientation for public agencies. “A lot of your most experienced people in civil service,” Filc notes, “have ‘toped out.’ In other words, they’ve gone as far as they are going to go in terms of promotions or raises. So what do you do to entice them or reward their performance?” But this, Filc insists, is where creative management can, and often does make outcome-based systems work. “The trick,” Filc suggests, is “finding ways to reward without money. Everyone has a “sweet spot,” Filc says, and “good management will find that spot in every employee and tickle it. If you work on employee passions, you can motivate people even without money.”

Too many public sector managers, Filc insists, look at their inability to offer fiscal incentives for good performance and simply give up. “This is why a lot of public managers aren’t interested in outcome-based systems, because they have no idea of how to get their people to buy into them. But if you think outside the box, there are ways to do it.”

Filc says a common failing in the public sector is the prevalence of managers who have never had much—if any—formal management training. “They know their department’s function,” Filc says, “but they don’t know people.” Also, according to Filc, too many outcome- and performance-based systems miss this facet entirely in their training. “Setting targets and milestones is fine, but if you were a lousy manager before putting the [outcome] system into place, you’ll still be a lousy manager after it is in place…except now you’ll have one more thing to struggle with.” The key, Filc insists, is making managers smarter. “Quality is an integrated system that has very integrated requirements,” Filc says, “Too many of these [outcome or result-based] systems fail to
appreciate that integrated nature and only look at one part of the picture. The result is failure, frustration and a lot of people not even willing to try.”

Mark Friedman sums up much of this when he says, “For any of this to work, it is the organization’s leadership, its culture and the framework that must all work. If any one of those three are [defective] then no result or outcome system will be able [to succeed].”

Dents in the Armor

It would be extremely comforting to believe that the problems associated with management theory in the corporate sector have no counterparts in the world of Outcome Thinking. Similarly, it would be wonderful if the Outcome community could guarantee that any governmental or nonprofit organization that adopted Outcome Thinking would find nothing but clear sailing in the days ahead. Unfortunately, though, neither of these scenarios will likely come to pass, because we cannot say that the field is free of any and all flaws.

Mark Friedman, of the Santa Fe-based Fiscal Policy Studies Institute, calls the world of Outcome Thinking a “marketplace of ideas,” but says it is not a very efficient marketplace. According to a large number of observers, some of the most basic questions concerning outcomes and results have not been definitively answered. “There are 1000 different answers,” Friedman says, “and a lot of [Outcome] frameworks. While there may be “leaders” in the field, Friedman contends, there is also a considerable degree of disagreement and confusion. We have already noted the fact that certain practitioners seem to believe that even a common definition of the terms output, outcome and impact is not really all that necessary for a successful outcome framework.

Adding to the lack of consensus this can cause, are the suggestions from some quarters that outcome frameworks be contextual, “based upon local circumstances and issues.” The obvious problem is that too much homage paid to “context” quickly leads to situations were even parallel applications of outcome thinking within the same program, as Horst found, are not compatible. Even more curious, therefore, is the assertion that multiple approaches to outcomes are to be expected and even encouraged because of differing assumptions about the “nature of reality,” and “how we come to know something.

Another complication, some observers feel, is nature of some of the outcomes they see their programs producing. Carol DiMarcello, of the Adrian Dominican Sisters’ Alternative Investment Fund, looks at gains in self-esteem among clients, by way of example, and asks, “How to you aggregate that?” Some critics point to the “complex and often messy ways in which initiatives [often] effect change,” and feel that current outcome frameworks do not do a good job of capturing these influences.

Still others commentators point to the wide variety of organizations and purposes within the NPO world. Echoing Horst’s 1974 finding that “different evaluations of the same program were often not comparable,” the representative of a local CDFI said, “Different organizations are collecting different things in different ways. Even within the
same field, there is little agreement upon the ‘results’ that matter. That makes coherence in the field [of Outcome Thinking] a difficult thing to obtain.” June Holly, of the Appalachian Center for Economic Networks, suggests that this problem is exacerbated by the fact that various programs may each hope to bring about “change” in certain communities and among certain populations. Each may make some attempt to measure its own, specific impact. But few, if any, look over the fence to see what other, non-related programs are doing. Thus, another thing lacking is an overall picture of what impacts are accruing to the community as a result of these combined efforts. Horst put the problem this way: the field is not providing an accumulating, increasingly accurate body of evidence. Instead, different models and their application by different organizations often seem to be going off in multiple directions at once. The fragmented approach to measures and results creates a situation not unlike the competing management theories that cause such confusion in the corporate realm.

These concerns pale, however, in comparison with the overwhelmingly mentioned caveat practitioners in the field cite regarding the use of outcome measures and frameworks: their drain upon available resources. In conversations with a number of representatives of nonprofit organizations, this is quickly described in terms of three variables: time, manpower and money.

Outcome frameworks require a lot of time, program heads report again and again. As one agency director stated, “There is the planning stage, coming up with your targets for the year. That takes a long time, especially the first few times you do it. Then there is the tracking. Someone has to compile all the information. And in the end,” she added, “there is the reporting that is now required. If you are going to do this right, you had better be prepared to devote an incredible amount of time to it.” Another agency director reported that her staff required 76 hours to compile its last outcome-based quarterly report. “Seventy-six hours,” she said with barely concealed exasperation. “Do you know what my staff could have done with that time?”

Another agency director was quite blunt about where on her value scale outcome planning and measurement fell: “I have to fund-raise; that’s my primary focus. Anything that took away from that…would not be worthwhile.”

Within the context of nonprofit management, more than one NPO representative has stated that if its outcome framework is to be done correctly, a new dedicated staff person would have to be hired to do the work required. “Right now, I’ve taken on the job of [our outcomes framework],” one agency deputy director reported, “But it’s taking away from my other responsibilities. If this is to be done right, ONE person should be responsible for tracking [it] and keeping all the data. Part of the reason the reporting is such a pain is that at the end of the quarter we have to go back and put all these numbers together. If one person did that all the time the process would be easier. But that means we have to hire somebody.”

This issue quickly leads to a second concern about outcome frameworks, the fact that they are seen as expensive luxuries many NPOs believe they cannot afford. Clearly, the
perceived need to make additional hires is paramount. But compounding this, the implications of tracking outcomes and impacts strike many NPO representatives as being beyond their capabilities. “Tracking systems,” many say, “are expensive.” Particularly, these critics point out, if the tracking is to be done over time. “Follow-up isn’t cheap. But that’s what you have to do if you are going to answer the question of sustainable impacts over any period of time.”

These intertwined concerns become quickly encapsulated when NPO representatives are asked about who should pay the cost of outcome frameworks. “The funders,” is the almost unanimous reply. “These are unfunded mandates,” one NPO representative stated, “whether the funder is a governmental department or a philanthropy. We are told to do it, but where is the money supposed to come from? If funders want this information,” he concluded, “they should pay for it.”

These complainants are not without their allies. David Hunter, for example, believes that it is “irresponsible not to give [organizations] capacity-building grants so they can do this sort of work.” Otherwise, he cautions, you run the risk of “overloading them.” Too many funders, he believes, focus on program grants because they are the sort of thing that attracts attention and (hopefully) produces results. But if we are asking these organizations to undertake outcome thinking, a process that clearly requires resources, we are asking for too much if we don’t help support that effort.

Mark Friedman concurs, adding that many NPOs have been “burned by ill-conceived and burdensome systems,” and have come away from the experience with the impression that Outcome Thinking cannot and should not be applied to organizations such as theirs.

Other observers, however, are not at all sure that outcome frameworks themselves are the problem. “The key technical issue for nonprofits,” says Harry Hatry, of the Urban Institute, “is following up on clients after the fact.” The necessary longitudinal studies, he agrees, are a problem. “They are expensive and usually done by universities at a very high cost.” This leads many NPOs to retreat behind the reasoning that states that “long term impact measures cost too much and are not our business. In any event, we don’t have the capability.” But, Hatry argues, for NPOs “rougher elements and less exacting measures are reasonable.” The issue, Hatry states, is not whether NPOs ought to undertake outcome and impact measures, but how they ought to do it.

Another concern nagging at those who would widely implement Outcome Thinking within the governmental or nonprofit sectors, is the degree to which those responsible for that implementation really grasp the purpose behind the concept. “They may talk the talk,” one program director said, “but to they get what they’re saying?” Other observers have commented upon how adept some managers can get at paying lip service to various theories and plans without really understanding them, living in what has been called a “dual world’ of reality counterbalanced by officially sanctioned ideology. An example of this could be seen in the agency director who, while agreeing that the old “activity reporting” system needed to be replaced –“bean counting” he called it—understood the Outcome model his agency had adopted as being essentially a new accounting system: rather than counting and reporting “activities,” he was busily
counting steps achieved by clients. Failing to grasp the *management* potential of Outcome Thinking, he was still “counting beans,” he had just begun to count *different* beans…yet he *said* all the right things and used all the correct terminology. He just missed the *meaning* behind the words.

The use to which Outcome Thinking is actually put by a wide variety of organizations strengthens this concern. According to the United Way of Milwaukee, UW agencies indicate that they use outcome data most often to demonstrate what they are doing to audiences they want to positively impress. Thus, they use this data to communicate with their Boards of Directors, in marketing and public relations efforts, and to enhance fundraising. This finding was echoed in our own interviews, when the use of outcome-based information as an enhancement of fund-raising was mentioned more often than any other advantage of adopting an outcome framework.

UW Milwaukee also notes that, while outcome data is being used to a marginal extent to refine staff expectations, as a planning tool and in volunteer training, there are three significant uses to which agencies report they hardly ever put this information. Improved awareness of client needs, program modifications and quality assurance all scored quite low in agency responses, even though “they are key to UW’s vision of the use of outcome data.” Similarly, the Development Leadership Network writes of its outcome framework, The Success Measures Project, that it will “enable practitioners to manage more effectively…and make mid-course corrections where necessary.” The Kellogg Foundation adds that even an evaluation application of outcome thinking should not be isolated from program management: “Project evaluation and project management are inexorably linked.” The intended management implications of outcome thinking cannot be clearer; yet they are often overlooked by those in the field. Rather, an imbalance continues to exist whereby outcome frameworks, in application, have come to focus almost exclusively on proving whether a program or initiative works, rather than on improving programs. This is a disturbing trend because it illustrates that, even when program managers “talk the talk,” and even when outcome frameworks are adopted by organizations, the full management potential of these frameworks and the information they are capable of yielding often go largely untapped. According to UW Milwaukee, three familiar barriers were most often cited by responding agencies: a lack of time and resources, staff resistance and difficulties with measurement.

Finally, even among NPO representatives who fully support the concept of outcome measures and want to implement them within their respective organizations, the issue of multiple funders requiring competing and sometimes conflicting reporting schemes is a central concern. “We get our [funding] from multiple sources,” one community group executive said. “You can go crazy trying to keep up with these different requirements for tracking and reporting results. [One funder] has [one system], another department has something [else]. There’s [a third system] out there for other uses. My question is why [these funders] don’t think of this and at least look at using the system another [funder] has. What they’ve done is add another whole layer of tracking and reporting requirements on us. It isn’t fair and it’s too much.”

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In the section immediately above, having explored both its origins and its limitations, we have once again learned a great deal about Outcome Thinking. Let us add this information to what we have previously established about it:

- Outcome Thinking is a system of interrelated parts, steps and expectations, where later accomplishments depend upon the ones achieved at the beginning;
- It is centered on specific, desired, achievable, customer-focused targets;
- It requires the implementer’s responsibility for the achievement of those targets;
- It is a learning process whereby the people in charge of implementation gain insights from both success and failure in hitting the targets;
- The problems to which Outcome Thinking is applied are themselves best viewed in a systematic way.

To this picture of the discipline, we can now add the following:

A. We have a fairly good idea of where the basic precepts of Outcome Thinking came from and why it carries the demands it does. We know that Outcome Thinking owes a lineage debt to both management theory and the discipline of evaluation. In other words, it developed from theories of measurement. As such, it calls for and allows management-by-fact. Stated another way, at its best, Outcome Thinking yields the systemic evidence base upon which the programs and policies can most effectively be based.

B. We know that this system is not focused upon either productivity or efficiency. While important to any organization, these considerations have both different implications and are measures of different dynamics. Rather, as David Hunter suggested, the focus of Outcome Thinking is effectiveness.

C. We know that Outcome Thinking is an integrated system, with very integrated requirements. For it to succeed, it requires a culture and leadership what work in tandem with the framework to be applied. It cannot be applied as a façade upon a foundation that will not support its tenets and requirements.

D. We know that Outcome Thinking is probably more suited to the governmental and nonprofit sectors than most of its corporate management counterparts are. But we also acknowledge that there are several important characteristics of the cultures, values, experience, perspective and operating ecologies of both the governmental and nonprofit realms that also mitigate against its easy adoption and success. We know that these characteristics must be recognized and conscientiously and actively addressed if Outcome Thinking is to have a long-term meaningful impact upon these spheres.

E. We know that Outcome Thinking, as a discipline, has still not reached a level of maturity whereby its development can be said to be complete. As it is currently
offered to governmental and nonprofit organizations, it is still too often burdensome and confusing, raising as many issues and questions as it answers. We know that, even if Outcome Thinking may be just the prescription to cure what ails the grant-making and grant-dependent realms in both the public and nonprofit sectors, it can be a tough medicine to swallow. It makes demands upon usually scarce resources. It can be time consuming. Meant as a tool of improvement, it can prove a burden if it is not well and thoughtfully applied. We also realize that there is undeniably often a chasm of perception between those who prescribe it and those who are told they ought to take it.

F. We know that while Outcome Thinking certainly has significant accomplishments under its belt, more need to be done in theory and practice before it can be said to consistently providing the accumulating, increasingly accurate body of information Horst called for in 1974.

G. Finally, we also realize that even where it is accepted and implemented, the uses to which it is most often put fall far short of its potential. Most specifically, its use as a management tool is most often disregarded in favor of its use as an accounting system, a communications aid and a way to enhance fund-raising.

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As extensive as it has become, our knowledge of Outcome Thinking thus far has been limited to broad descriptions common to the field as a whole. Within the field, however, there are any number of widely applied and lesser known models. What are their specifics and what makes one more suited to a given situation than another? We turn our attentions to those questions next.
A survey of Outcome models

A) The Project Logic Model

The most widely used of all outcome models, the Logic Model has been utilized by thousands of organizations, in the U.S., Canada and beyond, as a way to plan and evaluate programs, and to demonstrate their impact to their funders. With strong roots in evaluation, and very frequent continued utilization as an evaluative tool, the Logic Model, of all outcome frameworks, is perhaps the most direct descendant of the work of Suchman, Bennett, Wholey, Horst, Bickman and others whose contributions were recounted in previous pages.

Two tremendous boosts to the model’s popularity came when the United Way of America and the Kellogg Foundation adopted it as their favored method for conducting outcome-based planning and evaluation. The United Way initially utilized it as a uniform way to present the “logic,” rationale and outcome(s) of UW-funded programs to United Way decision-makers…….(MORE WILL GO HERE WHEN I FINALLY CONNECT WITH MED PLANTZ ON THE PHONE)

In 1998, with the publication of its Evaluation Handbook, the Kellogg Foundation added its endorsement of the model, citing multiple benefits to be derived from its use. Among these are:

- **Program design benefits**… using the model, Kellogg suggested, will allow staff to stay focused better on outcomes, connect interim outcomes to long-term outcomes, link activities and processes to desired outcomes, and keep underlying program assumptions at the forefront of their minds. The process of creating a program logic model, it was stated, will clarify thinking about the program, how it was originally intended to work, and what adaptations may need to be made once the program is operational.

- **A base from which to conduct ongoing evaluation of the program**…the model, Kellogg stated, spells out how the program produces desired outcomes. In this way, implementers can decide more systematically which pieces of the program to study in determining whether or not initial assumptions were correct. The logic model helps focus the evaluation on measuring each set of events in the model to see what happens, what works, what doesn’t work, and for whom. Using the model, evaluation teams will be able to discover where the model breaks down or where it is failing to perform as originally conceptualized.

- **An effective approach for evaluating complex initiatives with intangible outcomes or long-term outcomes that will not be achieved for several years**. The Logic Model, Kellogg reminded readers, lays out the interim outcomes and the more measurable outcomes on the way to long-term and intangible outcomes. It thereby provides an effective way to chart the progress of more complex initiatives and make improvements along the way based on new information.
Value in the process of developing a logic model. The process is an iterative one that requires stakeholders to work together to clarify the underlying rationale for the program and the conditions under which success is most likely to be achieved. Gaps in activities, expected outcomes, and theoretical assumptions can be identified, resulting in changes being made based on consensus-building and a logical process rather than on personalities, politics, or ideology. The clarity of thinking that occurs from the process of building the model becomes an important part of the overall success of the program. The model itself provides a focal point for discussion. It can be used to explain the program to others and to create a sense of ownership among the stakeholders.

Most simply described, the Project Logic model is a diagrammatic representation that provides a road map for a given program, showing what it is supposed to do, with whom, and why. The model generally includes:

- **target group(s):** the individuals, groups or communities to receive the program,
- **resources to be brought to bear on the targeted problem:** personnel, volunteers, physical resources, financial resources, information on target group needs, etc.
- **activities:** action steps required to achieve program outcomes
- **components:** groups of conceptually related activities, such as educating, social marketing, etc.
- **outcomes or objectives:** changes or benefits resulting from activities, process, intermediate and long term. Some logic models also include indicators, the purpose of which is to assess whether program goals have been achieved.

The following is an example of a typical project logic diagram:
Providing Leadership for Program Evaluation

Logic Model
A graphic representation that shows logical relationships between inputs, outputs and outcomes relative to a situation

Within the Logic Model format, directional arrows demonstrate the causal relationships between elements of the model; it is also within these arrows that the “logic” of the model is contained.

There are three versions of the Logic Model generally used. The first is the Outcome Model, which displays the interrelationships of long-term goals and shorter-term objectives. Sometimes called a step model or milestone model, this version is useful in illustrating longer-term, intangible, or hard-to-measure outcomes.

A second version is called the Activities Model. This is a process-focused illustration, often depicting the linkages between various actions which combine to describe a program or initiative. Particularly appropriate for indicating antecedent-consequent relationships, where programmatic gains are sequential in nature and the success of later ones depends upon the successful attainment of earlier ones, the Activities Model is well for complex initiatives that involve many layers of activities and/or multiple partners.

The third type of logic model is the theory model. This model links theoretical constructs together to explain the underlying assumptions of a program, the intention being to describe why the program is expected to work as it does. While a suggested use of this version is the illustration of especially complex, multi-faceted initiatives, the resulting diagrams can often be extremely confusing, their “logic” often lost in a Gordian knot of convoluted causal arrows.

Proponents of the logic model point to its utility in the program planning process, particularly as a way to promote greater stakeholder involvement, greater acceptance and
commitment to the program, and increased commitment to the use of evaluation results. They suggest that the model development process can lead to a shared vision of the program through discovery and negotiation. Logic models are often best used to depict major, recurring items in an organization or program.

There can be no denying that the Logic Model can be an extremely useful tool, particularly at the earliest stages of a project. It allows funders, stakeholders and staff to grasp at a glance the goals of a program. As a top-level depiction of the flow of materials and processes needed to produce the results desired by the organization or program, it clearly delineates the broad chain of events required for the program’s success. It allows for relatively easy modification, as additional actors are discovered or engaged in the program. For describing a program in the broadest strokes, there is probably no better tool. However, the model has several limitations. One is that it presents issues and processes in a linear fashion, even though many are in fact decidedly non-linear. The circuitous routes that progress often takes in real life are not well represented within the Logic Model.

Causal linkages, represented by the arrows within the model, are a key component of the Logic Model, forming a series of “If/Then” statements, but they also include the model’s assumptions. By way of example, let consider the following:

**Logical Linkages: Series of If-Then Relationships**

<table>
<thead>
<tr>
<th>IF</th>
<th>THEN</th>
<th>IF</th>
<th>THEN</th>
<th>IF</th>
<th>THEN</th>
<th>IF</th>
<th>THEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program invests time &amp; money</td>
<td>Resource inventory can be developed</td>
<td>Families will know what is available</td>
<td>Families will access services</td>
<td>Families will have needs met</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INPUTS | OUTPUTS | OUTCOMES**

\[ cxxix \]

\[ cxci \]

\[ cxci \]
In this statement, “if ‘families know what resources are available,’ then families will access services and have needs met.” A central assumption here is that families will access these services. Thus, various factors, even lethargy, which might prevent or dissuade families from doing so, are not accounted for. The Logic Models thus focuses upon expected outcomes. Outcomes that are coincidental or the products of multiple factors, are not dealt with well within this model. Finally, the Logic model does not address the question of whether a program is doing the right thing.

This is not to say that more complicated or even nonlinear systems cannot be represented within the Logic Model. However, attempts to do so often result in schematics that border upon those criticized as “indecipherable” by Micklethwait; their “logic” becomes increasingly difficult to comprehend, no less follow, as more variables, steps and If/Then statements are included. We present two such examples here:
The diagram presented directly above depicts CORAL, an initiative of the James Irvine Foundation. It is important to note that the Foundation states that the model “requires three simultaneous strategies.” This is a key to understanding the usefulness —and an important limitation— of the Logic Model. In earlier pages of this work, we noted the difference between strategy and tactics; strategies represent the route an organization may intend to take to achieve a desired goal, but tactics are the vehicle that will get them there. The Logic Model is extremely good at helping organizations set targets and even broad strategies. Yet it can often leave the tactics largely unaddressed. However, this is largely by design, the recommended level of detail in a Logic Model being that “sufficient for the reader to grasp the major items that go into an organization or program, what occurs to those inputs, the various outputs that results and the overall benefits, impacts (or outcomes) that occur, and to which groups of people.”

The Logic Model also rests quite heavily upon assumptions. It lays out what the program is expected to achieve and how it is expected to work, based on an expected chain of events. In the CORAL example depicted above, statements B-P all contain the word “will”. It is assumed for each of these steps that certain action will take place, that certain behaviors and attitudes will undergo positive changes. But nowhere in the model is it specified how these changes will take place. As the United Way of Milwaukee
states, the “Program Logic model is a visual depiction of how a program theoretically works to foster change....” (emphasis added). This accent on the theoretical is a key limitation of the model.

Put another way, the Logic Model is a simple picture, based upon a chain of connections showing what a program is supposed to accomplish. As such, it illustrates the theory behind a program to a far greater extent than it does the actions that will be required to accomplish the program’s goals.

By way of example, the Western Regional Center for the Application of Prevention Technologies advises that, “In order to build a useful logic model, [programs] will need to answer the following questions:

a. What are the risk and protective factors to be addressed? (the goals)
b. What services and activities will be provided? (the strategies)
c. Who will participate in or be influenced by the program? (the target group)
d. How will these activities lead to expected outcomes? (the Theory of Change or "If-Then" Statement)
e. What immediate changes are expected for individuals, organizations, or communities? (the short-term outcomes)
f. What changes would the program ultimately like to create? (the long-term impacts).

The “logic” of the model is expressed in the reliance upon the program’s “Theory of Change,” upon a series of “If/Then” statements, and upon “expected” changes and outcomes. As Mr. Spock might observe, however, the model is only as sound as the logic. This too is a central limitation of the system.

These cautions noted, however, the Logic Model has unquestionably been found to be extremely useful as an evaluation tool. By allowing programs to focus upon certain previously identified goals, it eases measurement of the degree to which those goals were attained. Using a Logic Model-based evaluation, agencies that might have had difficulty in the past citing actual gains made by clients, are now able to state that:

- “More than 87% of 254 clients’ goals toward improvement in targeted areas were met;”
- “85% of 274 participating youths showed gains of at least one year in reading and math skills;”
- “More than half of 8,540 participating Scouts were involved in community service activities, completing 955 projects.”

Who, then, should use the Logic Model? Certainly those organizations whose funders prescribe its use should employ it. Most organizations in the earliest phases of outcome thinking would also find it fairly simple to master and it is a good introduction to concepts that underlay most outcome frameworks. Organizations that require a way for demonstrating complex processes in a simpler, easy to grasp manner, may also find the model extremely useful. By way of illustration, the Louisiana Challenge, a program of
the Louisiana State Department of Education uses the following logic model to demonstrate the process by which it hopes to raise the technological readiness of students in the state’s schools.

Clearly, such processes as curriculum development, school readiness and school-to-work transition are quite complicated. The logic model presented above is not intended to downplay that complexity. However, the beauty of the model in this instance is that it allows the Big Picture, so to speak, to be captured and conveyed, without being bogged down in the details of the constituent processes. For this task, and for many specific others, the Logic Model is particularly well suited, and certainly ought to be recommended.
B) The Balanced Scorecard

If the Logic Model favors the maternal side of Outcome Thinking’s family tree, bearing an unmistakable resemblance to the evaluation work from which it derived, the Balanced Scorecard (BSC) just as strikingly bears all the hallmarks of corporate management theory, the other side of Outcome Thinking’s gene pool. For while the Balanced Scorecard is increasingly being utilized as a results-oriented framework by public and nonprofit organizations, it was originally and specifically designed as an outcome model to address the emerging needs of corporate entities.

Created by Drs. Robert S. Kaplan and David P. Norton, the BSC traces its roots to a study undertaken by the Norton Institute in the mid-1990’s. The study was motivated by a belief that existing performance measures, relying as they did primarily upon financial accounting, were becoming obsolete. It was thought that in an increasingly complex operating environment, these traditional measures were in fact hindering business organizations’ ability to create future economic value. The problem, Kaplan and Norton suggested, lay in the fact that even though there were a variety of measures available to corporate managers, ROI, ROCE, P/R, and others among them, they all essentially focused upon dollars. They were, in other words, a variety of ways to look at the same variable. Worse still, they were all measures of past performance, and gave little guidance for future action or growth.

Kaplan and Norton’s insight was that in today’s environment, a multiplicity of variables needed to be managed and accounted for. Moreover, it was not enough, they contended, for these variables to merely be placed side-by-side, the approach taken in the widely-used French outcome system, the Tableau de Bord. The Tableau is based upon the metaphor of a dashboard, its various “gauges” depicting a number of simultaneous indicators. The example below is typical of a Tableau presentation.
Le tableau de bord de l’innovation

Mettre en évidence quelques indicateurs clés :

- Chiffre d’affaires des secteurs liés aux TIC,
- Fonds levés sur le nouveau marché,
- Créations d’entreprises dans les secteurs liés aux TIC,
- Dépôts de brevets d’entreprises françaises en Europe,
- Nombre d’internautes en France.

Typical measures of the Tableau de Bord

But, the Tableau also leaves the inter-relatedness of these variables largely to others to explain. What was needed, Kaplan and Norton insisted, was not a cockpit dashboard, but a model more along the lines of a flight simulator, something that handled multiple measures, reflecting multiple coincident processes, and linked them into a consistent and mutually reinforcing whole. The target of their effort was nothing less than the development of a completely new performance model. The BSC authors also foresaw that “the best use” of their new tool would be not merely as a measurement system to track performance, but to “manage strategy,” to communicate within and to align organizations to new, longer-term goals and strategies. Thus was conceived the multidimensional Balanced Scorecard, a tool that is organized around, and allows managers to simultaneously look at the performance of an organization from, four separate-but-related perspectives.

Customer Perspective: How do customers see us?

Internal Capabilities Perspective: What must we excel at?

Innovation and Learning Perspective: Can we continue to improve and create value?

Financial Perspective: How do our owners/shareholders see us?

The “balance” that the model offers is between short- and long-term objectives,
between financial and non-financial measures, between lagging and leading indicators, between performance measures and performance drivers, and, finally, between internal and external indices of success.

The Scorecard begins with the premise that strategy is a set of hypotheses about cause and effect. Thus, and this is true of any outcome model, the properly designed plan should identify and make explicit the sequence of hypotheses about the cause-and-effect relationships between outcome measures and the performance drivers of those outcomes.

Inherently designed to both measure and impact an organization’s long-term prospects, the Scorecard emphasizes an organization’s strategic intent by highlighting strategic goals and linking them to performance measures. It broadens the focus of management from relatively short-term goals to include issues that affect sustainable long-term performance, and focuses management's attention on those capabilities - the performance drivers- that will be critical to realizing the strategic intent. This emphasis on performance drivers is one of the characteristics that sets BSC apart from other outcome frameworks, for the Scorecard not only asks where do we want to go and how will we get there, but also specifically focuses on the internal capabilities that effort will require.

Just as Outcome Thinking itself is based upon certain tenets, so to does the Scorecard rest upon several fundamental assumptions. Perhaps more importantly, even though it was originally designed to apply to corporate structures, a careful reading will reveal the relevance of these foundationary statements to governmental and nonprofit organizations:

1. **A clear strategic vision is not enough.** Echoing Drucker's criticism of a reliance upon mission to steer an organization, the catechism of BSC hold that even strategic vision, a set of long-term goals, is insufficient to guide an organization's actual operations. This is because…..

2. **Even when a strategic vision is in place, it typically has little or no impact on the immediate operating goals of departments and individuals.** Far too many day-to-day decisions and activities ignore the strategic plan. Again we are reminded of Drucker's observation that too often there is no operational design for translating mission into action. Into this vacuum often flow the everyday activities that consume many organizations' time and resources. Thus the BSC methodology states that he plan must be broken down into objectives and initiatives that have a direct relevance to the day to day activities of personnel and an organization’s sub-units. Concrete ways must be devised for tying the strategic vision or mission goals of an organization to all the immediate goals and objectives of both individuals and departments. If those linkages cannot be demonstrated, the Scorecard tells us, the activities should not be allowed to continue.

3. **Many organizations fail to collect the right information to monitor progress toward their strategic goals.** Too many organizations, focused primarily upon past
performance, measure activity, whether human, mechanical or financial. They often fail to measure capabilities, the clearest measure of future success. The elusive task of management requires that the right data be gathered and utilized to provide effective measurement of objectives, but this is very often not done.

4. **Most organizations do not identify or learn from their mistakes.** If an objective is not attained, it must be clearly understood which initiatives should be created to modify the objective or change the approach. Unfortunately, all too often the accustomed organizational response is to tinker with a failing approach or “try harder,” rather than rethink the goals or redesign an entirely new approach.

In response to these needs, the BSC offers a 3-step program for redirecting organizational efforts and resource expenditures:

1. Identify the organization’s strategic vision and the components of that strategy, its objectives, measures and initiatives.
2. Separate the things the organization delivers (goods or services) from the things the organization does.
3. Implement a strategy-focused organizational plan:

   - Translate strategy into operational terms everyone can understand;
   - Link and align the organization around the strategy to create a “line of sight” from the boardroom to the front lines;
   - Make strategy everyone’s job through personal contribution to strategic implementation;
   - Make strategy a continuous process through organizational learning and adaptation;
   - Prove a change agenda for leadership at all organizational levels to mobilize change.

Within an organization, the BSC works at several levels. At a macro level, its use will allow for a realignment of an entire organization, redirecting the organization’s many activities and resource expenditures toward its essential goals. The following chart depicts the ideal “balance” this achieves:
At a more discrete level, the Scorecard can be used quite successfully to monitor either a single program with several associated initiatives, or multiple programs within a specific organization. Utilizing the Scorecard’s matrix system, perhaps one of the BSC’s most important features, activities, initiatives, investments and dedicated resources can be matched to both long-term strategic goals and shorter-term milestones. At a micro level, the matrix, in this case called a “Initiative Map, can also be used to assess the capability of performance drivers to deliver the desired gains or objectives. Such a matrix may show an organization that it has one or more initiatives serving multiple objectives, a preponderance of initiatives serving a single objective, or objectives that have no initiatives supporting them at all. This can be extremely useful information to an organization attempting to align its efforts, resources and goals. The Scorecard work best in multivariate situations needing a single encapsulating portrait of several simultaneous processes. For this reason, the BSC matrix can be used quite profitably to manage projects or undertakings involving more than one partner. Each participant’s capabilities, resources, performance drivers and progress can be mapped and addressed. The Scorecard is certainly a powerful tool.
That said, however, there are certain concerns regarding its use by nonprofit organizations. While those offering training in the Scorecard have in recent years adapted the model somewhat to fit the operating ecologies of governmental and nonprofit organizations, there is no escaping the model’s corporate ancestry. In materials offered by even the leading trainers of the Scorecard, the parameters familiar to government and nonprofits appear grafted on, if they appear at all. Conversely, corporate concerns continue to appear throughout. Most specifically, the BSC does not yet appear to have evolved a sufficiently satisfying governmental or nonprofit substitute for the financial, bottom-line concerns that drive most corporate entities.

But even if this is merely a matter of materials not yet catching up with practice, there are three additional concerns that deserve attention.

The first is the Scorecard’s essential design for larger, more complex organizations. The very implementation of the Scorecard is envisioned to entail the successive involvement of three distinct “teams,” the Core Team, the Leadership Team and various Sub- and Measurement Teams. For smaller organizations, these “teams” in practice could prove, to borrow a term from the discipline of sampling, “statistically insignificant.”

A second concern revolves around the BSC concept of “breakthrough performance.” For a nonprofit, and even more critically, for a governmental organization, what is “breakthrough performance”? How does this goal, defined by numerous variables in the corporate world, translate into the goals, culture and operating realities of governmental and nonprofit organizations? Has the field defined either a “high-performing” governmental or nonprofit organization? Until these questions are answered, an elementary target of the Scorecard will be mismatched in non-corporate applications.

Finally, the strategic forecasting facet of the Scorecard, its fundamental forward-looking aspect, does not often seem at home in the corporate or nonprofit spheres. Let us recall that one of Kaplan and Nortan’s seminal assumptions was that traditional performance measures were hindering business organizations’ ability to create future economic value. The need to both discern and prepare for evolving, future market opportunities, was a driving force behind the Scorecard’s development. “Traditional approaches,” they write, “attempt to monitor and improve existing processes. The BSC, however, will usually identify entirely new processes at which organization must excel to meet...objectives.”

But it must be asked, are new processes, indeed, are new goals, germane to governmental or nonprofit organizations. More to the point, are either governmental or nonprofit organizations forward-looking?

These are not specious questions, because they focus upon several critical questions revolving around the general applicability of the BSC to governmental and nonprofit organizations.

There is no doubt that the Scorecard and certain of its aspects such as the Initiative Map, can be extremely useful to the nonprofit and governmental sectors. Moreover, for multivariate processes, there are probably few tools available to these organizations that
can match the Scorecard’s ability to capture the interconnectedness of initiatives, core
capabilities, performance drivers and goals. The notion of aligning resources and
activities to core, strategic goals is, likewise, an invaluable contribution of the BSC, and
one from which nonprofits particularly can gain much. Yet at the same time, the caution
about the model’s corporate roots should be borne in mind. Undoubtedly, additional
research and experience with application will smooth down some of the rough edges
currently creating friction between the Scorecard’s founding assumptions and its use in
the governmental and nonprofit spheres. At this juncture, however, organizations in both
realms should be advised to “Handle With Care.”
Notes

3 The GPRA required that beginning in FY 1994, there were to be among Federally funded programs at least 10 three-year pilot projects in program performance goal setting, measurement, and reporting, and at least 5 two-year pilot projects in greater managerial flexibility in return for commitments to greater program performance. In 1997, Office of Management and Budget and the General Accounting Office were to report on the results of the pilot projects. By FY 1998, the requirements of the Act for five-year strategic planning, annual program performance plans, and annual program performance reports were scheduled to come into force government-wide. For more details, see http://www.conginst.org/resultsact/introduction/gprarpt.html
4 Mickelthwait. P.8
8 Quoted in Ott
9 Mickelthwait. P.9
10 Id. passim.
12 Quoted in Ott, “Yeah, But It’s Not Your Money.”
For a complete transcript of this article, see Appendix I
14 Hunter, Dr. David, Director of Evaluation, Edna McConnell Clark Foundation. Telephone interview 8/29/02
15 Hall, Professor Peg. Telephone interview 19 August 2002
16 Mickelthwait. P.17
17 Id.
18 Id.
19 Id.
20 Id.
21 Pickett, Keith. Rensselaerville Institute. Telephone interview 26 August 2002
22 Id.
23 Ott. “Yeah, But It’s Not Your Money”
24 Hall
25 Ott. “Yeah, But It’s Not Your Money”
26 Id
31 This term, “outcomes management,” is gaining wide acceptance, particularly in the fields of health and human services, as a replacement for the phrase, “outcome thinking.” For examples, see the University
of Washington’s Human Services Outcomes Management Initiative,
http://www.washington.edu/change/proposals/humserv.html, the George Mason University College of Nursing and Health Science’s Quality Improvement And Outcomes Management program,
http://www.turner-white.com/cgi-bin/rbox/main2.cgi and the Annie E. Casey Foundation, Getting Results/Outcomes Management and the AECF Jobs Initiative (September 2000),
http://www.aecf.org/jobsinitiative/outcomes_management.pdf


Rabbi Zelig Pliskin, for example, offers insights into what he calls Jewish Outcome Thinking: “The Talmudic Sages,” he writes, “ask ‘Who is the wise man?’ The answer [is], The one who sees (i.e., thinks about) the outcome of his actions. Keep asking yourself, ‘What is the goal of my present behavior?’ and ‘What are the potential harmful consequences?’ These two questions will enable you to have greater control over your behavior.” (Talmud - Tamid 32a). From Pliskin, Rabbi Zelig. Happiness: formulas, stories and insights (Artscroll Mesorah), p.258.
http://www.cckollel.org/html/heritage/questions/question158.html

By way of example, the Staff Education Office at the University of California, San Diego, offers a workshop in “Creative Thinking Power,” and says that “In this workshop, you will learn [to] maximize creative problem-solving processes, allow your right brain to work on challenging situations, understand the role of personal paradigms in creative processes, learn how brainstorming can provide innovative solutions for many problems, and discover successes in outcome thinking” But, no definition of Outcome Thinking is given!
http://www-hr.ucsd.edu/~staffeducation/catalog/body/courses/CAT2/BRKLRN.html

See The Donors Forum of Chicago,
http://www.donorsforum.org/programs/prog_nonprof.html#outcome_eval “Outcome evaluation is important to an organization's clients and customers, to the philanthropic community, and to internal stakeholders because all of these parties need to know how to define and measure an organization's success.”

Covey, Stephen R. The 7 Habits of Highly Effective People. (New York: Simon and Schuster, 1989). pp
95-114


Kellogg. p.3

Warfield, Anne. Outcome Thinking: Getting Results without the Boxing Gloves (Retrouvaille Publishing, 2000) http://www.augsburg.edu/pmi/articles/StacyBrandt.htm


Covey. P.98

Knight, Lucy. Outcome Evaluation: Three Workshops. (Evanston, Il: Knight Consulting, 2002)

Clarity in precisely what these terms mean is not a universally embraced concept. The Western Regional Center for the Application of Prevention Technologies, for example, writes that, “The terms goal, objective, outcome, and impact are often defined differently by different people for different purposes. For our purposes, these distinctions are not terribly important. We find that it is useful to think of "goals" as the answer to the question "What are issues that you would like the program to address?" Western Regional Center for the Application of Prevention Technologies. Building a Successful Prevention Program. http://www.open.org/~westcapt/ev3a1.htm.

Also see MacNamara, Carter. Guidelines and Framework for Designing Basic Logic Model,
http://www.managementhelp.org/np_progs/np_mod/logic.htm: “Logic models typically depict the inputs, processes, outputs and outcomes associated with an organization and its programs. Don't be concerned about your grasping the "correct" definition of each of the following terms. It's more important to have some sense of what they mean....”

Drucker 1990  p. 13

We discount the notion of “managing the environment” because, like “outcome thinking” itself, “managing one’s environment,” has become something of a catch-phrase in recent years, one that now includes not only the obvious application of the environmental/earth sciences, but also such diverse realms as software and medicine, self-help and business. Yet with the exception of the earth sciences and software (where the term “environment” applies more to the information technology systems an organization may be using, than it does to the outside circumstances and conditions in which an organization or an individual may be operating) the term probably sounds more effective than it is. Primarily based upon the accumulation of information and, based upon that information, the proactive anticipation and avoidance of problem situations, “managing the environment” is an inexact science at best, probably somewhere between divining and meteorology. Irrespective of how it is defined, the “environment” is, as Drucker has said, usually “unpredictable.” No matter what claims various gurus may make for systems intended to “manage” one’s environment, therefore, to the extent that that environment contains a majority of variables outside of the actual control of managers, we must dismiss these claims as not being true management. They may be informed prognostication, they may be educated guesses or they may be keen insights. But they are probably not “management” in the strictest sense, and they most certainly are do not meet one of the basic rules of outcome thinking, namely that it works best when applied to things that are under a system’s control. You can study your environment, you can learn from your environment. You can anticipate your environment and you can try to influence your environment. But you can rarely ever really control your environment, and a measure of control is, after all, the purpose of management.

‡ The term “managing the environment” can be found in literature concerning such diverse applications as Life Skills, Information Technology, the Hospitality Industry, Communications, Impulse eating and other disorders, self-help and business.

iv Drucker also gives tremendous credit to early management scholar Mary Parker Follett (1886-1933), who espoused the theory that business was a social institution. However, for various reasons, her work had little impact during her life and was largely forgotten for several decades until its rediscovery in recent years. For more information, see Drucker, P.F. Mary Parker Follet: Prophet of Management. (Boston: Harvard Business School Press, 1995). Also see Micklethwait, pp.68-73 for an extensive review of early management works.

lv Drucker 1999. pp. 135-141
Six Sigma holds that there is a strong inverse relationship between variation and yield, reliability and cost, such that, as variation goes up, the value of these variables goes down. See Harry, Mikel. The Vision of Six Sigma. 4th ed. (Phoenix: Sigma Publishing Company, 1994) passim


For an excellent discussion of the intentional sameness of America’s malls and their stores, see Kowinski, William Severini. The Malling of America. (Xlibris Corp, 2002)
Lee Bishop, however, speaks for numerous critics when he objects to this “common wisdom” on three grounds. “To begin with,” Bishop says, “that statement suggests that all these public employees have private sector jobs out there upon which they have turned their backs in favor of ‘public service.’” That simply isn’t true. The comparison only holds if the analogous jobs exist, if the public employee can land one of these jobs, and if he’d be paid more, salary, benefits and fringe all included. Secondly,” Bishop contends, “in some of the largest areas of public employment, the notion of sacrifice on the part of public sector employees generally isn’t true either: public school teachers make more, generally, than teachers in the vast number of private schools. Police are generally paid more than private security personnel, and non-public firefighters are usually volunteers. It is only amongst the highest echelons of government where you can truly say that someone might make more for the same job in the private sector.” Finally, Bishop adds, “saying that all these people work in the public bureaucracy for the ‘public good’ is nonsense. For a lot of these people it is the security of a civil service job (and the benefits) that drew them to the public payroll…but NOT a love of the common good.”
Strictly speaking, the citizen can “take his business elsewhere,” at least at a local level. The multiplicity of local governments—not to mention 50 states—does give the citizen the possibility of moving to another jurisdiction if he does not like the way his home government is being run. However, this “freedom” has practical limitations—not everyone can pick up stakes, run off and move to Montana or New Hampshire—and there is no escaping the federal government unless one leaves the country altogether.

Shadoh, William, Jr. “Program Micro- and Macrotheories.” In Bickman, ed. p.97

See Micklethwait. pp.305-312

Drucker 1990 pp. xiv-13


Horst, p. 301

Id. p. 4

Horst. p.302

Id. p.303


Id. p.74

Id. p. 10

Houghtaling, Debra. Telephone interview. 8/29/02


Micklethwait. P. 3-4

Id. p. 4

Hunter

Bishop, Lee. Telephone interview 9/4/02

Emerson, Jed. Telephone interview 9/25/02

Drucker 1990 p.10

Hatry, Harry P. Telephone interview 9/19/02

Friedman, Mark. Telephone interview 9/17/02

Carvelli, Anthony. Telephone interview 9/20/02

For an interesting array of stakeholders recognized by a sample of corporations and industries, see International Council of Chemical Associations Responsible Care Status Report 2000: Listening to Our Stakeholders. http://www.cefic.be/activities/hse/rc/icca/report2000/Report2000-05.pdf; Wainwright Bank and Trust Company, Philosophy and Vision. (“a commitment to affordable housing, community development, women’s rights and the gay and lesbian community.”) http://www.wainwrightbank.com/site/m2A.asp; Shell Canada. Consulting with our stakeholders. (“We will continue our ongoing dialogue with environmental and government groups, as well as with the media, the academic community and neighbours near our operations.”) http://www.shell.ca/code/values/action/stakeholders.html

Kellogg. p.8

Bishop

Hoest. P.301

Micklethwait. p.303

Pritchard, Katie. Telephone interview 9/10/02

Osborne and Gaebler. p. xviii

The bureaucracy, however, is not the only out-of-date governmental mechanisms with which we live. Critics point to not only the electoral college, but the balkanized nature of government in most metropolitan areas as prime examples of clunky, unresponsive and cumbersome structures that were designed and implemented in a long-bygone era, yet are still in full force.

Id.p.7
The James Irvine Foundation. Communities Organizing Resources to Advance Learning (CORAL) Initiative. CORAL is a community-based learning initiative designed to boost the achievement of children and youth through out-of-school programs by:

- Mobilizing public support from policy makers, school leaders, neighborhood groups, faith-based organizations, funders, business leaders and the media to build a more supportive local infrastructure for students;
- Assisting youth-serving organizations to work together and with schools to provide a rich and broad-based array of educational opportunities both in and out of school; and
- Educating parents and caregivers to build an informed constituency who will demand high quality activities for their children. http://www.irvine.org/pdfs/CORAL_Logic_Model.pdf

MacNamara

Western Regional Center for the Application of Prevention Technologies http://www.open.org/~westcapt/ev2.htm

United Way of Milwaukee. p.5

Taylor-Powell
Western Regional Center for the Application of Prevention Technologies
http://www.open.org/~westcapt/ev3a.htm
Id. pp.6-7
Ministère de l'Économie, des Finances et de l'Industrie, 30/04/2001 http://www.industrie.gouv.fr/observat/innov/so_tbi.htm
Kaplan and Norton. p.29.
Id. p.viii
Kaplan and Norton. pp.30-31
Balanced Scorecard Collaborative. p.1-7
See Balanced Scorecard Collaborative. p.8-7
Kaplan and Norton. p.27
See 2GC Active Management, http://www.2gc.co.uk/home.asp, for some of the latest research concerning the Scorecard’s applications to public organization settings